

2016

ANNUAL REPORT





To Conserve and Improve Georgia's Energy, Land, and Water Resources

Founded in 1985, the Georgia Environmental Finance Authority (GEFA) directs programs that improve Georgia's environment, protect natural resources, and promote economic development. GEFA provides loans for water, sewer, and solid waste infrastructure; manages energy efficiency and renewable energy programs; administers land conservation loans and tax credits; and monitors state-owned fuel storage tanks.

To date, GEFA has provided more than \$3.7 billion in low-interest loans to cities, counties, and infrastructure authorities for more than 1,600 projects that improve water, sewer, stormwater, and solid waste systems.

Executive Director's Report

To the Governor, Members of the General Assembly, and Georgia Citizens:

Water is a vital resource and our citizens rely on water infrastructure systems to treat and deliver clean, safe water to our homes, schools, and businesses. Many of these infrastructure systems are aging with transmission lines and treatment plants well beyond their effective lives. In early 2016, the nation was reminded of the consequences of aging water systems and inadequate treatment of water.

To help communities upgrade, replace, and expand their water systems, the Georgia Environmental Finance Authority (GEFA) provides low-interest loans to finance drinking water infrastructure projects that deliver safe and affordable water to millions of Georgians. We also finance wastewater, stormwater, and solid waste projects that reduce water and land pollution and improve our environment.

In Fiscal Year (FY) 2016, our loan programs helped 23 communities with drinking water projects. Two examples include Jones County and the city of Statham. Jones County received a \$1.45 million Drinking Water State Revolving Fund loan to construct a filtration system to remove high iron levels from the well that serves the community. The city of Statham received a \$258,100 Georgia Fund loan to replace the filters at its water treatment plant. Both projects are examples of communities investing to improve drinking water quality.

Long-term water supplies are also an important part of providing safe and reliable water for our citizens. Through the Governor's Water Supply Program, GEFA and Paulding County worked together in FY2016 to provide loans and a state direct investment for the Richland Creek Reservoir. This investment helps ensure that Paulding County will be able to provide for its own water needs well into the future.

In addition to investing in traditional water supply and reservoir projects, GEFA also encourages communities to conserve water by offering lower interest rates for water efficiency and conservation projects. The projects include upgrading water meters, leak detection, replacing leaky pipes, and high-

efficiency toilet rebate programs. Since 2011, GEFA's Water Loss Technical Assistance Program has provided technical assistance to more than 130 water utilities across the state of Georgia. These utilities now have accurate data on water loss within their respective systems and the corrective measures that can be undertaken to conserve water.

The lead water crisis in early 2016 demonstrates that state and local governments must be proactive in providing safe and reliable drinking water. It's vital to our health, our quality of life, and our economy. Providing water is primarily a local responsibility, but GEFA enjoys a great partnership with communities throughout our state by providing affordable financing for water infrastructure projects. It's a state and local partnership that will continue to benefit Georgians for generations to come.

Sincerely,



Kevin Clark
Executive Director

“Providing water is primarily a local responsibility, but GEFA enjoys a great partnership with communities throughout our state by providing affordable financing for water infrastructure projects.”

FY2016

ACCOMPLISHMENTS AT A GLANCE

GEFA increases the capacity and quality of Georgia's water supply, coordinates the protection and preservation of Georgia's land resources, and promotes conservation and advancement of Georgia's energy resources. The agency continues to build upon this success through its commitment to protecting Georgia's natural resources and supporting economic development.



Photo courtesy of the Forsyth County Department of Communications

Improving Georgia's Water Resources

Projects financed by GEFA in FY2016 provided reliable water and sewer services to 780,000 Georgians.

Local governments using GEFA financing saved \$60 million in interest costs over the life of an average 20-year loan in FY2016.

The Clean Water State Revolving Fund awarded \$114 million to 24 communities.

The Drinking Water State Revolving Fund awarded \$23 million to 19 communities.

