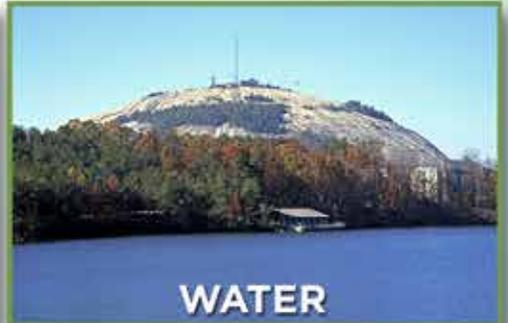
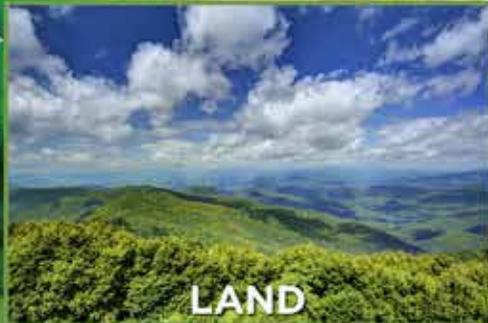




# GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

A COMPONENT UNIT OF THE STATE OF GEORGIA



## JUNE 30, 2014 COMPREHENSIVE ANNUAL FINANCIAL REPORT



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
A COMPONENT UNIT OF THE STATE OF GEORGIA

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2014**

**Prepared by:**  
Fiscal Services Division

**Kevin Clark**  
*Executive Director*



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
 (A Component Unit of the State of Georgia)  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2014**

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**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2014**

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Nathan Deal  
Governor

## GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

Kevin Clark  
Executive Director

September 25, 2014

Honorable Chairman and Members of the  
Georgia Environmental Finance Authority Board  
233 Peachtree Street, NE  
Harris Tower, Suite 900  
Atlanta, Georgia 30303-1506

Dear Board Members:

This year's Comprehensive Annual Financial Report reflects the ability of the Georgia Environmental Finance Authority ("the Authority") to impact in a positive manner the environmental and energy needs of Georgia's local governments. In doing so, the Authority has been able to continue its progress to fulfill its mission statement "to conserve and improve Georgia's energy, land and water resources".

The 2014 state fiscal year proved to be another very productive year. During that period, the Authority executed \$245,031,145 million in grant and loan commitments from both state and federal sources to finance water, wastewater, land conservation and solid waste projects for local governments throughout Georgia.

The Energy Resources Division continues its work to provide energy information and assistance to our citizens. The Division continues to provide assistance to weatherize the homes of elderly and low-income citizens, weatherizing 1,537 units in FY 2014. The Division continues to be actively involved in promoting energy efficiency and renewable energy in building, utility, and industrial sectors. The Fuel Storage Tank (FST) programs provided services for approximately 550 fuel storage tanks owned by 19 state agencies and departments. FST completed its tenth year of the statewide preventive maintenance program which inspects, registers, and repairs all fuel storage tanks owned by the state in accordance with state and federal regulations. In FY 2014, the Division also continued environmental clean-up efforts at six ongoing remediation sites.

For the twenty-eighth straight year, the Authority was awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting by the Government Finance Officers Association of the United States and Canada. The Authority is one of only a few agencies in Georgia State government to receive the Certificate of Achievement.

Thank you for your continued support and commitment to the highest standards of client service and financial management. I am pleased to present this 2014 annual financial report to you.

Sincerely,

Kevin Clark



Nathan Deal  
Governor

## GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

Kevin Clark  
Executive Director

September 25, 2014

To the Honorable Chairman, Distinguished Members of the  
Georgia Environmental Finance Authority Board and the readers of this report:

It is with great pleasure that the Georgia Environmental Finance Authority (the “Authority”) presents the Comprehensive Annual Financial Report (the “CAFR”) for the fiscal year (FY) ended June 30, 2014. The report consists of management’s representations concerning the finances of the Authority. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Authority. In order to achieve these assurances, the Authority must provide a comprehensive internal control framework designed to protect its assets from loss, theft, or misuse, and to compile sufficient reliable information for the preparation of the Authority’s financial statements in conformity with United States Generally Accepted Accounting Principles (“GAAP”). As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects.

Mauldin and Jenkins, Certified Public Accountants LLC have audited the Authority’s financial statements for the year. The goal of an independent audit is to provide reasonable assurance the financial statements of the Authority are free of material misstatement. The independent auditors concluded, based upon the audit, that there was a reasonable basis for issuing an unmodified (“clean”) opinion on the Authority’s financial statements for the fiscal year ended June 30, 2014. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the Authority was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the Single Audit section of the Comprehensive Annual Financial Report for the Georgia Environmental Finance Authority.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). The MD&A contains a narrative overview and analysis of the financial activities of the Authority. The Georgia Environmental Finance Authority’s MD&A can be found immediately following the independent auditors’ report. This transmittal letter, which is designed to assist users in assessing the government’s financial condition, should complement the MD&A and should be read from that perspective and in conjunction with all other sections of the Authority’s CAFR.

### PROFILE OF THE AUTHORITY

In 1983, the Governor and the Georgia General Assembly, acting on the 1982 recommendations of the Environmental Facilities Study Commission, created the Environmental Facilities Program and placed it in an existing agency called the Georgia Development Authority. The findings of the study commission identified the

widening gap between local environmental infrastructure needs and the financial resources to pay for them. The Georgia General Assembly created the Georgia Environmental Facilities Authority in 1986 and transferred all of the environmental facilities program assets and functions from the Georgia Development Authority to the Georgia Environmental Facilities Authority. In FY 2010, the Georgia General Assembly renamed the Georgia Environmental Facilities Authority to the Georgia Environmental Finance Authority.

The Authority is a public corporation and an instrumentality of Georgia state government. There is an eleven-member board, eight appointed by the Governor and three who serve ex-officio. Three of the eight appointees are municipal officials, three are county officials and two are appointed from the state at large. The three ex-officio members are the Commissioner of the Georgia Department of Economic Development, the Commissioner of the Georgia Department of Community Affairs and the State Auditor.

The Authority is organized under the Official Code of Georgia Annotated (the "OCGA"), Title 50, Chapter 23 ("The Georgia Environmental Finance Authority Act"). The Authority's stated purpose is "to assist local governments in constructing, extending, rehabilitating, repairing and renewing environmental facilities, and to assist in the financing of such needs by providing grants, loans, bonds and other assistance to local governments" and eligible local authorities. Initially, the Authority was only authorized to make loans for water supply or wastewater treatment and related facilities. In 1989, legislation was passed that allowed the Authority to also make loans to fund solid waste management facilities.

In 2010, legislation was passed to allow the Authority to create a subsidiary organization for the purposes of carrying out certain powers of the Authority. As a result of this change, the Authority created the Georgia Environmental Loan Acquisition Corporation (the "Corporation"), a nonprofit organization, to purchase tax-exempt loans from the Authority through a loan securitization transaction. Proceeds from the sale, in conjunction with cash reserves, were used to remit funds back to the state treasury at the voluntary option of the Authority's board of directors. The Corporation is a component unit of the Authority and is discretely presented within the Authority's financial statements.

The Authority is comprised of two primary divisions: Water Resources (WRD) and Energy Resources (ERD). The divisions provide a wide range of services including loans, grants and subsidies to jurisdictions throughout the state for water supply and wastewater improvements, grants for energy conservation and household energy efficiency restorations, services for remediation of underground storage tanks, and grants or loans for conservation of land resources. Administrative divisions of the Authority also exist to support initiatives of these primary divisions.

## **OUTCOMES AND INITIATIVES**

The WRD executed 65 contracts and modifications to existing loans for water, sewer, land conservation and solid waste projects valued at over \$245 million during fiscal year 2014. These loan projects served 45 different communities, four of which are new customers to the Authority. It is projected these loan projects will provide financial savings to these communities of approximately \$71 million over the life of the loans, typically a 20-year period as well as have an environmental impact on approximately 1.4 million Georgians.

The WRD continues to support projects that assist local governments and authorities and help them to ensure Georgians in their jurisdictions have access to clean and safe drinking water. Additionally, the WRD has a vital role in water conservation, delivery and preservation around the state. As a direct result of the WRD's conservation strategy, it was awarded the American Council of Engineering Companies (ACEC) Engineering Excellence Award for its statewide water loss training program which seeks to provide communities with ways to detect leaks, maximize revenues and preserve water to have available to their customers. Prior efforts for water loss reduction have been concentrated on small water systems. In the upcoming fiscal year, the WRD will incorporate in its strategies a large system technical assistance water loss abatement program; an initiative sure to further increase water conservation throughout the state.

Activities of the LRD, which was a separate division of the Authority in the previous year, were collapsed into the ERD. In fiscal year 2013, the ERD participated in many diverse initiatives. A few of these initiatives included: managing revolving loan funds initially started with seed money under the American Recovery and Reinvestment Act of 2009, formulating program policies over the guaranteed energy savings performance contracting program and the successful implementation of an agriculture irrigation motor replacement program, to name a few. All of these initiatives were undertaken to promote conservation in energy for state-owned facilities and residential customers. Other initiatives of the ERD include ongoing monitoring and remediation of fuel storage tanks, weatherization of homes for low income residential customers and oversight of the Georgia Energy Challenge program which seeks to encourage reduced energy usage for commercial and residential users.

Both divisions will continue to adapt to the various federal, state and local level changes that influence their core missions. Each will have to look to formulate new ways to secure additional funding to manage its programs as federal, state and local governments react to economic conditions and continual changes in the country's financial markets.

For additional information regarding activities of the Authority, please see the Statistical Section of this CAFR which provides specific outcomes of many of these program initiatives.

#### **AWARDS AND ACKNOWLEDGEMENTS**

*Certificate of Achievement for Excellence in Financial Reporting.* The Government Finance Officers Association of the United States and Canada (the "GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its CAFR for the fiscal year ended June 30, 2013. This was the 27<sup>th</sup> consecutive year the Authority has achieved this prestigious award.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year. We anticipate this year's CAFR will also qualify for this distinguished award.

*Acknowledgements.* This report could not have been prepared without the support and encouragement of the Authority's management, staff and members of its board. We are very appreciative for their dedication to sound responsible financial operations. Additionally, any financial report is only as good as the accounting and financial records that supply its supporting data. The Authority's accounting and finance staff deserve special recognition for their dedication, knowledge, perseverance and attention to detail. Lastly, we would like to give a special thanks to the division directors; the administrative team for its contributions in the preparation of the CAFR and to our independent auditors, Mauldin and Jenkins, Certified Public Accountants LLC, for their expertise, professionalism and dedication to ensure our audit was completed efficiently and timely.

Respectfully submitted,



J. Chris Jones, CGFM  
Chief Financial Officer



Jammie Z. Harden, CGFM  
Director, Fiscal Services Division



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

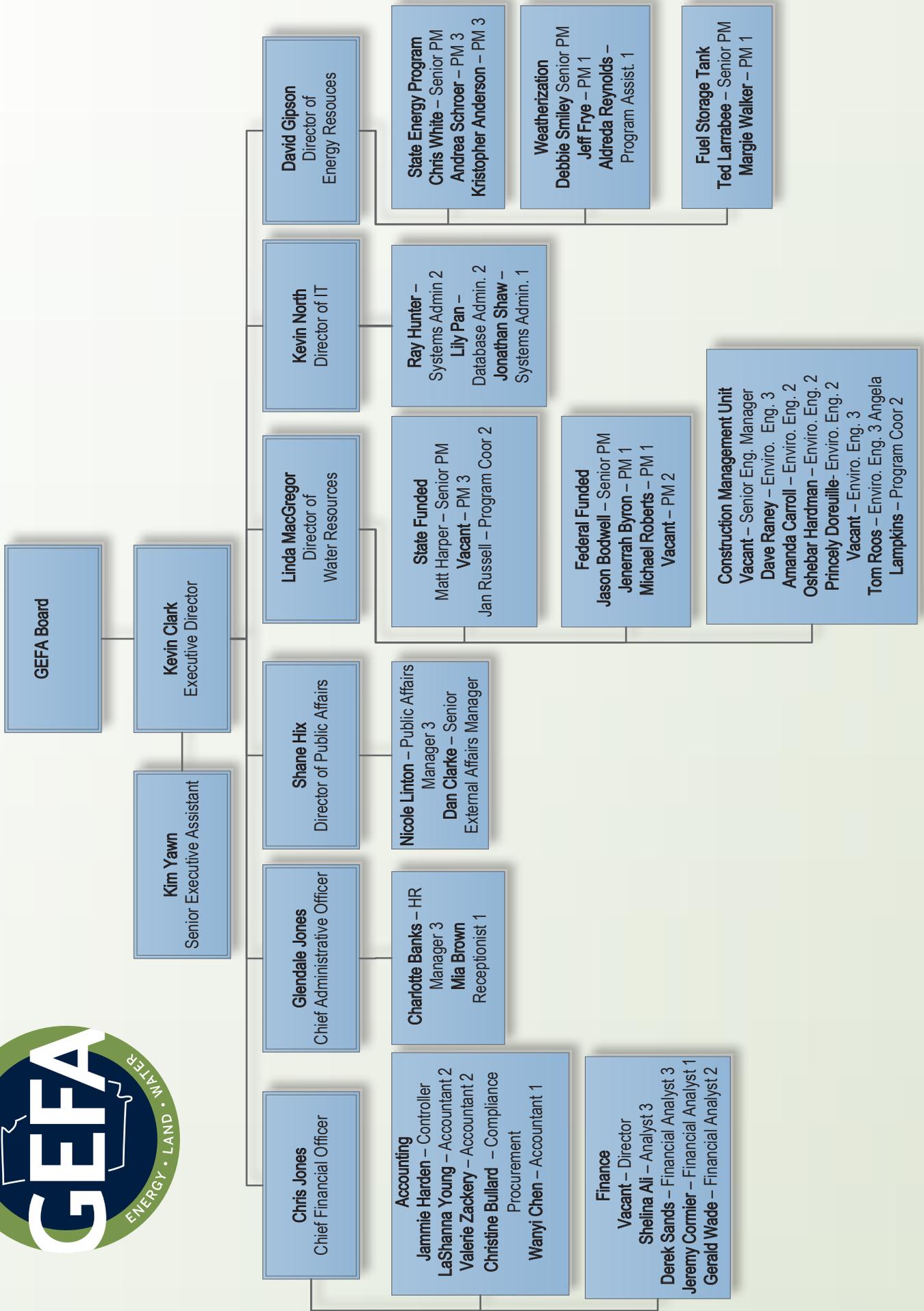
**Georgia Environmental  
Finance Authority**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2013**

Executive Director/CEO

# ORGANIZATION CHART





## **GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**

(A Component Unit of the State of Georgia)

### **LIST OF PRINCIPAL OFFICIALS AND KEY AUTHORITY PERSONNEL**

June 30, 2014

#### **BOARD OF DIRECTORS**

|                     |                        |
|---------------------|------------------------|
| Gary McCullough     | Chairman               |
| Gator Hodges        | Vice Chairman          |
| Greg Griffin        | Secretary (Ex-Officio) |
| Jimmy Andrews       | City Member            |
| Boyd Austin         | City Member            |
| Gretchen Corbin     | Ex-Officio Member      |
| Chris Carr          | Ex-Officio Member      |
| Stephen Gray        | At-Large Member        |
| John Perryman       | At-Large Member        |
| Brittany Pittman    | County Member          |
| Grady Thompson, Jr. | County Member          |

#### **EXECUTIVE MANAGEMENT**

|                |                              |
|----------------|------------------------------|
| Kevin Clark    | Executive Director           |
| Shane Hix      | Director of Public Affairs   |
| Glendale Jones | Chief Administrative Officer |
| Chris Jones    | Chief Financial Officer      |

#### **CHIEF FINANCIAL STAFF**

|                   |                                  |
|-------------------|----------------------------------|
| Jammie Harden     | Director, Fiscal Services        |
| Wan Yi Chen       | Accountant                       |
| Valerie Zackery   | Accountant II                    |
| LaShanna Young    | Accountant II                    |
| Christine Bullard | Compliance and Contracts Monitor |
| Shelina Ali       | Financial Analyst III            |
| Jeremy Cormier    | Financial Analyst I              |
| Derek Sands, Jr.  | Financial Analyst III            |





## INDEPENDENT AUDITOR'S REPORT

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**The Members of the  
Georgia Environmental Finance Authority  
Atlanta, 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 **Georgia Environmental Finance Authority** (the "Authority"), a component unit of the State of Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority'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 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.

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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, 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 Georgia Environmental Finance Authority, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 16 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.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The combining non-major fund financial statements; the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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The combining non-major fund financial statements and the Schedule of Expenditures of Federal Awards 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. In our opinion, the combining non-major fund financial statements and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2014 on our consideration of the Authority'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 Authority's internal control over financial reporting and compliance.



Atlanta, Georgia  
September 25, 2014



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

## **Management's Discussion and Analysis** (Unaudited)

The management of the Georgia Environmental Finance Authority (the "Authority") offers this narrative overview and analysis of the financial activities of the Authority for the fiscal year (FY) ended June 30, 2014. This discussion and analysis examines in further detail the Authority's financial performance as a whole. Readers of this report are also encouraged to review the financial statements and notes to the financial statements to enhance their understanding of business activities conducted by the Authority.

### **Financial Highlights**

Key financial highlights for the year ended June 30, 2014 include:

- The Authority's total net position increased \$85.1 million. The net position in governmental activities increased \$970 thousand, a significant increase over the prior fiscal year mostly due to a reduction in expenditures and transfers-out to fund charges in other programs. The net position of business-type activities increased \$84.1 million, a significant decrease from the prior year because the prior year's change was largely impacted by higher contributions from federal and state authorities, as well as a recognition of revenues previously deferred.
- Total governmental revenues decreased from 2013 to 2014 by \$12.1 million. The decreased revenue is primarily attributable to a decrease in operating grants and contributions to fund certain energy programs.
- Charges for services within business-type activities experienced a decrease of \$33.5 million from the prior year. Of this decrease, \$29.5 million was due to recognition of unearned revenues in fiscal year 2013, resulting in a net reduction of \$4 million. This net reduction in charges for services is partially attributable to a restructuring of interest rate options and loan terms offered to loan recipients to assist them in continued challenging economic times.

The above financial highlights are explained further in the "financial analysis" section of this document.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Management's Discussion and Analysis

(Unaudited)

## Overview of the Financial Statements

This discussion and analysis section is intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements contain three components: government-wide statements, fund financial statements and notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### *Government-wide Financial Statements*

The Authority's comprehensive annual financial report includes two government-wide financial statements. These statements are intended to provide a broad overview of both long-term and short-term information about the Authority's overall financial position. Financial reporting at this level uses a financial perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first government-wide statement is the **Statement of Net Position**, which is the government-wide statement that presents information that includes all of the Authority's assets and liabilities, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority, as a whole, is improving or deteriorating. Evaluation of the overall fiscal health of the Authority would extend to other nonfinancial factors such as new or changes in legislation over which the Authority has no direct control, changes in levels of federal or state funding, or a change in management's programmatic focus, in addition to the financial information provided in this report.

The second government-wide statement is the **Statement of Activities**, which reports how the Authority's net position changed during the reported fiscal period. All current year's revenues and expenses are accounted for regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement that will result in cash flows in future fiscal periods. One important purpose of the statement of activities is to show the financial reliance of the Authority's distinct activities or functions on the revenues provided by the State of Georgia and federal grantors, as well as that on the revenue streams from repayment of loans from our ever-growing customer base.

Both government-wide financial statements distinguish governmental activities of the Authority that are principally supported by federal or state appropriated grants from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general administrative operations of the Authority and those costs incurred for expenditure-driven grant programs, such as those incurred by the Energy Resources Division as well as those costs associated with administering the federal state revolving loan programs. Business-type activities include all operations of the Authority's lending programs, as well as activities associated with its fuel storage tank maintenance program. The government-wide financial statements are presented on pages 17 and 18 of this report.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Management's Discussion and Analysis

(Unaudited)

## *Fund Financial Statements*

A fund is an accounting unit used to maintain control over resources segregated for specific activities or objectives. The Authority uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Authority's most significant funds rather than the Authority as a whole. Major funds are separately reported while all other (nonmajor) funds are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

All of the funds of the Authority can be divided into two categories: governmental funds and proprietary funds.

*Governmental funds* are reported in the fund financial statements and include the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund financial statements providing a varied view of the Authority's governmental funds. These statements report short-term fiscal accountability focusing on the use of the spendable resources. They account for items using the current financial resources measurement focus and the modified accrual basis of accounting which measures cash and all other financial assets that can readily be converted to cash. They are useful in evaluating annual financing requirements of governmental programs and the Authority's ability to commit spendable resources for near-term expenditures.

Since the government-wide focus includes the long-term view, comparisons between these two outlooks may provide insight into the long-term impact of short-term spending decisions. For this particular reason, reconciliation between the governmental activities (shown in the Statement of Net Position and Statement of Activities) and the governmental funds is provided at the bottom of the fund financial statements.

The Authority maintains eleven (11) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Weatherization Assistance Program Fund, Drinking Water SRF State Program Setasides Fund and the Drinking Water SRF Local Assist Setasides Fund, which are considered major funds and are presented on pages 19-21 of this report. Data from other governmental funds are combined into a single, aggregated presentation. Individual data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary funds* are reported in the fund financial statements and generally report those activities for which the Authority charges its customers a fee for the use of its financial resources or technical expertise. The Authority's proprietary funds are classified as enterprise funds. These enterprise funds essentially are the same as the business-type activities reported in the government-wide statements but provide more detail and additional information, such as cash flows associated with these distinct programs.

The Authority maintains seven (7) individual enterprise funds. Information is presented separately in the enterprise fund statement of net position and in the enterprise fund statement of revenues, expenses, and changes in net position for the Georgia Fund, Georgia Reservoir & Water Supply Fund, Clean Water State Revolving Loan Fund,



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

## Management's Discussion and Analysis (Unaudited)

Clean Water State Match Revolving Loan Fund, Drinking Water State Revolving Loan Fund, and Drinking Water State Match Revolving Loan Fund, all of which are considered major funds of the Authority and are presented on pages 22-24 of this report. Individual fund data for the nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

### *Notes to the Basic Financial Statements*

The accompanying notes to the financial statements provide information necessary for a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

### *Supplementary Information*

In addition to the basic financial statements and accompanying note disclosures, this report also presents certain supplementary information concerning the Authority's funds. As mentioned previously, the Authority reports major funds in the basic financial statements. Combining and individual statements and schedules for nonmajor funds are presented in this section of this report beginning on page 49.

### **Government-wide Financial Analysis of Authority**

Year-to-year financial changes in net position trend information is accumulated on a consistent basis. This information trend will be observed, analyzed and used to discuss the financial position of the Authority as a whole. Net position over time may serve as a useful indicator of the Authority's financial position. In the case of the Authority, net position was approaching \$2 billion as of June 30, 2014 compared to \$1.9 billion in the preceding fiscal year. The following table presents a summary of the Authority's net position:

| <b>Georgia Environmental Finance Authority - Net Position</b> |                                |                   |                                 |                      |                      |                      |                                |
|---|--------------------------------|-------------------|---------------------------------|----------------------|----------------------|----------------------|--------------------------------|
| <b>As of June 30, 2014 and 2013</b>                           |                                |                   |                                 |                      |                      |                      |                                |
|   | <b>Primary Government</b>      |                   |                                 |                      |                      |                      | <b>Increase<br/>(Decrease)</b> |
|   | <b>Governmental activities</b> |                   | <b>Business-type activities</b> |                      | <b>Total</b>         |                      |                                |
|   | <b>2014</b>                    | <b>2013</b>       | <b>2014</b>                     | <b>2013</b>          | <b>2014</b>          | <b>2013</b>          |                                |
| Current and other assets                                      | \$ 45,367,647                  | 44,553,595        | 1,952,626,631                   | 1,868,679,179        | 1,997,994,278        | 1,913,232,774        | 4.4%                           |
| Capital assets  | 47,955                         | 24,718            | -                               | -                    | 47,955               | 24,718               | 94.0%                          |
| <b>Total assets</b>   | <b>45,415,602</b>              | <b>44,578,313</b> | <b>1,952,626,631</b>            | <b>1,868,679,179</b> | <b>1,998,042,233</b> | <b>1,913,257,492</b> | <b>4.4%</b>                    |
| Long-term liabilities outstanding                             | 565,062                        | 359,574           | -                               | -                    | 565,062              | 359,574              | 57.1%                          |
| Other liabilities   | 3,259,728                      | 3,597,803         | 207,828                         | 367,005              | 3,467,556            | 3,964,808            | (12.5%)                        |
| <b>Total liabilities</b>                                      | <b>3,824,790</b>               | <b>3,957,377</b>  | <b>207,828</b>                  | <b>367,005</b>       | <b>4,032,618</b>     | <b>4,324,382</b>     | <b>(6.7%)</b>                  |
| <b>Net position:</b>  |                                |                   |                                 |                      |                      |                      |                                |
| Investment in capital assets                                  | 47,955                         | 24,718            | -                               | -                    | 47,955               | 24,718               | 94.0%                          |
| Restricted  | 38,256,141                     | 37,104,014        | 1,446,699,238                   | 1,383,034,270        | 1,484,955,379        | 1,420,138,284        | 4.6%                           |
| Unrestricted  | 3,286,716                      | 3,492,204         | 505,719,565                     | 485,277,904          | 509,006,281          | 488,770,108          | 4.1%                           |
| <b>Total net position</b>                                     | <b>\$ 41,590,812</b>           | <b>40,620,936</b> | <b>1,952,418,803</b>            | <b>1,868,312,174</b> | <b>1,994,009,615</b> | <b>1,908,933,110</b> | <b>4.5%</b>                    |



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

## Management's Discussion and Analysis (Unaudited)

The Authority's investment in capital assets comprises expenditures made for securing computer equipment and furniture and fixtures. Minimal cash has been expended for the purposes of acquiring capital assets because the Authority's primary function is to be a financial conduit on behalf of the State of Georgia and therefore holds few depreciable assets. Thus, the Authority's investment in capital assets at fiscal year year-end was \$47.95 thousand.

There was a increase in restricted net position of the Authority's governmental activities of approximately \$1.2 million.

- Total restricted for grant programs decreased by \$323.9 thousand.
- Total restricted for loan programs increased by \$1.5 million.

There was an increase in restricted net position of the Authority's business-type activities of approximately \$63.7 million which was all held for the use of the Authority's federal loan programs.

