



# GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

A COMPONENT UNIT OF THE STATE OF GEORGIA



**FISCAL YEAR ENDED JUNE 30, 2015**

**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, 2015**

**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, 2015**

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**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
 (A Component Unit of the State of Georgia)  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Fiscal Year Ended June 30, 2015**

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Nathan Deal  
Governor

## GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

Kevin Clark  
Executive Director

September 29, 2015

Honorable Members of the Georgia Environmental Finance Authority Board  
Interested Readers of this Report  
Atlanta, GA 30303-1506

Ladies and Gentlemen:

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, 2015. 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. Management has established internal controls to ensure that the Authority fulfills its responsibility as custodian of public funds. The purpose of internal controls is to provide reasonable, but not absolute, assurance that Authority assets are safeguarded against loss through unauthorized use or disposition. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgements by management.

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, 2015. 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 75 contracts and modifications to existing loans for water, sewer, land conservation and solid waste projects valued at over \$194 million during fiscal year 2015. These loan projects served 63 different communities. It is projected these loan projects will provide financial savings to these communities of approximately \$54 million over the life of the loans, typically a 20-year period as well as have an environmental impact on approximately 824 thousand 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, including helping with large system technical assistance water loss abatement program; an initiative sure to further increase water

conservation throughout the state. Based on the 2015 Project Lists for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund, throughout the state project needs totaling over \$340 million which have been identified, \$89.1 million for clean water and \$250.9 million for drinking water. Any of the projects on these lists could also be funded from the other resources such as the Georgia Fund.

The ERD is engaged in several initiatives to further conservation across the state. Recently, the EPA released its Clean Power Plan, or the EPA Rule 111d, which requires states to develop methodologies to curb carbon pollution from power plants. In support of these efforts, the ERD is working in conjunction with the Georgia Public Service Commission to review the ruling and determine how energy efficiency can help with compliance.

On the horizon for the ERD will be assisting various state agencies in their efforts to implement the Guaranteed Energy Savings Performance Contracts. Multiyear contracts totaling over \$93.1 million are in the pipeline to be in place at seven different state organizations. Additionally, the ERD is seeking support of a plan to change the state's legislation in order to allow GEFA to lend to state and local governments for performance contracts.

All of these initiatives are 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, 2014. This was the 28<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 fiscal services division deserves 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,



Steven F. Smith  
Chief Financial Officer



Jammie Z. Harden, CGFM  
Director, Fiscal Services Division



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
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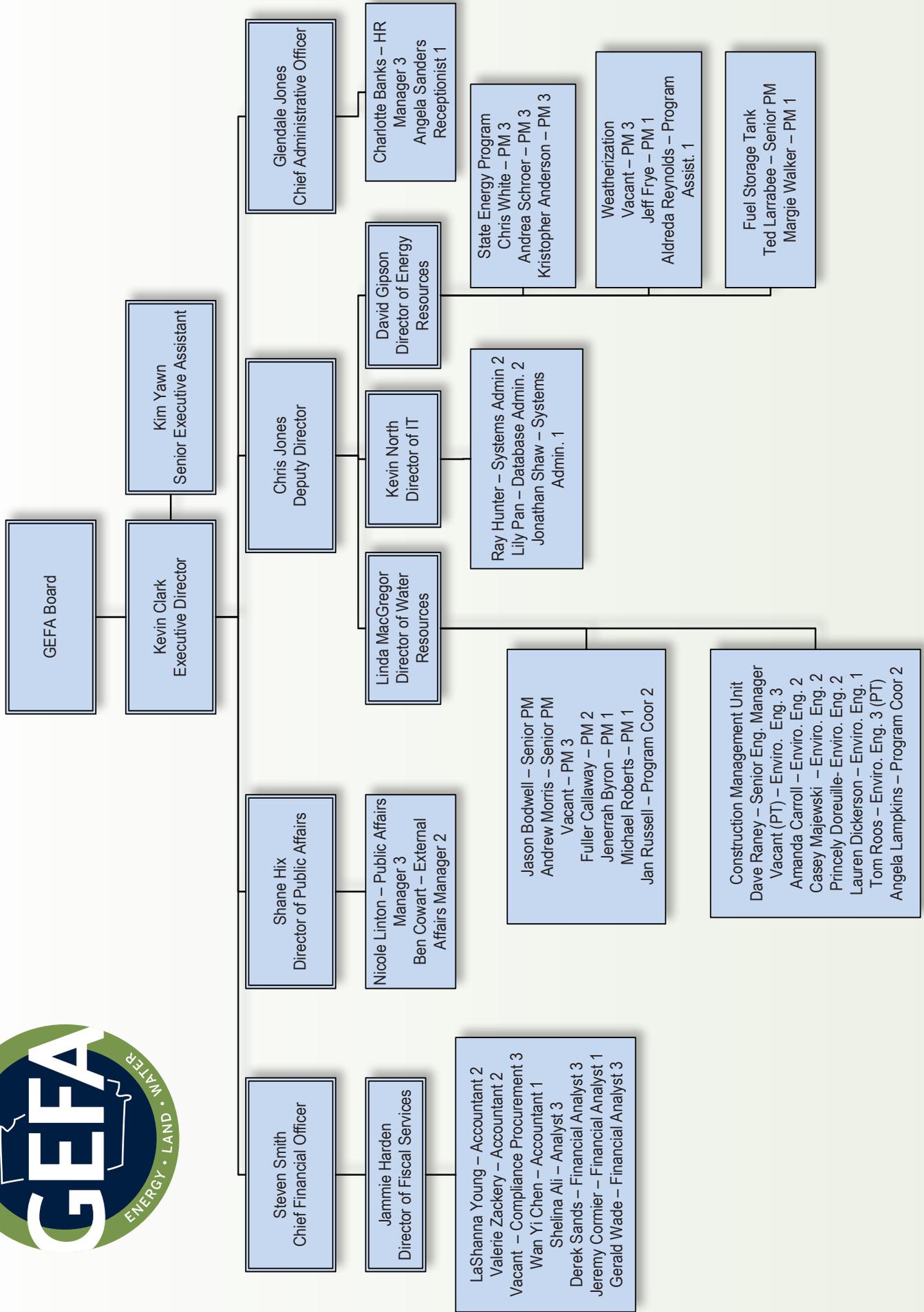
**Georgia Environmental  
Finance Authority**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2014**

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, 2015

#### **BOARD OF DIRECTORS**

Boyd Austin	Chairman
Brittany Pittman	Vice Chairman
Greg Griffin	Secretary (Ex-Officio)
Jimmy Andrews	City Member
Gary McCullough	City Member
Chris Carr	Ex-Officio Member
Camilla Knowles	Ex-Officio Member
Stephen Gray	At-Large Member
George McIntosh	At-Large Member
Grady Thompson, Jr.	County Member
Travis Turner	County Member

#### **EXECUTIVE MANAGEMENT**

Kevin Clark	Executive Director
Chris Jones	Deputy Director
Shane Hix	Director of Public Affairs
Glendale Jones	Chief Administrative Officer
Steven Smith	Chief Financial Officer

#### **CHIEF FINANCIAL STAFF**

Jammie Harden	Director, Fiscal Services
Wan Yi Chen	Accountant I
LaShanna Young	Accountant II
Valerie Zackery	Accountant II
Vacant	Compliance and Contracts Monitor
Shelina Ali	Financial Analyst III
Jeremy Cormier	Financial Analyst I
Derek Sands, Jr.	Financial Analyst III
Gerald Wade	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, 2015, 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, 2015, 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.

### **Emphasis of Matter**

As discussed in Notes 8 and 12, the Georgia Environmental Finance Authority implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, as well as Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, as of July 1, 2014. These standards significantly changed the accounting for the Authority's net pension liability and the related disclosures. Our opinions are not modified with respect to this matter

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Authority's Proportionate Share of the Net Pension Liability, and Schedule of Authority's Contributions on pages 4 through 16, 53 and 54, respectively, 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.

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*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.

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 29, 2015 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.

*Mauldin & Jenkins, LLC*

Atlanta, Georgia  
September 29, 2015



**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, 2015. 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, 2015 include:

- Total assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at the close of the fiscal year by \$2.1 billion (net position). Of this amount, \$2 billion is available to fund ongoing loan activity of the Authority, its primary business initiative.
- Total long-term liabilities experienced a net decrease of \$1,454,463 during the 2015 fiscal year, all within governmental activities. The decrease was mostly attributable to the changes in the Authority's proportionate share of Net Pension Liability.
- The Authority's total net position increased \$111.2 million. The net position in governmental activities increased by \$2.8 million, a significant increase over the prior fiscal year mostly due to an increase transfers-in to fund activity of governmental funds. The net position of business-type activities increased \$108.4 million, a significant increase over the prior year due to additional contributions from federal and state authorities.
- Total governmental revenues decreased from 2014 to 2015 by \$1.6 million. The decreased revenue is primarily attributable to a decrease in charges for services, caused by a reduction in closing fee revenues on executed loan agreements and operating grants and contributions to fund certain energy programs.
- Charges for services within business-type activities experienced a decrease of \$2.1 million from the prior year. This net reduction in charges for services is partially attributable to less revenue recognition due to significant loan payoffs resulting in reduced principal outstanding during the 2015 year.

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, deferred outflows or resources, liabilities and deferred inflows of resources, with the difference between these 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**  
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# 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 ten (10) 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, Clean Water SRF Administration Fund, Drinking Water SRF State Program Setasides Fund, Drinking Water SRF Local Assist Setasides Fund and the Drinking Water SRF Administration 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



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## Management's Discussion and Analysis (Unaudited)

position for the Georgia Fund, Georgia Reservoir & Water Supply Fund, Clean Water State Revolving Loan Fund, 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 58.

### 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. Net position of the Authority exceeded \$2 billion in fiscal year 2015 mostly due to an infusion of cash from various funding agencies and additional capital provided to loan recipients. The following table presents a summary of the Authority's net position:

**Georgia Environmental Finance Authority - Net Position**  
As of June 30, 2015 and 2014

	Primary Government						Increase (Decrease) %
	Governmental activities		Business-type activities		Total		
	2015	2014	2015	2014	2015	2014	
		Restated				Restated	
Current and other assets	\$ 46,256,784	45,367,647	2,061,070,476	1,952,626,631	2,107,327,260	1,997,994,278	5.5%
Capital assets	124,280	47,955	-	-	124,280	47,955	159.2%
Total assets	46,381,064	45,415,602	2,061,070,476	1,952,626,631	2,107,451,540	1,998,042,233	5.5%
Deferred Outflows	679,724	507,851	-	-	679,724	507,851	33.8%
Long-term liabilities outstanding	5,061,302	6,515,765	-	-	5,061,302	6,515,765	(22.3%)
Other liabilities	1,886,939	3,259,728	271,832	207,828	2,158,771	3,467,556	(37.7%)
Total liabilities	6,948,241	9,775,493	271,832	207,828	7,220,073	9,983,321	(27.7%)
Deferred Inflows	1,131,869	-	-	-	1,131,869	-	100.0%
Net position:							
Investment in capital assets	124,280	47,955	-	-	124,280	47,955	159.2%
Restricted	35,935,637	38,256,141	1,512,084,168	1,446,699,238	1,548,019,805	1,484,955,379	4.2%
Unrestricted	2,920,761	(2,156,136)	548,714,476	505,719,565	551,635,237	503,563,429	9.5%
Total net position	\$ 38,980,678	36,147,960	2,060,798,644	1,952,418,803	2,099,779,322	1,988,566,763	5.6%



**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. These assets are used to enable Authority employees the ability to perform daily work duties in support of program services offered. Thus, the Authority's investment in capital assets of \$124.3 thousand at fiscal year year-end is not available for future spending.

There was a decrease in restricted net position of the Authority's governmental activities of approximately \$2.3 million.

- Total restricted for grant programs decreased by \$475.4 thousand.
- Total restricted for loan programs decreased by \$1.8 million.

There was an increase in restricted net position of the Authority's business-type activities of approximately \$65.4 million, a slight increase over 2014's increase of \$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, 2015 and 2014</b>							
	Primary Government						Increase (Decrease) %
	Governmental activities		Business-type activities		2015	2014	
	2015	2014	2015	2014			
		Restated				Restated	
Revenues:							
Program revenues:							
Charges for services	\$ 1,084,666	1,457,644	34,437,124	36,517,062	35,521,790	37,974,706	(6.5%)
Operating grants and contributions	24,238,637	25,457,573	80,631,169	49,420,407	104,869,806	74,877,980	40.1%
General revenues:							
Unrestricted investment earnings	68,853	54,419	-	-	68,853	54,419	26.5%
Other income	3,862	12,768	22,369	15,084	26,231	27,852	(5.8%)
<b>Total revenues</b>	<b>25,396,018</b>	<b>26,982,404</b>	<b>115,090,662</b>	<b>85,952,553</b>	<b>140,486,680</b>	<b>112,934,957</b>	<b>24.4%</b>
Expenses (net of indirect costs):							
General government	6,599,857	7,170,623	-	-	6,599,857	7,170,623	(8.0%)
Water & wastewater	7,074,323	6,914,660	6,561,895	5,392,431	13,636,218	12,307,091	10.8%
Land conservation	61,563	8,665	-	-	61,563	8,665	610.5%
Energy & environment	8,069,083	7,368,927	-	-	8,069,083	7,368,927	9.5%
Storage tank maintenance	-	-	528,171	591,401	528,171	591,401	(10.7%)
General and administrative	-	-	379,229	411,745	379,229	411,745	(7.9%)
<b>Total expenses</b>	<b>21,804,826</b>	<b>21,462,875</b>	<b>7,469,295</b>	<b>6,395,577</b>	<b>29,274,121</b>	<b>27,858,452</b>	<b>5.1%</b>
Increase in net position before transfers	3,591,192	5,519,529	107,621,367	79,556,976	111,212,559	85,076,505	30.7%
Transfers	(758,474)	(4,549,653)	758,474	4,549,653	-	-	-
Increase (decrease) in net position	2,832,718	969,876	108,379,841	84,106,629	111,212,559	85,076,505	30.7%
Net position - July 1	36,147,960	40,620,936	1,952,418,803	1,868,312,174	1,988,566,763	1,908,933,110	4.2%
Restatement	-	(5,442,852)	-	-	-	(5,442,852)	(100.0%)
<b>Net position - June 30</b>	<b>\$ 38,980,678</b>	<b>36,147,960</b>	<b>2,060,798,644</b>	<b>1,952,418,803</b>	<b>2,099,779,322</b>	<b>1,988,566,763</b>	<b>5.6%</b>