The Georgia Fund awarded \$31 million to 16 communities.

GEFA executed more than \$36 million in low-interest loans through the Governor's Water Supply Program.

Protecting Georgia's Land Resources

The Georgia Conservation Tax Credit Program facilitated 20 conservation easement donations protecting more than 8,800 acres of land.

In FY2016, the Fuel Storage Tank Program (FSTP) provided oversight and monitoring services for 728 fuel storage tanks at more than 20 state agencies and departments.

GEFA helped its agency partners pass 84 fuel storage tank site compliance inspections.

GEFA completed the annual registration of 342 state-owned underground fuel storage tanks.

Conserving Georgia's Energy Resources

The Charge Georgia program, an incentive program designed to increase the availability of public electric vehicle (EV) charging stations, provided rebates to 24 organizations totaling \$371,904 to install 61 new charging stations.

The Weatherization Assistance Program completed weatherization retrofits to 814 units with estimated energy savings of 24,827 MBtu.

Impacted 1,170 people through weatherization retrofits.

Consolidated from 18 to 16 weatherization agencies throughout the state.

Eighteen K-12 building operators received Building Operator Certification training.

Produced the 2016 Georgia Energy Report.

Energy

RESOURCES

The Energy Resources Division promotes energy efficiency, renewable energy, and energy assurance programs to improve environmental quality and stimulate sustainable economic development.

The State Energy Program provides financial assistance and technical support for energy efficiency and renewable energy programs.

The Weatherization Assistance Program, a national program established in 1976, provides energy conservation measures to income-eligible households in all of Georgia's 159 counties.

The Georgia Energy Challenge helps state agencies reach the program's 15 percent energy conservation goal.

Energy Performance Contracting allows the state to finance building improvements designed to lower energy and water consumption. Through multiyear contracts, state agencies can partner with energy services companies to complete energy and water efficiency initiatives.

The Energy Assurance Program works closely with the Georgia Emergency Management Agency, other state agencies, and private sector stakeholders to develop energy emergency planning resources and to lead exercises designed to ensure better emergency coordination.





Energy Resources Division Publishes 2016 Georgia Energy Report

The 2016 Georgia Energy Report provides a detailed profile of energy generation and consumption and information on initiatives and programs designed to help secure the state's energy future.

- By the end of 2016, it is expected that Georgia will have more than 1 gigawatt (GW) of installed solar energy capacity, with little sign of the trend slowing down.
- In 2015, Georgia ranked eighth nationally in solar installations, this is six spots higher than 2014.
- Through the Charge Georgia program, 61 new electric vehicle charging stations were installed all across the state.
- State agencies contracted for \$77 million worth of energy performance contracts.

The Georgia Environmental Finance Authority (GEFA) updates the Georgia Energy Report every two years. The last report was released in 2014.

GEFA's Energy Resources Division promotes energy efficiency, renewable energy, and energy assurance programs that not only meet Georgia's energy demand, but improve the environment and strengthen quality of life.