The following table provides a summary of the changes in net position, with comparative data for the current and prior fiscal years:

| <b>Georgia Environmental Finance Authority - Changes in Net Position</b> |                         |                   |                          |                    |                    |                    |                             |
|--|-------------------------|-------------------|--------------------------|--------------------|--------------------|--------------------|-----------------------------|
| <b>For the Fiscal Year Ended June 30, 2014 and 2013</b>                  |                         |                   |                          |                    |                    |                    |                             |
|  | Primary Government      |                   |                          |                    | Total              |                    | Increase<br>(Decrease)<br>% |
|  | Governmental activities |                   | Business-type activities |                    |                    |                    |                             |
|  | 2014                    | 2013              | 2014                     | 2013               | 2014               | 2013               |                             |
| <b>Revenues:</b>   |                         |                   |                          |                    |                    |                    |                             |
| <b>Program revenues:</b>   |                         |                   |                          |                    |                    |                    |                             |
| Charges for services   | \$ 1,457,644            | 591,955           | 36,517,062               | 69,972,715         | 37,974,706         | 70,564,670         | (46.2%)                     |
| Operating grants and contributions                                       | 25,457,573              | 38,441,654        | 49,420,407               | 104,896,682        | 74,877,980         | 143,338,336        | (47.8%)                     |
| <b>General revenues:</b>   |                         |                   |                          |                    |                    |                    |                             |
| Unrestricted investment earnings   | 54,419                  | 65,912            | -                        | -                  | 54,419             | 65,912             | (17.4%)                     |
| Other income   | 12,768                  | 26,621            | 15,084                   | 161,770            | 27,852             | 188,391            | (85.2%)                     |
| <b>Total revenues</b>  | <b>26,982,404</b>       | <b>39,126,142</b> | <b>85,952,553</b>        | <b>175,031,167</b> | <b>112,934,957</b> | <b>214,157,309</b> | <b>(47.3%)</b>              |
| <b>Expenses (net of indirect costs):</b>                                 |                         |                   |                          |                    |                    |                    |                             |
| General government   | 7,170,623               | 9,005,073         | -                        | -                  | 7,170,623          | 9,005,073          | (20.4%)                     |
| Water & wastewater   | 6,914,660               | 8,496,123         | 5,392,431                | 8,437,183          | 12,307,091         | 16,933,306         | (27.3%)                     |
| Land conservation  | 8,665                   | 41,733            | -                        | -                  | 8,665              | 41,733             | (79.2%)                     |
| Energy & environment   | 7,368,927               | 18,322,583        | -                        | -                  | 7,368,927          | 18,322,583         | (59.8%)                     |
| Storage tank maintenance   | -                       | -                 | 591,401                  | 800,089            | 591,401            | 800,089            | (26.1%)                     |
| General and administrative   | -                       | -                 | 411,745                  | 348,463            | 411,745            | 348,463            | 18.2%                       |
| <b>Total expenses</b>  | <b>21,462,875</b>       | <b>35,865,512</b> | <b>6,395,577</b>         | <b>9,585,735</b>   | <b>27,858,452</b>  | <b>45,451,247</b>  | <b>(38.7%)</b>              |
| Increase in net position before transfers                                | 5,519,529               | 3,260,630         | 79,556,976               | 165,445,432        | 85,076,505         | 168,706,062        | (49.6%)                     |
| Transfers  | (4,549,653)             | (8,344,739)       | 4,549,653                | 8,344,739          | -                  | -                  | -                           |
| Increase (decrease) in net position                                      | 969,876                 | (5,084,109)       | 84,106,629               | 173,790,171        | 85,076,505         | 168,706,062        | (49.6%)                     |
| Net position - July 1  | 40,620,936              | 45,705,045        | 1,868,312,174            | 1,694,522,003      | 1,908,933,110      | 1,740,227,048      | 9.7%                        |
| Net position - June 30   | \$ 41,590,812           | 40,620,936        | 1,952,418,803            | 1,868,312,174      | 1,994,009,615      | 1,908,933,110      | 4.5%                        |



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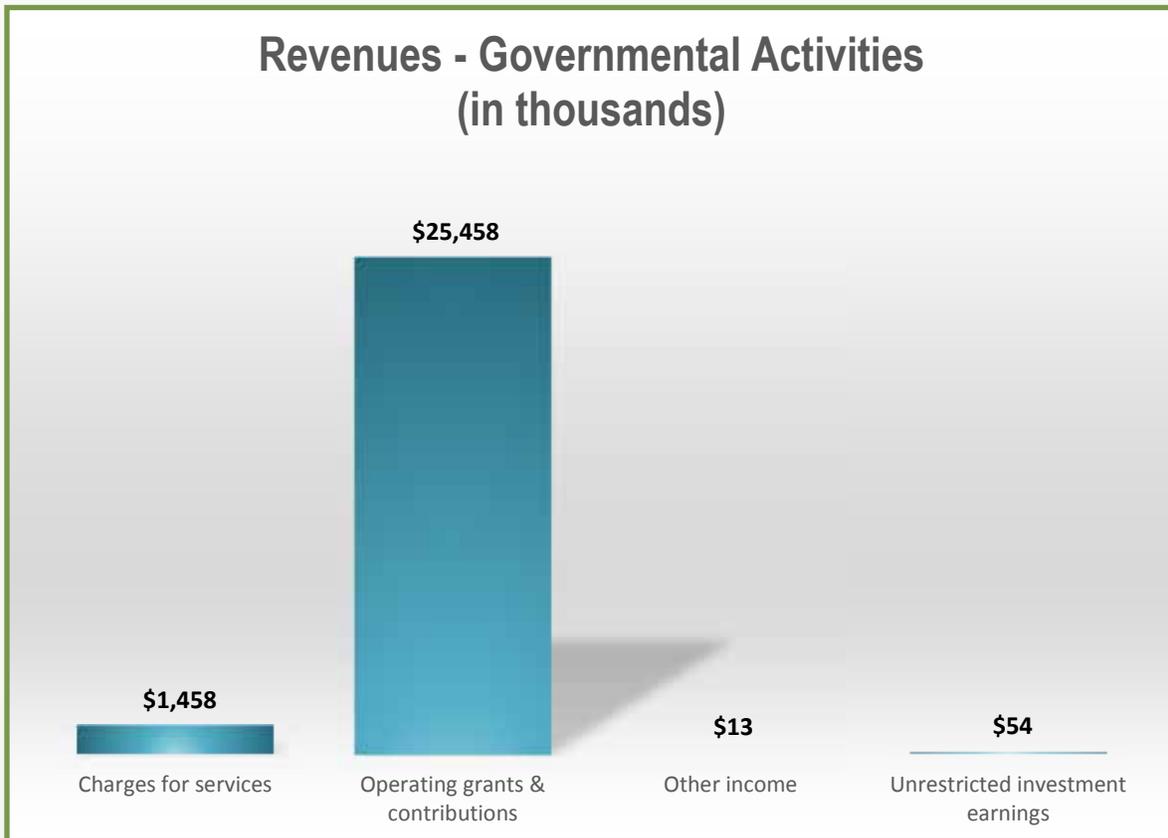
# Management's Discussion and Analysis

(Unaudited)

## Governmental Revenues

Charges for services within governmental activities experienced an uptick of 247 percent in revenue due to increased administrative fees billed. Collections for charges for services may experience annual fluctuations due to increased or decreased activity in loan activity. These fees are for administrative costs retained outside of loan programs.

During the current fiscal year, the Authority expensed the last monies awarded it by the United States Department of Energy under the American Recovery and Reinvestment Act of 2009 (ARRA). This fact helps to explain why revenues for governmental activities' operating grants and contributions had a decrease of approximately \$13.0 million, or 34 percent. Because these programs operate on the basis of expenditure-driven grants, revenues typically parallel expense activity within those programs. In addition, the Authority received \$9.5 million in appropriations from the state that were included within governmental activities.



Unrestricted investment earnings of \$54.4 thousand within governmental activities were reported during the year, down slightly from \$66 thousand in 2013. This decrease in investment earnings is mostly associated with a decrease in investable funds held for match under for the SRF funds.



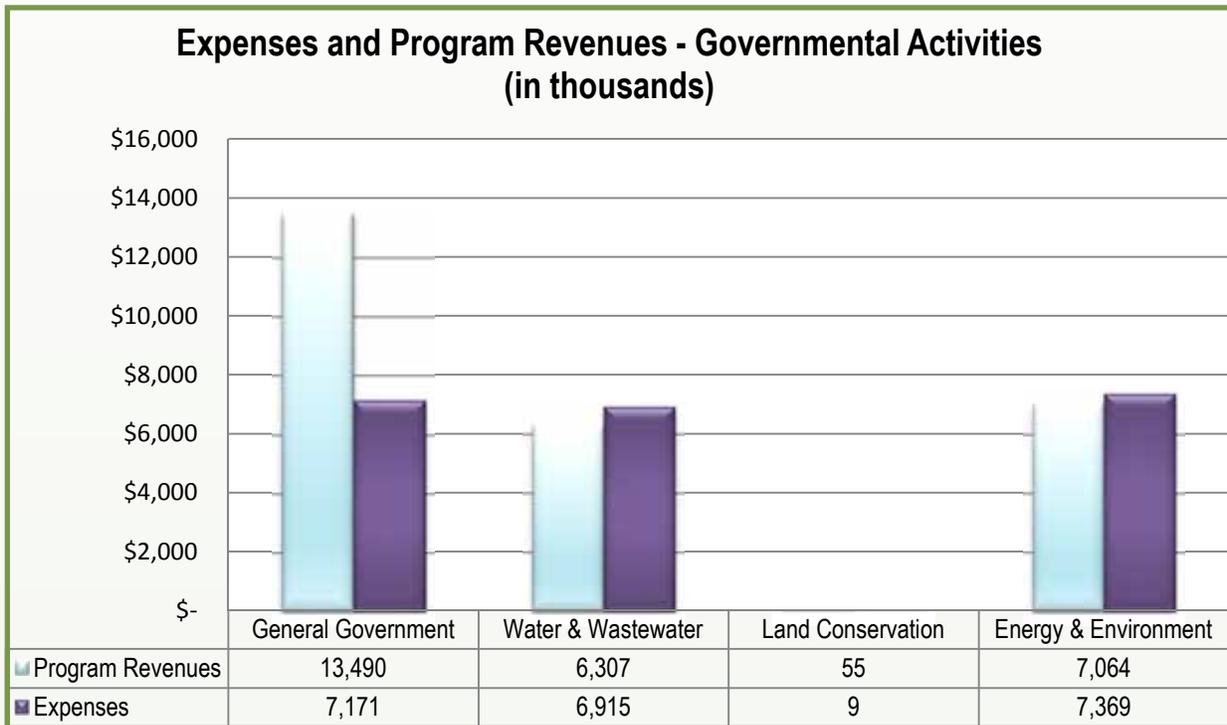
**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Management's Discussion and Analysis

(Unaudited)

## *Governmental Functional Expenses*

Expenses within the general government function were down \$1.8 million because of reduction in administrative costs incurred in association with programs administered under the American Recovery and Reinvestment Act, as well as a reductions in personal services spending.



There was a 19 percent decrease in the water and wastewater program function expenses of governmental activities. This function of the Authority is primarily dependent upon activity associated with pass through contractors and is driven mostly by related expenses incurred by these contractors. As such, year-to-year fluctuations have been experienced. However, this year's activity was down due to fewer contracts entered into to execute special revenue programs.

The land conservation function financed projects and other program expenses totaling \$8.7 thousand. A continuing decline in approved projects attributed to the 79 percent reduction in activity within this function.

The energy program function comprises 35 percent of total governmental activities' expenses and 27 percent of the Authority's total expenses, down substantially from recent years. In fiscal year 2013, these percentages were 51 percent and 40 percent, respectively. As the availability of ARRA funding within the energy division has ended, the Authority's reported expenses have reflected continuing declines within this function.



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# Management’s Discussion and Analysis

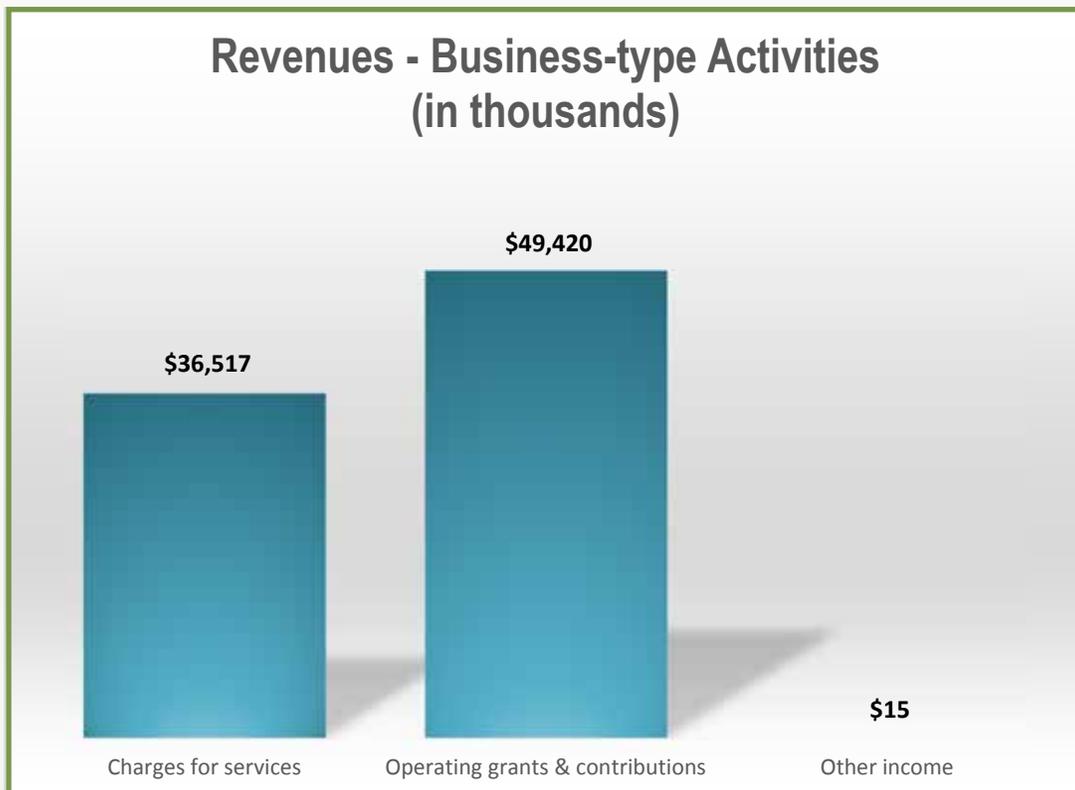
(Unaudited)

## *Business-type Activities: Revenues vs Expenses*

### Revenues

Total revenue for the business-type activities for the Authority for the current fiscal year were \$86 million, a decrease of approximately 51 percent from the previous fiscal year total of \$175 million. The decrease for the current fiscal year partially stems from recognition of income previously unearned in the Authority’s federal match loan programs. The impact on revenues for this change was an additional \$29.5 million recognized in the prior year.

Because the Authority receives a significant portion of its revenues from federal and state sources, fluctuating contributions also contributed to the current year’s decrease. For fiscal year 2014, the Authority received significantly less funding from federal and state sources, down \$55.9 million; coupled with other economic changes such as loss of income on loans paid off early and a change to the Authority’s interest rate tier structure as mentioned earlier.





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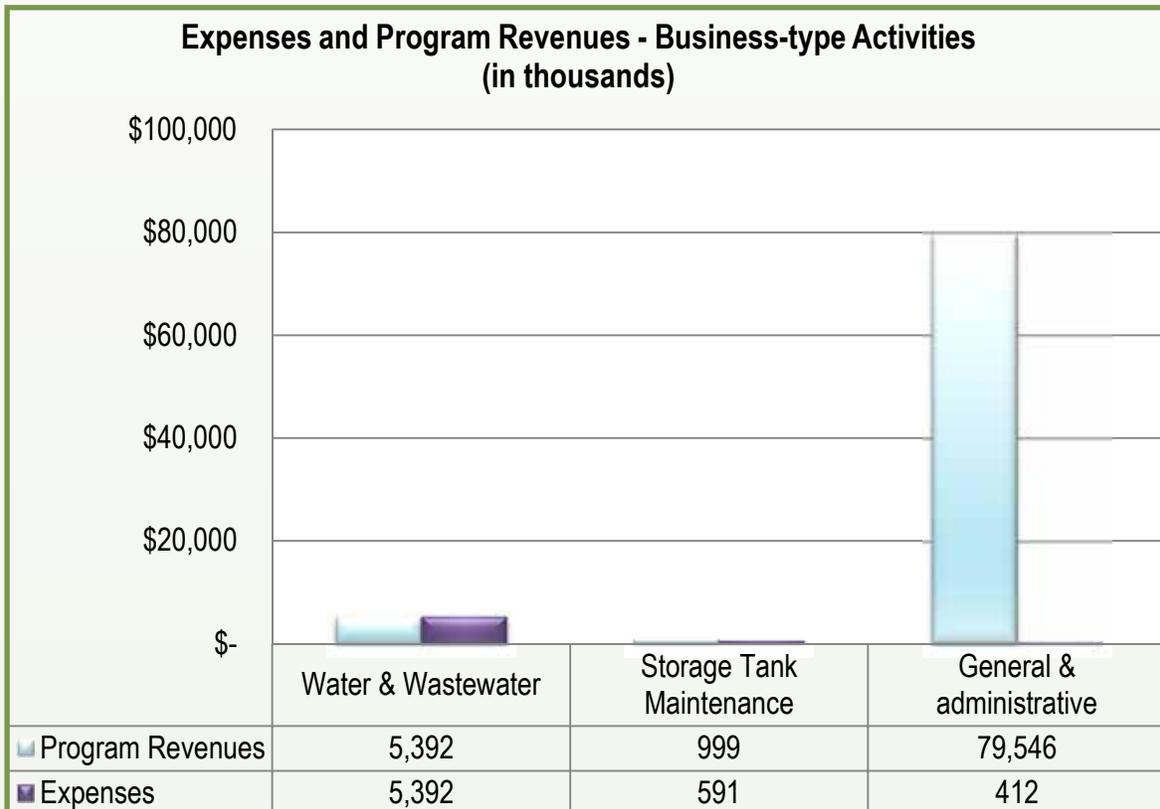
## Expenses

Expenses within the Authority's business-type activities decreased substantially for the current fiscal year, with the water and wastewater programs experiencing the greatest decrease. This decrease is mainly related to forgiveness and subsidies provided on loans within the Clean Water SRF Revolving Loan and Drinking Water SRF Revolving Loan Funds.

The storage tank maintenance program had decreased expenses of approximately 26 percent. This decrease can be attributed to reduced activity for projects funded by participating funders.

General and administrative expenses reflect those expenses incurred by the Authority to execute its business-type activities. These expenses increased slightly from those of the prior year, up by \$62 thousand, or 18 percent. This increase is primarily due to refunds provided to customers.

The above details are illustrated in the graph below:





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# Management's Discussion and Analysis

(Unaudited)

## Financial Analysis of the Authority's Funds

### *Governmental Funds*

As noted earlier, the focus of the Authority's governmental funds is to provide information on short-term inflows and outflows of spendable resources. This information is useful in assessing reserves available at the end of the year in comparison to upcoming financing requirements. Governmental funds reported ending fund balances of \$42.1 million in fiscal year 2014, compared to \$41.0 million in fiscal year 2013. Of these year-end totals, \$3.9 million for fiscal years 2014 and 2013 was unassigned and available for continued financing by the Authority.

The total ending fund balances of governmental funds show a increase of \$1.1 million, compared to the decrease experienced in fiscal year 2013 of \$5.2 million. This change is primarily due to decreased activity in loan programs requiring match funds which were transferred out to their appropriate loan programs.

### *Major Governmental Funds*

The General Fund is the Authority's primary operating fund and the source of daily administrative operations. The General Fund's fund balance increased by \$517.4 thousand in fiscal year 2014 as compared to the \$4.6 million decrease from the previous year. The portion of fund balance obligated in the General Fund at year-end was \$4.9 million, up from \$4.4 million in fiscal year 2013. The majority of these increases can be attributed to decreased activity levels in match-related expenditures for the federal loan programs.

The General Fund's ending unassigned portion of fund balance of \$3.9 million represents the equivalent of 35 percent of its current year's expenditures. The Authority's overall cash flow within the General Fund is generally consistent with increased activity occurring at quarter's end. The Authority relies very little on the unassigned portion of fund balance because administrative expenditures of the Authority are satisfied by either direct grants or contracts from federal and state sources or transfers from the repayment stream of the Georgia Fund. The Georgia Fund is the Authority's resource to cover administrative expenditures incurred within certain programs which are not directly funded by a dedicated revenue source or financing contract or grant. Last year's amounts were \$3.9 million and 34 percent, respectively.

The Weatherization Assistance Program Fund serves as a special revenue fund to provide federal grant funds to local governments and nonprofit organizations throughout the state of Georgia in an effort to assist low income households achieve energy efficiencies in their homes. Revenues and expenditures typically net to zero as the funding is expenditure-driven and thus no fund balance had been reported for previous fiscal years. For fiscal year 2014, the Authority recognized \$1.7 thousand in program income from the sale of a vehicle returned to the program from a service provider the Authority terminated business with in fiscal year 2013. This small amount will be restricted to fund additional expenditures for the program. During the year, the Authority used \$305.7 thousand of its internal energy investment funds to supplant charges not reimbursable by one of the division's funders. Total expenditures reported within this fund were \$7.1 million.



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The Drinking Water SRF State Program Setasides Fund serves as a special revenue fund for programs providing federal grant funds for various drinking water projects for the state's public water supervision program. The Authority reported \$1.4 million in expenditure-driven grant funds, for which revenue and expenditure activity typically nets to zero, and therefore no fund balance has been reported for fiscal year 2014.

The Drinking Water SRF Local Assist Setasides Fund serves as a special revenue fund for programs providing federal grant funds for various drinking water projects for technical assistance to public water systems for capacity development purposes. The Authority reported \$2.7 million in expenditure-driven grant funds, for which revenue and expenditure activity typically nets to zero, and therefore no fund balance has been reported for fiscal year 2014.

### ***The Proprietary Funds***

The proprietary funds' statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. Each of the fund statements gives detailed information about the fund's financial condition. The viability of the Authority's loan and fuel storage tank maintenance programs is evident by this year-end's changes in net position detailed below.

The Authority's proprietary funds report the activities of the loan and fuel storage tank maintenance programs. The net position of the proprietary funds increased \$84.1 million from business operations. The total interest income from loans for proprietary funds with a lending component for 2014 was \$34.8 million, a 44 percent decrease from the prior year which is primarily explained by a change in the Authority's income recognition principle for the federal SRF match revolving loan funds, Clean Water and Drinking Water. Previously, the grant agreements included a requirement which did not allow recognition of income from loans made with matching requirements until the income had been expended on a new qualifying program loan. Newer requirements, in updated agreements, do not include a specific requirement regarding the recognition of income however still maintain that this income is to be held for purposes of the program. These new requirements were determined to only be a purpose restriction and the income related to the exchange transaction is more appropriately recognized as revenue with the resulting net position being restricted. Thus, in fiscal year 2013, the Authority recognized revenue in the amount of \$24,967,386 for its Clean Water State Match Revolving Loan Fund and \$4,522,976 for its Drinking Water State Match Revolving Loan Fund in order to be in compliance with newer program guidelines administered by its grantor agency, partially explaining the decrease in the current fiscal year. The additional reduction to the lowered net position increase can be explained by the reduction of contributions from federal and state sources previously mentioned.

The fuel storage tank maintenance program had total revenues of approximately \$1 million partially from fees charged customers for the maintenance of state-owned equipment, contract revenues from other state agencies, and promotional expense refunds from vendors, down from \$1.1 million the previous year.

Net position of the Authority's proprietary funds for federal programs are restricted for their respective purposes and are recycled into resources available to fund their core missions. Net position of the Authority's proprietary



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funds for state programs are typically unrestricted and can be used for the purposes they are held for, as authorized through current legislation, and recycled into resources available to fund their core missions.

## Budgetary Information

The Authority does not have a budget directly approved by citizens of the State of Georgia. Instead, its appropriation is included in the State of Georgia’s budget as a line item request within the Department of Community Affairs budget under the Authority’s enabling legislation. However, the Authority’s management does utilize a budget for its General Fund to be used for financial analysis purposes throughout the year.

## Capital Assets and Debt Administration

### Capital Assets

The Authority’s investment in capital assets for its governmental activities as of June 30, 2014 amounts to \$47.9 thousand (net of accumulated depreciation). This investment in capital assets includes equipment, furniture and fixtures. As of the close of the fiscal year, the Authority had no investment in capital assets of business-type activities because those activities are dedicated to the financing of loan and certain grant or subsidized projects and hold no depreciable assets. Additional information regarding the Authority’s capital assets can be found in Note 7, page 40.

### Long-term Debt

As of June 30, 2014, the Authority had a total of \$565.1 thousand in outstanding long-term liabilities, an increase of approximately \$205.5 thousand. Of this amount, approximately \$141.3 thousand is due within one year.

| <b>Georgia Environmental Finance Authority</b> |            |            |            |
|--|------------|------------|------------|
| <b>Long-term Debt Obligations</b>              |            |            |            |
| <b>For the Fiscal Year Ended June 30, 2014</b> |            |            |            |
|  | Balance at | Percentage | Due Within |
|  | June 30,   | of Total   | One Year   |
|  | 2014       |            |            |
| Note 7, page 40.                               |            |            |            |
| Governmental Activities                        |            |            |            |
| Compensated absences                           | \$ 565,062 | 100%       | \$ 141,266 |
| Governmental long-term liabilities             | \$ 565,062 |            | \$ 141,266 |

Additional information regarding the Authority’s long-term debt can be found in Note 5, pages 36-38.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# **Management's Discussion and Analysis**

(Unaudited)

## **Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances, comply with finance-related laws and regulations, and demonstrate the Authority's commitment to public accountability to all parties with an interest in its financial activities. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Georgia Environmental Finance Authority, Director, Fiscal Services Division, 233 Peachtree Street, NE, Harris Tower, Suite 900, Atlanta, Georgia 30303-1506.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Statement of Net Position

June 30, 2014

| Assets  | Primary Government      |                          |                      | Component Unit               |
|---|-------------------------|--------------------------|----------------------|------------------------------|
|   | Governmental activities | Business-type activities | Total                | Ga. Environ. Loan Acq. Corp. |
| Cash  | \$ 4,392,950            | 9,730,823                | 14,123,773           | 40,266,863                   |
| Cash with fiscal agent  | —                       | —                        | —                    | 20,289,154                   |
| Investments   | 35,825,638              | 745,573,936              | 781,399,574          | —                            |
| Due from other governments  | 3,778,664               | 680,529                  | 4,459,193            | —                            |
| Internal balances   | 1,370,265               | (1,370,265)              | —                    | —                            |
| Accrued interest receivable   | —                       | 3,225,477                | 3,225,477            | 576,003                      |
| Loans receivable  | —                       | 1,194,786,131            | 1,194,786,131        | 144,183,756                  |
| Other assets  | 130                     | —                        | 130                  | —                            |
| Capital assets, net of accumulated depreciation                     | 47,955                  | —                        | 47,955               | —                            |
| <b>Total assets</b>   | <b>45,415,602</b>       | <b>1,952,626,631</b>     | <b>1,998,042,233</b> | <b>205,315,776</b>           |
| <b>Liabilities</b>  |                         |                          |                      |                              |
| Accounts payable and accrued liabilities                            | 3,254,364               | 190,767                  | 3,445,131            | 12,053                       |
| Accrued payroll and related benefits                                | 5,364                   | —                        | 5,364                | —                            |
| Due to other governments  | —                       | 17,061                   | 17,061               | —                            |
| Accrued interest payable  | —                       | —                        | —                    | 672,344                      |
| Compensated absences, current                                       | 141,266                 | —                        | 141,266              | —                            |
| Bonds payable, current  | —                       | —                        | —                    | 16,775,000                   |
| Long-term liabilities:  |                         |                          |                      |                              |
| Compensated absences, net of current portion                        | 423,796                 | —                        | 423,796              | —                            |
| Bonds payable, net of current portion and unamortized bond discount | —                       | —                        | —                    | 107,333,811                  |
| <b>Total liabilities</b>  | <b>3,824,790</b>        | <b>207,828</b>           | <b>4,032,618</b>     | <b>124,793,208</b>           |
| <b>Net Position</b>   |                         |                          |                      |                              |
| Net Investment in capital assets                                    | 47,955                  | —                        | 47,955               | —                            |
| Restricted for:   |                         |                          |                      |                              |
| Debt service  | —                       | —                        | —                    | 80,522,568                   |
| Grant programs  | 4,907,940               | —                        | 4,907,940            | —                            |
| Loan programs   | 33,348,201              | 1,446,699,238            | 1,480,047,439        | —                            |
| Unrestricted  | 3,286,716               | 505,719,565              | 509,006,281          | —                            |
| <b>Total net position</b>   | <b>\$ 41,590,812</b>    | <b>1,952,418,803</b>     | <b>1,994,009,615</b> | <b>80,522,568</b>            |