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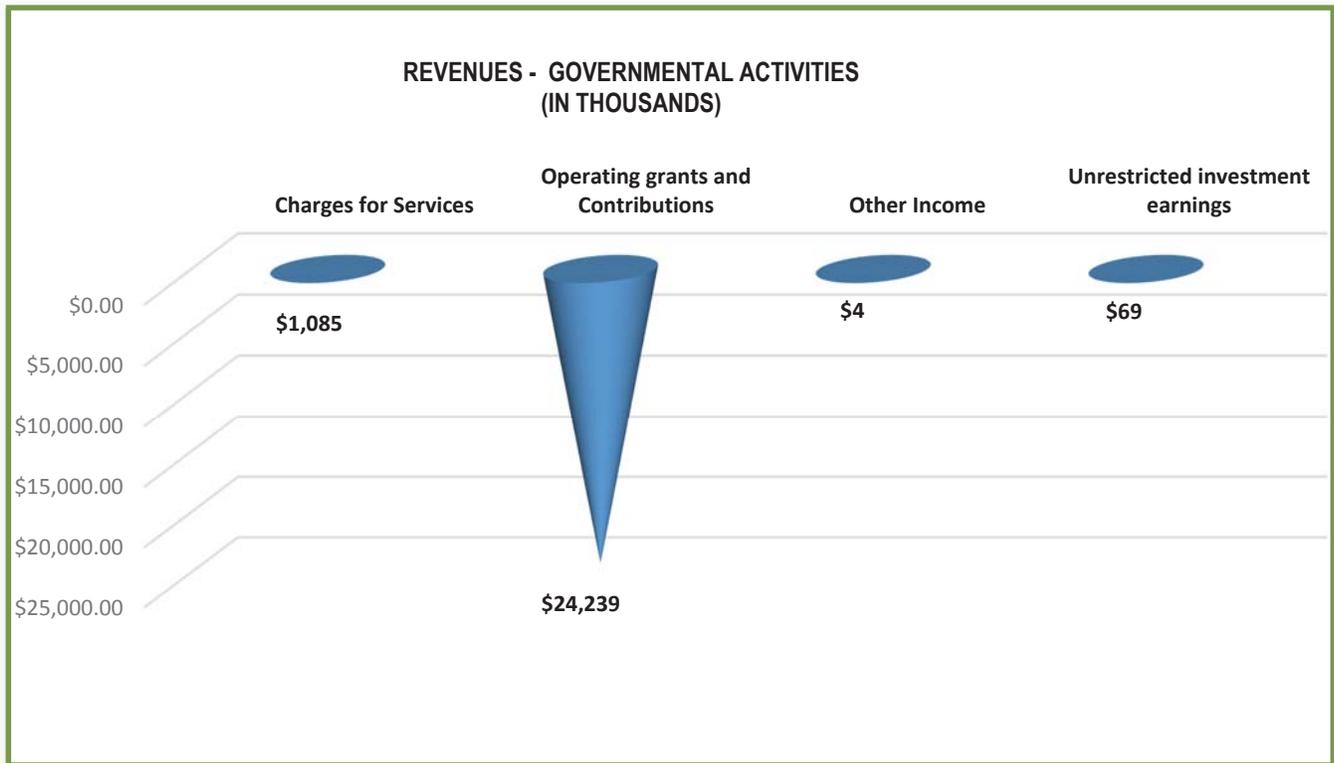
# Management's Discussion and Analysis

(Unaudited)

## Governmental Revenues

Charges for services within governmental activities decreased by approximately 26 percent. These fees are for administrative costs retained outside of loan programs and are earned based on the value of loans executed during the fiscal year. For fiscal year 2015, the value of executed projects was less than the value of projects executed in 2014.

Operating grants and contributions of the Authority decreased by \$1.2 million. The majority of this decrease was experienced within the General Fund. The Authority's Clean Water State Revolving Fund program's administrative funds allowed under expenditure-driven grant provisions were exhausted and the Authority utilized other relevant funding to cover program cost.



Unrestricted investment earnings of \$68.9 thousand within governmental activities were reported during the year, up from \$54.4 thousand in 2014. The uptick in investment earnings in governmental activities stems from higher funds held in investment accounts for the purpose of funding the required match for federal loan projects.



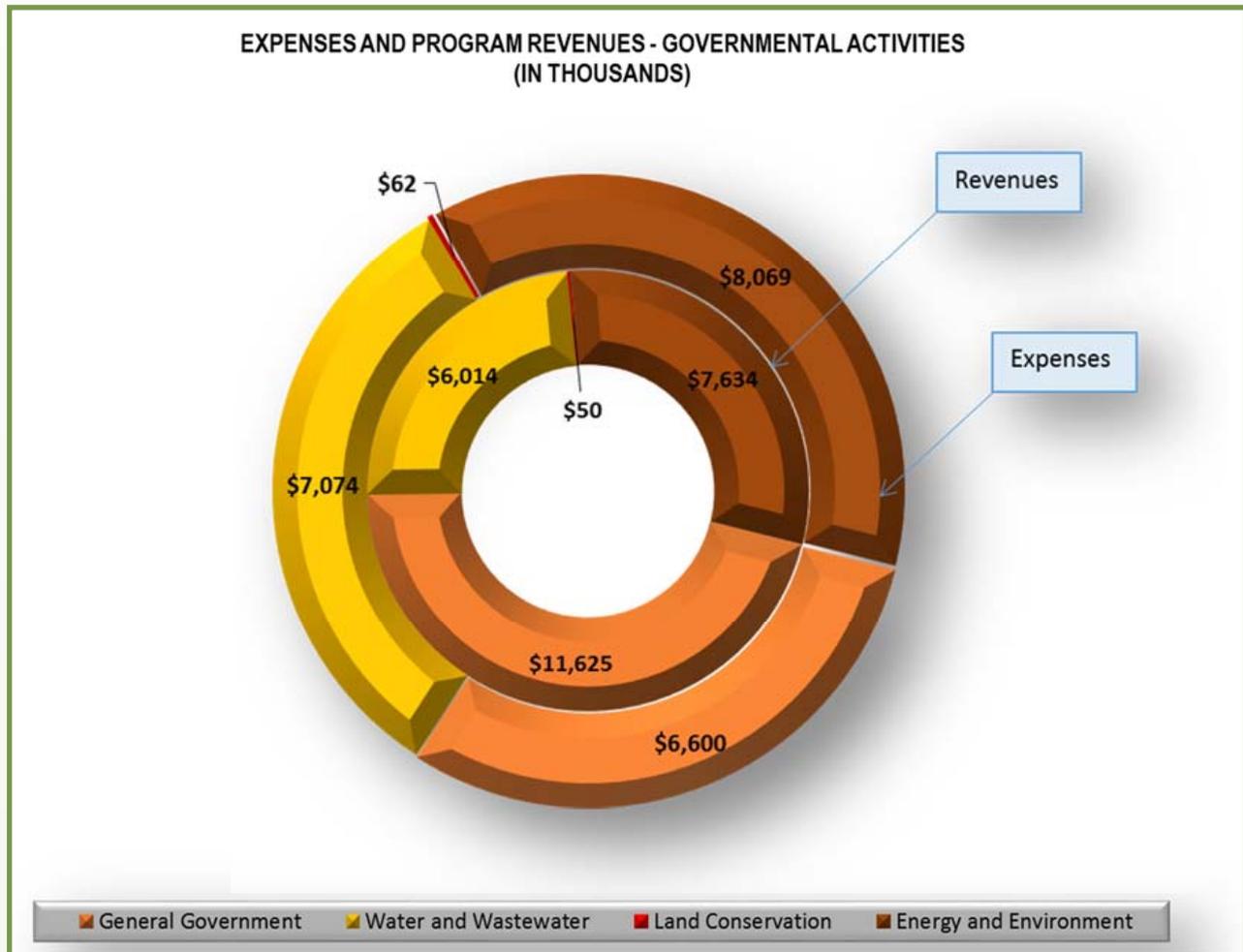
**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
 (A Component Unit of the State of Georgia)

# Management's Discussion and Analysis

(Unaudited)

## Governmental Functional Expenses

Expenses within the general government function were down nearly \$571 thousand because of continued reductions in personnel associated with several retirements and periods of position vacancies in correlation to these retirements.



Additionally, there was an increase 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. For FY 2015, initiatives of several programs were expanded thus contributing to this increase.

The land conservation function financed projects and other program expenses totaling \$61.6 thousand, increasing greater than seven times charges of \$8.7 thousand in fiscal year 2014.



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

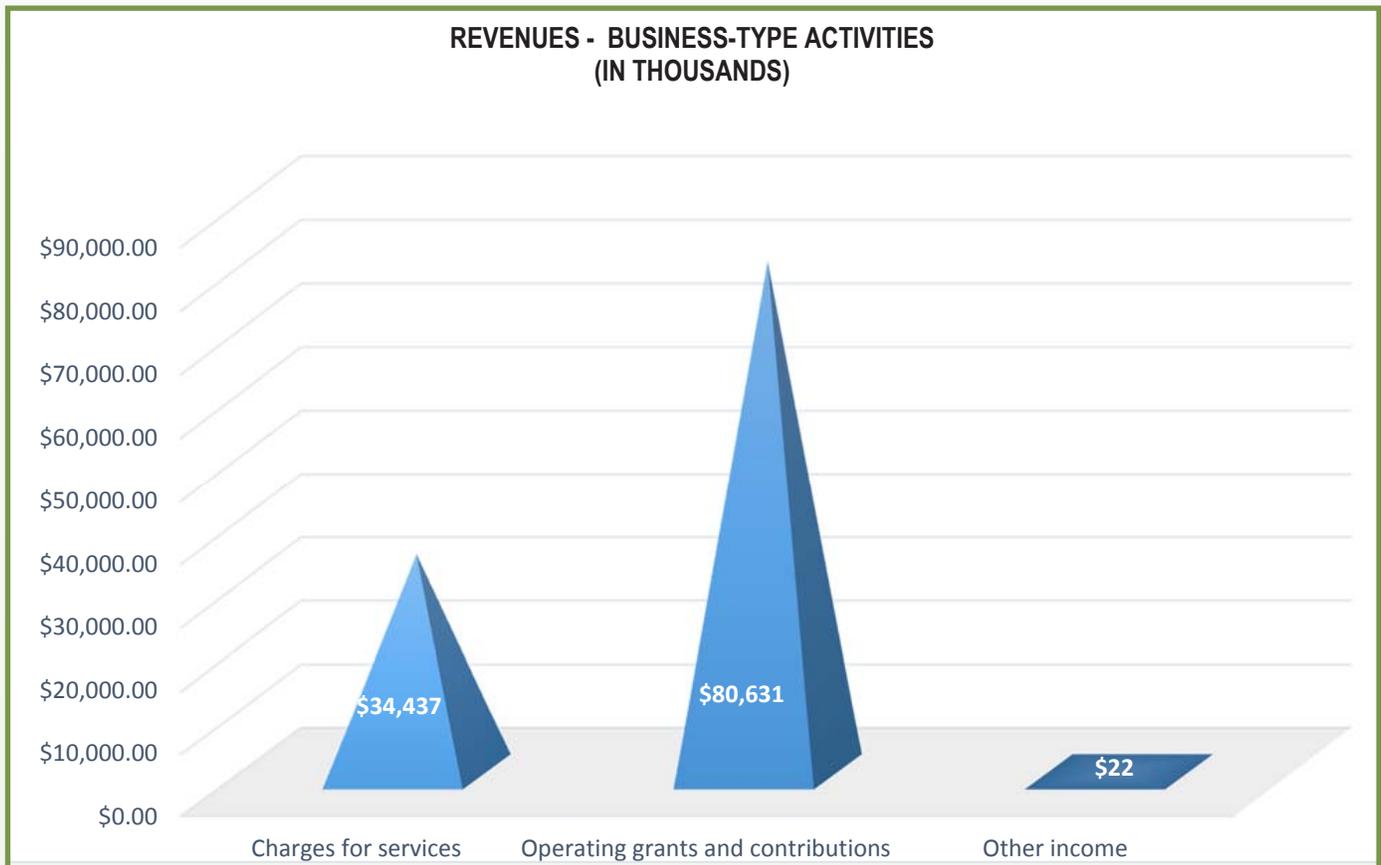
(Unaudited)

The energy program function comprised 37 percent of total governmental activities’ expenses and 28 percent of the Authority’s total expenses. In fiscal year 2014, these percentages were 35 percent and 27 percent, respectively.

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

### Revenues

Total revenue for the business-type activities for the Authority for the current fiscal year were \$115.1 million, increasing \$29.1 million over the previous fiscal year total of \$86 million. Revenues remained relatively flat for charges for services on interest received for loans receivable. A decrease of \$2.1 million was experienced within this function. The majority of the positive change in revenues for business-type activities results mostly from increases in general obligation bond revenue received from the state of Georgia.