Land

RESOURCES

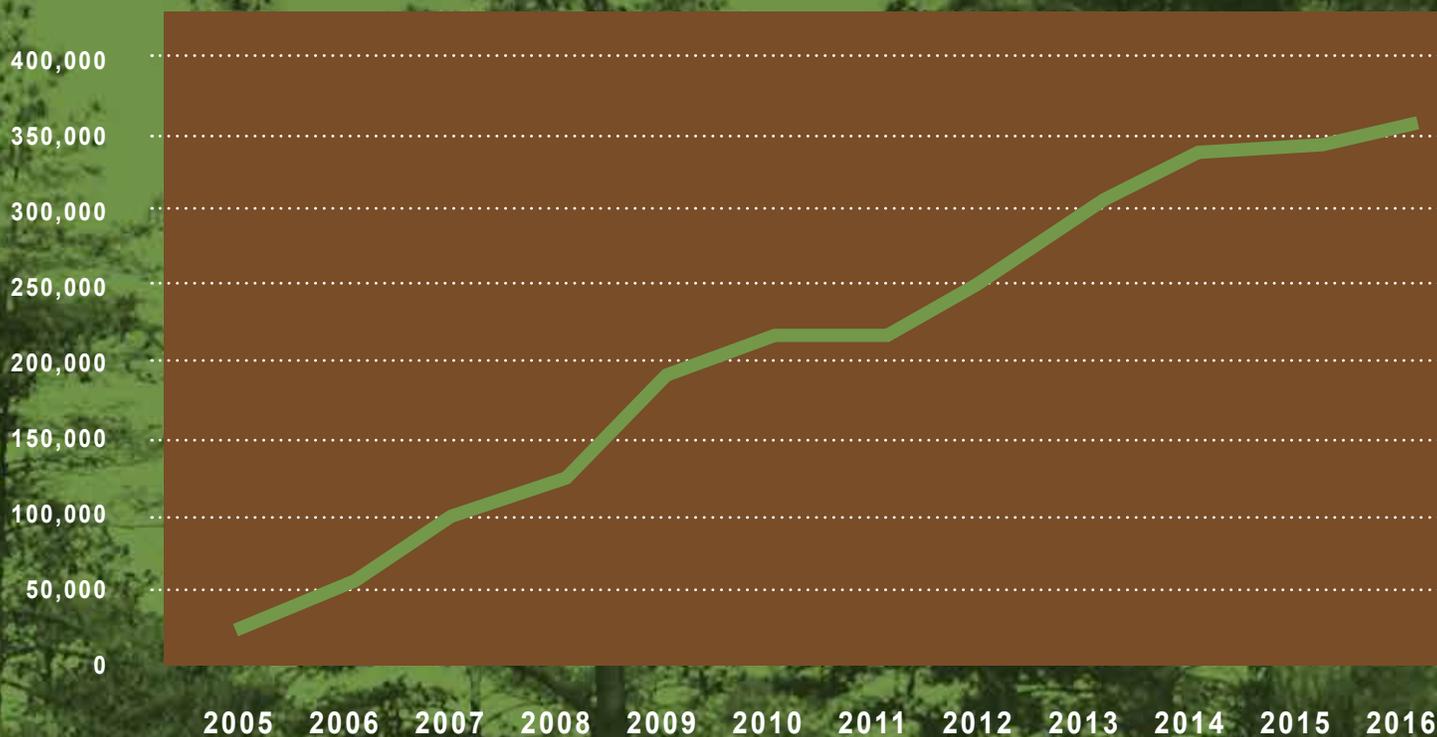
The Georgia Land Conservation Program (GLCP) offers grants and low-interest loans for fee title or conservation easement purchases from the Georgia Land Conservation Trust Fund and Revolving Loan Fund. It also manages the Georgia Conservation Tax Credit Program, which is designed to increase the financial incentives for landowners to donate land or place a permanent conservation easement on their property. The GLCP is administered under the guidance of the Land Conservation Council.

The Fuel Storage Tank Program (FSTP) is responsible for upgrading, replacing, or closing all state-owned fuel storage tanks. The FSTP serves as the centralized management and monitoring office for fuel storage tanks owned by state agencies and institutions throughout Georgia.



CUMULATIVE ACRES PROTECTED BY GLCP

Fiscal Years



Water

RESOURCES

Water, sewer, and solid waste infrastructure protects the environment, facilitates economic development, accommodates population growth, and safeguards public health. GEFA partners with local governments by providing loans for water, sewer, stormwater, and solid waste infrastructure improvements. The Water Resources Division also assists local governments with the development of reservoir and water supply projects.

The Georgia Fund is a state-funded loan program for water, wastewater, and solid waste infrastructure projects.

The Clean Water State Revolving Fund is a federal loan program that provides funding for water quality and wastewater treatment projects.

The Drinking Water State Revolving Fund is a federal loan program that provides funding for drinking water infrastructure projects.