See accompanying notes to basic financial statements.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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**Statement of Activities**  
Year ended June 30, 2014

| Functions/Programs:                                | Program revenues |                      |                                    | Net (expense) revenue and changes in net position |                         |                          |               |                |
|--|------------------|----------------------|------------------------------------|---|-------------------------|--------------------------|---------------|----------------|
|  | Expenses         | Charges for services | Operating grants and contributions | Capital grants and contributions                  | Governmental activities | Business-type activities | Total         | Component Unit |
| <b>Governmental activities:</b>                    |                  |                      |                                    |   |                         |                          |               |                |
| General government                                 | \$ 7,170,623     | —                    | 13,490,023                         | —   | 6,319,400               | —                        | 6,319,400     |                |
| Water & wastewater                                 | 6,914,660        | 1,457,644            | 4,849,045                          | —   | (607,971)               | —                        | (607,971)     |                |
| Land conservation                                  | 8,665            | —                    | 54,789                             | —   | 46,124                  | —                        | 46,124        |                |
| Energy & environment                               | 7,368,927        | —                    | 7,063,716                          | —   | (305,211)               | —                        | (305,211)     |                |
| Total governmental activities                      | 21,462,875       | 1,457,644            | 25,457,573                         | —   | 5,452,342               | —                        | 5,452,342     |                |
| <b>Business-type activities:</b>                   |                  |                      |                                    |   |                         |                          |               |                |
| Water & wastewater                                 | 5,392,431        | —                    | 5,392,431                          | —   | —                       | —                        | —             |                |
| Storage tank maintenance                           | 591,401          | 993,950              | 5,096                              | —   | —                       | 407,174                  | 407,174       |                |
| General & administrative                           | 411,745          | 35,523,112           | 44,022,880                         | —   | —                       | 79,134,718               | 79,134,718    |                |
| Total business-type activities                     | 6,395,577        | 36,517,062           | 49,420,407                         | —   | —                       | 79,541,892               | 79,541,892    |                |
| Total primary government                           | \$ 27,858,452    | 37,974,706           | 74,877,980                         | —   | 5,452,342               | 79,541,892               | 84,994,234    |                |
| Component Unit:                                    |                  |                      |                                    |   |                         |                          |               | (222,702)      |
| Georgia Environmental Loan Acquisition Corporation | \$ 6,613,447     | 6,390,745            | —                                  | —   | —                       | —                        | —             |                |
| Total Component Units                              | \$ 6,613,447     | 6,390,745            | —                                  | —   | —                       | —                        | —             |                |
| General revenues:                                  |                  |                      |                                    |   |                         |                          |               |                |
| Unrestricted investment earnings                   |                  |                      |                                    |   | \$ 54,419               | —                        | 54,419        |                |
| Miscellaneous                                      |                  |                      |                                    |   | 12,768                  | 15,084                   | 27,852        | 77,030         |
| Transfers  |                  |                      |                                    |   | (4,549,653)             | 4,549,653                | —             |                |
| Total general revenues and transfers               |                  |                      |                                    |   | (4,482,466)             | 4,564,737                | 82,271        | (145,672)      |
| <b>Change in net position</b>                      |                  |                      |                                    |   | 969,876                 | 84,106,629               | 85,076,505    | (145,672)      |
| Net position - July 1                              |                  |                      |                                    |   | 40,620,936              | 1,868,312,174            | 1,908,933,110 | 80,668,240     |
| Net position - June 30                             |                  |                      |                                    |   | \$ 41,590,812           | 1,952,418,803            | 1,994,009,615 | 80,522,568     |

See accompanying notes to basic financial statements.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Balance Sheet - Governmental Funds

June 30, 2014

|   | General              | Weatherization Assistance Program | Drinking Water SRF State Program Setasides | Drinking Water SRF Local Assist Setasides | Nonmajor Governmental Funds | Total Governmental Funds |
|---|----------------------|-----------------------------------|--|---|-----------------------------|--------------------------|
| <b>Assets</b>   |                      |                                   |  |   |                             |                          |
| Cash  | \$ 4,080,120         | 1,680                             | —  | —   | 311,150                     | 4,392,950                |
| Investments   | 3,674,339            | —                                 | —  | —   | 32,151,299                  | 35,825,638               |
| Due from other governments  | 896,074              | 719,786                           | 408,408                                    | 777,710                                   | 976,686                     | 3,778,664                |
| Due from other funds  | 1,437,854            | 46,666                            | —  | —   | 176,982                     | 1,661,502                |
| Other assets  | 130                  | —                                 | —  | —   | —                           | 130                      |
| <b>Total assets</b>   | <b>\$ 10,088,517</b> | <b>768,132</b>                    | <b>408,408</b>                             | <b>777,710</b>                            | <b>33,616,117</b>           | <b>45,658,884</b>        |
| <b>Liabilities and Fund Balances</b>  |                      |                                   |  |   |                             |                          |
| Liabilities:  |                      |                                   |  |   |                             |                          |
| Accounts payable and accrued liabilities  | \$ 1,289,049         | 646,452                           | 408,408                                    | 777,710                                   | 132,745                     | 3,254,364                |
| Accrued payroll and related benefits  | 5,364                | —                                 | —  | —   | —                           | 5,364                    |
| Due to other funds  | 27,075               | 120,000                           | —  | —   | 144,162                     | 291,237                  |
| <b>Total liabilities</b>  | <b>1,321,488</b>     | <b>766,452</b>                    | <b>408,408</b>                             | <b>777,710</b>                            | <b>276,907</b>              | <b>3,550,965</b>         |
| Fund balances:  |                      |                                   |  |   |                             |                          |
| Restricted for grant programs   | —                    | 1,680                             | —  | —   | 4,906,260                   | 4,907,940                |
| Restricted for loan programs  | 4,915,251            | —                                 | —  | —   | 28,432,950                  | 33,348,201               |
| Unassigned  | 3,851,778            | —                                 | —  | —   | —                           | 3,851,778                |
| <b>Total fund balances</b>  | <b>8,767,029</b>     | <b>1,680</b>                      | <b>—</b>                                   | <b>—</b>                                  | <b>33,339,210</b>           | <b>42,107,919</b>        |
| <b>Total liabilities and fund balances</b>  | <b>\$ 10,088,517</b> | <b>768,132</b>                    | <b>408,408</b>                             | <b>777,710</b>                            | <b>33,616,117</b>           |                          |
| Amounts reported for governmental activities in the statement of net position are different because:  |                      |                                   |  |   |                             |                          |
| Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. |                      |                                   |  |   |                             |                          |
| Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:  |                      |                                   |  |   |                             |                          |
| Compensated absences  |                      |                                   |  |   |                             |                          |
| Net position of governmental activities   |                      |                                   |  |   |                             |                          |
|   |                      |                                   |  |   |                             | 47,955                   |
|   |                      |                                   |  |   |                             | (565,062)                |
|   |                      |                                   |  |   |                             | \$ 41,590,812            |

See accompanying notes to basic financial statements.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year ended June 30, 2014

|   | General             | Weatherization Assistance Program | Drinking Water SRF State Program Setasides | Drinking Water SRF Local Assist Setasides | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|-----------------------------------|--|---|-----------------------------|--------------------------|
| <b>Revenues:</b>                                    |                     |                                   |  |   |                             |                          |
| State appropriations                                | \$ 298,495          | —                                 | —  | —   | —                           | 298,495                  |
| State general obligation bond proceeds              | 9,200,000           | —                                 | —  | —   | —                           | 9,200,000                |
| Administrative fees                                 | 49,124              | —                                 | —  | —   | 1,408,520                   | 1,457,644                |
| Grant revenues                                      | 3,991,528           | 6,769,617                         | 1,373,506                                  | 2,697,366                                 | 1,066,906                   | 15,898,923               |
| Public donations                                    | —                   | —                                 | —  | —   | 54,789                      | 54,789                   |
| Interest income on investments                      | 10,543              | —                                 | —  | —   | 49,242                      | 59,785                   |
| Miscellaneous                                       | 12,768              | —                                 | —  | —   | —                           | 12,768                   |
| <b>Total revenues</b>                               | <b>13,562,458</b>   | <b>6,769,617</b>                  | <b>1,373,506</b>                           | <b>2,697,366</b>                          | <b>2,579,457</b>            | <b>26,982,404</b>        |
| <b>Expenditures:</b>                                |                     |                                   |  |   |                             |                          |
| <b>Current:</b>                                     |                     |                                   |  |   |                             |                          |
| General government                                  | 6,955,294           | —                                 | —  | —   | —                           | 6,955,294                |
| Water & wastewater                                  | 1,533,008           | —                                 | 1,373,506                                  | 2,697,366                                 | 1,310,780                   | 6,914,660                |
| Land conservation                                   | —                   | —                                 | —  | —   | 8,665                       | 8,665                    |
| Energy & environment                                | —                   | 7,073,670                         | —  | —   | 295,257                     | 7,368,927                |
| Capital outlay:                                     |                     |                                   |  |   |                             |                          |
| General government                                  | 33,078              | —                                 | —  | —   | —                           | 33,078                   |
| <b>Total expenditures</b>                           | <b>8,521,380</b>    | <b>7,073,670</b>                  | <b>1,373,506</b>                           | <b>2,697,366</b>                          | <b>1,614,702</b>            | <b>21,280,624</b>        |
| <b>Excess of revenues over (under) expenditures</b> | <b>5,041,078</b>    | <b>(304,053)</b>                  | <b>—</b>                                   | <b>—</b>                                  | <b>964,755</b>              | <b>5,701,780</b>         |
| <b>Other Financing Sources (Uses):</b>              |                     |                                   |  |   |                             |                          |
| Transfers in  | 4,188,417           | 305,733                           | —  | —   | 21,974                      | 4,516,124                |
| Transfers out                                       | (8,712,049)         | —                                 | —  | —   | (353,728)                   | (9,065,777)              |
| <b>Total other financing sources and (uses)</b>     | <b>(4,523,632)</b>  | <b>305,733</b>                    | <b>—</b>                                   | <b>—</b>                                  | <b>(331,754)</b>            | <b>(4,549,653)</b>       |
| <b>Net change in fund balances</b>                  | <b>517,446</b>      | <b>1,680</b>                      | <b>—</b>                                   | <b>—</b>                                  | <b>633,001</b>              | <b>1,152,127</b>         |
| <b>Fund balances – July 1</b>                       | <b>8,249,583</b>    | <b>—</b>                          | <b>—</b>                                   | <b>—</b>                                  | <b>32,706,209</b>           | <b>40,955,792</b>        |
| <b>Fund balances – June 30</b>                      | <b>\$ 8,767,029</b> | <b>1,680</b>                      | <b>—</b>                                   | <b>—</b>                                  | <b>33,339,210</b>           | <b>42,107,919</b>        |

See accompanying notes to basic financial statements.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
 (A Component Unit of the State of Georgia)

# Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2014

|   |                       |
|---|-----------------------|
| Net change in fund balances - total governmental funds  | \$ 1,152,127          |
| Amounts reported for governmental activities in the statement of activities are different 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:        |                       |
| Capital outlay  | \$ 33,078             |
| Depreciation Expense  | <u>(9,841)</u> 23,237 |
| Expenses related to the change in accrued vacation reported in the governmental activities do not require the use of current financial resources and therefore are not reported as expenditures for governmental funds. | <u>(205,488)</u>      |
| Change in net position of governmental activities   | <u>\$ 969,876</u>     |
| See accompanying notes to basic financial statements.   |                       |



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Statement of Net Position - Enterprise Funds

June 30, 2014

| Assets                                   | Georgia Fund   | Georgia Reservoir & Water Supply Fund | Clean Water State Revolving Loan Fund | Clean Water State Revolving Loan Fund | Drinking Water State Revolving Loan Fund | Drinking Water State Revolving Loan Fund | Drinking Water State Match Revolving Loan Fund | Nonmajor Enterprise Fund | Total Enterprise Funds |
|--|----------------|---------------------------------------|---------------------------------------|---------------------------------------|--|--|--|--------------------------|------------------------|
|  |                |                                       |                                       |                                       |  |  |  |                          |                        |
| Current assets:                          |                |                                       |                                       |                                       |  |  |  |                          |                        |
| Cash                                     | \$ 1,376,976   | 3,861                                 | 6,626,976                             | 647,245                               | 184,293                                  | 891,472                                  | 891,472  | —                        | 9,730,823              |
| Investments                              | 179,355,903    | 69,885,949                            | 283,849,930                           | 75,508,022                            | 106,267,916                              | 29,552,694                               | 29,552,694                                     | 1,153,522                | 745,573,936            |
| Due from other governments               | 524,162        | 151,667                               | —                                     | —                                     | —  | —  | —  | 4,700                    | 680,529                |
| Due from other funds                     | 750            | —                                     | 8,469                                 | —                                     | 3,156                                    | —  | —  | —                        | 12,375                 |
| Accrued interest receivable              | 868,857        | 3,819                                 | 1,780,070                             | 285,703                               | 198,411                                  | 88,617                                   | 88,617   | —                        | 3,225,477              |
| Total current assets                     | 182,126,648    | 70,045,296                            | 292,265,445                           | 76,440,970                            | 106,653,776                              | 30,532,783                               | 30,532,783                                     | 1,158,222                | 759,223,140            |
| Noncurrent assets:                       |                |                                       |                                       |                                       |  |  |  |                          |                        |
| Loans receivable                         | 251,618,924    | 2,343,882                             | 673,541,216                           | 115,757,487                           | 112,243,380                              | 39,281,242                               | 39,281,242                                     | —                        | 1,194,786,131          |
| Total noncurrent assets                  | 251,618,924    | 2,343,882                             | 673,541,216                           | 115,757,487                           | 112,243,380                              | 39,281,242                               | 39,281,242                                     | —                        | 1,194,786,131          |
| Total assets                             | 433,745,572    | 72,389,178                            | 965,806,661                           | 192,198,457                           | 218,897,156                              | 69,814,025                               | 69,814,025                                     | 1,158,222                | 1,954,009,271          |
| <b>Liabilities</b>                       |                |                                       |                                       |                                       |  |  |  |                          |                        |
| Accounts payable and accrued liabilities | —              | 151,667                               | —                                     | —                                     | —  | —  | —  | 39,100                   | 190,767                |
| Due to other funds                       | 1,343,935      | —                                     | —                                     | —                                     | —  | —  | —  | 38,705                   | 1,382,640              |
| Due to other governments                 | —              | —                                     | —                                     | —                                     | 13,365                                   | 3,696                                    | 3,696  | —                        | 17,061                 |
| Total liabilities                        | 1,343,935      | 151,667                               | —                                     | —                                     | 13,365                                   | 3,696                                    | 3,696  | 77,805                   | 1,590,468              |
| <b>Net Position</b>                      |                |                                       |                                       |                                       |  |  |  |                          |                        |
| Restricted                               | —              | —                                     | 965,806,661                           | 192,198,457                           | 218,883,791                              | 69,810,329                               | 69,810,329                                     | —                        | 1,446,689,238          |
| Unrestricted                             | 432,401,637    | 72,237,511                            | —                                     | —                                     | —  | —  | —  | 1,080,417                | 505,719,565            |
| Total net position                       | \$ 432,401,637 | 72,237,511                            | 965,806,661                           | 192,198,457                           | 218,883,791                              | 69,810,329                               | 69,810,329                                     | 1,080,417                | 1,952,418,803          |

See accompanying notes to basic financial statements.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Funds

Year ended June 30, 2014

|  | Georgia Fund          | Georgia Reservoir & Water Supply Fund | Clean Water State Revolving Loan Fund | Clean Water State Revolving Loan Fund | Drinking Water State Revolving Loan Fund | Drinking Water State Revolving Loan Fund | Drinking Water State Match Revolving Loan Fund | Nonmajor Enterprise Fund | Total Enterprise Funds |
|--|-----------------------|---------------------------------------|---------------------------------------|---------------------------------------|--|--|--|--------------------------|------------------------|
| <b>Operating Revenues:</b>                                 |                       |                                       |                                       |                                       |  |  |  |                          |                        |
| Charges for services - interest income on loans receivable | \$ 8,289,718          | 41,756                                | 20,032,718                            | 3,494,824                             | 2,113,821                                | 778,140                                  | —  | —                        | 34,750,977             |
| Administrative and preventative maintenance fees           | 772,135               | —                                     | —                                     | —                                     | —  | —  | 993,950  | —                        | 1,766,085              |
| State contract revenues                                    | —                     | 564,038                               | —                                     | —                                     | —  | —  | 2,926  | —                        | 566,964                |
| Miscellaneous  | 12,342                | —                                     | 45                                    | —                                     | —  | —  | 2,697  | —                        | 15,084                 |
| <b>Total operating revenues</b>                            | <b>9,074,195</b>      | <b>605,794</b>                        | <b>20,032,763</b>                     | <b>3,494,824</b>                      | <b>2,113,821</b>                         | <b>778,140</b>                           | <b>999,573</b>                                 | <b>—</b>                 | <b>37,099,110</b>      |
| <b>Operating Expenses:</b>                                 |                       |                                       |                                       |                                       |  |  |  |                          |                        |
| Water & wastewater   | 7,500                 | 564,038                               | 1,215,666                             | —                                     | 3,400,339                                | 204,888                                  | —  | —                        | 5,392,431              |
| Storage tank maintenance                                   | —                     | —                                     | —                                     | —                                     | —  | —  | —  | 591,401                  | 591,401                |
| General & administrative                                   | 325,338               | 53,308                                | —                                     | 23,348                                | —  | 9,280                                    | 471  | —                        | 411,745                |
| <b>Total operating expenses</b>                            | <b>332,838</b>        | <b>617,346</b>                        | <b>1,215,666</b>                      | <b>23,348</b>                         | <b>3,400,339</b>                         | <b>214,168</b>                           | <b>591,872</b>                                 | <b>—</b>                 | <b>6,395,577</b>       |
| <b>Operating income (loss)</b>                             | <b>8,741,357</b>      | <b>(11,552)</b>                       | <b>18,817,097</b>                     | <b>3,471,476</b>                      | <b>(1,286,518)</b>                       | <b>563,972</b>                           | <b>407,701</b>                                 | <b>—</b>                 | <b>30,703,533</b>      |
| <b>Nonoperating Revenues:</b>                              |                       |                                       |                                       |                                       |  |  |  |                          |                        |
| Federal grant contributions                                | —                     | —                                     | 15,553,098                            | —                                     | 17,138,238                               | —  | —  | —                        | 32,691,336             |
| State general obligation bond proceeds                     | 15,050,000            | —                                     | —                                     | —                                     | —  | —  | —  | —                        | 15,050,000             |
| Interest income on investments                             | 291,306               | 107,625                               | 403,945                               | 107,976                               | 156,169                                  | 42,916                                   | 2,170  | —                        | 1,112,107              |
| <b>Total nonoperating revenues</b>                         | <b>15,341,306</b>     | <b>107,625</b>                        | <b>15,957,043</b>                     | <b>107,976</b>                        | <b>17,294,407</b>                        | <b>42,916</b>                            | <b>2,170</b>                                   | <b>—</b>                 | <b>48,853,443</b>      |
| <b>Income before transfers</b>                             | <b>24,082,663</b>     | <b>96,073</b>                         | <b>34,774,140</b>                     | <b>3,579,452</b>                      | <b>16,007,889</b>                        | <b>606,888</b>                           | <b>409,871</b>                                 | <b>—</b>                 | <b>79,566,976</b>      |
| <b>Transfers in</b>  | <b>—</b>              | <b>—</b>                              | <b>5,629,875</b>                      | <b>3,072,696</b>                      | <b>—</b>                                 | <b>10,276,165</b>                        | <b>—</b>                                       | <b>—</b>                 | <b>18,978,736</b>      |
| <b>Transfers out</b>                                       | <b>(3,721,878)</b>    | <b>—</b>                              | <b>(5,629,875)</b>                    | <b>(5,629,875)</b>                    | <b>(4,652,262)</b>                       | <b>—</b>                                 | <b>(425,068)</b>                               | <b>—</b>                 | <b>(14,429,083)</b>    |
| <b>Changes in net position</b>                             | <b>20,360,785</b>     | <b>96,073</b>                         | <b>40,404,015</b>                     | <b>1,022,273</b>                      | <b>11,355,627</b>                        | <b>10,883,053</b>                        | <b>(15,197)</b>                                | <b>—</b>                 | <b>84,106,629</b>      |
| <b>Total net position - July 1</b>                         | <b>412,040,852</b>    | <b>72,141,438</b>                     | <b>925,402,646</b>                    | <b>191,176,184</b>                    | <b>207,528,164</b>                       | <b>58,927,276</b>                        | <b>1,095,614</b>                               | <b>—</b>                 | <b>1,868,312,174</b>   |
| <b>Total net position - June 30</b>                        | <b>\$ 432,401,637</b> | <b>72,237,511</b>                     | <b>965,806,661</b>                    | <b>192,198,457</b>                    | <b>218,883,791</b>                       | <b>69,810,329</b>                        | <b>1,080,417</b>                               | <b>—</b>                 | <b>1,952,418,803</b>   |

See accompanying notes to basic financial statements.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Statement of Cash Flows - Proprietary Fund Types - Enterprise Funds

Year ended June 30, 2014

|  | Georgia Fund   | Georgia Reservoir & Water Supply Fund | Clean Water State Revolving Loan Fund | Clean Water State Revolving Loan Fund | Clean Water State Match Revolving Loan Fund | Drinking Water State Revolving Loan Fund | Drinking Water State Revolving Loan Fund | Drinking Water State Match Revolving Loan Fund | Nonmajor Enterprise Fund | Total Enterprise Funds |
|--|----------------|---------------------------------------|---------------------------------------|---------------------------------------|---|--|--|--|--------------------------|------------------------|
| <b>Cash flows from operating activities:</b>   |                |                                       |                                       |                                       |   |  |  |  |                          |                        |
| Interest payments received on loans receivable   | \$ 8,594,767   | 39,671                                | 20,060,916                            | 3,551,730                             | 2,075,733                                   | 797,243                                  | —  | 993,950  | 35,120,060               |                        |
| Administrative fee payments  | 492,710        | 29,008                                | —                                     | —                                     | —   | —  | —  | —  | 1,515,668                |                        |
| State contract payments  | —              | —                                     | —                                     | —                                     | —   | —  | —  | —  | 2,926                    |                        |
| Payments to service providers  | (332,838)      | (63,308)                              | (1,215,666)                           | (23,348)                              | (3,386,974)                                 | (210,472)                                | —  | (630,236)                                      | (5,852,842)              |                        |
| Internal activity – payments from other funds  | 1,316,377      | —                                     | —                                     | 3,208,301                             | 4,008,426                                   | —  | —  | 130,662  | 8,663,766                |                        |
| Internal activity – payments to other funds  | —              | —                                     | (11,886,991)                          | —                                     | —   | (3,389,619)                              | —  | (132,567)                                      | (15,409,177)             |                        |
| Miscellaneous receipts and changes in due from other governments   | 291,865        | —                                     | 6,117,027                             | —                                     | 517   | —  | —  | 10,508   | 6,419,917                |                        |
| Net cash provided by (used in) operating activities  | 10,362,881     | 15,371                                | 13,075,286                            | 6,736,683                             | 2,697,702                                   | (2,802,848)                              | —  | 375,243  | 30,460,318               |                        |
| <b>Cash flows from noncapital financing activities:</b>  |                |                                       |                                       |                                       |   |  |  |  |                          |                        |
| Federal grant contributions  | —              | —                                     | 15,553,098                            | —                                     | 17,138,238                                  | —  | —  | —  | 32,691,336               |                        |
| State contributions  | 15,050,000     | —                                     | —                                     | —                                     | —   | —  | —  | —  | 15,050,000               |                        |
| Transfers in   | (3,721,878)    | —                                     | 12,421,112                            | 3,072,696                             | (4,652,262)                                 | —  | —  | (425,068)                                      | 25,769,973               |                        |
| Transfers out  | —              | —                                     | —                                     | (5,629,875)                           | —   | —  | —  | —  | (14,423,083)             |                        |
| Net cash provided by (used in) noncapital financing activities   | 11,328,122     | —                                     | 27,974,210                            | (2,557,179)                           | 12,485,976                                  | 10,276,165                               | —  | (425,068)                                      | 59,082,226               |                        |
| <b>Cash flows from investing activities:</b>   |                |                                       |                                       |                                       |   |  |  |  |                          |                        |
| Interest income on investments   | 291,306        | 107,625                               | 403,945                               | 107,976                               | 156,169                                     | 42,916                                   | —  | 2,170  | 1,112,107                |                        |
| Originations of and advances on loans receivable   | (41,515,771)   | (1,800,975)                           | (33,142,366)                          | (710,982)                             | (13,735,026)                                | (5,622,739)                              | —  | —  | (96,527,859)             |                        |
| Principal payments received on loans receivable  | 23,513,456     | 19,380                                | 46,103,098                            | 5,910,896                             | 6,059,934                                   | 2,390,674                                | —  | —  | 83,997,438               |                        |
| Net cash provided by (used in) investing activities  | (17,711,009)   | (1,673,970)                           | 13,364,677                            | 5,307,890                             | (7,518,923)                                 | (3,189,149)                              | —  | 2,170  | (11,415,314)             |                        |
| Net increase (decrease) in cash and cash equivalents   | 3,979,994      | (1,658,599)                           | 54,414,173                            | 9,487,394                             | 7,664,755                                   | 4,284,168                                | —  | (47,655)                                       | 78,124,230               |                        |
| Cash and cash equivalents at beginning of year   | 176,752,885    | 71,548,409                            | 236,062,733                           | 66,667,873                            | 98,787,454                                  | 26,159,998                               | —  | 1,201,177                                      | 677,180,529              |                        |
| Cash and cash equivalents at end of year   | \$ 180,732,879 | 69,889,810                            | 290,476,906                           | 76,155,267                            | 106,452,209                                 | 30,444,166                               | —  | 1,153,522                                      | 755,304,759              |                        |
| <b>Reconciliation to the statement of net position:</b>  |                |                                       |                                       |                                       |   |  |  |  |                          |                        |
| Cash   | \$ 1,376,976   | 3,861                                 | 6,626,976                             | 647,245                               | 184,293                                     | 891,472                                  | —  | —  | 9,730,823                |                        |
| Investments  | 179,355,903    | 69,885,949                            | 283,849,930                           | 75,508,022                            | 106,267,916                                 | 29,552,684                               | —  | 1,153,522                                      | 745,673,936              |                        |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:        |                |                                       |                                       |                                       |   |  |  |  |                          |                        |
| Operating income (loss)  | \$ 8,741,357   | (11,552)                              | 18,817,097                            | 3,471,476                             | (1,286,518)                                 | 563,972                                  | —  | 407,701  | 30,703,533               |                        |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |                |                                       |                                       |                                       |   |  |  |  |                          |                        |
| Change in assets and liabilities:  |                |                                       |                                       |                                       |   |  |  |  |                          |                        |
| Due from other governments   | 279,524        | 29,008                                | 6,116,982                             | 56,906                                | (38,088)                                    | 19,103                                   | —  | 7,811  | 6,433,842                |                        |
| Accrued interest receivable  | 25,623         | (2,085)                               | 28,198                                | 3,208,301                             | 4,008,426                                   | —  | —  | —  | 8,663,766                |                        |
| Due from other funds   | 1,316,377      | —                                     | (11,886,991)                          | —                                     | —   | (3,389,619)                              | —  | 130,662  | (15,409,177)             |                        |
| Due to other funds   | —              | —                                     | —                                     | —                                     | —   | —  | —  | (132,567)                                      | (15,409,177)             |                        |
| Accrued liabilities  | —              | —                                     | —                                     | —                                     | 13,365                                      | 3,696                                    | —  | (38,364)                                       | (21,303)                 |                        |
| Net cash provided by (used in) operating activities  | \$ 10,362,881  | 15,371                                | 13,075,286                            | 6,736,683                             | 2,697,702                                   | (2,802,848)                              | —  | 375,243  | 30,460,318               |                        |

See accompanying notes to basic financial statements.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Notes to Basic Financial Statements

June 30, 2014

## (1) Summary of Significant Accounting Policies

### (a) Organization

The Georgia Environmental Finance Authority (the “Authority”) was created by an Act of the State of Georgia (the “State”) in 1986 as the successor agency to the Georgia Development Authority Environmental Facilities Program. The primary mission of the Authority is to provide funding to eligible municipalities, counties, water and sewer authorities, and solid waste authorities in the state for construction and expansion of public water, sewer, and solid waste facilities.

The Governor of the State of Georgia appoints eight members of the Authority’s Board and three ex-officio members are designated by the Authority’s enabling legislation. Due to the extent of its fiscal dependency on the State, the Authority is considered a component unit of the State.

The Authority has control over the Division of Energy Resources (the “DOER”), which provides administration for statewide energy conservation programs including weatherization of homes for low income citizens and retrofitting of HVAC systems for schools and other state facilities.