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

# Management's Discussion and Analysis

(Unaudited)

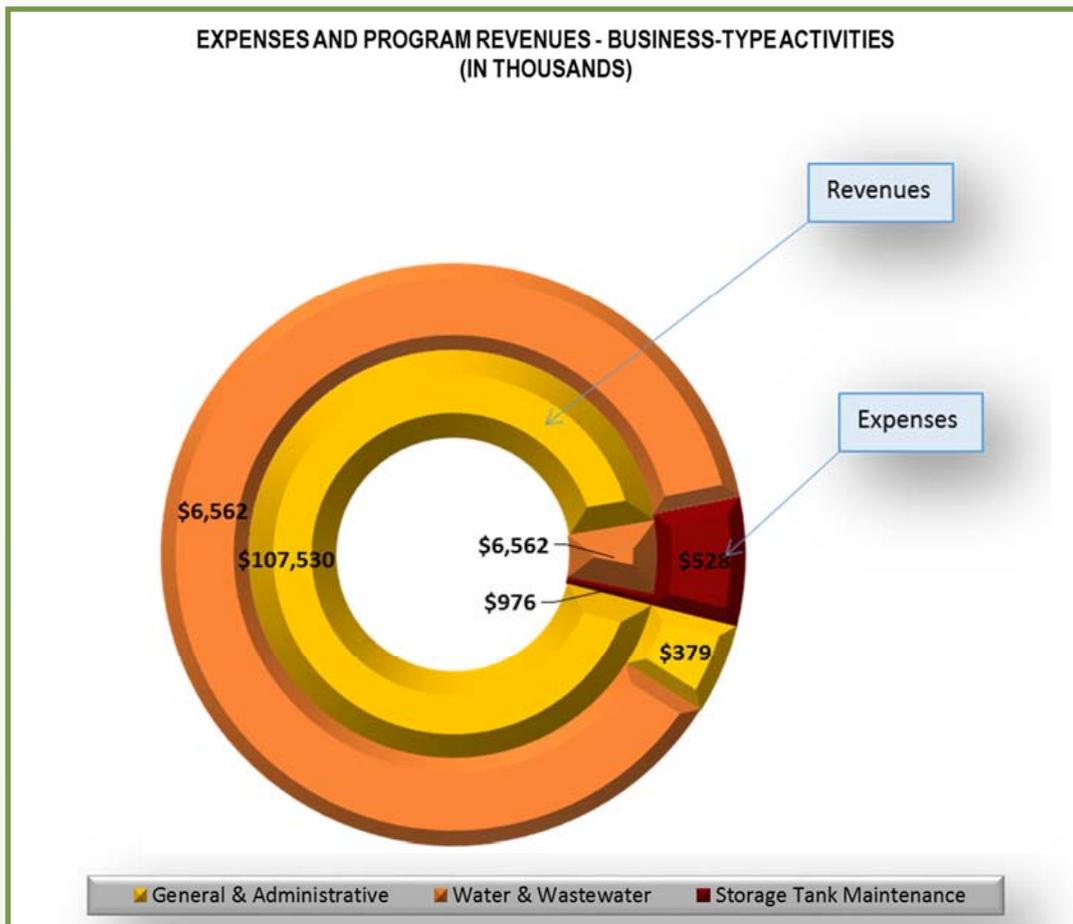
## Expenses

Expenses within the Authority's business-type activities increased during the current fiscal year within water and wastewater programs. This increase 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 a decrease in expenses of \$63.2 thousand or approximately 11 percent due to less activity for projects.

General and administrative expenses reflect those expenses incurred by the Authority to execute its business-type activities. These expenses decreased slightly from those of the prior year, down by \$32.5 thousand, or 8 percent. This decrease is primarily due to one-time refunds provided to customers in 2014 that did not occur in 2015.

The above details are illustrated in the graph below:





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

# 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 \$44.4 million in fiscal year 2015, compared to \$42.1 million in fiscal year 2014. Of these year-end totals, \$8.4 million for fiscal year 2015 and \$3.9 million in 2014 was unassigned and available for continued financing by the Authority.

The total ending fund balances of governmental funds show an increase of \$2.3 million, compared to the increase experienced in fiscal year 2014 of \$1.1 million. This change is primarily due to increased funding transferred in from propriety funds to support operational costs.

### *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 \$4.7 million in fiscal year 2014 as compared to the \$517.4 thousand increase from the previous year. The portion of fund balance obligated in the General Fund at year-end was \$5.1 million, up from \$4.9 million in fiscal year 2014. 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 \$8.4 million represents the equivalent of greater than 100 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 repayments streams of other funds that could statutorily satisfy administrative costs of the Authority. The Clean Water State Revolving Administration Fund, Drinking Water State Revolving Administrative Fund and the Georgia Fund are the Authority's resources to cover administrative expenditures incurred within certain programs which are not directly funded by a dedicated revenue source or financing contract or grant.

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. In prior years, the Authority recognized \$1.7 thousand in program income from the sale of a vehicle returned to the program and that amount has been restricted to fund additional expenditures for the program since. During the year, the Authority used \$404.3 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 \$7.7 million.



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

The Clean Water State Revolving Administration Fund is a special revenue fund to report operations for revenues received for the ongoing administrative efforts of the Clean Water State Revolving Loan Fund. These funds are used to support general operations of the Authority and are received primarily from loan recipients, rather than a direct contribution from federal or state governments. Another source of income within this fund is income received from investments. The reported fund balance within this fund was \$22.7 million and is restricted for use. Total expenditures for this fund were \$432.8 thousand. Another \$1.7 million was transferred to the General Fund to support general administrative charges of the Authority associated with its federal Clean Water State Revolving Loan Fund program.

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 \$1.8 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 2015.

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 \$2.5 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 2015.

The Drinking Water State Revolving Administration Fund is a special revenue fund to report operations for revenues received for the ongoing administrative efforts of the Drinking Water State Revolving Loan Fund. These funds are used to support general operations of the Authority and are received primarily from loan recipients, rather than a direct contribution from federal or state governments. Another source of income within this fund is income received from investments. The reported fund balance within this fund was \$3.8 million and is restricted for use. Total expenditures for this fund were \$515.2 thousand. Another \$385.2 thousand was transferred to the General Fund to support general administrative charges of the Authority associated with its federal Drinking Water State Revolving Loan Fund program.

### ***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 \$108.4 million from business operations. The total interest income from loans for proprietary funds with a lending component for 2015 was \$32.9 million, an 8 percent decrease from the previous year. The decrease is mostly attributed to large early payoffs received which shorten the interest earnings periods on loans with later maturities. Offsetting this interest revenue reduction to net position were increases in contributions from federal and state sources as previously mentioned.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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## Management’s Discussion and Analysis (Unaudited)

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. The Authority has not adjusted fee rates for this program in approximately three years and therefore collections have remained relatively constant.

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 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 Georgia 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, 2015 amounts to \$124.3 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 41.

#### Long-term Debt

As of June 30, 2015, the Authority had a total of \$5.1 million in outstanding long-term liabilities, a decrease of approximately \$1.5 million. Of this amount, approximately \$119.7 thousand is due within one year.

Georgia Environmental Finance Authority Long-term Debt Obligations For the Fiscal Year Ended June 30, 2015			
Governmental Activities	Balance at June 30, 2015	Percentage of Total	Due Within One Year
Compensated absences	\$ 478,872	9%	\$ 119,718
Net pension liability	4,582,430	91%	—
Governmental long-term liabilities	<u>\$ 5,061,302</u>		<u>\$ 119,718</u>

Additional information regarding the Authority’s long-term debt can be found in Note 5, pages 37-39 and Note 8, pages 41-46.



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

# **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**  
(A Component Unit of the State of Georgia)

**Statement of Net Position**

June 30, 2015

Assets	Primary Government			Component Unit
	Governmental activities	Business-type activities	Total	Ga. Environ. Loan Acq. Corp.
Cash	\$ 3,062,688	26,718,407	29,781,095	49,488,592
Cash with fiscal agent	—	—	—	9,744,389
Investments	35,207,212	838,172,681	873,379,893	—
Due from contractors	546,323	—	546,323	—
Due from other governments	2,711,105	709,546	3,420,651	—
Internal balances	4,729,192	(4,729,192)	—	—
Accrued interest receivable	—	3,026,501	3,026,501	406,538
Loans receivable	—	1,197,172,533	1,197,172,533	112,482,269
Other assets	264	—	264	—
Capital assets, net of accumulated depreciation	124,280	—	124,280	—
<b>Total assets</b>	<b>46,381,064</b>	<b>2,061,070,476</b>	<b>2,107,451,540</b>	<b>172,121,788</b>
<b>Deferred Outflows of Resources</b>				
Related to pensions	679,724	—	679,724	—
<b>Liabilities</b>				
Accounts payable and accrued liabilities	1,869,729	271,207	2,140,936	11,867
Accrued payroll	17,210	—	17,210	—
Due to other governments	—	625	625	—
Accrued interest payable	—	—	—	555,180
Compensated absences, current	119,718	—	119,718	—
Securitization bonds payable, current	—	—	—	26,465,000
Long-term liabilities:				
Compensated absences, net of current portion	359,154	—	359,154	—
Net pension liability	4,582,430	—	4,582,430	—
Securitization bonds payable, net of current portion and unamortized bond discount	—	—	—	64,998,846
<b>Total liabilities</b>	<b>6,948,241</b>	<b>271,832</b>	<b>7,220,073</b>	<b>92,030,893</b>
<b>Deferred Inflows of Resources</b>				
Related to pensions	1,131,869	—	1,131,869	—
<b>Net Position</b>				
Net Investments in capital assets	124,280	—	124,280	—
Restricted for:				
Debt service	—	—	—	80,090,895
Grant programs	4,432,508	—	4,432,508	—
Loan programs	31,503,129	1,512,084,168	1,543,587,297	—
Unrestricted	2,920,761	548,714,476	551,635,237	—
<b>Total net position</b>	<b>\$ 38,980,678</b>	<b>2,060,798,644</b>	<b>2,099,779,322</b>	<b>80,090,895</b>

See accompanying notes to basic financial statements.



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

**Statement of Activities**  
Year ended June 30, 2015

Functions/Programs:	Program revenues			Net (expense) revenue and changes in net position			Component Unit
	Expenses	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	
<b>Governmental activities:</b>							
General government	\$ 6,599,857	—	11,624,663	—	5,024,806	—	5,024,806
Water & wastewater	7,074,323	1,084,666	4,929,052	—	(1,060,605)	—	(1,060,605)
Land conservation	61,563	—	50,765	—	(10,798)	—	(10,798)
Energy & environment	8,069,083	—	7,634,157	—	(434,926)	—	(434,926)
Total governmental activities	21,804,826	1,084,666	24,238,637	—	3,518,477	—	3,518,477
<b>Business-type activities:</b>							
Water & wastewater	6,561,895	—	6,561,895	—	—	—	—
Storage tank maintenance	528,171	973,725	2,512	—	—	448,066	446,066
Loan & financing services	379,229	33,463,399	74,066,762	—	—	107,150,932	107,150,932
Total business-type activities	7,469,295	34,437,124	80,631,169	—	—	107,598,998	107,598,998
Total primary government	\$ 29,274,121	35,521,790	104,869,806	—	3,518,477	107,598,998	111,117,475
Component Unit:							
Georgia Environmental Loan Acquisition Corporation	\$ 5,355,168	4,842,398	—	—	—	—	(512,770)
Total Component Units	\$ 5,355,168	4,842,398	—	—	—	—	(512,770)
<b>General revenues:</b>							
Unrestricted investment earnings					\$ 68,853	—	68,853
Miscellaneous					3,862	22,369	26,231
Transfers					(768,474)	768,474	—
Total general revenues and transfers					(685,759)	780,843	95,084
<b>Change in net position</b>					2,832,718	108,379,841	111,212,559
Net position – July 1					41,590,812	1,952,418,803	1,994,009,615
Prior period adjustment (see note 12)					(5,442,852)	—	(5,442,852)
Net position – July 1, restated					36,147,960	1,952,418,803	1,988,566,763
Net position – June 30					\$ 38,980,678	2,060,798,644	2,099,779,322

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, 2015

	General	Weatherization Assistance Program	Clean Water SRF Administration	Drinking Water SRF State Program Setasides	Drinking Water SRF Local Assist Setasides	Drinking Water SRF Administration	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Cash	\$ 2,908,752	—	—	—	—	—	153,936	3,062,688
Investments	3,767,967	—	23,012,008	—	—	4,148,874	4,278,283	35,207,212
Due from contractors	72,981	473,342	—	—	—	—	—	546,323
Due from other governments	112,409	436,839	316,580	856,797	749,488	180,392	58,600	2,711,105
Due from other funds	7,054,098	—	—	—	—	—	42,252	7,096,350
Other assets	264	—	—	—	—	—	—	264
<b>Total assets</b>	\$ 13,916,471	910,181	23,328,588	856,797	749,488	4,329,266	4,533,151	48,623,942
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts payable and accrued liabilities	\$ 369,384	656,377	76,173	252,385	345,730	110,359	59,321	1,869,729
Accrued payroll	17,210	—	—	—	—	—	—	17,210
Due to other funds	12,573	252,124	593,704	604,412	403,758	457,585	43,002	2,367,158
<b>Total liabilities</b>	399,167	908,501	669,877	856,797	749,488	567,944	102,323	4,254,097
Fund balances:								
Restricted for grant programs	—	1,680	—	—	—	—	4,430,828	4,432,508
Restricted for loan programs	5,083,096	—	22,658,711	—	—	3,761,322	—	31,503,129
Unassigned	8,434,208	—	—	—	—	—	—	8,434,208
<b>Total fund balances</b>	13,517,304	1,680	22,658,711	—	—	3,761,322	4,430,828	44,369,845
<b>Total liabilities and fund balances</b>	\$ 13,916,471	910,181	23,328,588	856,797	749,488	4,329,266	4,533,151	
Amounts reported for governmental activities in the statement of net assets are different because:								
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.								124,280
Deferred outflows of resources for contributions related to pensions are not reported in governmental funds								679,724
Deferred inflows of resources related to pensions are not reported in governmental funds								(1,131,869)
Long-term liabilities, including obligations under capital leases, are not due and payable in the current period and, therefore, are not reported in the funds:								
Compensated absences								(478,872)
Net pension liability								(4,582,430)
<b>Net position of governmental activities</b>								\$ 38,980,676