The Georgia Reservoir Fund is a state-funded loan program for reservoir and water supply projects.



Chatsworth Water Works Commission Installs Solar Panels

Many businesses, organizations, and government agencies across Georgia are considering solar power because it is clean, renewable energy that benefits the environment and reduces energy costs.

The Chatsworth Water Works Commission (CWWC) is committed to providing the best water and wastewater services at the lowest possible rates for its customers. Between the CWWC's main office and the Judson Vick Wastewater Treatment Plant, was a 5-acre, untouched, overgrown field. The CWWC decided that using the field for solar power would be an efficient way of serving its customers. Given its hours of operation coincide with the peak hours for solar power generation and the potential for long-term savings, the CWWC decided to turn the empty field into a 5-acre array of solar panels.

The CWWC received a Georgia Environmental Finance Authority (GEFA) loan of \$3 million at 1.3 percent interest and \$300,000 in principal forgiveness to finance a 1 megawatt (MW) solar photovoltaic farm. Since the project conserved energy, the CWCC received a 1 percent interest rate reduction. This was the first solar project associated with a water or wastewater treatment plant financed by GEFA in the state.

Once ground broke on the project, it only took six weeks for the solar panels to start producing power. The solar array is capable of generating up to 1 MW of electricity to run the utility's main office and the wastewater treatment plant. The solar panels produce more electricity than the utility needs and the surplus is sold to Georgia Power. The projected total savings over the next 25 years are approximately \$5.5 to \$6 million.

The solar project has benefitted the CWWC's operations, and set an example for other water and sewer utilities to follow. With a little help from the sun, utilities can better manage rising energy costs to keep rates as low as possible for their customers.



Financial Highlights

The narrative overview and analysis of the agency's financial activities for the fiscal year ended June 30, 2016, provides additional detail on GEFA's financial performance as a whole.

Total assets plus deferred outflows of resources exceeded its liabilities plus deferred inflows of resources at the close of the fiscal year by \$2.2 billion (net position). Of this amount, \$2.1 billion is available to fund ongoing loan activity, GEFA's primary business initiative.

Total long-term liabilities experienced a net increase of \$587,000 during the 2016 fiscal year, all within governmental activities. The increase was mostly attributable to the changes in GEFA's proportionate share of Net Pension Liability.

GEFA's total net position increased by \$71.7 million. The net position in governmental activities increased by \$1.2 million, a significant increase over the prior fiscal year mostly due to an increase in administrative fees generated from loans and an increase of \$1.4 million in state general obligation bonds received. The net position of business-type activities increased \$70.5 million, a decrease from the prior year due to a reduction of \$41.4 million in state general obligation bonds used as contributions to fund certain loan programs.

Total governmental revenues increased by \$1.3 million over 2015. The increased revenue is primarily attributable to an increase in operating grants and contributions, due to a substantially higher state level appropriation and revenues received from a new program administered by GEFA. Additionally, charges for services increased due to revenues assessed on executed loans.

Charges for services within business-type activities experienced a decrease of \$1.7 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 2016 year and a reduction to average interest rates charged on loans.