Additionally, the Authority has control over the Clean Water and Drinking Water State Revolving Loan Fund (the “SRF”), which was previously administered by the Georgia Environmental Protection Division (the “EPD”). EPD retained compliance responsibility for capitalization grants issued by the United States Environmental Protection Agency (the “EPA”) applicable to Federal fiscal years 1988-1993 until such grants were fully expended. The Authority is the recipient of and is responsible for the administration of capitalization grants applicable to Federal fiscal years 1994 and beyond. The Authority and EPD have signed a reciprocal agreement concerning technical and financial administration of the SRF. This agreement places ownership of the fund with the Authority in accordance with Sections 12-5-38.1 and 50-23-5 of the *Official Code of Georgia Annotated* (the “OCGA”). As a result, the full amount of assets, liabilities, and net position of the fund are included in the financial statements of the Authority in the Clean Water SRF and in the Drinking Water SRF.

The SRF was initially established for the purpose of making loans to local governments for construction of publicly owned wastewater treatment facilities and was funded through capitalization grants from EPA under the authority of the Clean Water Act. In 1996, the U.S. Congress passed the Safe Drinking Water Act and added a Drinking Water SRF program. The program was established for the purpose of making loans to local governments for construction of publicly owned water supply facilities and is funded through capitalization grants from the EPA under the authority of the Safe Drinking Water Act. To receive capitalization grants from both of these programs, a recipient state must agree to provide state funds for qualifying projects equal to 20% of the capitalization grant amount. In order to provide the matching requirement for the Clean Water SRF program, the Authority has dedicated qualifying loans from its existing state funded loan portfolio and certain interest earnings on loan repayments and transferred these loans and interest earnings to the SRF. In some instances, the matching requirement is met by amounts appropriated, and paid, by the state, the Authority’s current method for meeting the 20% match requirement. The results of these transactions are displayed on the financial statements of the major enterprise funds – the Clean Water State Revolving



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Loan Fund, the Clean Water State Match Revolving Loan Fund, the Drinking Water State Revolving Loan Fund and the Drinking Water State Match Revolving Loan Fund.

Effective July 1, 1995, the Fuel Storage Tank Management Group (the “FST”) formerly part of the EPD was brought under the control of the Authority. This unit is engaged in the disposal and/or remediation of state owned fuel tanks to mandated EPA standards. Therefore, local governments do not benefit directly from this program. Pursuant to the bond issuance from which the proceeds to fund FST remediation efforts were derived, the Authority is not authorized to receive and expend bond funds for the program. Thus, the Authority has entered into an agreement with the Georgia State Financing and Investment Commission (the “GSFIC”) and the Georgia Building Authority (the “GBA”) to act as agents to receive and expend funds under this program. However, the Authority administers this program and determines fund recipients. GSFIC and GBA only act as receiving and paying agents. Therefore, the only activity reflected on the Authority’s books is for the cost of the operation of the unit. FST bond funds received by GSFIC and expended by GBA were not accounted for on the Authority’s books prior to fiscal year 2009. Effective fiscal year 2009, the Authority began reporting activity of the FST and that activity is reflected in the nonmajor enterprise fund – Storage Tank Maintenance Fund.

In 2010, the Authority’s governing legislation was amended to provide for the creation of subsidiary corporations to carry out any of its corporate purposes and to permit it to transfer to the State of Georgia any funds not needed for its corporate purposes. In July 2010, the Authority created the Georgia Environmental Loan Acquisition Corporation (the “Corporation”) as a subsidiary organization pursuant to such provisions of law for the purpose of acquiring a portion of the Authority’s loan portfolio and issuing bonds secured by the acquired loans to finance their purchase.

*Reporting Entity* – Component units are legally separate organizations for which the State’s or Authority’s elected or appointed officials are financially accountable. In accordance with criteria in GASB Statements Nos. 14, 39 and 61, the Authority qualifies for treatment as a component unit of the State of Georgia; therefore, the Authority’s financial statements are included in the State of Georgia’s combined financial statements as a discretely presented component unit.

## Discretely Presented Component Unit

Financial accountability is the ability of the Authority to appoint a voting majority of an organization’s governing board and to impose its will upon the organization or when there exists the potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. When the Authority does not appoint a voting majority of organization’s governing body, GASB standards require inclusion in the financial reporting entity if an organization is fiscally dependent upon the Authority, its resources are held for the direct benefit of the Authority or can be accessed by the Authority, and a potential financial benefit or burden relationship exists or the relationship is such that it would be misleading to exclude it. In accordance with GASB Statements No. 14 and 61, the Corporation qualifies for treatment as a component unit because it is a legally separate, tax-exempt organization, the majority of whose board is appointed by the Authority, for which the Authority can impose its will on the Corporation by virtue of having the same management personnel,



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and whose economic resources are directly accessible by the Authority. As such, the Authority presents within these statements the Corporation as a discretely presented component unit.

The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position of the Corporation are reported discretely in the Authority's financial statements for fiscal year 2013 as required by government accounting standards. Complete separate financial statements for the Corporation may be obtained at Director, Fiscal Services Division, 233 Peachtree Street, NE, Harris Tower, Suite 900, Atlanta, GA 30303-1506.

## ***(b) Government-Wide and Fund Financial Statements***

The Authority presents government-wide financial statements which are prepared using the accrual basis of accounting and the economic resources measurement focus. Government-wide financial statements (i.e. the statement of net position and the statement of activities) do not provide information by fund, but distinguish between the Authority's governmental activities and business type activities. Significantly, the statement of net position includes noncurrent assets and liabilities and the government-wide statement of activities reflects depreciation expenses on the Authority's capital assets and changes in long-term liabilities. Also, for the most part, the effect of the interfund activity is removed from these statements. Net position in the statement of net position is distinguished between amounts invested in capital assets (net of any related debt), amounts that are restricted for use by third parties or outside requirements, and amounts that are unrestricted.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is 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 who purchase, use, or benefit from the services 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, and 3) interest income that is restricted for use on a particular function or segment. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

In addition to the government-wide financial statements, the Authority has prepared separate financial statements for governmental funds and proprietary funds. Governmental fund financial statements use the modified accrual basis of accounting and the current financial resources measurement focus and proprietary fund financial statements use the accrual basis of accounting and the economic resources measurement focus.

## ***(c) Measurement Focus, Basis of Accounting, and Financial Statement 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 financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.



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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 considered measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. An exception to this rule is administrative fees received on loans which are paid within one year of the initial construction loan contract, and as a result, those revenues are considered available to pay the related costs in establishing the loan if collected within one year of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under usual accrual accounting. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant certifications and requirements have been met.

The Authority reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Authority. It is used to account for all financial resources except those required to be accounted for in another fund.

Weatherization Assistance Program Fund – This fund is used to account for the Authority’s grants to local governments and nonprofit entities to be used for the weatherization of low and moderate income citizen’s homes, as well as provide assistance in paying utility bills for these citizens. Part of this program is known as the Integrated Resources Program (the “IRP”) and is funded by contributions from the Georgia Power Company pursuant to an order of the Georgia Public Service Commission. Other financing is provided by Federal grants from the Department of Energy and the Department of Health and Human Services and petroleum violation escrow funds.

Drinking Water SRF State Program Setasides Fund - This fund is used to account for the Authority’s “set aside” grants used for various safe drinking water projects. Financing is provided through the Federal Drinking Water capitalization grant. States are allowed to use 10% of their capitalization grants to provide funding for certain activities that provide assistance to state programs such as administration of the Public Water Supervision Program (the “PWSS”).

Drinking Water SRF Local Assistance Setasides Fund - This fund is used to account for the Authority’s “set-aside” grants used for various safe drinking water projects. Financing is provided through the Federal Drinking Water capitalization grant. States may provide assistance, including technical assistance, to public water systems as part of a capacity development strategy under Section 1420 (c) of the Act. States may use up to 15% of the capitalization grant amount for these activities, provided not more than 10% of the capitalization grant amount is used for any one activity. This fund accounts for local assistance to various private and public contractors.



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The Authority reports the following major enterprise funds:

Georgia Fund – This fund is used to account for loans to local governments for water, sewer, and solid waste improvements. Its revenues are derived from interest income on loans receivable and interest income on investments. The original funding for these loans is provided through state appropriations or general obligation bonds.

Georgia Reservoir & Water Supply Fund - This fund is used to account for activities and monies associated with grants and loans to governments specific to the construction of reservoirs and other eligible water supply operations and systems. Its revenues are derived from the interest income on loans receivable and interest income on investments. The original funding for these grants and loans is provided through state appropriations or general obligation bonds.

Clean Water State Revolving Loan Fund – This fund is used to account for loans to local governments for wastewater treatment projects. The original funding for these loans is provided through federal capitalization grants. The fund's revenues are derived from interest income on loans receivable and interest income on investments.

Clean Water State Match Revolving Loan Fund – This fund is used to account for the state's matching portion to provide for loans for wastewater treatment projects similar to the Clean Water State Revolving Loan Fund. The federal government requires the state to match 20% of the funds contributed to the Clean Water SRF in order to receive the full funding available for wastewater treatment projects. The original funding for these loans is provided by the State. The fund's revenues are derived from interest income on loans receivable and interest income on investments.

Drinking Water State Revolving Loan Fund – This fund is used to account for loans to local governments for water supply projects. These loans are intended to primarily fund projects which promote compliance with the Safe Drinking Water Act. The original funding for these loans is provided through federal capitalization grants. The fund's revenues are derived from interest income on loans receivable and interest income on investments.

Drinking Water State Match Revolving Loan Fund - This fund is used to account for the state's matching portion to provide for loans for drinking water treatment projects similar to the Drinking Water State Revolving Loan Fund. The federal government requires the state to match 20% of the funds contributed to the Drinking Water State Revolving Loan Fund in order to receive the full funding available for drinking water treatment projects. The original funding for these loans is provided by the state. The fund's revenues are derived from interest income on loans receivable and interest income on investments.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements, except for the net activity between the governmental and business-type activities.



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Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of each of the Authority's enterprise funds is interest income on loans outstanding and fee charges for providing training and technical assistance to UST and AST operators. Operating expenses for the enterprise funds include direct general and administrative expenses of administering the programs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. General administrative overhead expenses are recorded in the general government function within the governmental activities.

When multiple resources are available for use, it is the Authority's policy to use resources in the following order: (1) restricted, (2) committed, (3) assigned, and (4) unassigned, for those items recorded within the governmental funds. For net position, restricted resources are used when available, prior to unrestricted resources. Nonspendable resources are utilized in accordance with requirements for those resources to be expended, i.e. billing terms, normal consumption or payment schedules.

## **(d) Cash Equivalents**

For purposes of the statement of cash flows, all investments with original maturity dates of three months or less are considered cash equivalents.

## **(e) Loans Receivable**

Loans receivable are stated at their unpaid principal balance less undisbursed portion of loans in process. Additionally, certain loan programs utilized by the Authority allow for forgiveness of a certain portion of the principal amount of the loan or provide a subsidized portion of the loan to communities who meet eligibility criteria to qualify as "disadvantaged" communities under federal poverty guidelines. The expected forgiven amount or subsidized portion has been expensed by the Authority as the overall loans are disbursed and this amount is not included in the loans receivable at year end.

The evaluation of the need for an allowance for loan losses is based on management's evaluation of the loan portfolio, current economic conditions, payment history and other such factors which, in management's judgment, deserve recognition in estimating loan losses. As of June 30, 2014, the Authority does not have a basis for establishing such a provision based on these criteria.

## **(f) Interfund Activity**

All outstanding balances between funds are reported as due from/to other funds in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."



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## **(g) Due from Other Governments**

Due from other governments includes approximately \$2,150,962 due from the United States EPA, \$513,435 due from the United States Department of Energy, \$158,537 due from various state entities, \$1,442,191 due from local governments and authorities within the state and \$194,068 due from contractual funders of energy programs.

## **(h) Capital Assets**

General capital assets are those assets not specifically related to activities reported in proprietary funds. These assets generally result from expenditures of governmental funds. The Authority reports these assets in the governmental activities column of government-wide statement of net position but does not report these assets in the Authority's fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The Authority's capital assets include various types of computer equipment and furniture and fixtures and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Donated capital assets are recorded at their estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are expensed and therefore not capitalized.

Capital assets of the Authority are depreciated using the straight line method over the following estimated useful lives:

| <b>Asset</b>                   | <b>Years</b>  |
|--------------------------------|---------------|
| Computer equipment - purchased | 5             |
| Computer equipment - leased    | Life of lease |
| Furniture and fixtures         | 5             |

## **(i) Investments**

Investments consist of funds on deposit in the Georgia Fund 1, the State of Georgia investment pool. The Georgia Fund 1 is an external investment pool, managed by the State of Georgia's Office of the State Treasurer, which is not registered with the Securities and Exchange Commission (SEC) but does operate in a manner consistent with SEC's Rule 2a7 of the Investment Company Act of 1940. Accordingly, the Authority's investments in the Georgia Fund 1 have been determined based on the pool's share price. Other investments are stated at fair value based on quoted market prices.



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## **(j) Income Taxes**

The Authority is exempt from Federal income taxes as an integral part of a state government. Accordingly, no provision for income taxes has been recorded in the accompanying financial statements.

## **(k) Compensated Absences**

It is the Authority's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated sick leave because the payment of the benefits is contingent upon any future illness of an employee. No cash payments for accumulated sick leave are made to employees upon their retirement or termination of employment.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time-off or some other means. All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due." As of June 30, 2014, \$1,342 of this total amount was "due" and is appropriately reflected in the governmental fund financial statements.

## **(l) Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; workers' compensation; and natural disasters.

The Authority is a member of the State of Georgia Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for various state agencies. The Authority pays an annual premium to the state for its insurance coverage. For the year ended June 30, 2014, the Authority paid premiums totaling \$20,710.

## **(m) Fund Equity**

(1) Government-wide statements – Equity is classified as net position and displayed in three components:

- (a) 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, mortgages, notes or other debt attributable to the acquisition, construction or improvement of those assets, if any.



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- (b) 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.
  - (c) Unrestricted net position – All other assets that do not meet the definition of “restricted” or “investment in capital assets.”
- (2) Fund financial statements - Governmental fund equity is classified as fund balance. Fund balance can have one of five primary classifications: (1) nonspendable, (2) restricted, (3) committed, (4) assigned or (5) unassigned. Nonspendable fund balance includes amounts that cannot be spent and are, therefore, not included in the current year appropriation. Restricted fund balance includes amounts that are restricted to very specific purposes and cannot be redeployed for other purposes. The Authority considers restricted first and then unrestricted amounts spent when expenditures have been incurred for purposes for which both restricted and unrestricted fund balance is available. These restrictions are either externally imposed by outside parties or by constitutional provisions or enabling legislation. Committed fund balance represents amounts that have internally imposed restrictions mandated by formal action of the Authority’s Board, with removal of the commitment only if by formal action of the Authority’s Board. Assigned fund balance represents amounts that are constrained by the Authority’s intent that they will be used for specific purposes which may be so designated by the Authority’s Executive Director, as appointed by the Board, or governing Board. The Authority fund equity balances are comprised of restricted and unassigned amounts. Amounts restricted represent appropriated amounts provided by the State to execute certain grant programs of the Authority and general obligation bond proceeds of the state provided to be a match resource to the federally funding state revolving loan funds. Unassigned fund balance represents residual amounts that are available for further appropriation and expenditure for general governmental purposes. Unassigned fund balance is only available for the Authority’s General Fund. Proprietary fund equity is classified the same as in the government-wide statements.

## **(n) Management Estimates**

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

## **(o) Future Accounting Pronouncements**

The Authority and its component unit will adopt the following new accounting pronouncements in future years, if applicable:

- Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, effective for the Authority’s year ending June 30, 2015.



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- Statement No. 69, *Government Combinations and Disposals of Government Operations*, effective for the Authority’s year ending June 30, 2015.
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*, , effective for the Authority’s year ending June 30, 2015.

Management is in the process of determining the effect, if any, that the adoption of these Statements will have on the Authority’s or its component unit’s financial position or the disclosures in its financial statements.

## (2) Budgetary Information

The Authority does not have a budget directly approved by citizens of the State of Georgia. Instead, its appropriation is included in the State of Georgia’s budget as a line item request within the Department of Community Affairs budget under the Authority’s enabling legislation. However, the Authority’s management does utilize a budget for its General Fund to be used for financial analysis purposes throughout the year. The Authority received a state appropriation of \$298,495 and general obligation bond proceeds of \$24,250,000 for fiscal year 2014 which were collected in their entirety and expended or obligated for the state and federal loan programs.

## (3) Deposits and Investments

### Primary Government

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of bank failure, the Authority’s deposits may not be returned to it. The Authority has a formal deposit policy with its selected custodian, or an agent acting on behalf of the custodian, for custodial credit risk as required by the State of Georgia which insures balances over the FDIC insurance at 110% of that coverage. The Authority’s bank balances of \$14,123,773 at June 30, 2014 were entirely insured by FDIC insurance or collateralized by investment securities held by the Authority’s agent in the Authority’s name.

### Investments

Credit Risk - Statutes authorize the Authority to invest in obligations of the State of Georgia, obligations of the U.S. Treasury and U.S. Agencies, certificates of deposit, repurchase agreements, reverse repurchase agreements, rate guarantee agreements, and State operated investment pools. The State operated investment pool is authorized to invest in the same types of securities.

As shown below, the Authority’s investments at June 30, 2014 were categorized by credit risk as follows:

| Investment     | Rating | Maturities | Fair Value     |
|----------------|--------|------------|----------------|
| Georgia Fund 1 | AAAF   | 62-day WAM | \$ 781,399,574 |



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Interest Rate Risk – Interest rate risk is associated with changes in interest rates that adversely affect an investment’s fair value. Since the price of a bond fluctuates inversely with market interest rates, the price of the bond held in a portfolio will decline if market interest rates rise. At June 30, 2014, interest rate risk is represented in the above table as “Maturities” for each investment classification. The Authority’s Investment Policy has been developed around those policies set forth by the State of Georgia. The Authority has structured its investment portfolio with investments having maturity dates at or prior to the time cash is prudently projected to be required to meet disbursement needs, thereby avoiding the need to sell securities prior to their maturity. This structure has been achieved by providing investments in the Georgia Fund 1. The Authority’s investment policy further outlines that the portfolio for investments in U.S. Treasuries and U.S. Agencies are limited to maturities with a maximum of five years from the date of purchase, although the Authority did not have any long-term investments at June 30, 2014.

**Component Unit**

Custodial Credit Risk - The Corporation maintains cash balances in bank accounts at multiple banks. These balances, at times, may exceed federal insured limits. Custodial credit risk is the risk that, in the event of bank failure, the Corporation’s deposits may not be returned to it. The Corporation has a formal deposit policy with its selected custodian, or an agent acting on behalf of the custodian, for custodial credit risk as required by the State of Georgia which insures balances over the FDIC insurance at 110% of that overage. The Corporation’s bank balances of \$40,266,863 at June 30, 2014 were entirely insured by FDIC insurance or collateralized by investment securities held by the Corporation’s agent in the Corporation’s name.

As of June 30, 2014, cash held with fiscal agent in the amount of \$20,289,154 is considered fully secured by nature of the trustee agreement. In the event of any losses, the Corporation’s trustee, Bank of New York Mellon, would be required to return those losses to the Corporation.

**(4) Loans Receivable**

Loans receivable at June 30, 2014 are summarized as follows:

|  | Amount           |
|--|------------------|
| Water and wastewater facility and conservation loans | \$ 1,522,247,253 |
| Undisbursed portion of loans in process              | (327,461,122)    |
| Unpaid principal balance                             | \$ 1,194,786,131 |

At June 30, 2014, the Authority had commitments to fund projects, excluding the unfunded portion of loans in process, totaling \$180,910,187. In accordance with certain loan programs, the Authority expensed a forgiven portion of loans in the amount of \$1,215,666 in the Clean Water State Revolving Loan Fund and \$2,693,399 in the Drinking Water State Revolving Loan Fund during fiscal year 2014.

Additionally, the Authority provided a subsidized portion of loans in the amount of \$706,940 in the Drinking Water State Revolving Loan Fund and \$204,888 in the Drinking Water State Match Revolving Loan Fund.



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As these amounts are expensed and forgiven or subsidized, they are not included in the unpaid principal balance above.

Based on management’s evaluation of the loan portfolio, current economic factors, past payment history and other relevant factors, including the borrowers’ ability to repay and the Authority’s remedies to enforce repayment, a provision for potential loan losses has not been provided. Such remedies include the ability of the Authority to compel rate and fee increases and/or the full faith and credit pledge of the borrower to be used at the Authority’s discretion.

**Future Commitments**

The Authority has entered into contractual agreements to fund three Clean Water State Revolving Loan Fund loans with resources from the Georgia Fund in the amount of \$40,995,874. It is anticipated that balloon payments on these loans will become due in full between February 1, 2027 and February 1, 2028. The Authority plans to designate funds at a proportionate amount annually to accumulate adequate resources at the time the loans become payable to each of their respective funds beginning with fiscal year 2013. As of June 30, 2014, an amount of \$5,856,554 has been accumulated for the purpose of satisfying this future obligation.

## (5) Bonds Payable and Other Long-Term Liabilities

**Primary Government**

**Compensated Absences:**

The Authority had \$219,507 in additions were included in compensated absences representative of vacation pay earned by employees or addition of new staff and reductions of \$14,019 to compensated absences due to employee terminations or vacation hours used by employees. Compensated absences are liquidated by those funds that have salary and wage expenditures, typically the General Fund.

The Authority’s long-term liabilities activity for the year ended June 30, 2014, was as follows:

| Description                   | Balance<br>June 30,<br>2013 | Additions | Reductions | Balance<br>June 30,<br>2014 | Amount due<br>within<br>one year |
|-------------------------------|-----------------------------|-----------|------------|-----------------------------|----------------------------------|
| Governmental activities       |                             |           |            |                             |                                  |
| Compensated absences          | \$ 359,574                  | 219,507   | 14,019     | 565,062                     | 141,266                          |
| Total Governmental activities | \$ 359,574                  | 219,507   | 14,019     | 565,062                     | 141,266                          |

**Component Unit**

The Corporation issued two series of local government loan securitization bonds: CCMWA Loans (Series 2011) issued on February 17, 2011 with a maturity date of February 15, 2036 and the Loan Pool (Series 2011) issued on March 30, 2011 with a maturity date of March 15, 2031. The proceeds of the sales of the Series 2011 Bonds were used to acquire certain local government loans from the Authority, to establish a



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debt service reserve, and to pay the costs of issuing the Series 2011 Bonds. The Series 2011 Bonds are payable primarily from and secured primarily by a pledge of repayments on the local government loans to be received over the duration of the bonds' maturity. The bonds bear interest rates between .54 and 5.25%. The below table summarizes bonds payable outstanding:

|                                      | Original<br>issue<br>amount | Interest<br>rates | Carrying<br>value     |
|--------------------------------------|-----------------------------|-------------------|-----------------------|
| CCMWA Loans, Series 2011             | \$ 29,255,000               | .65 - 5.25%       | 27,000,000            |
| Less bond discount                   |                             |                   | <u>(198,687)</u>      |
| Subtotal                             |                             |                   | 26,801,313            |
| <br>                                 |                             |                   |                       |
| Loan Pool, Series 2011               | \$ 202,755,000              | .54 - 5.125%      | 97,680,000            |
| Less bond discount                   |                             |                   | <u>(372,502)</u>      |
| Subtotal                             |                             |                   | 97,307,498            |
| <br>                                 |                             |                   |                       |
| Total bond series                    |                             |                   | 124,680,000           |
| Less bond discount                   |                             |                   | <u>(571,189)</u>      |
| Outstanding principal, June 30, 2014 |                             |                   | <u>\$ 124,108,811</u> |

The Corporation has engaged the services of a trustee, Bank of New York Mellon, which is managing the debt service of the bonds. As a condition of trustee services, the Corporation has on deposit adequate debt service reserves as stipulated by bond resolutions. A portion of the cash with fiscal agent constitutes the debt service reserve. As of June 30, 2014, the trustee had on hand for the CCMWA Loan, Series 2011 and the Loan Pool, Series 2011 \$520,987 and \$6,132,812 respectively as the debt service reserve amounts. These amounts are automatically adjusted and returned to the Corporation as principal amounts are proportionally reduced. The balance of cash with fiscal agent, \$13,635,355, was held by the trustee for the payment of principal and interest at their scheduled due dates. In addition to these requirements, the bond resolutions require other areas of compliance such as the filing of a monthly debt servicer's report and the timely completion of an annual audit. As of June 30, 2014, the Corporation believes it has complied with all of the necessary requirements of the bond issuances. Future debt service requirements are as follows:



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|                       | Future debt service requirements (in thousands) |               |                        |               |                |               |                |
|-----------------------|---|---------------|------------------------|---------------|----------------|---------------|----------------|
|                       | CCMWA Loans, Series 2011                        |               | Loan Pool, Series 2011 |               | Total          |               | Total Due      |
|                       | Principal                                       | Interest      | Principal              | Interest      | Principal      | Interest      |                |
| Years ending June 30: |   |               |                        |               |                |               |                |
| 2015                  | \$ 3,305  | 1,167         | 13,470                 | 4,427         | 16,775         | 5,594         | 22,369         |
| 2016                  | 790   | 1,098         | -                      | 4,364         | 790            | 5,462         | 6,252          |
| 2017                  | 810   | 1,079         | -                      | 4,364         | 810            | 5,443         | 6,253          |
| 2018                  | 835   | 1,057         | -                      | 4,364         | 835            | 5,421         | 6,256          |
| 2019                  | 860   | 1,031         | -                      | 4,364         | 860            | 5,395         | 6,255          |
| 2020-2024             | 3,810   | 4,644         | 4,310                  | 21,260        | 8,120          | 25,904        | 34,024         |
| 2025-2029             | 3,345   | 3,755         | -                      | 20,959        | 3,345          | 24,714        | 28,059         |
| 2030-2034             | 6,850   | 2,381         | 79,900                 | 7,336         | 86,750         | 9,717         | 96,467         |
| 2035-2036             | 6,395   | 671           | -                      | -             | 6,395          | 671           | 7,066          |
| <b>Total</b>          | <b>\$ 27,000</b>                                | <b>16,883</b> | <b>97,680</b>          | <b>71,438</b> | <b>124,680</b> | <b>88,321</b> | <b>213,001</b> |

As a requirement of the Corporation's issuances, any principal retired early by the local governments constitutes a mandatory redemption of principal on its outstanding debt. Therefore, in fiscal year 2014, the Corporation retired \$14,105,000 more than its anticipated retirement of debt. The early retirement of debt by the Corporation is predicated on local governments' decisions to pay off their outstanding debt and is undeterminable as of June 30, 2014 as well as any reduction in interest amounts to be paid. Amounts due in 2015 above include known prepayments subsequent to June 30, 2014 which will be paid in FY 2015. Any reduced interest payments as a result of the early retirements of debt will be considered a cost savings to the Corporation and are not reflected in the above table.

For the year ended June 30, 2014, the Corporation had the following activity within its long-term liabilities:

| Description               | June 30, 2013         | Additions | Reductions        | June 30, 2014      | Amounts due within one year |
|---------------------------|-----------------------|-----------|-------------------|--------------------|-----------------------------|
| CCMWA Loans, Series 2011  | \$ 27,755,000         | -         | 755,000           | 27,000,000         | 3,305,000                   |
| Unamortized Bond Discount | (204,170)             | -         | (5,483)           | (198,687)          | -                           |
| Loan Pool, Series 2011    | 118,905,000           | -         | 21,225,000        | 97,680,000         | 13,470,000                  |
| Unamortized Bond Discount | (419,770)             | -         | (47,268)          | (372,502)          | -                           |
| <b>Total</b>              | <b>\$ 146,036,060</b> | <b>-</b>  | <b>21,927,249</b> | <b>124,108,811</b> | <b>16,775,000</b>           |

The unamortized bond discounts for both issuances were deferred and amortized over the life of the bonds using the effective interest method.