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, 2015

	General	Weatherization Assistance Program		Clean Water SRF Administration		Drinking Water SRF State Program Setasides		Drinking Water SRF Local Assist Setasides		Drinking Water SRF Administration	Nonmajor Governmental Funds		Total Governmental Funds
<b>Revenues:</b>													
State appropriations	\$ 348,495	—	—	—	—	—	—	—	—	—	—	—	348,495
State general obligation bond proceeds	8,600,000	—	—	—	—	—	—	—	—	—	—	—	8,600,000
Administrative fees	113,035	—	707,129	—	—	—	—	—	—	264,502	—	—	1,084,666
Grant revenues	2,676,167	7,303,316	—	1,848,345	—	2,463,778	—	—	—	—	942,340	—	15,233,946
Public donations	—	—	—	—	—	—	—	—	—	—	50,765	—	50,765
Interest income on investments	14,111	—	44,026	—	—	—	—	—	—	8,072	—	—	74,284
Miscellaneous	3,862	—	—	—	—	—	—	—	—	—	—	—	3,862
<b>Total revenues</b>	<b>11,755,670</b>	<b>7,303,316</b>	<b>751,155</b>	<b>1,848,345</b>	<b>2,463,778</b>	<b>2,463,778</b>	<b>—</b>	<b>272,574</b>	<b>1,001,180</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>25,396,018</b>
<b>Expenditures:</b>													
<b>Current:</b>													
General government	7,070,616	—	—	—	—	—	—	—	—	—	—	—	7,070,616
Water and wastewater programs	1,197,196	—	432,852	1,848,345	—	2,463,778	—	515,223	—	616,929	—	—	7,074,323
Land conservation programs	—	—	—	—	—	—	—	—	—	61,563	—	—	61,563
Energy programs	—	7,707,606	—	—	—	—	—	—	—	—	361,477	—	8,069,083
Capital outlay:													
General government	100,033	—	—	—	—	—	—	—	—	—	—	—	100,033
<b>Total expenditures</b>	<b>8,367,845</b>	<b>7,707,606</b>	<b>432,852</b>	<b>1,848,345</b>	<b>2,463,778</b>	<b>2,463,778</b>	<b>—</b>	<b>515,223</b>	<b>1,039,969</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>22,375,618</b>
Excess of revenues over (under) expenditures	3,387,825	(404,290)	318,303	—	—	—	—	(242,649)	(38,789)	—	—	—	3,020,400
<b>Other Financing Sources (Uses):</b>													
Transfers in	9,921,770	404,290	—	—	—	—	—	—	—	—	36,066	—	10,362,126
Transfers out	(8,559,320)	—	(1,703,328)	—	—	—	—	(385,243)	(472,709)	—	—	—	(11,120,600)
<b>Total other financing sources and (uses)</b>	<b>1,362,450</b>	<b>404,290</b>	<b>(1,703,328)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(385,243)</b>	<b>(436,643)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(758,474)</b>
<b>Net change in fund balances</b>	<b>4,750,275</b>	<b>—</b>	<b>(1,385,025)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(627,892)</b>	<b>(475,432)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,261,926</b>
Fund balances - July 1	8,767,029	1,680	24,043,736	—	—	—	—	4,389,214	4,906,260	—	—	—	42,107,919
Fund balances - June 30	\$ 13,517,304	1,680	22,658,711	—	—	—	—	3,761,322	4,430,828	—	—	—	44,369,845

See accompanying notes to basic financial statements.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year ended June 30, 2015

Net change in fund balances - total governmental funds	\$ 2,261,926
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	100,033
Depreciation Expense	<u>(23,708)</u>
	76,325
Expenses related to the change in the following liabilities reported in the governmental activities do not require the use of current financial resources and therefore are not reported as expenditures for governmental funds:	
Accrued vacation	86,190
Net pension liability and related deferred inflows of resources and deferred outflows of resources	<u>408,277</u>
Change in net position of governmental activities	<u>\$ 2,832,718</u>
See accompanying notes to basic financial statements.	



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Statement of Net Position - Enterprise Funds

June 30, 2015

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	\$ 3,362,619	12,849	16,533,237	2,422,463	2,829,670	1,543,229	14,350	26,718,407	
Investments	170,993,391	82,204,996	343,522,523	89,766,122	117,209,230	33,317,643	1,158,776	838,172,681	
Due from other governments	468,410	233,146	—	—	—	—	7,990	709,546	
Due from other funds	750	—	9,400	—	3,172	—	—	13,322	
Accrued interest receivable	927,781	7,704	1,556,575	261,258	190,413	82,770	—	3,026,501	
Total current assets	175,752,951	82,458,695	361,621,735	92,449,833	120,232,485	34,943,642	1,181,116	868,640,457	
Noncurrent assets:									
Loans receivable	283,370,136	10,965,924	641,068,645	107,067,077	115,040,095	39,660,656	—	1,197,172,533	
Total noncurrent assets	283,370,136	10,965,924	641,068,645	107,067,077	115,040,095	39,660,656	—	1,197,172,533	
Total assets	459,123,087	93,424,619	1,002,690,380	199,516,910	235,272,580	74,604,298	1,181,116	2,065,812,990	
<b>Liabilities</b>									
Accounts payable and accrued liabilities	1,089	233,146	—	—	—	—	36,972	271,207	
Due to other funds	4,701,830	—	—	—	—	—	40,684	4,742,514	
Due to other governments	625	—	—	—	—	—	—	625	
Total liabilities	4,703,544	233,146	—	—	—	—	77,656	5,014,346	
<b>Net Position</b>									
Restricted	—	—	1,002,690,380	199,516,910	235,272,580	74,604,298	—	1,512,084,168	
Unrestricted	454,419,543	93,191,473	—	—	—	—	1,103,460	548,714,476	
Total net position	454,419,543	93,191,473	1,002,690,380	199,516,910	235,272,580	74,604,298	1,103,460	2,060,798,644	

See accompanying notes to basic financial statements.



**GEORGIA ENVIRONMENTAL FINANCE AUTHORITY**  
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# Enterprise Funds Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2015

	Georgia Fund	Georgia Reservoir & Water Supply Fund	Clean Water State Revolving Loan Fund	Clean Water State Match 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	\$ 8,084,771	70,476	18,436,384	3,286,294	2,187,499	795,366	—	32,860,790
Administrative and preventative maintenance fees	602,609	—	—	—	—	—	973,725	1,576,334
State contract revenues	—	1,324,236	—	—	—	—	—	1,324,236
Miscellaneous	18,879	—	—	—	—	—	3,490	22,369
<b>Total operating revenues</b>	<b>8,706,259</b>	<b>1,394,712</b>	<b>18,436,384</b>	<b>3,286,294</b>	<b>2,187,499</b>	<b>795,366</b>	<b>977,215</b>	<b>35,763,729</b>
<b>Operating Expenses:</b>								
Water and wastewater programs	—	1,324,236	1,901,521	—	3,134,257	201,881	—	6,561,895
Storage tank maintenance programs	—	—	—	—	—	—	528,171	528,171
General and administrative	311,890	28,968	—	27,120	—	10,300	951	379,229
<b>Total operating expenses</b>	<b>311,890</b>	<b>1,353,204</b>	<b>1,901,521</b>	<b>27,120</b>	<b>3,134,257</b>	<b>212,181</b>	<b>529,122</b>	<b>7,469,295</b>
<b>Operating income (loss)</b>	<b>8,394,369</b>	<b>41,508</b>	<b>16,534,863</b>	<b>3,259,174</b>	<b>(946,758)</b>	<b>583,185</b>	<b>448,093</b>	<b>28,314,434</b>
<b>Nonoperating Revenues:</b>								
Federal grant contributions	—	—	19,719,929	—	16,667,777	—	—	36,387,706
State general obligation bond proceeds	20,650,000	20,750,000	—	—	—	—	—	41,400,000
Interest income on investments	346,821	182,454	590,631	152,643	206,240	57,926	2,512	1,519,227
<b>Total nonoperating revenues</b>	<b>20,996,821</b>	<b>20,912,454</b>	<b>20,310,560</b>	<b>152,643</b>	<b>16,874,017</b>	<b>57,926</b>	<b>2,512</b>	<b>79,306,933</b>
<b>Income before capital grants and transfers</b>	<b>29,391,190</b>	<b>20,953,962</b>	<b>36,845,423</b>	<b>3,411,817</b>	<b>15,927,269</b>	<b>641,111</b>	<b>450,605</b>	<b>107,621,367</b>
<b>Transfers in</b>	<b>—</b>	<b>—</b>	<b>38,296</b>	<b>3,944,932</b>	<b>461,530</b>	<b>4,614,388</b>	<b>—</b>	<b>9,059,146</b>
<b>Transfers out</b>	<b>(7,373,284)</b>	<b>—</b>	<b>—</b>	<b>(38,296)</b>	<b>—</b>	<b>(461,530)</b>	<b>(427,562)</b>	<b>(8,300,672)</b>
<b>Changes in net position</b>	<b>22,017,906</b>	<b>20,953,962</b>	<b>36,883,719</b>	<b>7,318,453</b>	<b>16,388,789</b>	<b>4,793,969</b>	<b>23,043</b>	<b>108,379,841</b>
<b>Total net position – July 1</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>1,952,418,603</b>
<b>Total net position – June 30</b>	<b>\$ 454,419,543</b>	<b>93,191,473</b>	<b>1,002,690,380</b>	<b>199,516,910</b>	<b>235,272,580</b>	<b>74,604,298</b>	<b>1,103,460</b>	<b>2,080,798,644</b>

See accompanying notes to basic financial statements.



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

Year ended June 30, 2015

	Georgia Fund	Georgia Reservoir & Water Supply Fund	Clean Water State Revolving Loan Fund	Clean Water State Match 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	\$ 7,969,470	66,590	18,659,879	3,310,738	2,195,497	801,214	—	33,003,388
Administrative fee payments	658,986	—	—	—	—	—	973,725	1,632,711
Payments to service providers	(310,177)	(28,968)	(1,901,521)	(27,120)	(3,147,623)	(215,877)	(631,251)	(6,162,537)
Internal activity – payments from other funds	1,702,965	—	—	—	—	—	134,543	1,837,508
Internal activity – payments to other funds	—	—	(932)	—	(15)	—	(132,563)	(133,510)
Miscellaneous receipts and changes in due from other governments	74,631	—	(932)	—	—	—	200	74,831
Net cash provided by (used in) operating activities	\$ 10,095,475	37,622	16,757,426	3,283,618	(952,141)	585,337	444,654	30,251,991
<b>Cash flows from noncapital financing activities</b>								
Federal grant contributions	—	—	19,719,929	—	16,667,777	—	—	36,387,706
State contributions	20,650,000	20,750,000	—	—	—	—	—	41,400,000
Transfers in	—	—	38,296	3,944,932	461,530	4,614,388	—	9,059,146
Transfers out	(7,373,284)	—	(38,296)	(38,296)	—	(461,530)	(427,562)	(8,300,672)
Net cash provided by (used in) noncapital financing activities	\$ 13,276,716	20,750,000	19,788,225	3,906,636	17,129,307	4,152,858	(427,562)	78,546,180
<b>Cash flows from investing activities:</b>								
Interest income on investments	346,821	162,454	590,631	152,643	206,240	57,926	2,512	1,519,227
Originations of and advances on loans receivable	(55,374,278)	(8,652,672)	(92,756,761)	(3,944,932)	(13,533,320)	(4,628,830)	—	(178,890,993)
Principal payments received on loans receivable	25,278,397	30,631	125,229,333	12,635,343	10,736,805	4,249,415	—	178,199,924
Net cash provided by (used in) investing activities	\$ (29,749,060)	(8,459,587)	33,063,203	8,843,054	(2,590,475)	(321,489)	2,512	788,158
<b>Net increase (decrease) in cash and cash equivalents</b>	\$ (6,376,869)	12,328,035	69,578,854	16,033,308	13,596,691	4,416,706	19,604	109,586,329
<b>Cash and cash equivalents at beginning of year</b>	\$ 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>Cash and cash equivalents at end of year</b>	\$ 174,356,010	82,217,845	360,055,760	92,188,575	120,038,900	34,860,872	1,173,126	864,891,088
<b>Reconciliation to the statement of net position:</b>								
Cash	\$ 3,362,619	12,849	16,533,237	2,422,453	2,829,670	1,543,229	14,350	26,718,407
Investments	170,993,391	82,204,996	343,522,623	89,766,122	117,209,230	33,317,643	1,158,776	838,172,881
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	\$ 174,356,010	82,217,845	360,055,760	92,188,575	120,038,900	34,860,872	1,173,126	864,891,088
Operating income (loss)	\$ 8,394,369	41,508	16,534,863	3,259,174	(946,758)	583,165	448,093	28,314,434
Change in assets and liabilities:								
Due from other governments	55,752	—	—	—	—	—	(3,290)	52,462
Accrued interest receivable	(58,925)	(3,866)	223,495	24,444	7,997	5,848	—	198,973
Due from other funds	1,702,965	—	—	—	(15)	—	134,543	1,837,508
Accrued liabilities	—	—	(932)	—	(13,365)	(3,696)	(132,563)	(133,510)
Net cash provided by (used in) operating activities	\$ 10,095,475	37,622	16,757,426	3,283,618	(952,141)	585,337	444,654	30,251,991

See accompanying notes to basic financial statements.



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

June 30, 2015

## (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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June 30, 2015

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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# Notes to Basic Financial Statements

June 30, 2015

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 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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# Notes to Basic Financial Statements

June 30, 2015

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.

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 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



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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.

Drinking Water 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.

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.



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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.

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



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management’s judgment, deserve recognition in estimating loan losses. As of June 30, 2015, 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.”

**(g) Due from Contractors**

Due from contractors includes the following:

as of June 30, 2015	
Entity or Entity Type	Amount
Georgia Power Company	\$ 546,323
Total	\$ 546,323

**(h) Due from Other Governments**

Due from other governments includes the following:

as of June 30, 2015	
Entity or Entity Type	Amount
Commonwealth of Virginia	\$ 1,021
State of Georgia Local Governments	1,016,820
State of Georgia State Organizations	350,540
State of North Carolina	463
U. S. DOE	357,317
U. S. EPA	1,694,490
Total	\$ 3,420,651

**(i) 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



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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:

Asset	Years
Computer equipment - purchased	5
Computer equipment - leased	Life of lease
Furniture and fixtures	5

**(j) 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. The Authority's investments in the Georgia Fund 1 are stated at fair market value.

**(k) 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.

**(l) 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."



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## ***(m) 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, 2015, the Authority paid premiums totaling \$20,798.

## ***(n) 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.
- (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.



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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.

## **(o) 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, deferred outflows of resources, liabilities and deferred inflows of resource and the reported amount of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## **(p) Future Accounting Pronouncements**

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

- Statement No. 72, *Fair Value Measurement and Application*, effective for the Authority's year ending June 30, 2016.
- Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, partially effective for the Authority's year ending June 30, 2016 with the remaining provisions effective in 2017.
- Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective for the Authority's year ending June 30, 2017.
- Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective for the Authority's year ending June 30, 2018.
- Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, effective for the Authority's year ending June 30, 2016.
- Statement No. 77, *Tax Abatement Disclosures*, effective for the Authority's year ending June 30, 2017.

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.