FY2016 // NET POSITION

	PRIMARY GOVERNMENT						INCREASE (DECREASE) %
	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL		
	2016	2015	2016	2015	2016	2015	
CURRENT AND OTHER ASSETS	\$47,396,047	46,256,784	2,132,468,994	2,061,070,476	2,179,865,041	2,107,327,260	3.4
CAPITAL ASSETS	182,945	124,280	—	—	182,945	124,280	47.2
TOTAL ASSETS	47,578,992	46,381,064	2,132,468,994	2,061,070,476	2,180,047,986	2,107,451,540	3.4
DEFERRED OUTFLOWS	909,882	679,724	—	—	909,882	679,724	33.9
LONG-TERM LIABILITIES OUTSTANDING	5,648,419	5,061,302	—	—	5,648,419	5,061,302	11.6
OTHER LIABILITIES	2,202,159	1,886,939	1,189,731	271,832	3,391,890	2,158,771	57.1
TOTAL LIABILITIES	7,850,578	6,948,241	1,189,731	271,832	9,040,309	7,220,073	25.2
DEFERRED INFLOWS	422,776	1,131,869	—	—	422,776	1,131,869	(62.6)
NET POSITION							
INVESTMENT IN CAPITAL ASSETS	182,945	124,280	—	—	182,945	124,280	47.2
RESTRICTED	36,759,679	35,935,637	1,576,901,260	1,512,084,168	1,613,660,939	1,548,019,805	4.2
UNRESTRICTED	3,272,896	2,920,761	554,378,003	548,714,476	557,650,899	551,635,237	1.1
TOTAL NET POSITON	\$40,215,520	38,980,678	2,131,279,263	2,060,798,644	2,171,494,783	2,099,779,322	3.4

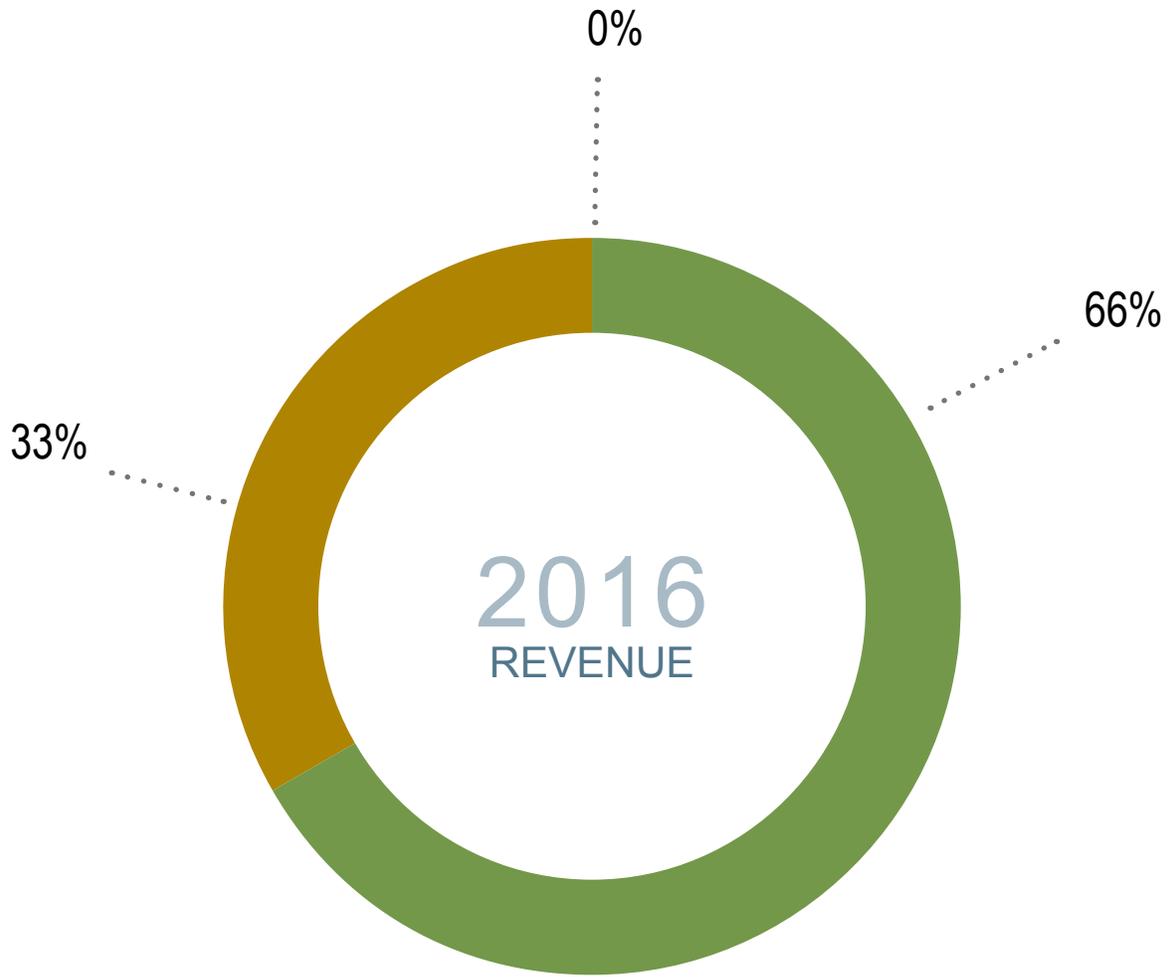
Copies of the complete audited financial statements are available at www.gefa.georgia.gov.