## (6) Interfund Receivables, Payables and Transfers

Interfund activity as of June 30, 2014, is as follows:



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| Due from/to other funds:                 |                                   |                     |
|--|-----------------------------------|---------------------|
| <u>Receivable Fund</u>                   | <u>Payable Fund</u>               | <u>Amount</u>       |
| General Fund                             | Nonmajor governmental funds       | \$ 55,214           |
|  | Georgia Fund                      | 1,343,935           |
|  | Nonmajor enterprise funds         | 38,705              |
| Weatherization Assistance Program        | Nonmajor governmental funds       | 46,666              |
| Nonmajor governmental funds              | General Fund                      | 15,450              |
|  | Weatherization Assistance Program | 120,000             |
|  | Nonmajor governmental funds       | 41,532              |
| Georgia Fund                             | Nonmajor governmental funds       | 750                 |
| Clean Water State Revolving Loan Fund    | General Fund                      | 8,469               |
| Drinking Water State Revolving Loan Fund | General Fund                      | 3,156               |
| Total                                    |                                   | \$ <u>1,673,878</u> |

The outstanding balances between funds result mainly 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. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

| Interfund transfers:                           |   |                      |
|--|---|----------------------|
| <u>Transfers-in Fund</u>                       | <u>Transfers-out Fund</u>                   | <u>Amount</u>        |
| General Fund                                   | Nonmajor governmental funds                 | \$ 41,471            |
|  | Georgia Fund                                | 3,721,878            |
|  | Nonmajor enterprise funds                   | 425,068              |
| Nonmajor governmental funds                    | General Fund                                | 15,450               |
|  | Nonmajor governmental funds                 | 6,524                |
| Weatherization Assistance Program              | Nonmajor governmental funds                 | 305,733              |
| Clean Water State Revolving Loan Fund          | Clean Water State Match Revolving Loan Fund | 5,629,875            |
| Clean Water State Match Revolving Loan Fund    | General Fund                                | 3,072,696            |
| Drinking Water State Match Revolving Loan Fund | Drinking Water State Revolving Loan Fund    | 4,652,262            |
| Drinking Water State Match Revolving Loan Fund | General Fund                                | 5,623,903            |
| Total  |   | \$ <u>23,494,860</u> |

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary operations, including amounts provided as matching funds for various grant and loan programs.



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## (7) Capital Assets

The Authority's capital asset activity for the year ended June 30, 2014 was as follows:

| Asset category                   |                                   | Balance<br>June 30,<br>2013 | Additions | Deletions | Balance<br>June 30,<br>2014 |
|----------------------------------|-----------------------------------|-----------------------------|-----------|-----------|-----------------------------|
| <b>Cost</b>                      |                                   |                             |           |           |                             |
| Computer equipment               |                                   | \$ 194,957                  | —         | —         | 194,957                     |
| Office equipment                 |                                   | —                           | 33,078    | —         | 33,078                      |
|                                  | Total cost                        | 194,957                     | 33,078    | —         | 228,035                     |
| <b>Accumulated depreciation:</b> |                                   |                             |           |           |                             |
| Computer equipment               |                                   | 170,239                     | 9,841     | —         | 180,080                     |
|                                  | Total accumulated<br>depreciation | 170,239                     | 9,841     | —         | 180,080                     |
|                                  | Total net capital assets          | \$ 24,718                   | 23,237    | —         | 47,955                      |

Depreciation expense of \$9,841 was charged to the general government function.

## (8) Retirement Plans

The Georgia Environmental Finance Authority participates in various retirement plans administered by the State of Georgia under two major retirement systems: Employees' Retirement System of Georgia (the System) and Teachers Retirement System of Georgia (TRS). These two systems issue separate, publicly available financial reports that include the applicable financial statements and required supplementary information. The reports may be obtained from the respective system offices. The significant retirement plans that the Authority participates in are described below. More detailed information can be found in the plan agreements and related legislation. Each plan, including benefit and contribution provisions, was established and can be amended by State law. Both systems cover all employees who elect to participate in a plan; participation in which is solely voluntary. The payroll for employees who have the option to be covered by one of the retirement systems was \$2,902,532 for the year ended June 30, 2014.

### ***Employees' Retirement System of Georgia***

The System is comprised of individual retirement systems and plans covering substantially all employees of the State of Georgia except for teachers and other employees covered by TRS. One of the plans within the System, the Employees' Retirement System of Georgia Plan (ERS), is a cost-sharing multiple-employer defined benefit pension plan that was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires but for existing members and beneficiaries may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract.



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On November 20, 1997, the Board created the Supplemental Retirement Benefit Plan of ERS (SRBP-ERS). SRBP-ERS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the Internal Revenue Code (IRC) as a portion of ERS. The purpose of the SRBP-ERS is to provide retirement benefits to employees covered by ERS whose benefits are otherwise limited by IRC Section 415. Beginning January 1, 1998, all members and retired former members in ERS are eligible to participate in the SRBP-ERS whenever their benefits under ERS exceed the limitation on benefits imposed by IRC Section 415.

The benefit structure of ERS is established by the Board of Trustees under statutory guidelines. Unless the employee elects otherwise, an employee who currently maintains membership with ERS based upon State employment that started prior to July 1, 1982, is an “old plan” member subject to the plan provisions in effect prior to July 1, 1982. Members hired on or after July 1, 1982, but prior to January 1, 2009, are “new plan” members subject to the modified plan provisions. Effective January 1, 2009, newly hired State employees, as well as rehired State employees who did not maintain eligibility for the “old” or “new” plan, are members of the Georgia State Employees’ Pension and Savings Plan (GSEPS). Members of the GSEPS plan may also participate in the GSEPS 401(k) defined contribution component described below. ERS members hired prior to January 1, 2009, also have the option to irrevocably change their membership to the GSEPS plan.

Under the old plan, new plan, and GSEPS, a member may retire and receive normal retirement benefits after completion of 10 years of creditable service and attainment of age 60 or 30 years of creditable service regardless of age. Additionally, there are some provisions allowing for early retirement after 25 years of creditable service for members under age 60.

Retirement benefits paid to members are based upon a formula adopted by the Board of Trustees for such purpose. The formula considers the monthly average of the member’s highest 24 consecutive calendar months of salary, the number of years of creditable service, and the member’s age at retirement. Postretirement cost-of-living adjustments may be made to members’ benefits provided the members were hired prior to July 1, 2009. The normal retirement pension is payable monthly for life; however, options are available for distribution of the member’s monthly pension, at reduced rates, to a designated beneficiary upon the member’s death. Death and disability benefits are also available through ERS.

Member contribution rates are set by law. Member contributions under the old plan are 4% of annual compensation up to \$4,200 plus 6% of annual compensation in excess of \$4,200. Under the old plan, the Authority pays member contributions in excess of 1.25% of annual compensation. Under the old plan, these Authority contributions are included in the members’ accounts for refund purposes and are used in the computation of the members’ earnable compensation for the purpose of computing retirement benefits. Member contributions under the new plan and GSEPS are 1.25% of annual compensation. The Authority is required to contribute at a specified percentage of active member payroll established by the Board of Trustees and determined annually in accordance with an actuarial valuation and minimum funding standards as provided by law. These Authority contributions are not at any time refundable to the member or his/her beneficiary.



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Employer contributions required for fiscal year 2014 were based on the June 30, 2011, actuarial valuation as follows:

|  |        |
|--|--------|
| Old Plan *   | 18.46% |
| New Plan   | 18.46% |
| GSEPS  | 15.18% |
| * 13.71% exclusive of contributions paid by the employer on behalf of old plan members |        |

Members become vested after 10 years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

### ***Teachers Retirement System of Georgia***

The TRS is a cost-sharing multiple-employer defined benefit plan created in 1943 by an act of the Georgia General Assembly to provide retirement benefits for qualifying employees in educational service. A Board of Trustees comprised of two appointees by the Board, two ex-officio State employees, five appointees by the Governor, and one appointee of the Board of Regents is ultimately responsible for the administration of TRS.

On October 25, 1996, the Board created the Supplemental Retirement Benefit Plan of the Georgia Teachers (SRBP-TRS). SRBP-TRS was established as a qualified governmental excess benefit plan in accordance with Section 415 of the IRC as a portion of TRS. The purpose of SRBP-TRS is to provide retirement benefits to employees covered by TRS whose benefits are otherwise limited by IRC Section 415. Beginning July 1, 1997, all members and retired former members in TRS are eligible to participate in the SRBP-TRS whenever their benefits under TRS exceed the IRC Section 415 imposed limitation on benefits.

TRS provides service retirement, disability retirement, and survivor's benefits. The benefit structure of TRS is defined and may be amended by State statute. A member is eligible for normal service retirement after 30 years of creditable service, regardless of age, or after 10 years of service and attainment of age 60. A member is eligible for early retirement after 25 years of creditable service.

Normal retirement (pension) benefits paid to members are equal to 2% of the average of the member's two highest paid consecutive years of service, multiplied by the number of years of creditable service up to 40 years. Early retirement benefits are reduced by the lesser of one-twelfth of 7% for each month the member is below age 60 or by 7% for each year or fraction thereof by which the member has less than 30 years of service. It is also assumed that certain cost-of-living adjustments, based on the Consumer Price Index, may be made in future years. Retirement benefits are payable monthly for life. A member may



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elect to receive a partial lump-sum distribution in addition to a reduced monthly retirement benefit. Options are available for distribution of the member's monthly pension, at a reduced rate, to a designated beneficiary on the member's death. Death, disability and spousal benefits are also available.

TRS is funded by member and employer contributions as adopted and amended by the Board of Trustees. Members become fully vested after 10 years of service. If a member terminates with less than 10 years of service, no vesting of employer contributions occurs, but the member's contributions may be refunded with interest. Member contributions are limited by State law to not less than 5% or more than 6% of a member's earnable compensation.

Member contributions as adopted by the Board of Trustees for the fiscal year ended June 30, 2014, were 6.00% of annual salary. Employer contributions required for fiscal year 2014 were 12.28% of annual salary as required by the June 30, 2011, actuarial valuation.

The following table summarizes the Authority's employer contributions by defined benefit plan for the years ended June 30, 2014, 2013, and 2012:

| Year | ERS                                |                      | TRS                                |                      |
|------|------------------------------------|----------------------|------------------------------------|----------------------|
|      | Annual Required Contribution (ARC) | % of ARC contributed | Annual Required Contribution (ARC) | % of ARC contributed |
| 2014 | \$ 386,451                         | 100%                 | \$ 265                             | 100%                 |
| 2013 | 355,417                            | 100%                 | 726                                | 100%                 |
| 2012 | 272,936                            | 100%                 | —                                  | n/a                  |

***GSEPS 401(k) Defined Contribution Component of ERS***

In addition to the ERS defined benefit pension described above, GSEPS members may also participate in the Peach State Reserves 401(k) defined contribution plan and receive an employer matching contribution. The 401(k) plan is administered by the System and was established by the Georgia Employee Benefit Plan Council in accordance with State law and Section 401(k) of the IRC. The GSEPS segment of the 401(k) plan was established by State law effective January 1, 2009. Plan provisions and contribution requirements specific to GSEPS can be amended by State law. Other general 401(k) plan provisions can be amended by the ERS Board of Trustees as required by changes in federal tax law or for administrative purposes. The State was not required to make significant contributions to the 401(k) plan prior to GSEPS because most members under other segments of the plan either were not State employees or were not eligible to receive an employer match on their contributions.

The GSEPS plan includes automatic enrollment in the 401(k) plan at a contribution rate of 1% of salary, along with a matching contribution from the State. The State will match 100% of the employee's initial 1%



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contribution. Employees can elect to contribute up to an additional 4% and the State will match 50% of the additional 4% of salary. Therefore, the State will match 3% against the employee's 5% total savings. Contributions greater than 5% do not receive any matching funds.

GSEPS employer contributions are subject to a vesting schedule, which determines eligibility to receive all or a portion of the employer contribution balance at the time of any distribution from the account after separation from all State service. Vesting is determined based on the following schedule:

|                  |      |
|------------------|------|
| Less than 1 year | 0%   |
| 1 year           | 20%  |
| 2 years          | 40%  |
| 3 years          | 60%  |
| 4 years          | 80%  |
| 5 or more years  | 100% |

Employee contributions and earnings thereon are 100% vested at all times. The 401(k) plan also allows participants to roll over amounts from other qualified plans to their respective account in the 401(k) plan on approval of the 401(k) plan administrator. Such rollovers are 100% vested at the time of transfer. Participant contributions are invested according to the participant's investment election. If the participant does not make an election, investments are automatically defaulted to a Lifecycle fund based on the participant's date of birth.

The participants may receive the value of their vested accounts upon attaining age 59.5, qualifying financial hardship, or retirement or other termination of service (employer contribution balances are only eligible for distribution upon separation from service). Upon the death of a participant, his or her beneficiary shall be entitled to the vested value of his or her accounts. Distributions are made in installments or in a lump sum.

The Authority's employer and employee GSEPS contributions were as follows:

| Year | Annual Employer Contribution | Annual Employee Contribution |
|------|------------------------------|------------------------------|
| 2014 | \$ 142,392                   | \$ 48,954                    |
| 2013 | 113,812                      | 55,346                       |
| 2012 | 100,390                      | 47,993                       |

## (9) Other Post-employment Benefits

The Authority participates in the following State of Georgia other postemployment benefit (OPEB) plans:



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Administered by Department of Community Health (DCH):  
Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund)

Administered by the System:  
State Employees' Assurance Department (SEAD)  
– For retired and vested inactive (SEAD-OPEB)  
– For active employees (SEAD-Active)

***Georgia State Employees Post-employment Health Benefit Fund (State OPEB Fund)***

The State OPEB Fund is a cost-sharing multiple-employer defined benefit postemployment healthcare plan and is reported as an employee benefit trust fund.

The State OPEB Fund provides postemployment health benefits (including benefits to qualified beneficiaries of eligible former employees) due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with DCH for inclusion in the plan. It also pays administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted.

The Official Code of Georgia Annotated (OCGA) assigns the authority to establish and amend the benefit provisions of the group health plans, including benefits for retirees, to the Board of Community Health (Board).

The plan is currently funded on a pay-as-you go basis. That is, annual costs of providing benefits will be financed in the same year as claims occur, with no significant assets accumulating as would occur in an advance funding strategy.

The contribution requirements of plan members and participating employers are established by the Board in accordance with the current Appropriations Act and may be amended by the Board. Contributions of plan members or beneficiaries receiving benefits vary based on plan election, dependent coverage, and Medicare eligibility and election. As of January 1, 2012, for members with fewer than five years of service, contributions also vary based on years of service. As of January 1, 2012, on average, members with five years or more of service pay approximately 25% of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.



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Participating employers, including but not limited to State organizations, are statutorily required to contribute in accordance with the employer contribution rates established by the Board. The contribution rates are established to fund all benefits due under the health insurance plans for both active and retired employees based on projected pay-as-you-go financing requirements. Contributions are not based on the actuarially calculated annual required contribution (ARC) which 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.

The combined required contribution rates established by the Board for the active and retiree plans for the fiscal year ended June 30, 2014, were as follows:

| Months Paid (Coverage Periods)                  | Required<br>Contribution<br>Rate |
|---|----------------------------------|
| June 2013 (July 2013)                           | 25.366%                          |
| July 2013 - June 2014 (August 2013 - July 2014) | 30.781%                          |

No additional contribution was required by the Board for fiscal year 2014 nor contributed to the State OPEB Fund to prefund retiree benefits. Such additional contribution amounts are determined annually by the Board in accordance with the State plan for OPEB and are subject to appropriation.

The following table summarizes the Authority's combined active and retiree contributions to the health insurance plans for the years ended June 30, 2014, 2013, and 2012:

| Year | Required<br>Contribution | %<br>contributed |
|------|--------------------------|------------------|
| 2014 | \$ 718,132               | 100%             |
| 2013 | 919,637                  | 100%             |
| 2012 | 970,839                  | 100%             |

***State Employees' Assurance Department (SEAD)***

SEAD-OPEB and SEAD-Active are cost-sharing multiple-employer defined benefit postemployment plans that were created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to eligible members of the ERS, Georgia Judicial Retirement System (JRS), and Legislative Retirement System (LRS). SEAD-OPEB provides benefits for retired and vested inactive members, and SEAD-Active provides benefits for active members. Effective July 1, 2009, no newly hired members of any State public retirement system are eligible for term life insurance under SEAD. Pursuant to Title 47 of the OCGA, benefit provisions of the plans were established and can be amended by State statute.



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# Notes to Basic Financial Statements

June 30, 2014

Contributions by plan members are established by the ERS Board of Trustees, up to the maximum allowed by statute (not to exceed 0.5% of earnable compensation). The ERS Board of Trustees establishes employer contribution rates, such rates which, when added to members' contributions, shall not exceed 1% of earnable compensation. Contributions for fiscal year 2014 were based on June 30, 2011, actuarial valuations as follows:

|                               | <b>SEAD-<br/>OPEB</b> | <b>SEAD-<br/>Active</b> | <b>Total<br/>SEAD</b> |
|-------------------------------|-----------------------|-------------------------|-----------------------|
| <b>Member Rates:</b>          |                       |                         |                       |
| ERS Old Plan                  | 0.45%                 | 0.05%                   | 0.50%                 |
| Less: Offset Paid by Employer | <u>(0.22%)</u>        | <u>(0.03%)</u>          | <u>(0.25%)</u>        |
| Net ERS Old Plan              | 0.23%                 | 0.02%                   | 0.25%                 |
| ERS New Plan, JRS, and LRS    | 0.23%                 | 0.02%                   | 0.25%                 |
| <b>Employer Rates</b>         | 0.00%                 | 0.00%                   | 0.00%                 |

The ERS Board of Trustees voted and approved that the SEAD-OPEB contribution would be paid from existing assets of the Survivors Benefit Fund (SBF) instead of requiring payment by the employers. The contributions by SBF made on-behalf of The Authority for fiscal years 2013 and 2012 were estimated to be \$6.0 thousand and \$14.9 thousand, respectively. There were no required employer contributions for the fiscal year ended June 30, 2014.

According to the policy terms covering the lives of members, insurance coverage is provided on a monthly, renewable term basis, and no return premiums or cash value are earned. The net assets represent the excess accumulation of investment income and premiums over benefit payments and expenses and are held as a reserve for payment of death benefits under existing policies.

For SEAD-Active the amount of insurance coverage is equal to 18 times monthly earnable compensation frozen at age 60. For members with no creditable service prior to April 1, 1964, the amount decreases from age 60 by a half of 1% per month until age 65 at which point the member will be covered for 70% of the age 60 coverage. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the member.

For SEAD-OPEB the amount of insurance for a retiree with creditable service prior to April 1, 1964, is the full amount of insurance under SEAD-Active in effect on the date of retirement. The amount of insurance for a service retiree with no creditable service prior to April 1, 1964, is 70% of the amount of insurance under SEAD-Active at age 60 or at termination, if earlier. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the retiree.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Notes to Basic Financial Statements

June 30, 2014

## (10) Lease Commitments

The Authority is obligated under certain noncancelable operating leases for office space. The following is a schedule of future minimum lease payments by year required under these leases as of June 30, 2014:

| Year ending |    | Amount           |
|-------------|----|------------------|
| June 30     |    |                  |
| 2015        | \$ | 172,760          |
| 2016        |    | 425,097          |
| 2017        |    | 435,799          |
| 2018        |    | 446,728          |
| 2019        |    | 457,884          |
| Thereafter  |    | 950,378          |
| Total       | \$ | <u>2,888,646</u> |

Total expenses for rental of office space for the year ended June 30, 2014 were \$407,917. The Authority's lease was renegotiated during fiscal year 2014.

## (11) Contingencies and Commitments on Liabilities & Violations of Finance-Related Legal or Contractual Provisions

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

The Authority reviews all outstanding claims and judgments to determine if any estimated liabilities should be accrued at year-end. Based on management's past experience of the review of claims and judgments, it has been determined that there were no material claims and judgments outstanding at June 30, 2014. In addition, management believes there were no material violations of finance-related legal or contractual provisions by the Authority during the current fiscal year.





**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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## **Nonmajor Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted for specified purposes.

#### **State Energy Program Fund**

This fund is used to account for the Authority's grants to other government agencies for projects working on the development of alternative sources of energy. Financing is provided through federal grants and petroleum violation fees.

#### **Energy Investments Fund**

This fund is used to account for the Authority's monies from previous years required to be used in each of the other energy related special revenue funds. Financing is provided through interest income on investments held by the Authority from collections of petroleum violation fees and public utility contributions in previous years.

#### **ARRA-Weatherization Assistance Program Fund**

This fund is used to account for the Authority's grants restricted to local governments and nonprofit entities to be used for the weatherization of low and moderate income citizen's homes, as well as provide assistance in paying utility bills for these citizens. Financing is provided by federal grants from the United States Department of Energy under ARRA.

#### **State Land Conservation Fund**

This fund is used to account for money awarded to recipients of funding to permanently protect land and water, or interests therein, that is undeveloped, natural state or that has been developed only to an extent that does not interfere with its conservation value. Original funding for these types of projects will be derived from state and private contributions restricted for these purposes.

#### **Clean Water SRF Administration Fund**

This fund is used to account for assets held by the Authority for the future administration of the Clean Water State Revolving Loan Fund program. The assets were collected from loan origination fees and are to be used to administer the monitoring of projects funded by loans to local governments for waste water treatment plants.

#### **Drinking Water SRF Small PWS Technical Assistance Fund**

This fund is used to account for the Authority's "set-aside" grants used for various safe drinking water projects. Financing is provided through the Federal Drinking Water capitalization grant. States may provide assistance, including technical assistance, to public water systems as part of a capacity development strategy under Section 1420 (c) of the Act. States may use up to 2% of the capitalization grant amount for these activities. This fund accounts for technical assistance to smaller communities only.



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# **Nonmajor Governmental Funds**

## **Special Revenue Funds**

### **Drinking Waer SRF Administration Fund**

This fund is used to account for assets held by the Authority for the future administration of the Drinking Water State Revolving Loan Fund program. The assets were collected from loan origination fees and are to be used to administer the monitoring of projects funded by loans to local governments for water supply projects.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2014

|  | State Energy Program | Energy Investments | ARRA-Weatherization Assistance Program | State Land Conservation Fund | Clean Water SRF Administration | Drinking Water PWS Technical Assistance | Drinking Water SRF Small Assistance | Drinking Water SRF Administration | Total Nonmajor Governmental Funds |
|--|----------------------|--------------------|--|------------------------------|--------------------------------|---|-------------------------------------|-----------------------------------|-----------------------------------|
| <b>Assets</b>                              |                      |                    |  |                              |                                |   |                                     |                                   |                                   |
| Cash                                       | \$ 163,936           | —                  | —                                      | 54,789                       | 102,425                        | —                                       | —                                   | —                                 | 311,150                           |
| Investments                                | —                    | 3,227,173          | —                                      | 1,405,452                    | 23,237,063                     | —                                       | —                                   | 4,281,621                         | 32,151,299                        |
| Due from other governments                 | 7,651                | —                  | —                                      | —                            | 730,312                        | —                                       | 83,590                              | 155,134                           | 976,686                           |
| Due from other funds                       | 41,532               | 120,000            | —                                      | —                            | 15,450                         | —                                       | —                                   | —                                 | 176,982                           |
| <b>Total assets</b>                        | \$ 203,118           | 3,347,173          | —                                      | 1,460,241                    | 24,085,240                     | —                                       | 83,590                              | 4,436,755                         | 33,616,117                        |
| <b>Liabilities and Fund Balances</b>       |                      |                    |  |                              |                                |   |                                     |                                   |                                   |
| <b>Liabilities:</b>                        |                      |                    |  |                              |                                |   |                                     |                                   |                                   |
| Accounts payable and accrued liabilities   | \$ 7,651             | —                  | —                                      | —                            | 41,504                         | —                                       | 83,590                              | —                                 | 132,745                           |
| Due to other funds                         | —                    | 96,621             | —                                      | —                            | —                              | —                                       | —                                   | 47,541                            | 144,162                           |
| <b>Total liabilities</b>                   | 7,651                | 96,621             | —                                      | —                            | 41,504                         | —                                       | 83,590                              | 47,541                            | 276,907                           |
| <b>Fund balances:</b>                      |                      |                    |  |                              |                                |   |                                     |                                   |                                   |
| Restricted for grant programs              | 195,467              | 3,250,552          | —                                      | 1,460,241                    | —                              | —                                       | —                                   | —                                 | 4,906,260                         |
| Restricted for loan programs               | —                    | —                  | —                                      | —                            | 24,043,736                     | —                                       | —                                   | 4,389,214                         | 28,432,950                        |
| <b>Total fund balances</b>                 | 195,467              | 3,250,552          | —                                      | 1,460,241                    | 24,043,736                     | —                                       | —                                   | 4,389,214                         | 33,339,210                        |
| <b>Total liabilities and fund balances</b> | \$ 203,118           | 3,347,173          | —                                      | 1,460,241                    | 24,085,240                     | —                                       | 83,590                              | 4,436,755                         | 33,616,117                        |



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

Year ended June 30, 2014

|   | State Energy Program | Energy Investments | ARRA-Weatherization Assistance Program | State Land Conservation Fund | Clean Water SRF Administration | Drinking Water PWS Technical Assistance | Drinking Water SRF Small SRF Administration | Total Nonmajor Governmental Funds |
|---|----------------------|--------------------|--|------------------------------|--------------------------------|---|---|-----------------------------------|
| <b>Revenues:</b>                                |                      |                    |  |                              |                                |   |   |                                   |
| Administrative fees                             | \$ —                 | —                  | —                                      | —                            | 1,171,259                      | —                                       | 237,261                                     | 1,408,520                         |
| Grant revenues                                  | 276,247              | —                  | 12,486                                 | —                            | —                              | 778,173                                 | —   | 1,066,906                         |
| Public donations                                | —                    | —                  | —                                      | 54,789                       | —                              | —                                       | —   | 54,789                            |
| Interest income on investments                  | —                    | 5,366              | —                                      | 2,144                        | 35,388                         | —                                       | 6,344                                       | 49,242                            |
| <b>Total revenues</b>                           | <b>276,247</b>       | <b>5,366</b>       | <b>12,486</b>                          | <b>56,933</b>                | <b>1,206,647</b>               | <b>778,173</b>                          | <b>243,605</b>                              | <b>2,579,457</b>                  |
| <b>Expenditures:</b>                            |                      |                    |  |                              |                                |   |   |                                   |
| <b>Current:</b>                                 |                      |                    |  |                              |                                |   |   |                                   |
| Water & wastewater                              | —                    | —                  | —                                      | —                            | 465,663                        | 778,173                                 | 66,944                                      | 1,310,780                         |
| Land conservation                               | —                    | —                  | —                                      | 8,665                        | —                              | —                                       | —   | 8,665                             |
| Energy & environment                            | 282,771              | —                  | 12,486                                 | —                            | —                              | —                                       | —   | 295,257                           |
| <b>Total expenditures</b>                       | <b>282,771</b>       | <b>—</b>           | <b>12,486</b>                          | <b>8,665</b>                 | <b>465,663</b>                 | <b>778,173</b>                          | <b>66,944</b>                               | <b>1,614,702</b>                  |
| Excess of revenues over (under) expenditures    | (6,524)              | 5,366              | —                                      | 48,268                       | 740,984                        | —                                       | 176,661                                     | 964,755                           |
| <b>Other Financing Sources (Uses):</b>          |                      |                    |  |                              |                                |   |   |                                   |
| Transfers in                                    | 6,524                | —                  | —                                      | —                            | 15,450                         | —                                       | —   | 21,974                            |
| Transfers out                                   | —                    | (353,728)          | —                                      | —                            | —                              | —                                       | —   | (353,728)                         |
| <b>Total other financing sources and (uses)</b> | <b>6,524</b>         | <b>(353,728)</b>   | <b>—</b>                               | <b>—</b>                     | <b>15,450</b>                  | <b>—</b>                                | <b>—</b>                                    | <b>(331,754)</b>                  |
| Net change in fund balances                     | —                    | (348,362)          | —                                      | 48,268                       | 756,434                        | —                                       | 176,661                                     | 633,001                           |
| Fund balances – July 1                          | 195,467              | 3,598,914          | —                                      | 1,411,973                    | 23,287,302                     | —                                       | 4,212,553                                   | 32,706,209                        |
| Fund balances – June 30                         | 195,467              | 3,250,552          | —                                      | 1,460,241                    | 24,043,736                     | —                                       | 4,389,214                                   | 33,339,210                        |



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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## **Nonmajor Proprietary Fund**

### **Enterprise Fund**

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Authority is that the cost of providing services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the Authority has decided that periodic determination of net income is appropriate for accountability purposes.