## **(q) Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net



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position of the Employees' Retirement System (ERS) and additions to/deductions from ERS's fiduciary net position have been determined on the same basis as they are reported by ERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

## (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 \$348,495 and general obligation bond proceeds of \$50,000,000 for fiscal year 2015 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 overage. The Authority's bank balances of \$29,781,595 at June 30, 2015 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, 2015 were categorized by credit risk as follows:

Investment	Rating	Maturities	Fair Value
Georgia Fund 1	AAAf	56-day WAM	\$ 873,379,893

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, 2015, 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



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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, 2015.

## 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 coverage. The Corporation's bank balances of \$49,488,592 at June 30, 2015 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, 2015, cash held with fiscal agent in the amount of \$9,744,389 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, 2015 are summarized as follows:

	Amount
Water and wastewater facility and conservation loans	\$ 1,515,696,966
Undisbursed portion of loans in process	(318,524,433)
Unpaid principal balance	\$ 1,197,172,533

At June 30, 2015, the Authority had commitments to fund projects, excluding the undisbursed portion of loans in process, totaling \$156,547,974. In accordance with certain loan programs, the Authority expensed a forgiven portion of loans in the amount of \$1,901,521 in the Clean Water State Revolving Loan Fund and \$2,437,690 in the Drinking Water State Revolving Loan Fund during fiscal year 2015.

Additionally, the Authority provided a subsidized portion of loans in the amount of \$696,567 in the Drinking Water State Revolving Loan Fund and \$201,881 in the Drinking Water State Match Revolving Loan Fund. 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



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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, 2015, an amount of \$8,784,831 has been accumulated for the purpose of satisfying this future commitment.

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

**Primary Government**

**Compensated Absences:**

The Authority had \$79,907 in additions that were included in compensated absences representative of vacation pay earned by employees or addition of new staff and reductions of \$166,097 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, 2015, was as follows:

Description	Balance June 30, 2014	Additions	Reductions	Balance June 30, 2015	Amount due within one year
Governmental activities					
Compensated absences	\$ 565,062	79,907	166,097	478,872	119,718
Net pension liability	5,950,703	271,447	1,639,720	4,582,430	—
Total Governmental activities	\$ 6,515,765	351,354	1,805,817	5,061,302	119,718

**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 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:



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	Original issue amount	Interest rates	Carrying value
CCMWA Loans, Series 2011	\$ 29,255,000	.65 - 5.25%	23,695,000
Less bond discount			(192,908)
Subtotal			23,502,092
Loan Pool, Series 2011	\$ 202,755,000	.54 - 5.125%	68,285,000
Less bond discount			(323,246)
Subtotal			67,961,754
Total bond series			91,980,000
Less bond discount			(516,154)
Outstanding principal, June 30, 2015			<u>\$ 91,463,846</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, 2015, the trustee had on hand for the CCMWA Loan, Series 2011 and the Loan Pool, Series 2011 \$520,987 and \$5,000,000 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, \$4,223,402, 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, 2015, the Corporation believes it has complied with all of the necessary requirements of the bond issuances. Future debt service requirements are as follows:

	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:							
2016	\$ 23,695	640	2,770	3,375	26,465	4,015	30,480
2017	-	-	-	3,358	-	3,358	3,358
2018	-	-	-	3,358	-	3,358	3,358
2019	-	-	-	3,358	-	3,358	3,358
2020	-	-	-	3,358	-	3,358	3,358
2021-2025	-	-	-	16,790	-	16,790	16,790
2026-2030	-	-	-	16,790	-	16,790	16,790
2031	-	-	65,515	2,518	65,515	2,518	68,033
Total	<u>\$ 23,695</u>	<u>640</u>	<u>68,285</u>	<u>52,905</u>	<u>91,980</u>	<u>53,545</u>	<u>145,525</u>



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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 2015, the Corporation retired \$15,925,000 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, 2015 as well as any reduction in interest amounts to be paid. Amounts due in 2016 above include known prepayments subsequent to June 30, 2015 which will be paid in FY 2016. 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, 2015, the Corporation had the following activity within its long-term liabilities:

Description	June 30, 2014	Additions	Reductions	June 30, 2015	Amounts due within one year
CCMWA Loans, Series 2011	\$ 27,000,000	-	3,305,000	23,695,000	23,695,000
Unamortized Bond Discount	(198,687)	-	(5,779)	(192,908)	-
Loan Pool, Series 2011	97,680,000	-	29,395,000	68,285,000	2,770,000
Unamortized Bond Discount	(372,502)	-	(49,256)	(323,246)	-
<b>Total</b>	<b>\$ 124,108,811</b>	<b>-</b>	<b>32,644,965</b>	<b>91,463,846</b>	<b>26,465,000</b>

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

### Subsequent Events – Full Retirement of Debt CCMWA Loan, Series 2011

The Corporation received full repayment of funds that secured the debt of the CCMWA Loan, Series 2011 issuance on July 14, 2015. As stated above, once the Corporation receives prepayment used to retire the debt, those prepayments are considered mandatory redemptions toward the outstanding debt and are therefore reflected as due within one year. Full redemption of the bonds was made on September 15, 2015 in the amount of \$23,695,000.

## (6) Interfund Receivables, Payables and Transfers

Interfund activity as of June 30, 2015, 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	Weatherization Assistance Program	\$ 252,124
	Clean Water SRF Administration	593,704
	Drinking Water SRF State Program Setasides	604,412
	Drinking Water SRF Local Assist Setasides	403,758
	Drinking Water SRF Administration	457,585
	Georgia Fund	4,701,830
	Nonmajor enterprise funds	40,684
Nonmajor governmental funds	Nonmajor governmental funds	42,252
Georgia Fund	Nonmajor governmental funds	750
Clean Water State Revolving Loan Fund	General Fund	9,400
Drinking Water State Revolving Loan Fund	General Fund	3,172
Total		\$ <u>7,109,671</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	Clean Water SRF Administration	\$ 1,703,328
	Drinking Water SRF Administration	385,243
	Nonmajor governmental funds	32,353
	Georgia Fund	7,373,284
	Nonmajor enterprise funds	427,562
Nonmajor governmental funds	Nonmajor governmental funds	36,066
Weatherization Assistance Program	Nonmajor governmental funds	404,290
Clean Water State Revolving Loan Fund	Clean Water State Match Revolving Loan Fund	38,296
Clean Water State Match Revolving Loan Fund	General Fund	3,944,932
Drinking Water State Revolving Loan Fund	Drinking Water State Match Revolving Loan Fund	461,530
Drinking Water State Match Revolving Loan Fund	General Fund	4,614,388
Total		\$ <u>19,421,272</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, 2015 was as follows:

Asset category	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<b>Cost</b>				
Computer equipment	\$ 194,957	—	—	194,957
Fixtures & office equipment	33,078	100,033	—	133,111
Total cost	<u>228,035</u>	<u>100,033</u>	<u>—</u>	<u>328,068</u>
<b>Accumulated depreciation:</b>				
Computer equipment	180,080	8,756	—	188,836
Fixtures & office equipment	—	14,952	—	14,952
Total accumulated depreciation	<u>180,080</u>	<u>23,708</u>	<u>—</u>	<u>203,788</u>
Total net capital assets	\$ <u>47,955</u>	<u>76,325</u>	<u>—</u>	<u>124,280</u>

Depreciation expense of \$23,708 was charged to the general government function.

## (8) Retirement Plans

The Georgia Environmental Finance Authority participates in a retirement plan administered by the State of Georgia dependent upon employee eligibility: Employees' Retirement System of Georgia (the System). This system issues a separate, publicly available financial report that includes the applicable financial statements and required supplementary information. The report may be obtained by visiting the following website:

Employees' Retirement System - [www.ers.ga.gov](http://www.ers.ga.gov)

The significant provisions of this retirement plan are described below. More detailed information can be found in the plan agreement and related legislation. The plan, including benefit and contribution provisions, was established and can be amended by State law.

### ***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 the Teachers Retirement System. 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



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contract. Title 47 of the OCGA assigns the responsibility to establish and amend the benefit provisions to the State Legislature.

The benefit structure of ERS is established by the Board of Trustees under statutory guidelines under three benefit tiers: Old Plan, New Plan, and Georgia State Employees' Pension and Savings Plan (GSEPS). 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 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. Annually, 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.

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



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member terminates and withdraws his/her member contributions, the member forfeits all rights to retirement benefits.

The Authority's contractually required contribution rate, actuarially determined annually, for the year ended June 30, 2015 was 21.96% of annual covered payroll for old and new plan members and 18.87% for GSEPS members. The Authority's contributions to ERS totaled \$679,724 for the year ended June 30, 2015. Contributions are expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

Effective July 1, 2014, the Authority implemented the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, which significantly changed the Authority's accounting for pension amounts. The information disclosed below is presented in accordance with this new standard.

At June 30, 2015, the Authority reported a liability for its proportionate share of the net pension liability in the amount of \$4,582,430. The net pension liability was measured as of June 30, 2014. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2013. An expected total pension liability as of June 30, 2014 was determined using standard roll-forward techniques. The Authority's proportion of the net pension liability was based on contributions to ERS during the fiscal year ended June 30, 2014. At June 30 2014, the Authority's proportion was 0.122178%, which was a decrease of .00045% from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the Authority recognized pension expense of \$271,447. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	—	\$1,118,431
Changes in proportion and differences between Authority contributions and proportionate share of contributions	—	\$13,438
Employer contributions subsequent to measurement date	\$679,724	—
Total	<u>\$679,724</u>	<u>\$1,131,869</u>

Authority contributions subsequent to the measurement date of \$679,724 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:



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Year ended June 30:	
2016.....	(\$288,007)
2017.....	(\$284,647)
2018.....	(\$279,608)
2019.....	(\$279,607)

**Actuarial assumptions:** The total pension liability as of June 30, 2014 was determined by an actuarial valuation as of June 30, 2013 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation.....	3.00%
Salary increases.....	5.45 – 9.25%, including inflation
Investment rate of return.....	7.50%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for the periods after service retirement, for dependent beneficiaries, and for deaths in active service, and the RP-2000 Disabled Mortality Table set back eleven years for males for the period after disability retirement. The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2009.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of pension plan investment expense and the assumed rate of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	3.00%
Domestic large equities	39.70	6.50
Domestic mid equities	3.70	10.00
Domestic small equities	1.60	13.00
International developed market equities	18.90	6.50
International emerging market equities	6.10	11.00
Total	<u>100.00%</u>	

\* Rates shown are net of the 3.00% assumed rate of inflation



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**Discount rate:** The discount rate used to measure the total pension liability was 7.50 %. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that Authority and State of Georgia contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate:** The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.50 %, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 %) or 1-percentage-point higher (8.50 %) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Authority's proportionate share of the net pension liability	\$ 6,682,092	4,582,430	2,795,128

**Pension plan fiduciary net position:** Detailed information about the pension plan's fiduciary net position is available in the separately issued ERS financial report which is publically available at [www.ers.ga.gov/formspubs/formspubs](http://www.ers.ga.gov/formspubs/formspubs).

The Authority had \$57,263 payable to the pension plan as of June 30, 2015.

***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.



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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% 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. Employee contributions greater than 5% of salary 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:

<u>Year</u>	<u>Annual Employer Contribution</u>	<u>Annual Employee Contribution</u>
2015	\$ 21,238	\$ 48,084
2014	20,991	48,954
2013	21,643	55,346



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## (9) Other Post-employment Benefits

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

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%



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(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.

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, 2015, were as follows:

Months Paid (Coverage Periods)	Required Contribution Rate
June 2014 (July 2014)	30.781%
July 2014 - June 2015 (August 2014 - July 2015)	30.454%

No additional contribution was required by the Board for fiscal year 2015 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, 2015, 2014, and 2013:

Year	Required Contribution	% contributed
2015	\$ 774,701	100%
2014	718,132	100%
2013	919,637	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



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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.

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 2015 were based on June 30, 2012, actuarial valuations as follows:

	<u>SEAD- OPEB</u>	<u>SEAD- Active</u>	<u>Total SEAD</u>
<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 were estimated to be \$6.0 thousand. There were no required employer contributions for the fiscal years ended June 30, 2015 and 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 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.



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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.

## (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, 2015:

Year ending		Amount
June 30		
2016	\$	425,097
2017		435,799
2018		446,728
2019		457,884
2020		469,269
2021		481,109
Total	\$	<u>2,715,886</u>

Total expenses for rental of office space for the year ended June 30, 2015 were \$172,864.

## (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, 2015. In addition, management believes there were no material violations of finance-related legal or contractual provisions by the Authority during the current fiscal year.

## (12) Restatement of Net Position – Government-wide Statements

The Authority restated ending net position as of June 30, 2014 by a reduction of \$5,442,852 to implement GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB*



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*Statement No. 27.* This restatement was necessary to reflect the valuation of the Authority's proportionate share for the previous fiscal year. Under the new standard, the Authority presents its proportionate share of Net Pension Liability and significantly increased disclosures related to its cost-sharing defined benefit plan as of June 30, 2015.







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# Required Supplementary Information

## Schedule of Authority's Proportionate Share of the Net Pension Liability Employees' Retirement System

	<u>2015</u>
Authority's proportion of the net pension liability	0.122178%
Authority's proportionate share of the net pension liability	\$4,582,430
Authority's covered-employee payroll during the measurement period	\$2,902,532
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	157.88%
Plan fiduciary net position as a percentage of the total pension liability	77.99%

**Source: Employees' Retirement System of Georgia and the Authority's Fiscal Services Division**

Note: Schedule is intended to show information for the last 10 fiscal years. Additional years will be provided as data becomes available.



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# Required Supplementary Information

## Schedule of Authority's Contributions

### Employees' Retirement System

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually required contributions	\$679,724	\$507,851	\$424,094	\$342,738	\$330,884	\$329,295	\$317,839	\$299,052	\$272,881	\$233,088
Contributions in relation to the contractually required contribution	\$679,724	\$507,851	\$424,094	\$342,738	\$330,884	\$329,295	\$317,839	\$299,052	\$272,881	\$233,088
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Authority's covered-employee payroll during the current fiscal year	\$3,074,356	\$2,902,532	\$3,085,566	\$3,259,554	\$3,480,563	\$3,293,875	\$3,120,865	\$2,914,774	\$2,596,624	\$2,275,675
Contributions as a percentage of its covered-employee payroll	22.11%	17.50%	13.74%	10.51%	9.51%	10.00%	10.18%	10.26%	10.51%	10.24%

Source: Employees' Retirement System of Georgia and the Authority's Fiscal Services Division



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# Notes to Required Supplementary Information For the Year Ended June 30, 2015

**Changes of assumptions:** There were no changes in assumptions or benefits that affect the measurement of the total pension liability since the prior measurement date.