FY2016 // STATEMENT OF NET POSITION

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	GA. ENVIRON. LOAN ACQ. CORP.
ASSETS				
CASH	\$1,362,007	9,647,962	11,009,969	336,768
CASH WITH FISCAL AGENT	—	—	—	6,414,637
INVESTMENTS	40,488,412	854,499,531	894,987,943	60,388,626
DUE FROM OTHER GOVERNMENTS	3,014,562	1,424,644	4,439,206	—
INTERNAL BALANCES	2,530,734	(2,530,734)	—	—
ACCRUED INTEREST RECEIVABLE	—	3,960,868	3,960,868	250,779
LOANS RECEIVABLE	—	1,265,466,723	1,265,466,723	67,711,553
OTHER ASSETS	332	—	332	—
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	182,945	—	182,945	—
TOTAL ASSETS	47,578,992	2,132,468,994	2,180,047,986	135,102,363
DEFERRED OUTFLOWS OF RESOURCES RELATED TO PENSIONS	909,882	—	909,882	—
LIABILITIES				
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	2,198,444	857,443	3,055,887	10,504
ACCRUED PAYROLL	3,715	—	3,715	—
ACCRUED INTEREST PAYABLE	—	—	—	119,156
RETAINAGE PAYABLE	—	332,288	332,288	—
COMPENSATED ABSENCES, CURRENT	108,983	—	108,983	—
SECURITIZATION BONDS PAYABLE, CURRENT	—	—	—	5,130,000
LONG-TERM LIABILITIES:				
COMPENSATED ABSENCES, NET OF CURRENT PORTION	326,948	—	326,948	—
NET PENSION LIABILITY	5,212,488	—	5,212,488	—
SECURITIZATION BONDS PAYABLE, NET OF CURRENT PORTION AND UNAMORTIZED BOND DISCOUNT	—	—	—	50,398,079
TOTAL LIABILITIES	7,850,578	1,189,731	9,040,309	55,657,739
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS	422,776	—	422,776	—
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	182,945	—	182,945	—
RESTRICTED FOR:				
GRANT PROGRAMS	4,442,876	—	4,442,876	—
LOAN PROGRAMS	32,316,803	1,576,901,260	1,609,218,063	—
UNRESTRICTED	3,272,896	554,378,003	557,650,899	79,444,624
TOTAL NET POSITION	\$40,215,520	2,131,279,263	2,171,494,783	79,444,624