The following are nonmajor enterprise funds maintained by the Authority:

#### **Storage Tank Maintenance Fund**

This fund is used to account for activities and monies associated with collection of fees charged state agencies for the ongoing preventative maintenance of fuel storage facilities. In addition, funding passed through the Georgia State Financing and Investment Commission for the removal or upgrading of the same such facilities. Its revenues are derived from the direct funding as mentioned and interest earnings on investments.





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# Combining Statement of Revenues, Expenses, and Changes in Net Position - Nonmajor Enterprise Fund

Year ended June 30, 2014

|  | <u>Storage Tank<br/>Maintenance Fund</u> |             |
|--|--|-------------|
| <b>Operating Revenues:</b>                       |  |             |
| Administrative and preventative maintenance fees | \$                                       | 993,950     |
| State contract revenues                          |  | 2,926       |
| Miscellaneous                                    |  | 2,697       |
|  |  | <hr/>       |
| Total operating revenues                         |  | 999,573     |
|  |  | <hr/>       |
| <b>Operating Expenses:</b>                       |  |             |
| Storage tank maintenance                         |  | 591,401     |
| General & administrative                         |  | 471         |
|  |  | <hr/>       |
| Total operating expenses                         |  | 591,872     |
|  |  | <hr/>       |
| Operating income                                 |  | 407,701     |
|  |  | <hr/>       |
| <b>Nonoperating Revenues:</b>                    |  |             |
| Interest income on investments                   |  | 2,170       |
|  |  | <hr/>       |
| Total nonoperating revenues                      |  | 2,170       |
|  |  | <hr/>       |
| Income before transfers                          |  | 409,871     |
| Transfers out                                    |  | (425,068)   |
|  |  | <hr/>       |
| Change in net position                           |  | (15,197)    |
|  |  | <hr/>       |
| Total net position – July 1                      |  | 1,095,614   |
|  |  | <hr/>       |
| Total net position – June 30                     | \$                                       | 1,080,417   |
|  |  | <hr/> <hr/> |



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Combining Statement of Cash Flows - Proprietary Fund Types - Nonmajor Enterprise Fund

June 30, 2014

|  | <b>Storage Tank<br/>Maintenance Fund</b> |                         |
|--|--|-------------------------|
| Cash flows from operating activities:  |  |                         |
| Administrative fee payments  | \$                                       | 993,950                 |
| State contract payments  |  | 2,926                   |
| Payments to service providers  |  | (630,236)               |
| Internal activity – payments from other funds  |  | 130,662                 |
| Internal activity – payments to other funds  |  | (132,567)               |
| Miscellaneous receipts   |  | 10,508                  |
| Net cash provided by operating activities  |  | <u>375,243</u>          |
| Cash flows from noncapital financing activities:   |  |                         |
| Transfers out  |  | <u>(425,068)</u>        |
| Net cash (used in) noncapital financing activities   |  | <u>(425,068)</u>        |
| Cash flows from investing activities:  |  |                         |
| Interest income on investments   |  | <u>2,170</u>            |
| Net cash provided by investing activities  |  | <u>2,170</u>            |
| Net decrease in cash and cash equivalents  |  | (47,655)                |
| Cash and cash equivalents at beginning of year   |  | <u>1,201,177</u>        |
| Cash and cash equivalents at end of year   | \$                                       | <u><u>1,153,522</u></u> |
| Reconciliation to the statement of net position:   |  |                         |
| Investments  | \$                                       | <u>1,153,522</u>        |
|  | \$                                       | <u><u>1,153,522</u></u> |
| Reconciliation of operating income to net cash provided  |  |                         |
| by (used in) operating activities:   |  |                         |
| Operating income   | \$                                       | 407,701                 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: |  |                         |
| Change in assets and liabilities:  |  |                         |
| Due from other governments   |  | 7,811                   |
| Due from other funds   |  | 130,662                 |
| Due to other funds   |  | (132,567)               |
| Accrued liabilities  |  | (38,364)                |
| Net cash provided by operating activities  | \$                                       | <u><u>375,243</u></u>   |





**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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## Statistical Section

*This part of the Georgia Environmental Finance Authority's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Authority's overall financial health. This information has not been audited by the independent auditor.*

### Contents

#### Financial Trends

These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time. . . . . 58-64

#### Revenue Capacity

These schedules contain information to help the reader assess the Authority's most significant own-source revenue, interest income on loans receivable. . . . . 65-67

#### Debt Capacity

This schedule presents information to help the reader assess the affordability of the Authority's current levels of outstanding debt and the Authority's ability to issue additional debt in the future. . . . . 68

#### Demographic and Economic Information

This schedule offers demographic and economic indicators to help the reader understand the environment within which the Authority's financial activities take place for its most significant programs, the environmental loan programs. . . . . 69

#### Operating Information

Theses schedules contain information about the Authority 's operations and resources to help the reader understand how the Authority's financial information relates to the services the Authority provides and the activities it performs. . . . . 70-72

#### Sources

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Government-wide Net Position by Category<sup>1</sup>

## Last Ten Fiscal Years

(accrual basis of accounting)

|   | 2014                    | 2013                    | 2012                    | 2011                    | 2010                    | 2009                    | 2008                    | 2007                    | 2006                    | 2005                    |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| <b>Governmental Activities</b>                        |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Invested in capital assets, net of related debt       | \$ 47,955               | \$ 24,718               | \$ 35,324               | \$ 47,777               | \$ 20,862               | \$ 15,443               | \$ 13,664               | \$ 15,905               | \$ 10,835               | \$ 16,206               |
| Restricted for:                                       |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Loan programs   | 33,348,201              | 31,872,215              | 36,997,885              | 39,745,561              | 33,597,308              | 27,992,690              | 29,638,879              | 31,426,764              | 23,468,034              | 18,894,865              |
| Grant programs <sup>2</sup>                           | 4,907,940               | 5,231,799               | 5,347,638               | 5,505,452               | 5,860,698               | 13,819,804              | 27,817,070              | 10,201,230              | 5,159,330               | 4,426,760               |
| Unassigned or Unrestricted                            | 3,286,716               | 3,492,204               | 3,324,198               | 4,806,068               | 4,881,713               | 5,041,282               | 4,282,969               | 4,087,751               | 3,960,770               | 3,123,747               |
| <b>Subtotal Governmental Activities Net Position</b>  | <b>\$ 41,590,812</b>    | <b>\$ 40,620,936</b>    | <b>\$ 45,705,045</b>    | <b>\$ 50,104,848</b>    | <b>\$ 44,360,581</b>    | <b>\$ 46,869,219</b>    | <b>\$ 61,752,582</b>    | <b>\$ 45,731,650</b>    | <b>\$ 32,598,969</b>    | <b>\$ 26,461,578</b>    |
| <b>Business-type Activities</b>                       |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Restricted for:                                       |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Debt service or loan programs <sup>2</sup>            | \$ 1,446,699,238        | \$ 1,383,034,270        | \$ 1,254,229,701        | \$ 1,154,326,566        | \$ 1,525,477            | \$ 9,438,692            | \$ 13,949,704           | \$ 22,304,528           | \$ 26,162,531           | \$ 18,230,823           |
| Unassigned or Unrestricted                            | 505,719,585             | 485,277,904             | 440,292,302             | 392,129,642             | 1,802,640,645           | 1,685,999,999           | 1,527,148,580           | 1,394,459,773           | 1,266,531,453           | 1,122,128,076           |
| <b>Subtotal Business-type Activities Net Position</b> | <b>\$ 1,952,418,803</b> | <b>\$ 1,868,312,174</b> | <b>\$ 1,694,522,003</b> | <b>\$ 1,546,456,208</b> | <b>\$ 1,804,166,122</b> | <b>\$ 1,695,438,691</b> | <b>\$ 1,541,098,284</b> | <b>\$ 1,416,764,301</b> | <b>\$ 1,292,693,984</b> | <b>\$ 1,140,358,899</b> |
| <b>Net Position</b>                                   |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Invested in capital assets, net of related debt       | \$ 47,955               | \$ 24,718               | \$ 35,324               | \$ 47,777               | \$ 20,862               | \$ 15,443               | \$ 13,664               | \$ 15,905               | \$ 10,835               | \$ 16,206               |
| Restricted for:                                       |                         |                         |                         |                         |                         |                         |                         |                         |                         |                         |
| Loan programs   | 33,348,201              | 31,872,215              | 36,997,885              | 39,745,561              | 33,597,308              | 27,992,690              | 29,638,879              | 31,426,764              | 23,468,034              | 18,894,865              |
| Grant programs  | 4,907,940               | 5,231,799               | 5,347,638               | 5,505,452               | 5,860,698               | 13,819,804              | 27,817,070              | 10,201,230              | 5,159,330               | 4,426,760               |
| Debt service or loan programs                         | 1,446,699,238           | 1,383,034,270           | 1,254,229,701           | 1,154,326,566           | 1,525,477               | 9,438,692               | 13,949,704              | 22,304,528              | 26,162,531              | 18,230,823              |
| Unassigned or Unrestricted                            | 509,006,281             | 488,770,108             | 443,616,500             | 396,935,700             | 1,807,522,358           | 1,691,041,281           | 1,531,431,549           | 1,398,547,524           | 1,270,492,223           | 1,125,251,823           |
| <b>Total Net Position</b>                             | <b>\$ 1,994,009,615</b> | <b>\$ 1,908,933,110</b> | <b>\$ 1,740,227,048</b> | <b>\$ 1,596,561,056</b> | <b>\$ 1,848,526,703</b> | <b>\$ 1,742,307,910</b> | <b>\$ 1,602,850,866</b> | <b>\$ 1,462,495,951</b> | <b>\$ 1,325,292,953</b> | <b>\$ 1,166,820,477</b> |

**Notes:**

<sup>1</sup>Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Georgia or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is passed by the Authority.

<sup>2</sup>The significant decreases in grant programs net assets during fiscal year 2009 and 2010 were largely due to the Land Conservation grant program's heavy utilization of prior year remaining funds held in investments. These funds were used to cover program costs unfunded by current year State of Georgia appropriations.

<sup>3</sup>Deficit net assets were previously reported as restricted for debt service in years 2002 and 2003. However, the proper reporting of deficit net assets requires reporting those "balances as ""unrestricted"" because a deficit implies that there is nothing to restrict. This change began in 2004.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Government-wide Expenses, Program Revenues, and Net (Expense)/Revenue by Function/Program

## Last Ten Fiscal Years

(accrual basis of accounting)

| Functions/Programs                                     | 2014                 |                                     | 2013                 |                       | 2012                                |                       | 2011                  |                                     | 2010                  |                       |                                     |
|--|----------------------|-------------------------------------|----------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|-------------------------------------|-----------------------|-----------------------|-------------------------------------|
|  | Expenses             | Net (Expense)/ Revenue <sup>1</sup> | Expenses             | Program Revenues      | Net (Expense)/ Revenue <sup>1</sup> | Expenses              | Program Revenues      | Net (Expense)/ Revenue <sup>1</sup> | Expenses              | Program Revenues      | Net (Expense)/ Revenue <sup>1</sup> |
| <b>Governmental Activities</b>                         |                      |                                     |                      |                       |                                     |                       |                       |                                     |                       |                       |                                     |
| General Government                                     | \$ 7,170,623         | \$ 13,490,023                       | \$ 9,005,073         | \$ 14,934,860         | \$ 5,929,787                        | \$ 9,022,959          | \$ 11,763,760         | \$ 8,187,693                        | \$ 9,647,658          | \$ 6,204,582          | \$ (3,443,076)                      |
| Water and wastewater programs <sup>2</sup>             | 6,914,660            | 6,306,689                           | 8,496,123            | 5,827,054             | (2,660,069)                         | 8,799,184             | 12,382,414            | 28,575,001                          | 10,646,079            | 20,225,973            | 9,579,884                           |
| Solid waste and environmental programs                 | -                    | -                                   | -                    | -                     | -                                   | -                     | 1,680                 | 1,680                               | -                     | 267,030               | 145,738                             |
| Land conservation programs <sup>3</sup>                | 8,665                | 54,789                              | 41,733               | 39,251                | (2,482)                             | 59,061                | 60,212                | 86,321                              | 6,651,892             | 61,551                | (6,590,341)                         |
| Energy programs <sup>3</sup>                           | 7,388,927            | 7,063,716                           | 18,322,383           | 18,232,444            | (90,139)                            | 91,335,755            | 109,506,743           | 108,704,970                         | 41,919,198            | 41,575,413            | (343,785)                           |
| Interest on long-term debt <sup>4</sup>                | -                    | -                                   | -                    | -                     | -                                   | 78                    | 619                   | -                                   | 1,995                 | -                     | (1,995)                             |
| <b>Subtotal Governmental Activities<sup>5</sup></b>    | <b>21,462,675</b>    | <b>26,915,217</b>                   | <b>35,865,512</b>    | <b>39,033,609</b>     | <b>3,168,097</b>                    | <b>109,217,037</b>    | <b>133,715,428</b>    | <b>145,555,665</b>                  | <b>11,840,237</b>     | <b>69,133,852</b>     | <b>68,213,257</b>                   |
| <b>Business-type Activities</b>                        |                      |                                     |                      |                       |                                     |                       |                       |                                     |                       |                       |                                     |
| Water and wastewater programs <sup>3</sup>             | 5,392,431            | 5,392,431                           | 8,437,183            | 8,437,183             | -                                   | 13,768,944            | 31,435,363            | 24,566,564                          | (6,848,799)           | 59,286,970            | 4,010,035                           |
| Storage tank maintenance programs <sup>3</sup>         | 591,672              | 999,046                             | 800,089              | 1,000,451             | 200,362                             | 1,357,477             | 1,232,599             | 1,951,923                           | 719,324               | 2,135,141             | 424,616                             |
| Loan activities <sup>4</sup>                           | 411,274              | 79,545,392                          | 348,463              | 165,431,763           | 165,083,300                         | 897,685               | 2,319,959             | 113,604,026                         | 111,284,057           | 163,952,695           | 161,763,915                         |
| <b>Subtotal Business-type Activities<sup>3</sup></b>   | <b>6,395,377</b>     | <b>85,937,469</b>                   | <b>9,585,735</b>     | <b>174,869,397</b>    | <b>165,283,662</b>                  | <b>15,824,106</b>     | <b>34,987,931</b>     | <b>140,142,513</b>                  | <b>105,154,592</b>    | <b>63,610,891</b>     | <b>170,522,487</b>                  |
| <b>Total Governmental and Business-type Activities</b> | <b>\$ 27,858,052</b> | <b>\$ 112,852,686</b>               | <b>\$ 45,451,247</b> | <b>\$ 213,903,006</b> | <b>\$ 168,451,759</b>               | <b>\$ 125,041,143</b> | <b>\$ 288,241,577</b> | <b>\$ 285,698,178</b>               | <b>\$ 116,994,819</b> | <b>\$ 132,744,743</b> | <b>\$ 238,735,744</b>               |

Continued



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Government-wide Expenses, Program Revenues, and Net (Expense)/Revenue by Function/Program

## Last Ten Fiscal Years

(accrual basis of accounting)

| Function/Program                                       | 2009                 |                                     |                      | 2008                 |                                     |                       | 2007                 |                                     |                      | 2006                 |                                     |                      | 2005                  |                                     |                       |
|--|----------------------|-------------------------------------|----------------------|----------------------|-------------------------------------|-----------------------|----------------------|-------------------------------------|----------------------|----------------------|-------------------------------------|----------------------|-----------------------|-------------------------------------|-----------------------|
|  | Expenses             | Net (Expense)/ Revenue <sup>1</sup> | Program Revenues     | Expenses             | Net (Expense)/ Revenue <sup>1</sup> | Program Revenues      | Expenses             | Net (Expense)/ Revenue <sup>1</sup> | Program Revenues     | Expenses             | Net (Expense)/ Revenue <sup>1</sup> | Program Revenues     | Expenses              | Net (Expense)/ Revenue <sup>1</sup> | Program Revenues      |
| <b>Governmental Activities</b>                         |                      |                                     |                      |                      |                                     |                       |                      |                                     |                      |                      |                                     |                      |                       |                                     |                       |
| General Government                                     | \$ 6,014,492         | \$ (4,332,255)                      | \$ 6,003,709         | \$ 6,003,709         | \$ (3,325,391)                      | \$ 2,678,318          | \$ 5,395,017         | \$ (2,742,383)                      | \$ 4,594,236         | \$ (426,000)         | \$ 4,168,236                        | \$ 3,952,030         | \$ (426,000)          | \$ 2,522,121                        | \$ (1,429,909)        |
| Water and wastewater programs <sup>2</sup>             | 11,835,092           | 6,821,080                           | 6,297,017            | 5,488,630            | 10,902,887                          | 17,226,904            | 4,486,630            | 13,901,465                          | 4,817,639            | 10,551,784           | 15,969,723                          | 3,996,672            | 10,551,784            | 3,609,514                           | (387,158)             |
| Solid waste and environmental programs                 | 109,032              | 109,032                             | 153,078              | 153,078              | 145,153                             | 145,153               | 145,153              | 145,153                             | 1,227,420            | 173,570              | 173,570                             | 377,389              | (1,053,860)           | 314,444                             | (62,945)              |
| Land conservation programs <sup>3</sup>                | 12,654,192           | 285,532                             | 32,363,754           | 48,078,941           | 15,715,187                          | 892,032               | 5,222,736            | 4,330,704                           | 14,983,973           | 16,768,273           | 1,804,300                           | 14,392,369           | 15,277,904            | 885,535                             |                       |
| Energy programs <sup>4</sup>                           | 15,745,495           | 1,226,114                           | 15,409,887           | 16,886,490           | 1,476,603                           | 17,904,724            | 16,117,451           | 1,787,273                           | 14,983,973           | 16,768,273           | 1,804,300                           | 14,392,369           | 15,277,904            | 885,535                             |                       |
| Interest on long-term debt <sup>5</sup>                | 2,696                | (2,696)                             | 2,442                | 2,442                | (2,442)                             |                       |                      |                                     |                      |                      |                                     |                      |                       |                                     |                       |
| <b>Subtotal Governmental Activities<sup>6</sup></b>    | <b>46,360,989</b>    | <b>(8,676,497)</b>                  | <b>60,229,887</b>    | <b>60,229,887</b>    | <b>24,795,644</b>                   | <b>85,025,731</b>     | <b>28,028,283</b>    | <b>17,277,059</b>                   | <b>25,603,668</b>    | <b>36,479,802</b>    | <b>10,876,234</b>                   | <b>22,718,460</b>    | <b>10,876,234</b>     | <b>21,723,983</b>                   | <b>(994,477)</b>      |
| <b>Business-Type Activities</b>                        |                      |                                     |                      |                      |                                     |                       |                      |                                     |                      |                      |                                     |                      |                       |                                     |                       |
| Water and wastewater programs                          | 1,977,949            | 1,977,949                           | 2,329,243            | 2,329,243            | 1,909,284                           | 1,909,284             | 1,909,284            | 1,741,197                           | 1,741,197            | 1,741,197            | 3,400,793                           | 3,400,793            | 3,400,793             | 3,400,793                           |                       |
| Storage tank maintenance programs <sup>7</sup>         | 3,154,265            | 3,682,055                           | 527,790,000          | 527,790,000          |                                     |                       |                      |                                     |                      |                      |                                     |                      |                       |                                     |                       |
| Loan activities <sup>8</sup>                           | 1,330,038            | 146,760,065                         | 1,636,294            | 1,636,294            | 114,988,181                         | 114,988,181           | 1,959,288            | 118,064,124                         | 2,259,752            | 149,888,111          | 146,828,359                         | 4,828,127            | 113,551,327           | 108,723,200                         |                       |
| <b>Subtotal Business-Type Activities<sup>9</sup></b>   | <b>6,462,252</b>     | <b>152,420,069</b>                  | <b>3,965,537</b>     | <b>3,965,537</b>     | <b>117,317,424</b>                  | <b>117,317,424</b>    | <b>3,868,572</b>     | <b>118,064,124</b>                  | <b>4,000,949</b>     | <b>150,829,308</b>   | <b>146,828,359</b>                  | <b>8,228,920</b>     | <b>146,828,359</b>    | <b>116,952,120</b>                  | <b>108,723,200</b>    |
| <b>Total Governmental and Business-Type Activities</b> | <b>\$ 52,823,241</b> | <b>\$ 190,044,561</b>               | <b>\$ 64,195,424</b> | <b>\$ 64,195,424</b> | <b>\$ 202,343,155</b>               | <b>\$ 202,343,155</b> | <b>\$ 31,896,855</b> | <b>\$ 167,237,988</b>               | <b>\$ 33,341,183</b> | <b>\$ 29,604,517</b> | <b>\$ 187,309,110</b>               | <b>\$ 30,947,380</b> | <b>\$ 157,704,593</b> | <b>\$ 138,676,103</b>               | <b>\$ 107,728,723</b> |

**Notes:**

<sup>1</sup>Net (expense)/revenue is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from general revenues or other sources. Numbers in parenthesis are net expenses, indicating that expenses were greater than program revenues and therefore general revenues were needed to finance that function or program.

<sup>2</sup>The rather large change in net (expense)/revenue which occurred in years 2004, 2005, and 2006 can be explained by no receipt of contributions from the State of Georgia during 2005.

<sup>3</sup>The Authority did not incur any costs associated with land conservation programs other than general and administrative fees incurred in FY 2006 until FY2007, in which three project recipients received grant funding. In FY 2009, the State of Georgia did not appropriate funding to the program. Interest earnings on investments and donations from the public were the sources of revenue. Current year program expenditures were funded with prior year remaining funds.

<sup>4</sup>The fluctuations in net (expense)/revenue is attributed to variations in interest earnings rate experienced over the past three years, receipt (non-receipt) of contributions from external funders and changes in expense activity levels for supported programs.

<sup>5</sup>Program revenues for governmental activities experienced an increase over 2006 primarily due to funding provided by the State of Georgia in 2007, more specifically in association with the land conservation programs. Program revenues for business-type activities experienced a decrease from 2006 primarily due to a reduction in federal grant dollars to capitalize the federal loan programs.

<sup>6</sup>The Authority entered into a computer financing agreement in fiscal year 2008 and thus, incurred interest expense on those leases. Because the governmental funds is based on current resources at the government-wide level, interest expense is reported separately to distinguish that there is a financing agreement (long-term).

<sup>7</sup>In FY 2009, the Authority entered into an intergovernmental agreement with the Georgia State Financing and Investment Commission (GSFIC) to undertake full management of the installation, renovation, removal, and remediation of selected underground and above-ground fuel storage tanks. The General Assembly identified GBA as the user agency for the Bond Proceeds, who authorized GSFIC to administer the Bond Proceeds for these projects, and make such proceeds available to the Authority in accordance with GEFA's full management of these projects. The Authority established The Storage Maintenance Fund to account separately for the receipt of the pass-through of bond proceeds from GSFIC, as well as to account for other related Storage Tank Maintenance programs.

<sup>8</sup>In FY 2010, the Energy and Water programs experienced a significant increase in expenditures due to new activity and/or expanded activities using funds awarded under the American Recovery and Reinvestment Act of 2009 (ARRA). In addition to expanding the Weatherization and SRF loan programs, ARRA funding also provided principal forgiveness subsidies for the SRF loan programs and thus a large increase in expenditures and the creation of four new Energy programs.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Government-wide General Revenues and Other Changes in Net Position Last Ten Fiscal Years

(accrual basis of accounting)

|  | 2014                 | 2013                  | 2012                  | 2011                    | 2010                  | 2009                  | 2008                  | 2007                  | 2006                  | 2005                  |
|--|----------------------|-----------------------|-----------------------|-------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Net (Expense), Total Governmental and Business-type Activities</b>  |                      |                       |                       |                         |                       |                       |                       |                       |                       |                       |
| Governmental activities  | \$ 5,452,342         | \$ 3,188,097          | \$ 8,273,017          | \$ 11,840,236           | \$ (920,595)          | \$ 8,676,497          | \$ 24,795,844         | \$ 17,277,059         | \$ 10,876,234         | \$ (994,477)          |
| Business-type activities   | 79,541,892           | 165,283,662           | 134,927,417           | 105,154,580             | 106,911,596           | 145,957,817           | 113,351,887           | 118,064,124           | 146,828,359           | 108,723,200           |
| <b>Total Governmental and Business-type Activities</b>   | <b>84,994,234</b>    | <b>168,451,759</b>    | <b>143,200,434</b>    | <b>116,994,816</b>      | <b>105,991,001</b>    | <b>154,634,314</b>    | <b>138,147,731</b>    | <b>135,341,183</b>    | <b>157,704,593</b>    | <b>107,728,723</b>    |
| <b>General revenues and other changes in net position</b>  |                      |                       |                       |                         |                       |                       |                       |                       |                       |                       |
| <b>Governmental Activities:</b>  |                      |                       |                       |                         |                       |                       |                       |                       |                       |                       |
| Unrestricted investment earnings   | 54,419               | 65,912                | 68,914                | 93,018                  | 106,246               | 1,089,789             | 1,936,270             | 1,596,127             | 527,311               | 541,713               |
| Miscellaneous  | 12,768               | 26,621                | 32,922                | 17,338                  | 12,764                | 71,477                | 266,210               | 243,588               | 170,541               | 56,951                |
| Transfers to business-type activities <sup>1</sup>   | (4,549,653)          | (8,344,739)           | (12,774,656)          | (6,206,325)             | (1,707,053)           | (7,368,132)           | (10,977,392)          | (5,984,093)           | (5,436,695)           | (5,662,833)           |
| <b>Subtotal Governmental Activities</b>  | <b>(4,482,466)</b>   | <b>(8,252,206)</b>    | <b>(12,672,820)</b>   | <b>(6,095,969)</b>      | <b>(1,588,043)</b>    | <b>(6,206,866)</b>    | <b>(8,774,912)</b>    | <b>(4,144,378)</b>    | <b>(4,738,843)</b>    | <b>(5,064,169)</b>    |
| <b>Business-type Activities:</b>   |                      |                       |                       |                         |                       |                       |                       |                       |                       |                       |
| Miscellaneous  | 15,084               | 161,770               | 363,722               | 25,409                  | 108,782               | 1,014,458             | 4,704                 | 22,100                | 70,031                | 20,145                |
| Special items <sup>2</sup>   | -                    | -                     | -                     | (369,096,228)           | -                     | -                     | -                     | -                     | -                     | -                     |
| Transfers from governmental activities   | 4,549,653            | 8,344,739             | 12,774,656            | 6,206,325               | 1,707,053             | 7,368,132             | 10,977,392            | 5,984,093             | 5,436,695             | 5,662,833             |
| <b>Subtotal Business-type Activities</b>   | <b>4,564,737</b>     | <b>8,506,509</b>      | <b>13,138,378</b>     | <b>(362,864,494)</b>    | <b>1,815,835</b>      | <b>8,382,590</b>      | <b>10,982,096</b>     | <b>6,006,193</b>      | <b>5,506,726</b>      | <b>5,662,833</b>      |
| <b>Changes in Net Position</b>   |                      |                       |                       |                         |                       |                       |                       |                       |                       |                       |
| Governmental activities  | 989,876              | (5,084,109)           | (4,399,803)           | 5,744,267               | (2,508,638)           | (4,883,363)           | 16,020,932            | 13,132,681            | 6,137,391             | (6,058,646)           |
| Business-type activities <sup>2</sup>  | 84,106,629           | 173,790,171           | 148,065,795           | (251,709,914)           | 108,727,431           | 154,340,407           | 124,333,983           | 124,070,317           | 152,335,085           | 114,406,178           |
| <b>Total Changes in Net Position</b>   | <b>\$ 85,076,505</b> | <b>\$ 168,706,062</b> | <b>\$ 143,665,992</b> | <b>\$ (251,965,647)</b> | <b>\$ 106,218,793</b> | <b>\$ 139,457,044</b> | <b>\$ 140,354,915</b> | <b>\$ 137,202,998</b> | <b>\$ 158,472,476</b> | <b>\$ 108,347,532</b> |
| <b>Notes:</b>  |                      |                       |                       |                         |                       |                       |                       |                       |                       |                       |
| <sup>1</sup> Transfers to business-type activities is highly driven by activity of construction loan projects. Therefore, on a year-to-year basis fluctuations in amounts may occur.   |                      |                       |                       |                         |                       |                       |                       |                       |                       |                       |
| <sup>2</sup> The Authority provided a planned one-time return of capital to the State of Georgia's treasury office. It is not expected that this will happen again in the near future. In addition, the Authority sold a portion of its loans receivable from the Georgia Fund to its subsidiary corporation, The Georgia Environmental Loan Acquisition Corporation, at a net loss. Both of these factors contributed to the large change in net assets for business-type activities. |                      |                       |                       |                         |                       |                       |                       |                       |                       |                       |