**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2015 reported in that schedule:

Valuation date	June 30, 2012
Actuarial cost method	Entry age
Amortization method	Level dollar, open
Remaining amortization period	30 years
Asset valuation method	Seven-year smoothed market
Inflation rate	3.00%
Salary increases	2.725% - 4.625% for FY 2012-2013 5.45% - 9.25% for FY 2014+
Investment rate of return	7.50%, net of pension plan investment expense, including inflation







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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.

#### **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.

#### **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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# Combining Balance Sheet Nonmajor Governmental Funds

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	State Energy Program	Energy Investments	State Land Conservation Fund	Drinking Water SRF Small PWS Technical Assistance	Total Nonmajor Governmental Funds
<b>Assets</b>					
Cash	\$ 153,936	—	—	—	153,936
Investments	—	2,826,275	1,452,088	—	4,278,283
Due from other governments	58,600	—	—	—	58,600
Due from other funds	42,252	—	—	—	42,252
<b>Total assets</b>	<b>\$ 254,788</b>	<b>2,826,275</b>	<b>1,452,088</b>	<b>—</b>	<b>4,533,151</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable and accrued liabilities	\$ 59,321	—	—	—	59,321
Due to other funds	—	43,002	—	—	43,002
<b>Total liabilities</b>	<b>59,321</b>	<b>43,002</b>	<b>—</b>	<b>—</b>	<b>102,323</b>
<b>Fund balances:</b>					
Restricted for grant programs	195,467	2,783,273	1,452,088	—	4,430,828
<b>Total fund balances</b>	<b>195,467</b>	<b>2,783,273</b>	<b>1,452,088</b>	<b>—</b>	<b>4,430,828</b>
<b>Total liabilities and fund balances</b>	<b>\$ 254,788</b>	<b>2,826,275</b>	<b>1,452,088</b>	<b>—</b>	<b>4,533,151</b>



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# Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds

Year ended June 30, 2015

	State Energy Program	Energy Investments	State Land Conservation Fund	Drinking Water SRF Small PWS Technical Assistance	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Grant revenues	325,411	—	—	616,929	942,340
Public donations	—	—	50,765	—	50,765
Interest income on investments	—	5,430	2,645	—	8,075
<b>Total revenues</b>	<b>325,411</b>	<b>5,430</b>	<b>53,410</b>	<b>616,929</b>	<b>1,001,180</b>
<b>Expenditures:</b>					
<b>Current:</b>					
Water and wastewater programs	—	—	—	616,929	616,929
Land conservation programs	—	—	61,563	—	61,563
Energy programs	361,477	—	—	—	361,477
<b>Total expenditures</b>	<b>361,477</b>	<b>—</b>	<b>61,563</b>	<b>616,929</b>	<b>1,039,969</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(36,066)</b>	<b>5,430</b>	<b>(8,153)</b>	<b>—</b>	<b>(38,789)</b>
<b>Other Financing Uses:</b>					
Transfers in	36,066	—	—	—	36,066
Transfers out	—	(472,709)	—	—	(472,709)
<b>Total other financing sources and (uses)</b>	<b>36,066</b>	<b>(472,709)</b>	<b>—</b>	<b>—</b>	<b>(436,643)</b>
<b>Net change in fund balances</b>	<b>—</b>	<b>(467,279)</b>	<b>(8,153)</b>	<b>—</b>	<b>(475,432)</b>
<b>Fund balances — July 1</b>	<b>195,467</b>	<b>3,250,552</b>	<b>1,460,241</b>	<b>—</b>	<b>4,906,260</b>
<b>Fund balances — June 30</b>	<b>\$ 195,467</b>	<b>2,783,273</b>	<b>1,452,088</b>	<b>—</b>	<b>4,430,828</b>



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

## **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.



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

# Combining Statement of Net Position Nonmajor Enterprise Fund

June 30, 2015

<b>Assets</b>		<b>Storage Tank Maintenance Fund</b>
Current assets:		
Cash	\$	14,350
Investments		1,158,776
Due from other governments		7,990
Total current assets		<u>1,181,116</u>
Total assets		<u>1,181,116</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities		36,972
Due to other funds		40,684
Total liabilities		<u>77,656</u>
<b>Net Position</b>		
Unrestricted		<u>1,103,460</u>
Total net position	\$	<u><u>1,103,460</u></u>



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

**Nonmajor Enterprise Fund**

**Statement of Revenues, Expenses, and  
 Change in Net Position**

Year ended June 30, 2015

	<u>Storage Tank Maintenance Fund</u>
Operating Revenues:	
Administrative and preventative maintenance fees	\$ 973,725
Miscellaneous	3,490
Total operating revenues	<u>977,215</u>
Operating Expenses:	
Storage tank maintenance programs	528,171
General and administrative	951
Total operating expenses	<u>529,122</u>
Operating income	<u>448,093</u>
Nonoperating Revenues:	
Interest income on investments	<u>2,512</u>
Total nonoperating revenues	<u>2,512</u>
Income before transfers	450,605
Transfers out	<u>(427,562)</u>
Change in net position	23,043
Total net position – July 1	<u>1,080,417</u>
Total net position – June 30	<u>\$ 1,103,460</u>



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

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

Year Ended June 30, 2015

	<b>Storage Tank Maintenance Fund</b>	
Cash flows from operating activities:		
Administrative fee payments	\$	973,725
Payments to service providers		(531,251)
Internal activity – payments from other funds		134,543
Internal activity – payments to other funds		(132,563)
Miscellaneous receipts and changes in due from other governments		200
Net cash provided by operating activities		444,654
Cash flows from noncapital financing activities:		
Transfers out		(427,562)
Net cash used in noncapital financing activities		(427,562)
Cash flows from investing activities:		
Interest income on investments		2,512
Net cash provided by investing activities		2,512
Net increase in cash and cash equivalents		19,604
Cash and cash equivalents at beginning of year		1,153,522
Cash and cash equivalents at end of year	\$	1,173,126
Reconciliation to the statement of net position:		
Cash	\$	14,350
Investments		1,158,776
	\$	1,173,126
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$	448,093
Change in assets and liabilities:		
Due from other governments		(3,290)
Due from other funds		134,543
Due to other funds		(132,563)
Accrued liabilities		(2,129)
Net cash provided by operating activities	\$	444,654







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

## 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. . . . . 66-72

#### Revenue Capacity

These schedules contain information to help the reader assess the Authority's most significant own-source revenue, interest income on loans receivable. . . . . 73-75

#### 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. . . . . 76

#### 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. . . . . 77

#### 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. . . . . 78-80

#### 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**  
(A Component Unit of the State of Georgia)

# Government-wide Net Position by Category<sup>1</sup>

## Last Ten Fiscal Years

(accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 124,280	\$ 47,955	\$ 24,718	\$ 35,324	\$ 47,777	\$ 20,862	\$ 15,443	\$ 13,664	\$ 15,905	\$ 10,835
Restricted for:										
Loan programs	31,503,129	33,348,201	31,872,215	36,997,885	39,745,561	33,597,308	27,982,690	29,638,879	31,426,764	23,468,034
Grant programs <sup>2</sup>	4,432,508	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
Unrestricted	2,920,761	3,286,716	3,492,204	3,324,198	4,806,058	4,881,713	5,041,282	4,282,969	4,087,751	3,960,770
<b>Subtotal Governmental Activities Net Position</b>	<b>\$ 38,980,678</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>\$ 46,889,219</b>	<b>\$ 61,752,582</b>	<b>\$ 45,731,650</b>	<b>\$ 32,599,989</b>
<b>Business-type Activities</b>										
Restricted for:										
Debt service or loan programs <sup>3</sup>	\$ 1,512,084,168	\$ 1,446,699,238	\$ 1,383,034,270	\$ 1,254,229,701	\$ 1,154,326,566	\$ 1,525,477	\$ 943,692	\$ 13,949,704	\$ 22,304,528	\$ 26,162,531
Unrestricted	548,714,476	505,719,565	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
<b>Subtotal Business-type Activities Net Position</b>	<b>\$ 2,060,798,644</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>Net Position</b>										
Net investment in capital assets	\$ 124,280	\$ 47,955	\$ 24,718	\$ 35,324	\$ 47,777	\$ 20,862	\$ 15,443	\$ 13,664	\$ 15,905	\$ 10,835
Restricted for:										
Loan programs	31,503,129	33,348,201	31,872,215	36,997,885	39,745,561	33,597,308	27,982,690	29,638,879	31,426,764	23,468,034
Grant programs	4,432,508	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
Debt service or loan programs	1,512,084,168	1,446,699,238	1,383,034,270	1,254,229,701	1,154,326,566	1,525,477	943,692	13,949,704	22,304,528	26,162,531
Unrestricted	551,635,237	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
<b>Total Net Position</b>	<b>\$ 2,099,779,322</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>

**Notes:**

<sup>1</sup>Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets, restricted, and unrestricted. Net position is 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.



**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)

Functions/Programs	2015			2014			2013			2012			2011		
	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 <sup>1</sup>	\$ 6,599,857	\$ 5,024,806	\$ 13,490,023	\$ 7,170,623	\$ 6,319,400	\$ 14,934,860	\$ 9,022,959	\$ 5,929,787	\$ 19,468,277	\$ 11,763,760	\$ 10,435,318	\$ 8,187,893	\$ 11,763,760	\$ 10,435,318	\$ 8,187,893
Water and wastewater programs <sup>2</sup>	7,074,323	(1,060,605)	6,306,689	6,914,660	(607,971)	5,827,054	8,798,184	(2,669,069)	6,950,325	12,382,414	(1,848,859)	28,575,001	16,192,587	(1,848,859)	28,575,001
Solid waste and environmental programs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land conservation programs <sup>3</sup>	61,563	(10,798)	54,769	8,665	46,124	39,251	59,061	(2,482)	55,909	60,212	(3,152)	86,321	60,212	(3,152)	86,321
Energy programs <sup>4</sup>	8,069,083	(434,926)	7,063,716	7,368,927	(305,211)	18,232,444	91,335,755	(90,139)	91,025,543	109,506,743	(310,212)	108,704,970	109,506,743	(310,212)	108,704,970
Interest on long-term debt <sup>5</sup>	-	-	-	-	-	-	78	(78)	-	619	(619)	-	619	(619)	-
<b>Subtotal Governmental Activities<sup>6</sup></b>	<b>21,804,826</b>	<b>3,516,477</b>	<b>26,915,217</b>	<b>21,462,875</b>	<b>5,452,342</b>	<b>39,033,609</b>	<b>109,217,037</b>	<b>3,168,097</b>	<b>117,490,054</b>	<b>133,715,428</b>	<b>8,273,017</b>	<b>145,555,665</b>	<b>133,715,428</b>	<b>8,273,017</b>	<b>145,555,665</b>
<b>Business-type Activities</b>															
Water and wastewater programs <sup>8</sup>	6,561,895	-	5,392,431	5,392,431	-	8,437,183	13,769,944	-	13,769,944	31,435,363	-	24,586,564	31,435,363	-	24,586,564
Storage tank/maintenance programs <sup>9</sup>	528,171	448,066	999,046	591,872	407,174	1,000,451	1,357,477	200,362	1,224,663	1,232,559	(132,814)	1,951,923	1,232,559	(132,814)	1,951,923
Loan activities <sup>7</sup>	379,229	107,150,932	79,545,992	411,274	79,134,718	165,431,763	697,695	165,083,300	135,757,916	2,319,969	135,060,231	113,604,026	2,319,969	135,060,231	113,604,026
<b>Subtotal Business-type Activities<sup>8</sup></b>	<b>7,469,295</b>	<b>107,599,998</b>	<b>85,937,469</b>	<b>6,395,577</b>	<b>79,541,892</b>	<b>174,869,397</b>	<b>15,824,106</b>	<b>165,283,662</b>	<b>150,751,523</b>	<b>34,987,931</b>	<b>134,927,417</b>	<b>140,142,513</b>	<b>34,987,931</b>	<b>134,927,417</b>	<b>140,142,513</b>
<b>Total Governmental and Business-type Activities</b>	<b>\$ 29,274,121</b>	<b>\$ 140,391,596</b>	<b>\$ 112,852,686</b>	<b>\$ 27,858,452</b>	<b>\$ 84,994,234</b>	<b>\$ 213,903,006</b>	<b>\$ 125,041,143</b>	<b>\$ 168,451,759</b>	<b>\$ 268,241,577</b>	<b>\$ 168,703,359</b>	<b>\$ 143,200,434</b>	<b>\$ 285,698,178</b>	<b>\$ 168,703,359</b>	<b>\$ 143,200,434</b>	<b>\$ 285,698,178</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)