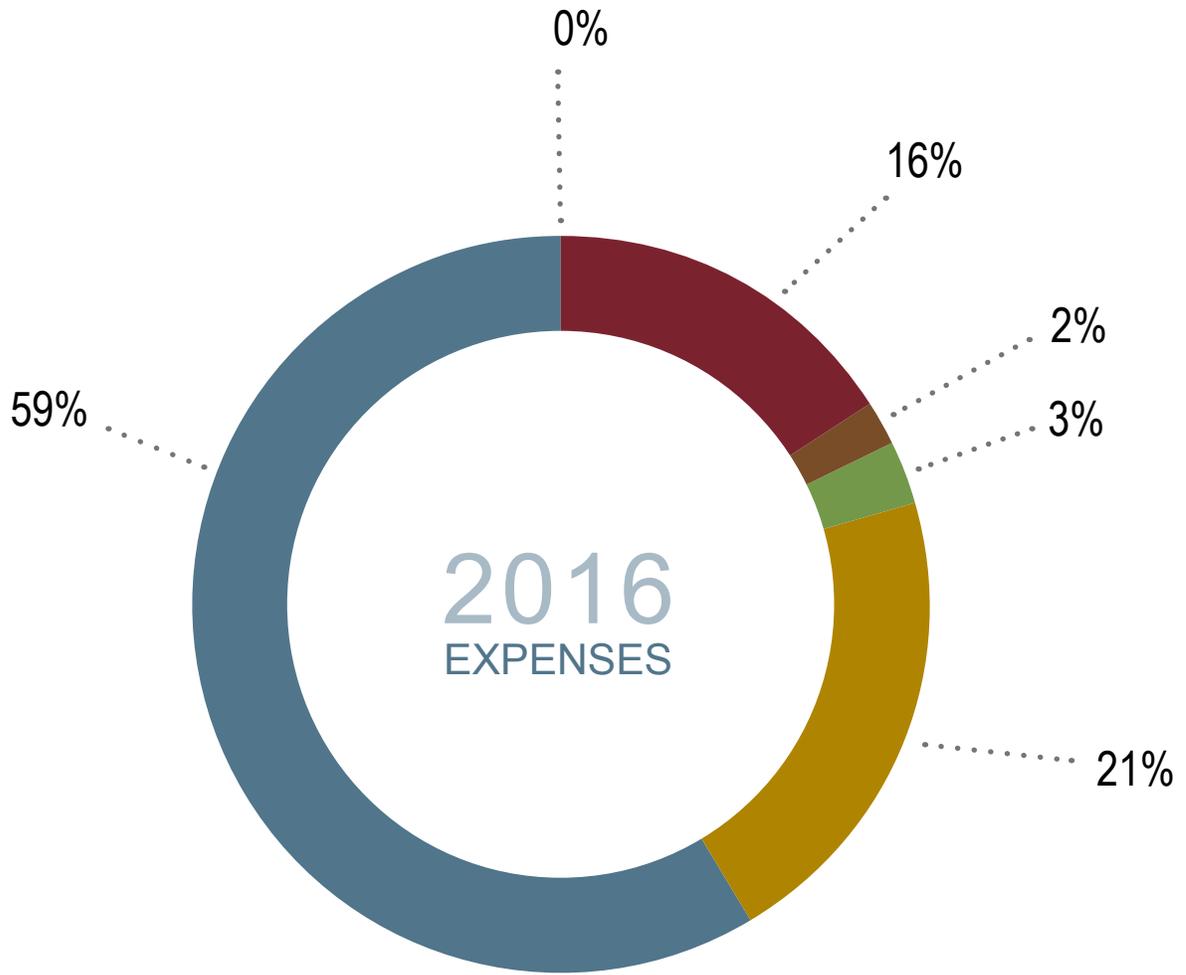
FY2016 // STATEMENT OF NET ACTIVITIES

FUNCTIONS/ PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERN- MENTAL ACTIVITIES	BUSINESS- TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
GOVERNMENTAL ACTIVITIES:								
GENERAL GOVERNMENT	\$6,404,371	—	14,240,940	—	7,836,569	—	7,836,569	—
WATER AND WASTEWATER	8,603,578	1,569,471	5,890,925	—	(1,143,182)	—	(1,143,182)	—
LAND CONSERVATION	10,730	—	34,203	—	23,473	—	23,473	—
ENERGY AND ENVIRONMENT	4,847,120	—	4,789,765	—	(57,355)	—	(57,355)	—
TOTAL GOVERNMENTAL ACTIVITIES	19,865,799	1,569,471	24,955,833	—	6,659,505	—	6,659,505	—
BUSINESS-TYPE ACTIVITIES:								
WATER AND WASTEWATER	9,907,354	—	9,907,354	—	—	—	—	—
STORAGE TANK MAINTENANCE	594,788	980,125	4,355	—	—	389,692	389,692	—
LOAN AND FINANCING SERVICES	787,360	31,763,278	33,490,333	—	—	64,466,251	64,466,251	—
TOTAL BUSINESS-TYPE ACTIVITIES	11,289,502	32,743,403	43,402,042	—	—	64,855,943	64,855,943	—
TOTAL PRIMARY GOVERNMENT	\$31,155,301	34,312,874	68,357,875	—	6,659,505	64,855,943	71,515,448	—
COMPONENT UNIT:								
GEORGIA ENVIRONMENTAL LOAN ACQUISITION CORPORATION	\$3,714,131	2,890,666	175,193	—	—	—	—	(648,272)
TOTAL COMPONENT UNITS	\$3,714,131	2,890,666	175,193	—	—	—	—	—
GENERAL REVENUES:								
UNRESTRICTED INVESTMENT EARNINGS	—	—	—	—	\$123,269	—	123,269	—
MISCELLANEOUS	—	—	—	—	18,533	58,211	76,744	2,001
TRANSFERS	—	—	—	—	(5,566,465)	5,566,465	—	—
TOTAL GENERAL REVENUES AND TRANSFERS	—	—	—	—	(5,424,663)	5,624,676	200,013	2,001
CHANGE IN NET POSITION	—	—	—	—	1,234,842	70,480,619	71,715,461	(646,271)
NET POSITION - JULY 1	—	—	—	—	38,980,678	2,060,798,644	2,099,779,322	80,090,895
NET POSITION - JUNE 30	—	—	—	—	\$40,215,520	2,131,279,263	2,171,494,783	79,444,624



	AMOUNT	PERCENT
Charges for Services and Other Revenue*	\$34,389,618	33%
Investment Earnings, Unrestricted	123,269	0%
Operating Grants and Contributions	102,870,762	66%
TOTAL REVENUES	\$102,870,762	100%

* Includes restricted investment earnings



	AMOUNT	PERCENT
General Government	\$6,404,371	21%
Water and Wastewater	18,510,932	59%
Land Conservation	10,730	0%
Energy and Environment	4,847,120	16%