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Fund Balances, Governmental Funds

## Last Ten Fiscal Years

(modified accrual basis of accounting)

| General Fund  | 2014                 | 2013                 | 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 | 2005                 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Nondisposable for prepaid items                             | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 6,624             | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| Restricted for loan programs <sup>1</sup>                   | 4,915,251            | 4,372,360            | 8,927,955            | 11,639,738           | 3,959,426            | 790,108              | 3,763,135            | 9,137,096            | 3,512,710            | -                    |
| Restricted for grant programs <sup>1</sup>                  | -                    | 25,445               | 100,000              | 180,722              | 332,340              | 1,503,649            | 2,598,404            | 892,625              | 965,539              | 1,154,392            |
| Unassigned  | 3,851,778            | 3,851,778            | 3,828,466            | 5,362,428            | 5,328,658            | 5,477,280            | 4,679,804            | 4,382,305            | 4,208,604            | 3,342,104            |
| <b>Total general fund balance<sup>2</sup></b>               | <b>\$ 8,767,029</b>  | <b>\$ 8,249,593</b>  | <b>\$ 12,855,821</b> | <b>\$ 17,182,888</b> | <b>\$ 9,627,048</b>  | <b>\$ 7,771,037</b>  | <b>\$ 11,041,343</b> | <b>\$ 14,412,026</b> | <b>\$ 8,686,853</b>  | <b>\$ 4,496,496</b>  |
| <b>State Land Conservation Fund</b>                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Restricted for grant programs <sup>1</sup>                  | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 7,889,049         | \$ 20,181,811        | \$ -                 | \$ -                 | \$ -                 |
| <b>Total state land conservation fund balance</b>           | <b>\$ -</b>          | <b>\$ 7,889,049</b>  | <b>\$ 20,181,811</b> | <b>\$ -</b>          | <b>\$ -</b>          | <b>\$ -</b>          |
| <b>Oil Overcharge and Miscellaneous Fund</b>                |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Restricted for grant programs <sup>1</sup>                  | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 171,128           | \$ 168,494           | \$ 208,597           | \$ 11,900            | \$ 197,817           |
| <b>Total oil overcharge fund balance</b>                    | <b>\$ -</b>          | <b>\$ 171,128</b>    | <b>\$ 168,494</b>    | <b>\$ 208,597</b>    | <b>\$ 11,900</b>     | <b>\$ 197,817</b>    |
| <b>Weatherization Assistance Program Fund</b>               |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Restricted for grant programs <sup>1</sup>                  | \$ 1,680             | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 |
| <b>Total weatherization assistance program fund balance</b> | <b>\$ 1,680</b>      | <b>\$ -</b>          |
| <b>Nonmajor Governmental Funds</b>                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Restricted for loan programs <sup>1</sup>                   | \$ 28,432,950        | \$ 27,499,855        | \$ 28,070,530        | \$ 28,105,823        | \$ 29,637,882        | \$ 27,202,582        | \$ 25,875,744        | \$ 22,289,668        | \$ 19,955,324        | \$ 18,894,865        |
| Restricted for grant programs <sup>1</sup>                  | 4,906,260            | 5,206,354            | 5,247,638            | 5,324,730            | 5,528,358            | 4,255,978            | 4,868,361            | 9,100,008            | 4,181,891            | 3,074,551            |
| <b>Total nonmajor governmental fund balance</b>             | <b>\$ 33,339,210</b> | <b>\$ 32,706,209</b> | <b>\$ 33,318,168</b> | <b>\$ 33,430,553</b> | <b>\$ 35,166,240</b> | <b>\$ 31,458,560</b> | <b>\$ 30,744,105</b> | <b>\$ 31,389,676</b> | <b>\$ 24,137,215</b> | <b>\$ 21,969,416</b> |
| <b>Total governmental fund balances</b>                     | <b>\$ 42,107,919</b> | <b>\$ 40,955,792</b> | <b>\$ 46,173,989</b> | <b>\$ 50,613,441</b> | <b>\$ 44,793,288</b> | <b>\$ 47,289,774</b> | <b>\$ 62,135,753</b> | <b>\$ 46,010,299</b> | <b>\$ 32,835,968</b> | <b>\$ 26,663,729</b> |

**Notes:**

- <sup>1</sup>Due to a high demand on cash during 2004 and the non-receipt of appropriations in 2005 from the State of Georgia, 2005 reserves for match on federal loan programs were depleted.
- <sup>2</sup>Monies provided by the State of Georgia are held in trust until expenses are incurred and at that time the Authority transfers the necessary amount of cash to cover those charges. Fluctuations in the total general fund balance may occur year-to-year because of this practice.
- <sup>3</sup>The Weatherization Assistance Fund, a major fund, did not have amounts reported as fund balance for any of the years presented, other than FY 2014. In fiscal years 2010 through 2013, ARRA-Weatherization Assistance Program was a major fund, but did not have any amounts reported as fund balance. In addition, the ARRA-State Energy Program was a major fund in fiscal years 2010 through 2012, but did not have any amounts reported as fund balance.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Changes in Fund Balances, Governmental Funds<sup>6</sup>

## Last Ten Fiscal Years

(modified accrual basis of accounting)

|   | 2014                 | 2013                  | 2012                  | 2011                  | 2010                  | 2009                   | 2008                 | 2007                 | 2006                 | 2005                  |
|---|----------------------|-----------------------|-----------------------|-----------------------|-----------------------|------------------------|----------------------|----------------------|----------------------|-----------------------|
| <b>Revenues</b>                                     |                      |                       |                       |                       |                       |                        |                      |                      |                      |                       |
| State of Georgia appropriations <sup>1</sup>        | \$ 298,495           | \$ -                  | \$ 283,495            | \$ 15,286,358         | \$ 8,099,808          | \$ 8,967,325           | \$ 58,323,726        | \$ 19,085,782        | \$ 12,400,000        | \$ 275,000            |
| State general obligation bond proceeds <sup>2</sup> | 9,200,000            | 9,600,000             | 12,000,000            | -                     | -                     | -                      | -                    | -                    | -                    | -                     |
| Administrative fees                                 | 1,457,644            | 591,955               | 1,523,171             | 3,204,819             | 4,717,199             | 4,195,875              | 5,369,503            | 5,186,031            | 4,273,687            | 2,602,121             |
| Grant revenues                                      | 15,898,923           | 28,794,201            | 103,618,950           | 126,972,560           | 55,326,931            | 24,213,231             | 20,300,863           | 20,409,522           | 19,527,095           | 18,797,578            |
| Petroleum violation fees <sup>2</sup>               | -                    | -                     | -                     | -                     | -                     | -                      | 12,777               | 106,084              | 193,517              | -                     |
| Public donations                                    | 54,789               | 39,251                | 55,909                | 83,228                | 53,784                | 67,719                 | 87,392               | 191,223              | -                    | -                     |
| Interest income on investments                      | 59,785               | 74,114                | 71,443                | 101,717               | 121,781               | 1,330,131              | 2,867,740            | 1,922,817            | 612,804              | 590,997               |
| Miscellaneous                                       | 12,768               | 26,621                | 32,922                | 17,338                | 12,764                | 71,477                 | 266,210              | 243,588              | 170,541              | 56,951                |
| <b>Total revenues</b>                               | <b>\$ 26,982,404</b> | <b>\$ 39,126,142</b>  | <b>\$ 117,591,890</b> | <b>\$ 145,666,020</b> | <b>\$ 68,332,267</b>  | <b>\$ 38,845,758</b>   | <b>\$ 87,228,211</b> | <b>\$ 47,145,057</b> | <b>\$ 37,177,654</b> | <b>\$ 22,322,647</b>  |
| <b>Expenditures</b>                                 |                      |                       |                       |                       |                       |                        |                      |                      |                      |                       |
| General government                                  | \$ 6,955,294         | \$ 9,139,161          | \$ 9,055,630          | \$ 11,638,593         | \$ 9,600,005          | \$ 5,952,033           | \$ 5,884,087         | \$ 5,332,039         | \$ 4,559,388         | \$ 3,961,086          |
| Water and wastewater programs                       | 6,914,660            | 8,496,123             | 8,795,184             | 12,382,414            | 10,646,079            | 11,835,092             | 6,297,017            | 5,488,630            | 4,817,939            | 3,996,672             |
| Solid waste and environmental programs              | -                    | -                     | -                     | 1,680                 | 267,030               | 109,032                | 153,078              | 145,163              | 1,227,420            | 377,389               |
| Land conservation programs <sup>3</sup>             | 8,665                | 41,733                | 59,061                | 60,212                | 6,651,892             | 12,654,192             | 32,363,754           | 892,032              | -                    | -                     |
| Energy programs <sup>4</sup>                        | 7,368,327            | 18,322,583            | 91,335,755            | 109,506,743           | 41,919,198            | 15,745,495             | 15,409,887           | 16,117,451           | 14,963,973           | 14,392,369            |
| Capital outlay, general government                  | 33,078               | -                     | -                     | 33,917                | 9,863                 | 33,207                 | 24,640               | 41,636               | -                    | -                     |
| Debt Service:                                       |                      |                       |                       |                       |                       |                        |                      |                      |                      |                       |
| Principal reductions                                | -                    | -                     | 6,978                 | 15,364                | 25,637                | 17,846                 | 9,045                | -                    | -                    | -                     |
| Interest on long-term debt                          | -                    | -                     | 78                    | 619                   | 1,995                 | 2,686                  | 2,442                | -                    | -                    | -                     |
| <b>Total expenditures</b>                           | <b>21,280,624</b>    | <b>35,999,600</b>     | <b>109,256,686</b>    | <b>133,639,542</b>    | <b>69,121,699</b>     | <b>46,349,563</b>      | <b>60,143,950</b>    | <b>28,016,941</b>    | <b>25,568,720</b>    | <b>22,727,526</b>     |
| Excess of revenues over (under) expenditures        | 5,701,780            | 3,126,542             | 8,335,204             | 12,026,478            | (789,432)             | (7,503,825)            | 27,084,261           | 19,128,116           | 11,608,934           | (404,879)             |
| <b>Other Financing Sources (Uses)</b>               |                      |                       |                       |                       |                       |                        |                      |                      |                      |                       |
| Capital leases                                      | -                    | -                     | -                     | -                     | -                     | -                      | -                    | 30,308               | -                    | -                     |
| Transfers in <sup>5</sup>                           | 4,516,124            | 5,921,622             | 3,721,382             | 3,315,777             | 3,564,712             | 4,624,553              | 3,082,387            | 1,753,377            | 2,031,580            | 2,320,888             |
| Transfers out <sup>6</sup>                          | (9,065,777)          | (14,286,361)          | (16,496,038)          | (9,522,102)           | (5,271,765)           | (11,992,685)           | (14,059,779)         | (7,737,470)          | (7,468,275)          | (7,983,721)           |
| <b>Total other financing sources (uses)</b>         | <b>(4,549,653)</b>   | <b>(8,364,739)</b>    | <b>(12,774,656)</b>   | <b>(6,206,325)</b>    | <b>(1,707,053)</b>    | <b>(7,342,155)</b>     | <b>(10,968,807)</b>  | <b>(5,953,785)</b>   | <b>(5,436,695)</b>   | <b>(6,662,833)</b>    |
| <b>Net change in fund balances<sup>7</sup></b>      | <b>\$ 1,152,127</b>  | <b>\$ (5,218,197)</b> | <b>\$ (4,439,452)</b> | <b>\$ 5,820,153</b>   | <b>\$ (2,496,485)</b> | <b>\$ (14,845,980)</b> | <b>\$ 16,125,454</b> | <b>\$ 13,174,331</b> | <b>\$ 6,172,239</b>  | <b>\$ (6,067,712)</b> |

**Notes:**

<sup>1</sup>In 2005, the Authority did not receive any appropriations from the State of Georgia for match on federal loan programs. In 2008, the Authority received additional appropriations in the amended budget for the State Land Conservation Fund in the amount of \$47.3 million which substantially increased funding over amounts received in prior years. This increase in revenues also allowed the Authority to incur more expenditures in fiscal year 2008.

<sup>2</sup>The Authority adjusted deferred revenue to earned revenue in accordance with eligibility requirements under GASB 33 in 2004. Receipt of petroleum violation fees is contingent upon the Federal government awarding allotments which is typically the result of a court settlement.

<sup>3</sup>Due to decreased interest earnings, the Authority transferred funds from other funds to satisfy administrative costs.

<sup>4</sup>A significant increase in expenditures within Energy programs is explained by ongoing administration of programs associated with the American Recovery and Reinvestment Act of 2009 (ARRA) for fiscal years 2010 and 2011.

<sup>5</sup>Transfers out are based on activity experienced within the match loan programs. Fluctuations are based on activity on a year-to-year basis.

<sup>6</sup>The Authority has no bond debt outstanding within the governmental funds and thus no debt service calculations as a percentage of noncapital expenditures.

<sup>7</sup>Fluctuations may occur year-to-year with net change in fund balance primarily due to loan program demand to match the federal loan programs. Monies are deposited into the general fund and held until the funds are needed to fund project disbursements. In addition, the level of funding provided by the State of Georgia for this same purpose may vary depending upon approved legislation for the respective fiscal period and receipt of those monies.

<sup>8</sup>Prior to fiscal year 2012, the Authority previously reported these amounts as capital contributions. However, consistent with accounting guidelines, these amounts are now reported as operating grants because they are not used to construct or obtain capital assets for the Authority.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Government-wide Program Revenues<sup>1</sup> by Category

## Last Ten Fiscal Years

(accrual basis of accounting)

|  | 2014                  | 2013                  | 2012                  | 2011                  | 2010                  | 2009                  | 2008                  | 2007                  | 2006                  | 2005                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Governmental Activities</b>   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for Services   | \$ 1,457,644          | \$ 591,955            | \$ 1,529,171          | \$ 11,392,512         | \$ 10,921,781         | \$ 4,195,875          | \$ 5,369,503          | \$ 5,186,031          | \$ 4,273,697          | \$ 2,602,121          |
| Operating Grants and Contributions <sup>2</sup>  | 25,457,573            | 38,441,654            | 115,960,883           | 134,163,163           | 57,291,476            | 33,488,617            | 79,656,228            | 40,119,311            | 32,206,105            | 19,121,862            |
| <b>Subtotal Governmental Activities Program Revenues</b>   | <b>26,915,217</b>     | <b>39,033,609</b>     | <b>117,490,054</b>    | <b>145,555,665</b>    | <b>68,213,257</b>     | <b>37,684,492</b>     | <b>85,025,731</b>     | <b>45,305,342</b>     | <b>36,479,802</b>     | <b>21,723,983</b>     |
| <b>Business-type Activities</b>  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for Services   | 36,517,062            | 69,972,715            | 38,459,360            | 44,905,397            | 49,014,313            | 46,847,730            | 37,360,163            | 31,056,158            | 33,631,430            | 25,301,762            |
| Operating Grants and Contributions   | 49,420,407            | 104,896,882           | 112,292,163           | 1,543,109             | 2,510,024             | 10,458,789            | 20,542,313            | 25,263,579            | 15,710,165            | 10,308,595            |
| Capital Grants and Contributions <sup>3</sup>  | -                     | -                     | -                     | 93,694,007            | 118,998,150           | 95,113,550            | 59,414,948            | 65,612,919            | 101,487,713           | 81,341,763            |
| <b>Subtotal Business-type Activities Program Revenues</b>  | <b>85,937,469</b>     | <b>174,869,597</b>    | <b>150,751,523</b>    | <b>140,142,513</b>    | <b>170,522,487</b>    | <b>152,420,069</b>    | <b>117,317,424</b>    | <b>121,932,656</b>    | <b>150,829,308</b>    | <b>116,952,120</b>    |
| <b>Governmental and Business-type Activities</b>   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Charges for Services   | 37,974,706            | 70,564,670            | 39,988,531            | 56,297,909            | 59,936,094            | 51,043,605            | 42,729,666            | 36,242,189            | 37,905,127            | 27,903,883            |
| Operating Grants and Contributions   | 74,877,980            | 143,338,336           | 228,253,046           | 135,706,262           | 59,801,500            | 43,947,406            | 100,198,541           | 65,382,880            | 47,916,270            | 29,430,457            |
| Capital Grants and Contributions <sup>3</sup>  | -                     | -                     | -                     | 93,694,007            | 118,998,150           | 95,113,550            | 59,414,948            | 65,612,919            | 101,487,713           | 81,341,763            |
| <b>Total Governmental and Business-type Activities Program Revenues</b>  | <b>\$ 112,852,686</b> | <b>\$ 213,903,006</b> | <b>\$ 268,241,577</b> | <b>\$ 285,698,178</b> | <b>\$ 238,735,744</b> | <b>\$ 190,044,561</b> | <b>\$ 202,343,155</b> | <b>\$ 167,237,998</b> | <b>\$ 187,309,110</b> | <b>\$ 138,676,103</b> |
| <b>Notes:</b>  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| <sup>1</sup> Program revenues are related to specific activities of the Authority. Their sources are either fees, interest earnings, charges for services or grants/intergovernmental revenues restricted to a specific purpose.   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| <sup>2</sup> During FY 2008, the Authority received a significant increase in operating grants from the State of Georgia for the State Land Conservation Fund. In FY 2011, a significant increase in operating grants and contributions was due to increased expenditure-driven programs associated with the American Recovery and Reinvestment Act of 2009. |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| <sup>3</sup> In fiscal year 2012, these amounts are reported as operating grants because they are not used to construct or obtain capital assets for the Authority.  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |

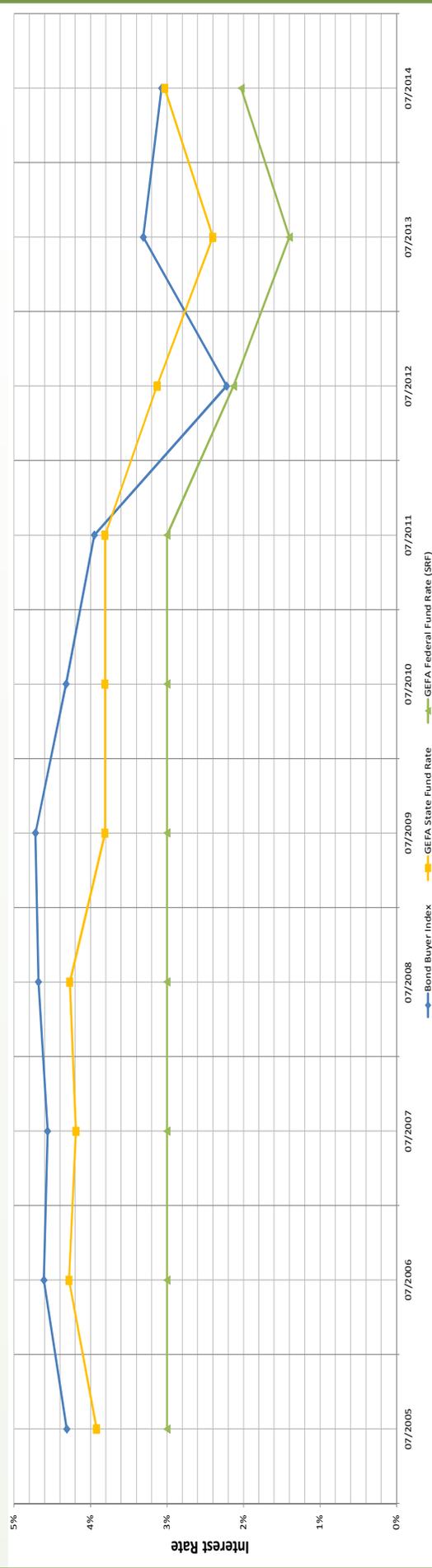


**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Annual Loan Program Interest Rate History

## Last Ten Fiscal Years

**GEFA State Loan Rates<sup>1</sup> and State Revolving Loan Fund (SRF) Rates to 20-year Bond Index**  
(measured in July of each year)



| Date    | Interest Rate (%) | Closing Fee (%) |
|---------|-------------------|-----------------|
| 06/2014 | 2.03              | 1.00            |
| 06/2013 | 1.40              | 1.00            |
| 06/2012 | 2.13              | 1.00            |
| 06/2011 | 3.00              | 2.00            |
| 06/2010 | 3.00              | 2.00            |
| 06/2009 | 3.00              | 2.00            |
| 06/2008 | 3.00              | 2.00            |
| 06/2007 | 3.00              | 2.00            |
| 06/2006 | 3.00              | 2.00            |
| 06/2005 | 3.00              | 2.00            |

| Year    | Interest Rate (%) |
|---------|-------------------|
| 07/2014 | 3.07              |
| 07/2013 | 3.31              |
| 07/2012 | 2.22              |
| 07/2011 | 3.95              |
| 07/2010 | 4.32              |
| 07/2009 | 4.72              |
| 07/2008 | 4.68              |
| 07/2007 | 4.56              |
| 07/2006 | 4.61              |
| 07/2005 | 4.31              |
| 07/2004 | 4.87              |

| Date    | Interest Rate (%) | Closing Fee (%) <sup>2</sup> |
|---------|-------------------|------------------------------|
| 06/2014 | 3.03              | 1.00                         |
| 06/2013 | 2.40              | 1.00                         |
| 06/2012 | 3.13              | 1.00                         |
| 06/2011 | 3.81              | 1.00                         |
| 06/2010 | 3.81              | 1.00                         |
| 06/2009 | 3.81              | N/A                          |
| 05/2009 | 3.81              | N/A                          |
| 02/2009 | 3.69              | N/A                          |
| 06/2008 | 4.27              | N/A                          |
| 12/2007 | 4.10              | N/A                          |
| 08/2007 | 4.40              | N/A                          |
| 06/2007 | 4.19              | N/A                          |
| 04/2007 | 4.19              | N/A                          |
| 09/2006 | 4.12              | N/A                          |
| 06/2006 | 4.28              | N/A                          |
| 02/2006 | 4.10              | N/A                          |
| 09/2005 | 3.92              | N/A                          |
| 08/2004 | 4.20              | N/A                          |

**Sources:**  
The Authority's Water Resources Division and the Bond Buyer and Federal Reserve at: [www.federalreserve.gov/releases/h15/data.htm](http://www.federalreserve.gov/releases/h15/data.htm)

**Note:**  
<sup>1</sup>State fund loan rates are established at each state bond sale date.

<sup>2</sup>The closing fee was established to assist the Georgia Fund in offsetting certain general and administrative expenses associated with program management, as well as other costs associated with originating, processing, underwriting and servicing loans for that program.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Principal Loans Receivable Payers Fiscal Year 2014 and Nine Years Prior (2005)<sup>1</sup>

| BORROWER                        | 2014                             |      |  | 2005                             |      |  |
|---------------------------------|----------------------------------|------|--|----------------------------------|------|--|
|                                 | PRINCIPAL BALANCE<br>OUTSTANDING | RANK | % OF TOTAL<br>PRINCIPAL BALANCE<br>OUTSTANDING | PRINCIPAL BALANCE<br>OUTSTANDING | RANK | % OF TOTAL<br>PRINCIPAL BALANCE<br>OUTSTANDING |
| ATLANTA                         | \$ 172,488,585                   | 1    | 12.95%   | -                                | n/a  | -  |
| COBB COUNTY BOC                 | 158,180,832                      | 2    | 11.87%   | -                                | n/a  | -  |
| GAINESVILLE                     | 90,108,434                       | 3    | 7.10%  | 75,376,299                       | 1    | 20.91%   |
| HENRY COUNTY WSA                | 53,469,826                       | 4    | 4.01%  | -                                | n/a  | -  |
| WINNET COUNTY                   | 49,117,384                       | 5    | 3.69%  | -                                | n/a  | -  |
| VALDOSTA                        | 46,439,046                       | 6    | 3.49%  | -                                | n/a  | -  |
| HALL COUNTY                     | 30,736,478                       | 7    | 2.38%  | -                                | n/a  | -  |
| COLUMBUS WATER WORKS            | 30,672,041                       | 8    | 2.30%  | 8,471,976                        | 8    | 2.35%  |
| SAVANNAH                        | 25,451,492                       | 9    | 1.91%  | 17,422,002                       | 2    | 4.83%  |
| EFFINGHAM COUNTY                | 24,915,552                       | 10   | -  | 15,245,571                       | 3    | 4.23%  |
| POOLER                          | -                                | n/a  | -  | 14,793,926                       | 4    | 4.10%  |
| WAYCROSS                        | -                                | n/a  | -  | 13,287,056                       | 5    | 3.69%  |
| CAMILLA                         | -                                | n/a  | -  | 13,100,740                       | 6    | 3.63%  |
| CLAYTON COUNTY WA               | -                                | n/a  | -  | 10,813,188                       | 7    | 3.00%  |
| AUGUSTA-RICHMOND COUNTY         | -                                | n/a  | -  | 8,456,921                        | 9    | 2.35%  |
| CALHOUN                         | -                                | n/a  | -  | 8,394,671                        | 10   | 2.33%  |
| <b>TOTAL PRINCIPAL PAYERS</b>   | \$ 681,579,670                   |      | 49.69%   | \$ 185,362,351                   |      | 51.42%   |
| <b>ALL OTHER PAYERS</b>         | 513,206,461                      |      | 42.95%   | 175,108,650                      |      | 48.58%   |
| <b>TOTAL PAYERS<sup>2</sup></b> | \$ 1,194,786,131                 |      | 92.64%   | \$ 360,471,001                   |      | 100.00%  |

**Source:**

The Authority's Accounting Division.

**Notes:**

<sup>1</sup>Consolidated loan principal balance information was not readily available until fiscal year 2002 when the Authority began the use of a loan servicing system. Complete information was not available though until fiscal year 2003.

<sup>2</sup>Payer had an outstanding principal balance for the years presented with an "n/a"; however, these amounts were not within the top 10 ranking. Therefore, payer was included in "All Other Payers".

<sup>3</sup>Loans principal balance represents principal amounts due the Authority. These totals exclude construction loan or construction loans in process balances which are included in the reported amount per fund financial statements. Construction loans and construction loans in process are adjusted at the time a loan becomes a permanent amortizing loan.

<sup>4</sup>Projects for which loan funds are disbursed towards are closed out upon certification by the Georgia Environmental Protection Division. During fiscal year 2007, principal balances for Henry County and the City of Atlanta more than doubled. The Authority has contracted with several jurisdictions that have multiple-phase projects to be completed such as Atlanta, Henry County WSA, and Gainesville. As demonstrated here, these jurisdictions are expected to have continued financing agreements over several years.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Interest Revenue by Fund<sup>1</sup> Last Ten Fiscal Years<sup>2</sup>

(accrual basis of accounting)

|  | 2014                 | 2013                 | 2012                 | 2011                 | 2010                 | 2009                 | 2008                 | 2007                 | 2006                 | 2005                 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Georgia Fund   | \$ 8,299,718         | \$ 9,124,014         | \$ 8,961,789         | \$ 16,617,343        | \$ 22,746,277        | \$ 23,177,090        | \$ 18,826,064        | \$ 14,903,534        | \$ 12,384,375        | \$ 12,426,940        |
| Georgia Reservoir & Water Supply Fund                    | 41,756               | 26,753               | 55,817               | -                    | -                    | 93                   | -                    | -                    | -                    | -                    |
| Series 1991  | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 225,127              | 239,387              | 632,357              |
| Clean Water State Revolving Loan Fund                    | 20,032,718           | 22,380,926           | 23,052,731           | 22,746,794           | 21,818,551           | 19,787,106           | 15,743,087           | 13,351,989           | 11,938,645           | 10,855,344           |
| Clean Water State Match Revolving Loan Fund <sup>3</sup> | 3,494,824            | 28,340,158           | 1,809,702            | 153,709              | -                    | -                    | -                    | -                    | 6,275,222            | -                    |
| ARRA-Clean Water State Revolving Loan Fund               | -                    | -                    | -                    | 517,822              | 85,252               | -                    | -                    | -                    | -                    | -                    |
| Drinking Water State Revolving Loan Fund                 | 2,113,821            | 3,053,806            | 3,003,892            | 2,719,587            | -                    | 2,562,465            | 2,238,216            | 2,183,885            | 1,678,161            | 881,655              |
| Drinking Water State Match Fund                          | 778,140              | 5,278,657            | 311,768              | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| ARRA-Drinking Water State Revolving Loan Fund            | -                    | -                    | -                    | -                    | 16,565               | -                    | -                    | -                    | -                    | -                    |
| Nonmajor Enterprise Funds Operating Revenue <sup>4</sup> | -                    | -                    | 368,460              | 628,297              | 3,222,211            | 173,972              | 554,796              | 391,623              | 1,115,640            | 505,466              |
| <b>Total interest revenue</b>                            | <b>\$ 34,750,977</b> | <b>\$ 68,204,314</b> | <b>\$ 37,564,159</b> | <b>\$ 43,383,522</b> | <b>\$ 47,888,855</b> | <b>\$ 45,700,726</b> | <b>\$ 37,360,163</b> | <b>\$ 31,665,158</b> | <b>\$ 33,631,430</b> | <b>\$ 25,301,782</b> |

**Source:**

The Authority's Accounting Division.