Functions/Programs	2010			2009			2008			2007			2006		
	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>	Expenses	Program Revenues	Net (Expense)/Revenue <sup>1</sup>	Expenses	Program Revenues	Net (Expense)/Revenue <sup>1</sup>
<b>Governmental Activities</b>															
General Government	\$ 967,658	\$ 6,204,582	\$ (3,443,076)	\$ 6,014,492	\$ 1,882,237	\$ (4,332,255)	\$ 6,003,709	\$ 2,676,318	\$ (3,325,391)	\$ 5,385,017	\$ 2,842,634	\$ (2,542,383)	\$ 4,594,236	\$ 4,168,236	\$ (426,000)
Water and wastewater programs <sup>2</sup>	10,646,079	20,225,973	9,579,934	11,835,082	18,656,182	6,821,090	6,297,017	17,226,904	5,488,630	19,390,095	4,817,939	15,369,723	4,817,939	15,369,723	10,551,784
Solid waste and environmental programs	267,030	145,738	(121,292)	109,032	109,032	153,078	153,078	153,078	145,153	145,153	1,227,420	173,570	1,227,420	173,570	(1,053,850)
Land conservation programs <sup>3</sup>	6,651,892	61,551	(6,590,341)	12,654,192	265,432	(12,388,760)	32,363,754	48,078,941	15,715,187	892,032	5,222,736	4,330,704	-	-	-
Energy programs <sup>4</sup>	41,919,198	41,574,413	(343,785)	15,746,665	16,971,609	1,226,114	15,409,887	16,888,490	1,478,603	16,117,451	17,504,724	1,387,273	14,963,973	16,768,273	1,804,300
Interest on long term debt <sup>5</sup>	1,985	-	(1,985)	2,886	-	(2,886)	2,442	-	(2,442)	-	-	-	-	-	-
<b>Subtotal Governmental Activities<sup>6</sup></b>	<b>69,133,852</b>	<b>68,213,257</b>	<b>(920,595)</b>	<b>46,369,989</b>	<b>37,684,492</b>	<b>(8,675,497)</b>	<b>60,229,887</b>	<b>85,025,731</b>	<b>24,795,844</b>	<b>28,028,283</b>	<b>45,905,342</b>	<b>17,277,059</b>	<b>25,603,568</b>	<b>36,479,802</b>	<b>10,876,234</b>
<b>Business-Type Activities</b>															
Water and wastewater programs	59,286,970	4,010,035	(55,276,935)	1,977,949	1,977,949	2,329,243	2,329,243	2,329,243	1,909,264	1,909,264	1,909,264	1,741,197	1,741,197	1,741,197	-
Storage tank maintenance programs <sup>7</sup>	2,135,141	2,559,757	424,616	3,154,265	3,682,055	527,790,000	145,430,027	145,430,027	113,351,887	1,959,288	120,023,392	118,064,124	2,259,752	149,088,111	146,828,359
Loan activities <sup>8</sup>	2,188,780	163,952,695	161,763,915	1,330,038	146,760,065	145,430,027	1,638,294	114,988,181	113,351,887	1,959,288	120,023,392	118,064,124	2,259,752	149,088,111	146,828,359
<b>Subtotal Business-Type Activities<sup>9</sup></b>	<b>63,610,891</b>	<b>170,522,487</b>	<b>106,911,686</b>	<b>6,482,252</b>	<b>152,420,069</b>	<b>145,957,817</b>	<b>3,965,537</b>	<b>117,317,424</b>	<b>113,351,887</b>	<b>3,888,532</b>	<b>121,932,656</b>	<b>118,064,124</b>	<b>4,000,949</b>	<b>150,828,308</b>	<b>146,828,359</b>
<b>Total Governmental and Business-Type Activities</b>	<b>\$ 132,744,743</b>	<b>\$ 238,735,744</b>	<b>\$ 105,981,001</b>	<b>\$ 52,852,241</b>	<b>\$ 190,104,561</b>	<b>\$ 137,281,320</b>	<b>\$ 64,195,424</b>	<b>\$ 202,343,155</b>	<b>\$ 138,147,731</b>	<b>\$ 31,896,815</b>	<b>\$ 167,237,998</b>	<b>\$ 135,341,183</b>	<b>\$ 29,604,517</b>	<b>\$ 187,308,110</b>	<b>\$ 157,704,593</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 2006 can be explained by no receipt of contributions from the State of Georgia.  
<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 FY 2007, 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 fund 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 program.  
<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 Building Authority (GBA) and 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 program.  
<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 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 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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Net (Expense), Total Governmental and Business-type Activities</b>										
Governmental activities	\$ 3,518,477	\$ 5,452,342	\$ 3,168,097	\$ 8,273,017	\$ 11,840,236	\$ (920,595)	\$ 8,676,497	\$ 24,795,844	\$ 17,277,059	\$ 10,876,234
Business-type activities	107,598,998	79,541,892	165,283,662	134,927,417	105,154,580	106,911,586	145,957,817	113,351,887	118,064,124	146,828,359
<b>Total Governmental and Business-type Activities</b>	<b>111,117,475</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>General revenues and other changes in net position</b>										
<b>Governmental Activities:</b>										
Unrestricted investment earnings	68,853	54,419	65,912	68,914	93,018	106,246	1,089,789	1,936,270	1,596,127	527,311
Miscellaneous	3,862	12,768	26,621	32,922	17,338	12,764	71,477	266,210	243,588	170,541
Transfers to business-type activities <sup>1</sup>	(758,474)	(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)
<b>Subtotal Governmental Activities</b>	<b>(685,759)</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>Business-type Activities:</b>										
Miscellaneous	22,369	15,084	161,770	363,722	25,409	108,782	1,014,458	4,704	22,100	70,031
Special items <sup>2</sup>	-	-	-	-	(369,096,228)	-	-	-	-	-
Transfers from governmental activities	758,474	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
<b>Subtotal Business-type Activities</b>	<b>780,843</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>Changes in Net Position</b>										
Governmental activities	2,832,718	969,876	(5,084,109)	(4,399,803)	5,744,267	(2,508,638)	(14,883,363)	16,020,932	13,132,681	6,137,391
Business-type activities <sup>2</sup>	108,379,841	84,106,629	173,790,171	148,065,795	(257,709,914)	108,727,431	154,340,407	124,333,983	124,070,317	152,335,085
<b>Total Changes in Net Position</b>	<b>\$ 111,212,559</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>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 position 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	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Nonspendable for prepaid items	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,624	\$ -	\$ -	\$ -
Restricted for loan programs	5,083,096	4,915,251	4,372,360	8,927,355	11,639,738	3,959,426	790,108	3,763,135	9,137,096	3,512,710
Restricted for grant programs	-	-	25,445	100,000	180,722	332,340	1,503,649	2,598,404	892,625	965,539
Unassigned	8,434,208	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
<b>Total general fund balance<sup>1</sup></b>	<b>\$ 13,517,304</b>	<b>\$ 8,767,029</b>	<b>\$ 8,249,583</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>State Land Conservation Fund</b>										
Restricted for grant programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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>Oil Overcharge and Miscellaneous Fund</b>										
Restricted for grant programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 171,128	\$ 168,494	\$ 208,597	\$ 11,900
<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>Weatherization Assistance Program Fund</b>										
Restricted for grant programs <sup>2</sup>	\$ 1,680	\$ 1,680	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total weatherization assistance program fund balance</b>	<b>\$ 1,680</b>	<b>\$ 1,680</b>	<b>\$ -</b>							
<b>Nonmajor Governmental Funds</b>										
Restricted for loan programs	\$ 26,420,033	\$ 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
Restricted for grant programs	4,430,828	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
<b>Total nonmajor governmental fund balance</b>	<b>\$ 30,850,861</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>Total governmental fund balances</b>	<b>\$ 44,369,845</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>

**Notes:**

<sup>1</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>2</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>7</sup>

## Last Ten Fiscal Years

(modified accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Revenues</b>										
State of Georgia appropriations <sup>1</sup>	\$ 348,495	\$ 298,495	\$ -	\$ 283,495	\$ 15,286,358	\$ 8,099,808	\$ 8,967,325	\$ 58,323,726	\$ 19,085,782	\$ 12,400,000
State general obligation bond proceeds <sup>3</sup>	8,600,000	9,200,000	9,600,000	12,000,000	-	-	-	-	-	-
Administrative fees	1,084,666	1,457,644	591,955	1,529,171	3,204,819	4,717,199	4,195,875	5,369,503	5,186,031	4,273,697
Grant revenues	15,233,946	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
Petroleum violation fees	-	-	-	-	-	-	-	12,777	106,094	193,517
Public donations	50,765	54,789	39,251	55,909	83,228	53,784	67,719	87,392	191,223	-
Interest income on investments	74,284	59,785	74,114	101,717	101,717	121,781	1,330,131	2,867,740	1,922,817	612,804
Miscellaneous	3,862	12,768	26,621	32,922	17,338	12,764	71,477	266,210	243,888	170,541
<b>Total revenues</b>	\$ 25,396,018	\$ 26,982,404	\$ 39,126,142	\$ 117,591,890	\$ 145,666,020	\$ 68,332,267	\$ 38,845,758	\$ 87,228,211	\$ 47,145,057	\$ 37,177,654
<b>Expenditures</b>										
General government	\$ 7,070,616	\$ 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
Water and wastewater programs	7,074,323	6,914,660	8,496,123	8,799,184	12,382,414	10,646,079	11,835,092	6,297,017	5,488,630	4,817,939
Solid waste and environmental programs	-	-	-	-	1,680	267,030	109,032	153,078	145,153	1,227,420
Land conservation programs <sup>2</sup>	61,563	8,665	41,733	59,061	60,212	6,651,892	12,654,192	32,363,754	892,032	-
Energy programs <sup>3</sup>	8,069,083	7,368,927	18,322,583	91,335,755	109,506,743	41,919,198	15,745,495	15,409,887	16,117,451	14,963,973
Capital outlay, general government	100,033	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>	22,375,618	21,280,624	35,999,600	109,256,686	133,639,542	69,121,699	46,349,583	60,143,950	28,016,941	25,568,720
Excess of revenues over (under) expenditures	3,020,400	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
<b>Other Financing Sources (Uses)</b>										
Capital leases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,977	\$ 18,585	\$ 30,308	\$ -
Transfers in <sup>4</sup>	10,362,126	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
Transfers out <sup>4</sup>	(11,120,600)	(9,065,777)	(14,266,361)	(16,496,038)	(9,522,102)	(5,271,765)	(11,992,685)	(14,059,779)	(7,737,470)	(7,468,275)
<b>Total other financing sources (uses)</b>	(758,474)	(4,549,653)	(8,344,739)	(12,774,656)	(6,206,325)	(1,707,053)	(7,342,155)	(10,956,807)	(5,953,785)	(5,436,695)
<b>Net change in fund balances<sup>6</sup></b>	\$ 2,261,926	\$ 1,152,127	\$ (6,218,197)	\$ (4,439,452)	\$ 5,820,153	\$ (2,496,485)	\$ (14,845,980)	\$ 16,125,454	\$ 13,174,331	\$ 6,172,239

**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>Due to decreased interest earnings, the Authority transferred funds from other funds to satisfy administrative costs.

<sup>3</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>4</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>5</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>6</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>7</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)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
<b>Governmental Activities</b>										
Charges for Services	\$ 1,084,666	\$ 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
Operating Grants and Contributions <sup>2</sup>	24,238,637	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
<b>Subtotal Governmental Activities Program Revenues</b>	<b>25,323,303</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>Business-type Activities</b>										
Charges for Services	34,437,124	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
Operating Grants and Contributions	80,631,169	49,420,407	104,896,682	112,292,163	1,543,109	2,510,024	10,458,789	20,542,313	25,263,579	15,710,165
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
<b>Subtotal Business-type Activities Program Revenues</b>	<b>115,068,293</b>	<b>85,937,469</b>	<b>174,869,397</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>Governmental and Business-type Activities</b>										
Charges for Services	35,521,790	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
Operating Grants and Contributions	104,869,806	74,877,980	143,338,336	228,253,046	135,706,262	59,801,500	43,947,406	100,198,541	65,382,890	47,916,270
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
<b>Total Governmental and Business-type Activities Program Revenues</b>	<b>\$ 140,391,596</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>\$ 190,104,561</b>	<b>\$ 202,343,155</b>	<b>\$ 167,237,998</b>	<b>\$ 187,309,110</b>

**Notes:**

<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



Date	Interest Rate (%)	Closing Fee (%) <sup>2</sup>
06/2015	3.03	1.00
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	3.89	N/A
02/2009	3.89	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

Year	Interest Rate (%)
06/2015	3.76
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

Date	Interest Rate (%)	Closing Fee (%)
06/2015	2.03	1.00
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

**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 2015 and Nine Years Prior 2006<sup>1</sup>

BORROWER	2015			2006		
	PRINCIPAL BALANCE OUTSTANDING <sup>3</sup>	RANK	% OF TOTAL PRINCIPAL BALANCE OUTSTANDING	PRINCIPAL BALANCE OUTSTANDING <sup>3</sup>	RANK	% OF TOTAL PRINCIPAL BALANCE OUTSTANDING
ATLANTA <sup>4</sup>	\$ 168,843,755	1	14.10%	\$ 23,105,656	4	4.00%
CALHOUN	-	-	-	19,960,043	6	3.45%
CAMILLA	-	-	-	14,439,403	8	2.50%
CARTERSVILLE	-	-	-	12,137,361	9	2.10%
CLAYTON COUNTY WSA	-	-	-	11,793,234	10	2.04%
COBB COUNTY BOC	149,690,480	2	12.50%	-	n/a <sup>2</sup>	-
COLUMBUS WATER WORKS	29,001,267	7	2.42%	25,098,291	3	4.34%
COVINGTON	-	-	-	20,956,357	5	3.62%
EFFINGHAM COUNTY BOC	23,463,548	10	1.96%	-	n/a	-
GAINESVILLE <sup>4</sup>	-	-	-	31,943,709	1	5.52%
WINNETT COUNTY	46,604,129	5	3.89%	-	n/a	-
HALL COUNTY	29,886,680	6	2.50%	-	n/a	-
HENRY COUNTY WSA <sup>4</sup>	50,954,357	4	4.26%	30,600,794	2	5.29%
SAVANNAH	-	n/a	-	16,264,454	7	2.81%
THE CONSERVATION FUND	24,197,695	9	2.02%	-	n/a	-
VALDOSTA	69,096,668	3	5.77%	-	n/a	-
WALTON COUNTY WSA	26,167,446	8	2.19%	-	n/a	-
<b>TOTAL PRINCIPAL PAYERS</b>	\$ 617,906,025		51.61%	\$ 206,299,302		35.67%
<b>ALL OTHER PAYERS</b>	579,266,508		48.39%	371,984,566		64.33%
<b>TOTAL PAYERS<sup>3</sup></b>	\$ 1,197,172,533		100.00%	\$ 578,283,868		100.00%

Source:

The Authority's Fiscal Services 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 through 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