Storage Tank Maintenance	594,788	2%
Loan and Financing Services	787,360	3%
TOTAL EXPENSES	\$31,155,301	100%

FISCAL SERVICES

The Fiscal Services Division provides accounting, financial underwriting, and loan servicing for GEFA programs. It also ensures compliance with agency, state, and federal fiscal policies and procedures. Fiscal Services reviews and recommends loan awards for the Water Resources Division. The division also performs credit analyses; provides reimbursements for loan project expenses; processes loan payments; calculates loan repayment figures and accrued construction-period loan interest; monitors borrowers for proper debt service coverage; and reviews compliance limits for GEFA customers. Fiscal Services team members provide consultations to communities on loan underwriting; prepare and submit financial reports of GEFA's activities to state and federal authorities; process invoices for GEFA expenses; monitor division accounts; and manage the agency's budget.

HUMAN RESOURCES AND ADMINISTRATION

Human Resources facilitates the general administration of the agency through developing, maintaining, and communicating office policy. Key responsibilities include developing and implementing hiring and recruiting policies, compensation and salary administration, conducting employee relations, developing official documentation on workplace ethics/code of conduct, employee handbooks, employee training programs, and award/reward programs.

PUBLIC AFFAIRS

The Public Affairs Division educates internal and external stakeholders on GEFA's infrastructure financing programs, and state energy, land, and water conservation initiatives and policies.

INFORMATION TECHNOLOGY

The Information Technology Division develops GEFA's internal and external technical architecture; facilitates seamless electronic access to agency information and services; protects GEFA's information systems and data; and helps GEFA support its mission of superior customer service.



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*As of October 2016

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