**Notes:**

<sup>1</sup>Interest revenues are derived from charges for services relative to specific activities of the Authority. Their source is interest income on loan receivables.

<sup>2</sup>The Authority implemented GASB Statement No. 34 in fiscal year 2012. Therefore, only nine years of government-wide financial data is presented.

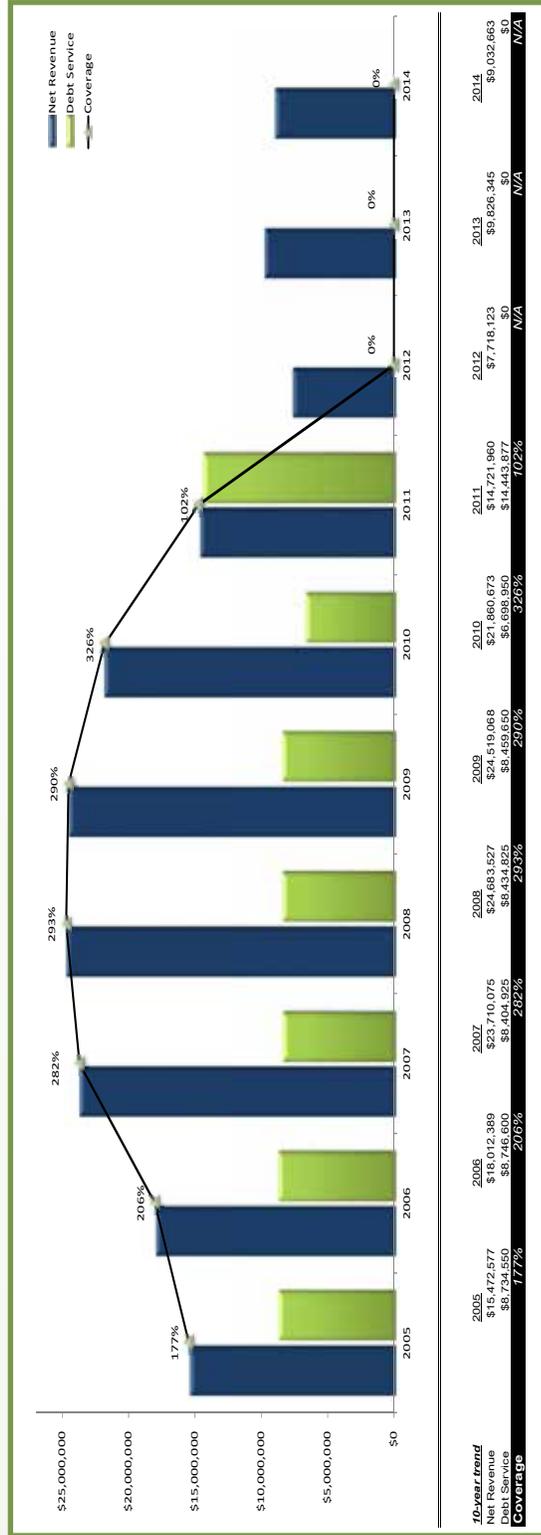
<sup>3</sup>The Authority defers revenue for the Clean Water State Match Revolving Loan Fund until federal match eligibility criteria has been satisfied. During fiscal year 2016, \$6,275,222 in prior year deferrals was appropriately recognized as revenue as required by the guidelines over the administration of the federal revolving loan programs. Again in 2011, The Authority recognized \$153,709 as revenue under the same principles.

<sup>4</sup>The Authority defers revenue for the Drinking Water State Match Revolving Loan Fund until federal match eligibility criteria has been satisfied. During fiscal year 2016, \$172,044 in prior year deferrals was appropriately recognized as revenue as required by the guidelines over the administration of the federal revolving loan programs.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Schedule of Revenue Bond Coverage Last Ten Fiscal Years



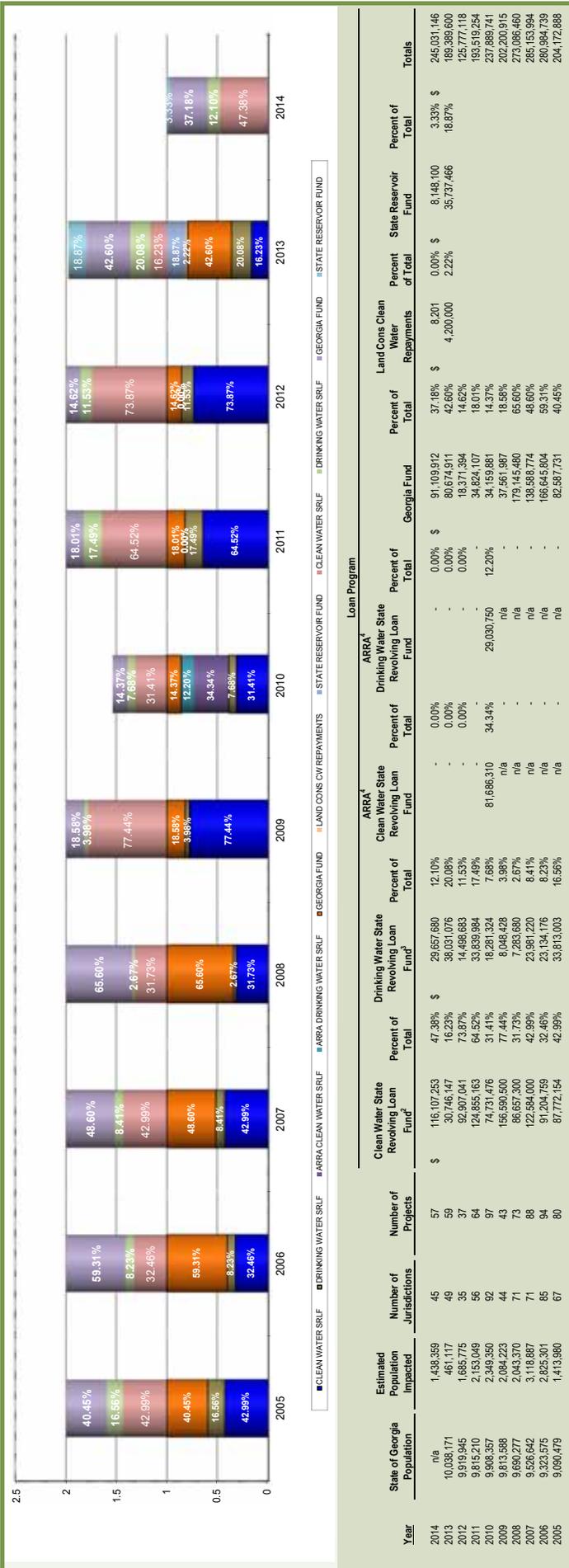
| FISCAL YEAR | GROSS REVENUE <sup>1</sup> | OPERATING EXPENSES <sup>1</sup> | AVAILABLE FOR DEBT SERVICE REQUIREMENTS |              |           | TOTAL      | COVERAGE | OUTSTANDING DEBT <sup>2</sup> |
|-------------|----------------------------|---------------------------------|---|--------------|-----------|------------|----------|-------------------------------|
|             |                            |                                 | OPERATING EXPENSES <sup>1</sup>         | DEBT SERVICE | PRINCIPAL |            |          |                               |
| 2014        | 9,365,501                  | 332,838                         | 9,032,663                               | -            | -         | -          | 0.00%    | -                             |
| 2013        | 10,127,628                 | 301,283                         | 9,826,345                               | -            | -         | -          | 0.00%    | -                             |
| 2012        | 9,377,023                  | 1,658,901                       | 7,718,122                               | -            | -         | -          | 0.00%    | -                             |
| 2011        | 16,979,614                 | 2,257,654                       | 14,721,960                              | 14,443,877   | -         | 14,443,877 | 101.93%  | 13,905,990                    |
| 2010        | 23,109,147                 | 1,248,474                       | 21,860,673                              | 188,877      | 663,950   | 6,698,950  | 326.33%  | 41,159,964                    |
| 2009        | 18,072,396                 | 60,006                          | 18,012,389                              | 6,035,000    | 1,931,600 | 8,746,600  | 205.94%  | 47,439,957                    |
| 2008        | 16,948,120                 | 1,475,543                       | 15,472,577                              | 6,815,000    | 2,224,550 | 8,467,725  | 177.14%  | 77,450,000                    |
| 2007        | 18,948,455                 | 36,939                          | 18,911,516                              | 4,960,000    | 3,507,725 | 8,467,725  | 223.34%  | 82,410,000                    |
| 2006        | 19,229,068                 | 57,857                          | 19,171,211                              | 5,870,000    | 3,881,403 | 9,751,403  | 196.60%  | 88,665,393                    |
| 2005        | 18,578,881                 | 57,080                          | 18,521,801                              | 3,469,739    | 4,646,988 | 8,118,727  | 228.14%  | -                             |

**Source:** The Authority's Accounting Department.  
**Note:** The repayment streams of the Georgia Fund, Series 1991 and Series 1992 Funds are pledged as collateral for debt service retirement on the Series 1997 Revenue Bonds. This schedule shows the coverage ratio based on the activities of these funds. Amount reported is net of bond premium amortization costs.  
<sup>2</sup>Outstanding debt for 1997 reflects two outstanding issues, the Series 1991 and Series 1992 Revenue Bonds, at June 30, 1997 which were subsequently defeased during the 1998 year. Because of this subsequent year event, the change in outstanding balances from 1997 to 1998 was minimal. In FY 2011, the Authority opted for early redemption of its outstanding bonds.



# GEORGIA ENVIRONMENTAL FINANCE AUTHORITY (A Component Unit of the State of Georgia)

## Loan Demand by Program<sup>1</sup> Last Ten Fiscal Years<sup>2</sup>



**Source:**  
The Authority's Accounting and Environment Departments. State of Georgia Population obtained from the State of Georgia's Comprehensive Annual Financial Report at: <http://www.audits.ga.gov>.

**Notes:**  
<sup>1</sup>GEFA is a component unit of the state of Georgia and does not have statutory taxing authority. Therefore, the demographic and economic information contained in the Authority's financial report does not encompass statistical data regarding the geographical area it serves; this information is contained in the State of Georgia's Comprehensive Annual Financial report at: [www.audits.state.ga.gov](http://www.audits.state.ga.gov).  
<sup>2</sup>Loan demand information was not easily verifiable until 2002, when the Authority began the use of a loan servicing system.  
<sup>3</sup>Amounts presented include twenty percent allocated to their respective matching loan programs. Includes Land Conservation loans.  
<sup>4</sup>In FY 2012, the Authority did not execute any contracts pertaining to the American Recovery and Investment Act (ARRA). As a result, no ARRA funding is disclosed.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Full-time Equivalent State Authority Employees by Identifiable Activity Last Ten Fiscal Years

| Function/Program                                 | Full-Time Equivalent Employees as of June 30 |           |           |           |           |           |           |           |           |           |
|--|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|  | 2014   | 2013      | 2012      | 2011      | 2010      | 2009      | 2008      | 2007      | 2006      | 2005      |
| <b>Governmental activities:</b>                  |  |           |           |           |           |           |           |           |           |           |
| Executive Administration <sup>4</sup>            | 5  | 5         | 6         | 6         | 6         | 5         | 6         | 2         | 2         | 2         |
| Energy programs <sup>1</sup>                     | 7  | 8         | 13        | 16        | 16        | 12        | 9         | 9         | 8         | 6         |
| Solid waste and environmental programs           | n/a  | n/a       | n/a       | n/a       | n/a       | n/a       | 1         | 1         | 1         | 1         |
| Fuel storage tank and alternative fuels programs | 2  | 2         | 3         | 3.5       | 3.5       | 4.5       | 6         | 5         | 5         | 5         |
| Information technology <sup>2</sup>              | 4  | 4         | 3         | 3         | 4         | 4         | 4         | 4         | 4         | 4         |
| Accounting support                               | 3  | 2         | 3         | 3         | 2         | 3.5       | 3         | 4         | 4         | 4         |
| Other administrative support                     | 4  | 4         | 5         | 5         | 5         | 6         | 4         | 5         | 4         | 3         |
| <b>Total FTE - Governmental Activities</b>       | <b>25</b>                                    | <b>25</b> | <b>33</b> | <b>37</b> | <b>37</b> | <b>35</b> | <b>33</b> | <b>30</b> | <b>28</b> | <b>25</b> |
| <b>Business-type activities:</b>                 |  |           |           |           |           |           |           |           |           |           |
| Waste and wastewater programs <sup>3</sup>       | 15   | 8         | 8         | 6.5       | 8.5       | 4.5       | 6         | 6         | 5         | 5         |
| Accounting and finance support                   | 7  | 5         | 6         | 6         | 5         | 3.5       | 4         | 3         | 4         | 4         |
| Other administrative support                     | 0  | 0         | 0         | 0         | 0         | 2         | 2         | 2         | 2         | 2         |
| <b>Total FTE - Business Type Activities</b>      | <b>22</b>                                    | <b>13</b> | <b>14</b> | <b>13</b> | <b>14</b> | <b>10</b> | <b>12</b> | <b>11</b> | <b>11</b> | <b>11</b> |
| <b>Totals</b>                                    | <b>47</b>                                    | <b>38</b> | <b>47</b> | <b>49</b> | <b>50</b> | <b>45</b> | <b>45</b> | <b>41</b> | <b>39</b> | <b>36</b> |

**Sources:**

The Authority's Human Resources and Accounting Departments.

**Notes:**

<sup>1</sup>The Division of Energy Resources increased personnel in 2005 and 2006 to provide services for 3 new programs: 1) State Energy Strategy 2) State Energy Database, and 3) State Utilities Purchasing Program. In 2007, an Information Coordinator was added to conduct data research for Energy and related Environment programs.

<sup>2</sup>In 2003, the Information Technology Department was reorganized to include a project management, database administration and financial analysis unit to accommodate staff with information warehousing and financial reporting needs. A systems administrator was later added in 2005.

<sup>3</sup>The Authority added the Land Conservation program in 2005. An Environment Division Director and a Land Conservation Program Manager were hired to fulfill the increased needs of the program.

<sup>4</sup>In fiscal year 2008, the Authority was reorganized to a Chief Executive structure, which includes a Chief Operating Officer to oversee all program areas; a Chief Fiscal Officer to oversee the areas of Accounting, Finance and Information Technology; a Chief Administrative Officer to oversee Human Resources and general administrative support; and, a Public Affairs Director to oversee Public Relations, Communications, and Marketing for the Authority.

<sup>6</sup>The Authority has positions that are split-funded and multi-functional and thus some areas require percentage tabulations.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Operating Indicators by Function<sup>1</sup> Last Ten Fiscal Years<sup>2</sup>

| Function/Program   | 2014   | 2013   | 2012    | 2011    | 2010    | 2009    | 2008    | 2007    | 2006    | 2005    |
|--|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|
| Energy programs  |        |        |         |         |         |         |         |         |         |         |
| Clients served <sup>3</sup>                                      | 2,339  | 2,741  | 13,072  | 9,703   | 2,451   | 4,377   | 5,146   | 4,424   | 1,107   | 3,618   |
| Homes weatherized <sup>4</sup>                                   | 1,537  | 2,027  | 5,381   | 7,273   | 1,353   | 2,578   | 2,642   | 2,751   | 672     | 2,467   |
| Carbon dioxide (CO <sub>2</sub> ) reductions (tons) <sup>3</sup> | 974    | 2,027  | 5,381   | 7,273   | 1,353   | 2,578   | 2,642   | 2,751   | 672     | 2,467   |
| Energy saved (million BTU) <sup>5</sup>                          | 17,321 | 61,824 | 164,120 | 230,845 | 42,944  | 81,825  | 83,858  | n/a     | n/a     | n/a     |
| Loan activities  |        |        |         |         |         |         |         |         |         |         |
| Jobs created   |        |        |         |         |         |         |         |         |         |         |
| Construction   | 12,255 | 9,469  | 6,289   | 9,667   | 10,093  | 10,500  | 15,390  | 14,149  | 14,049  | 10,209  |
| Permanent  | 6,373  | 3,788  | 2,516   | 3,870   | 4,037   | 4,200   | 8,172   | 5,659   | 5,620   | 4,083   |
| Private wells eliminated   | 125    | 31     | 100     | 1,470   | 93      | 735     | 1,350   | 304     | 535     | 1,368   |
| Sewer lines (linear feet):                                       |        |        |         |         |         |         |         |         |         |         |
| Added  | 72,746 | 22,900 | 18,253  | 46,140  | 772,360 | 278,076 | 107,496 | 153,237 | 214,838 | 89,189  |
| Upgraded   | 62,646 | 18,400 | 5,000   | 137,860 | 290,585 | 100,735 | 140,114 | 169,503 | 383,145 | 237,739 |
| Septic tanks removed   | 284    | 2      | 527     | 1,276   | -       | 360     | 311     | 312     | 728     | 359     |
| New customers added  | 15,423 | 13,073 | 17,534  | 275     | 88,455  | 80,232  | 97,778  | 75,098  | 48,604  | 20,890  |

**Sources:**  
The Authority's Energy and Environmental Departments

**Notes:**

<sup>1</sup>Information presented is based on estimates.

<sup>2</sup>During 2002, a needs assessment was engaged to determine how the Authority could begin collecting performance data on its programs. However, the Authority did not begin collecting performance indicator data for all areas identified until 2003.

<sup>3</sup>Per U. S. Department of Energy guidance, carbon dioxide emissions are reduced by an average of one metric ton per weatherized home.

<sup>4</sup>Indicators are not available for the general government function. The solid waste and environmental programs function has a similar focus as the energy programs and extrapolating metrics is not feasible. Similarly, the water and wastewater programs have a focus akin to the loan activities function and distinguishing performance data from is not achievable.

<sup>5</sup>In 2010, production numbers significantly decreased in the Energy program due to a couple factors. First, increased production requirements associated with the American Reinvestment and Recovery Act (ARRA) caused a suspension with the non-ARRA contract to address production work issues. Secondly, the contract year typically begin in April. There was no intergovernmental agreement with one of our funding agencies until June 2010, which resulted in lowered production numbers for the last three months of the fiscal year. Energy savings continued to rise in FY 2011, due to increased efficiency measures provided by or estimated because of the investments made with ARRA funds.

<sup>6</sup>Jobs created for construction & permanent were derived from formula used by Water Resources Department which is listed below:

50,000 construction jobs and 26,000 permanent jobs per \$1B in lending/

FY 2014 executions=\$245,122,945

\$245,122,945/\$1B=0.2451

0.2451\*50,000=12,255 construction jobs

0.2451\*26,000=6,373 permanent jobs



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Capital Asset Statistics by Function Last Ten Fiscal Years

| Function/Program                       | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|--|------|------|------|------|------|------|------|------|------|------|
| General government                     | -    | -    | -    | 15   | 43   | 43   | 28   | 15   | n/a  | n/a  |
| Computer and peripheral equipment      | 7    | 3    | 17   | 7    | -    | 5    | 5    | 5    | 4    | 4    |
| Capital lease obligations <sup>2</sup> | n/a  |
| Computer purchases <sup>3</sup>        |      |      |      |      |      |      |      |      |      |      |
| Motor vehicle <sup>1</sup>             |      |      |      |      |      |      |      |      |      |      |

**Source:**

The Authority's Accounting and Information Technology Departments.

**Notes:**

<sup>1</sup>The Authority sold its motor vehicle to the Georgia Department of Administrative Services in 2003.

<sup>2</sup> Beginning fiscal year 2007, the Authority phased out the purchase of new computer terminals and transitioned to a capital lease structure as older computer terminals were deemed outdated or required replacement. The decision to lease staff computer terminals versus purchasing was made to help keep infrastructure more current, in that machines can be replaced every three years without the need to go through the standardized procurement process; to facilitate standardization efforts, which lowers support costs; and to provide an effective disposal strategy for used equipment.

<sup>3</sup>The Authority chose the option to purchase the 15 computers on the capital leases in 2012, as well as two additional computers.





**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Schedule of Expenditures of Federal Awards

(Year ended June 30, 2014)

| Federal Grantor/Program Title   | CFDA<br>number | Pass-through<br>Award/<br>Contract Number | Federal<br>expenditures |
|---|----------------|---|-------------------------|
| U.S. Department of Energy:  |                |   |                         |
| <b>Direct programs:</b>   |                |   |                         |
| State Energy Program  | 81.041         | DE-EE0004521                              | \$ 816,427              |
| Total State Energy Program  |                |   | <u>816,427</u>          |
| Weatherization Assistance for Low-Income Persons                        | 81.042         | DE-0006147                                | 1,070,265               |
| Weatherization Assistance for Low-Income Persons                        | 81.042         | NT43106                                   | 2,770,283               |
| ARRA-Weatherization Assistance for Low-Income Persons                   | 81.042         | DE-EE0000109                              | 64,067                  |
| Total Weatherization Assistance for Low-Income Persons                  |                |   | <u>3,904,615</u>        |
| Total U.S. Department of Energy   |                |   | <u>4,721,042</u>        |
| U.S. Department of Health and Human Services:                           |                |   |                         |
| Pass-through programs - State of Georgia Department of Human Resources: |                |   |                         |
| Low-Income Home Energy Assistance Program                               | 93.568         | 42700-040-0000020903                      | 2,555,874               |
| Low-Income Home Energy Assistance Program                               | 93.568         | 42700-040-0000029858                      | 2,170                   |
| Total U.S. Department of Health and Human Services                      |                |   | <u>2,558,044</u>        |
| U.S. Environmental Protection Agency:                                   |                |   |                         |
| Direct programs:  |                |   |                         |
| State Revolving Funds (Clean Water)                                     | 66.458         | CS13000113                                | 16,449,500              |
| State Revolving Funds (Clean Water)                                     | 66.458         | CS13000114                                | 707,173                 |
| Total State Revolving Funds (Clean Water)                               |                |   | <u>17,156,673</u>       |
| State Revolving Funds (Drinking Water)                                  | 66.468         | FS98409910                                | 495,315                 |
| State Revolving Funds (Drinking Water)                                  | 66.468         | FS98409911                                | 8,206,396               |
| State Revolving Funds (Drinking Water)                                  | 66.468         | FS98409912                                | 14,249,734              |
| State Revolving Funds (Drinking Water)                                  | 66.468         | FS98409913                                | 131,672                 |
| Total State Revolving Funds (Drinking Water)                            |                |   | <u>23,083,117</u>       |
| Total U.S. Environmental Protection Agency                              |                |   | <u>40,239,790</u>       |
| Total Federal Expenditures  |                |   | \$ <u>47,518,876</u>    |

See accompanying notes to the Schedule of Expenditures of Federal Awards.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
(A Component Unit of the State of Georgia)

# Notes to Schedule of Expenditures of Federal Awards

(June 30, 2014)

## (1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of the Georgia Environmental Finance Authority (the Authority). The Authority receives pass-through financial assistance from the Georgia Department of Human Services.

## (2) Reporting Entity

The authoritative criteria for determining the programs, organizations, and functions of government included in the financial statements of the Authority are as follows: oversight responsibility, including selection of governing authority, designation of management, and ability to significantly influence operations; accountability for fiscal matters, including budget, surplus/deficit, debt, fiscal management, and revenue characteristics; scope of public services; and special financing relationships.

Based on above criteria, the State Energy Conservation Program, the Weatherization Assistance for Low-income Persons, Low-Income Home Energy Assistance, and State Revolving Funds are included in the Authority's reporting entity.

## (3) Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Due to differences in the recording of loan disbursements between the requirements, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

## (4) Loans Receivable

At June 30, 2014, the Authority had \$673,541,216 in loans receivable outstanding, which were originally funded by the State Revolving Funds (Clean Water) Program and \$112,243,380 in loans receivable outstanding, which were originally funded by the State Revolving Funds (Drinking Water) Program. Both amounts are inclusive of original funding under the American Recovery and Reinvestment Act of 2009 and subsequently transferred to their respective base federal program.

## (5) Subrecipients

Of the Federal expenditures presented in the Schedule, the Authority provided Federal awards to subrecipients as follows:



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
 (A Component Unit of the State of Georgia)

**Notes to Schedule of  
 Expenditures of Federal Awards**  
 (June 30, 2014)

| Program Title  | Federal<br>CFDA<br>number | Amount<br>provided to<br>subrecipients |
|--|---------------------------|--|
| State Energy Program   | 81.041                    | \$ 276,247                             |
| Weatherization Assistance for Low-Income Persons   | 81.042                    | 3,207,838                              |
| Low-Income Home Energy Assistance Program  | 93.568                    | 2,490,397                              |
| State Revolving Funds (Clean Water)  | 66.458                    | 15,553,098                             |
| State Revolving Funds (Drinking Water)   | 66.468                    | 21,987,282                             |
| Direct and pass-through programs under the American Recovery and Reinvestment Act of 2009: |                           |  |
| ARRA-Weatherization Assistance for Low-Income Persons                                      | 81.042                    | 12,486                                 |



## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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The Members of the  
Georgia Environmental Finance Authority  
Atlanta, Georgia

We have audited, in accordance with the 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, the 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 **Georgia Environmental Finance Authority** (the "Authority"), a component unit of the State of Georgia, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 25, 2014.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

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**Compliance and Other Matters**

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

**Purpose of this Report**

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

A handwritten signature in black ink that reads "Mauldin & Jenkins, LLC". The signature is written in a cursive, professional style.

Atlanta, Georgia  
September 25, 2014



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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The Members of the  
Georgia Environmental Finance Authority  
Atlanta, Georgia

### Report on Compliance for Each Major Federal Program

We have audited the **Georgia Environmental Finance Authority's** (the "Authority"), a component unit of the State of Georgia, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

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### **Opinion on Each Major Federal Program**

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

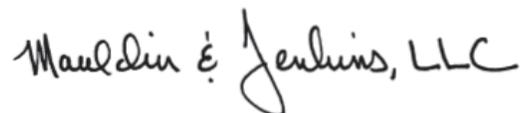
### **Report on Internal Control Over Compliance**

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Atlanta, Georgia  
September 25, 2014

# GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

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### SECTION I SUMMARY OF AUDITOR'S RESULTS

#### **Financial Statements**

Type of auditor's report issued Unmodified

Internal control over financial reporting:  
Material weaknesses identified? \_\_\_ yes  X  no

Significant deficiencies identified not considered  
to be material weaknesses? \_\_\_ yes  X  none reported

Noncompliance material to financial statements noted? \_\_\_ yes  X  no

#### **Federal Awards**

Internal Control over major programs:  
Material weaknesses identified? \_\_\_ yes  X  no

Significant deficiencies identified not considered  
to be material weaknesses? \_\_\_ yes  X  none reported

Type of auditor's report issued on compliance for  
major programs. Unmodified

Any audit findings disclosed that are required to  
be reported in accordance with OMB Circular  
A-133, Section 510(a)? \_\_\_ yes  X  no

Identification of major program:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 66.458             | State Revolving Funds (Clean Water)       |
| 66.468             | State Revolving Funds (Drinking Water)    |

# GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2014

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Dollar threshold used to distinguish between  
Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

yes  no

### SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

### SECTION III FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
**STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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None reported