(accrual basis of accounting)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Georgia Fund	\$ 8,084,771	\$ 8,289,718	\$ 9,124,014	\$ 8,961,789	\$ 16,617,343	\$ 22,746,277	\$ 23,177,090	\$ 18,826,064	\$ 14,903,534	\$ 12,384,375
Georgia Reservoir & Water Supply Fund	70,476	41,756	26,763	55,817	-	-	93	-	-	-
Series 1991	-	-	-	-	-	-	-	-	225,127	239,387
Clean Water State Revolving Loan Fund	18,436,384	20,032,718	22,380,926	23,052,731	22,746,784	21,818,551	19,787,106	15,743,087	13,351,989	11,938,645
Clean Water State Match Revolving Loan Fund <sup>2</sup>	3,286,294	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	2,187,499	2,113,821	3,053,806	3,003,892	2,719,567	-	2,562,465	2,236,216	2,183,885	1,678,161
Drinking Water State Match Fund	795,366	778,140	5,278,657	311,768	-	-	-	-	-	-
ARRA-Drinking Water State Revolving Loan Fund	-	-	-	-	-	16,565	-	-	-	-
Nonmajor Enterprise Funds Operating Revenue <sup>3</sup>	-	-	-	369,460	628,297	3,222,211	173,972	554,796	391,623	1,115,640
<b>Total interest revenue</b>	<b>\$ 32,860,790</b>	<b>\$ 34,750,977</b>	<b>\$ 68,204,314</b>	<b>\$ 37,364,159</b>	<b>\$ 43,383,522</b>	<b>\$ 47,888,855</b>	<b>\$ 45,700,726</b>	<b>\$ 37,360,163</b>	<b>\$ 31,056,158</b>	<b>\$ 33,631,430</b>

**Source:**  
The Authority's Fiscal Services 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.

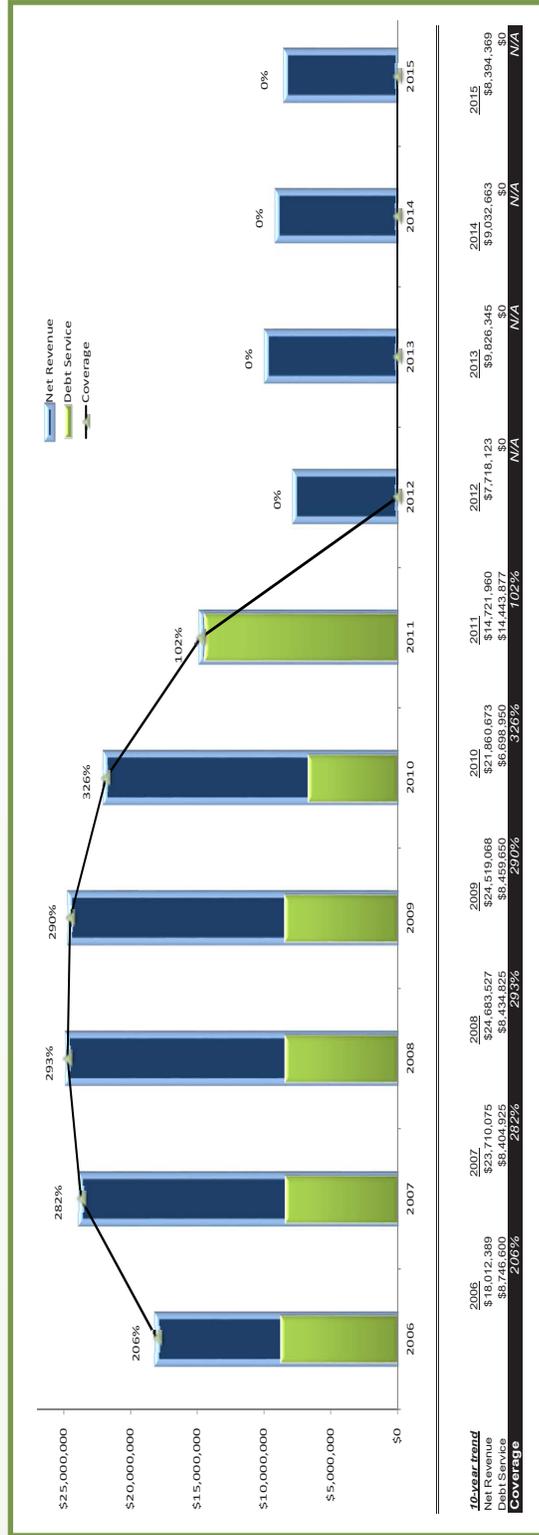
<sup>2</sup>The Authority defers revenue for the Clean Water State Match Revolving Loan Fund until federal match eligibility criteria has been satisfied. During fiscal year 2006, \$6,275,222 in prior year deferrals was appropriately recognized as revenue as required by the guidelines over the administration of the federal revolving loan programs. Again in 2011, The Authority recognized \$153,709 as revenue under the same principles.

<sup>3</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 2006, \$727,044 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>2</sup>	AVAILABLE FOR DEBT SERVICE REQUIREMENTS			TOTAL	COVERAGE	OUTSTANDING DEBT <sup>3</sup>
			AVAILABLE FOR DEBT SERVICE	PRINCIPAL	INTEREST			
2015	\$8,706,269	\$311,890	\$8,204,369	-	-	-	0.00%	-
2014	\$9,385,501	\$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	\$14,255,000	\$188,877	\$14,443,877	101.93%	-
2010	\$23,109,147	\$1,248,474	\$21,860,673	\$6,035,000	\$663,950	\$6,698,950	326.33%	\$13,909,990
2009	\$24,531,536	\$12,468	\$24,519,068	\$7,460,000	\$999,650	\$8,459,650	289.84%	\$21,139,984
2008	\$24,719,252	\$35,725	\$24,683,527	\$7,115,000	\$1,319,825	\$8,434,825	292.64%	\$28,024,577
2007	\$23,768,880	\$56,805	\$23,710,075	\$6,780,000	\$1,624,925	\$8,404,925	282.10%	\$34,574,970
2006	\$18,072,396	\$60,006	\$18,012,389	\$6,815,000	\$1,931,600	\$8,746,600	205.94%	\$41,159,964

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>1</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>

GEFA'S FUNDING by PROGRAM



Year	State of Georgia Population	Estimated Population Impacted	Number of Jurisdictions	Number of Projects	ARRA <sup>3</sup> Loan Program				Percent of Total	State Reservoir Fund	Percent of Total	Totals
					Clean Water State Revolving Loan Fund <sup>2</sup>	Drinking Water State Revolving Loan Fund	Clean Water State Revolving Loan Fund	Drinking Water State Revolving Loan Fund				
2015	n/a	1,438,359	45	57	\$	\$	\$	\$	37.92%	12.88%	\$ 194,616,739	
2014	10,097,343	461,117	49	59	116,107,253	29,657,680	12,100	8,201	37.18%	0.00%	\$ 245,031,146	
2013	10,038,171	1,685,775	35	37	30,746,147	38,031,076	20,089	18,371,394	42.60%	2.22%	\$ 189,389,600	
2012	9,919,945	2,153,049	56	64	92,907,041	14,498,683	11,533	34,824,107	14.62%	n/a	\$ 125,777,118	
2011	9,815,210	2,349,350	92	97	124,855,163	33,839,984	17,499	34,824,107	18.01%	n/a	\$ 193,519,254	
2010	9,908,357	2,084,223	44	43	74,731,476	18,281,324	7,499	34,159,881	14.37%	n/a	\$ 237,889,741	
2009	9,813,588	2,043,370	71	73	156,590,500	8,048,428	3,989	37,561,987	18.58%	n/a	\$ 202,200,915	
2008	9,690,277	3,119,887	71	88	86,657,300	7,293,680	2,677	179,145,480	65.60%	n/a	\$ 273,086,460	
2007	9,526,642	2,825,301	85	84	122,584,000	23,981,220	8,411	138,588,774	48.60%	n/a	\$ 285,153,994	
2006	9,232,575	1,413,980	67	80	91,204,759	23,134,176	8,233	166,645,804	59.31%	n/a	\$ 280,984,739	
2005	9,090,479	1,413,980	67	80	87,772,154	33,813,003	16,566	82,587,731	40.45%	n/a	\$ 204,172,888	

**Source:** The Authority's Fiscal Services and Water Resources Divisions. 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.us](http://www.audits.state.ga.us).  
<sup>2</sup>Loan demand information was not easily verifiable until the Authority began the use of a loan servicing system.  
<sup>3</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 since this period.



**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									
	2015	2014	2013	2012	2011 <sup>3</sup>	2010 <sup>3</sup>	2009 <sup>3</sup>	2008	2007	2006
<b>Governmental activities:</b>										
Executive Administration <sup>2</sup>	5	5	5	6	6	6	5	6	2	2
Energy programs <sup>1</sup>	6	7	8	13	16	16	12	9	9	8
Solid waste and environmental programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1	1	1
Fuel storage tank and alternative fuels programs	2	2	2	3	3.5	3.5	4.5	6	5	5
Information technology	4	4	4	3	3	4	4	4	4	4
Accounting support	3	3	2	3	3	2	3.5	3	4	4
Other administrative support	4	4	4	5	5	5	6	4	5	4
<b>Total FTE - Governmental Activities</b>	<b>24</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>Business-type activities:</b>										
Waste and wastewater programs	15	15	8	8	6.5	8.5	4.5	6	6	5
Accounting and finance support	6	7	5	6	6	5	3.5	4	3	4
Other administrative support	0	0	0	0	0	0	2	2	2	2
<b>Total FTE - Business Type Activities</b>	<b>20</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>Totals</b>	<b>44</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>

**Sources:**  
The Authority's Fiscal Services and Human Resources Divisions.

**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 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>3</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

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Energy programs										
Clients served <sup>3</sup>	1,420	2,339	2,741	13,072	9,703	2,451	4,377	5,146	4,424	1,107
Homes weatherized <sup>3</sup>	1,358	1,537	2,027	5,381	7,273	1,353	2,578	2,642	2,751	672
Carbon dioxide (CO <sub>2</sub> ) reductions (tons) <sup>2</sup>	1,420	974	2,027	5,381	7,273	1,353	2,578	2,642	2,751	672
Energy saved (million BTU) <sup>3</sup>	41,419	17,321	61,824	164,120	230,845	42,944	81,825	83,858	n/a	n/a
Loan activities										
Jobs created										
Construction <sup>4</sup>	9,730	12,255	9,469	6,289	9,667	10,093	10,500	15,390	14,149	14,049
Permanent <sup>4</sup>	5,060	6,373	3,788	2,516	3,870	4,037	4,200	8,172	5,659	5,620
Private wells eliminated	460	125	31	100	1,470	93	735	1,350	304	535
Sewer lines (linear feet):										
Added	139,800	72,746	22,900	18,253	46,140	772,360	278,076	107,496	153,237	214,838
Upgraded	39,268	62,646	18,400	5,000	137,860	290,585	100,735	140,114	169,503	383,145
Septic tanks removed	111	264	2	527	1,276	-	360	311	312	728
New customers added	1,578	15,423	13,073	17,534	275	88,455	80,232	97,778	75,098	48,604

**Sources:**  
The Authority's Energy Resources and Water Resources Divisions.

**Notes:**

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

<sup>2</sup>Per U. S. Department of Energy guidance, carbon dioxide emissions are reduced by an average of one metric ton per weatherized home.

<sup>3</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>4</sup>Jobs created for construction & permanent were derived from a formula used by the Water Resources Division.



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

# Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government	-	-	-	-	15	43	43	28	15	n/a
Capital lease obligations <sup>1</sup>	3	7	3	17	7	-	5	5	5	4
Computer equipment	3	-	-	-	-	-	-	-	-	-
Furniture and Fixtures	-	-	-	-	-	-	-	-	-	-

**Source:**  
 The Authority's Fiscal Services and Information Technology Divisions.

**Notes:**

<sup>1</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>2</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, 2015

Federal Grantor/Program Title	CFDA number	Pass-through Award/ Contract Number	Federal expenditures
U.S. Department of Energy:			
Direct programs:			
State Energy Program	81.041	DE-EE0004521	\$ 946,876
Total State Energy Program			<u>946,876</u>
Weatherization Assistance for Low-Income Persons	81.042	DE-0006147	3,465,534
Total Weatherization Assistance for Low-Income Persons			<u>3,465,534</u>
Pass-through programs:			
State Energy Programs Special Projects - State of North Carolina Office of Energy Sustainability	81.119	NCSEA-DE-EE0006503	463
State Energy Programs Special Projects - Commonwealth of Virginia Department of Minerals, Mines and Energy	81.119	VA-C15-6043-DE-EE0006891	1,021
Total State Energy Programs Special Projects			<u>1,484</u>
Total U.S. Department of Energy			<u>4,413,894</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	42700-040-0000029858	2,297,602
Total U.S. Department of Health and Human Services			<u>2,297,602</u>
U.S. Environmental Protection Agency:			
Direct programs:			
State Revolving Funds (Clean Water)	66.458	CS13000114	19,961,036
Total State Revolving Funds (Clean Water)			<u>19,961,036</u>
State Revolving Funds (Drinking Water)	66.468	FS98409912	6,392,431
State Revolving Funds (Drinking Water)	66.468	FS98409913	15,950,406
State Revolving Funds (Drinking Water)	66.468	FS98409914	373,700
Total State Revolving Funds (Drinking Water)			<u>22,716,537</u>
Total U.S. Environmental Protection Agency			<u>42,677,573</u>
Total Federal Expenditures			\$ <u>49,389,069</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, 2015

## (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, 2015, the Authority had \$641,068,645 in loans receivable outstanding, which were originally funded by the State Revolving Funds (Clean Water) Program and \$115,040,095 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:



## 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, 2015, 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 29, 2015. Our report includes a reference to the changes in accounting principle resulting from the implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*.

### **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.

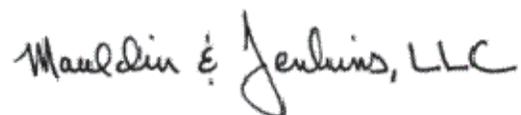
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### **Compliance and Other Matters**

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, flowing style.

Atlanta, Georgia  
September 29, 2015



## 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 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, 2015. 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, 2015.

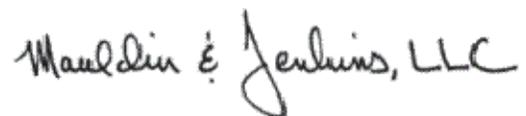
### **Report on Internal Control Over Compliance**

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 29, 2015

# GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

### 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  no

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

Noncompliance material to financial statements noted?  yes  no

#### Federal Awards

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

Significant deficiencies identified not considered  
to be material weaknesses?  yes  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  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)
93.568	Low-Income Home Energy Assistance Program

# GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2015

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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, 2015**

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None reported

