

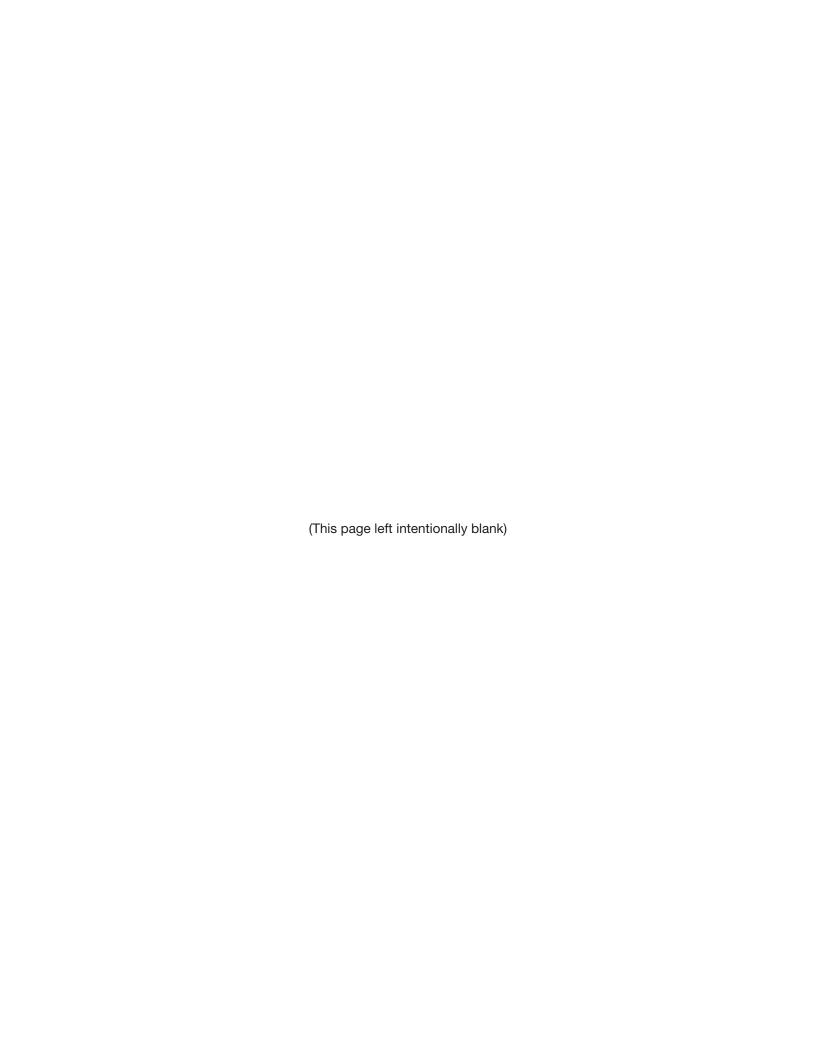
A COMPONENT UNIT OF THE STATE OF GEORGIA

**FISCAL YEAR ENDED JUNE 30, 2017** 

# COMPREHENSIVE ANNUAL FINANCIAL REPORT



ENERGY LAND WATER



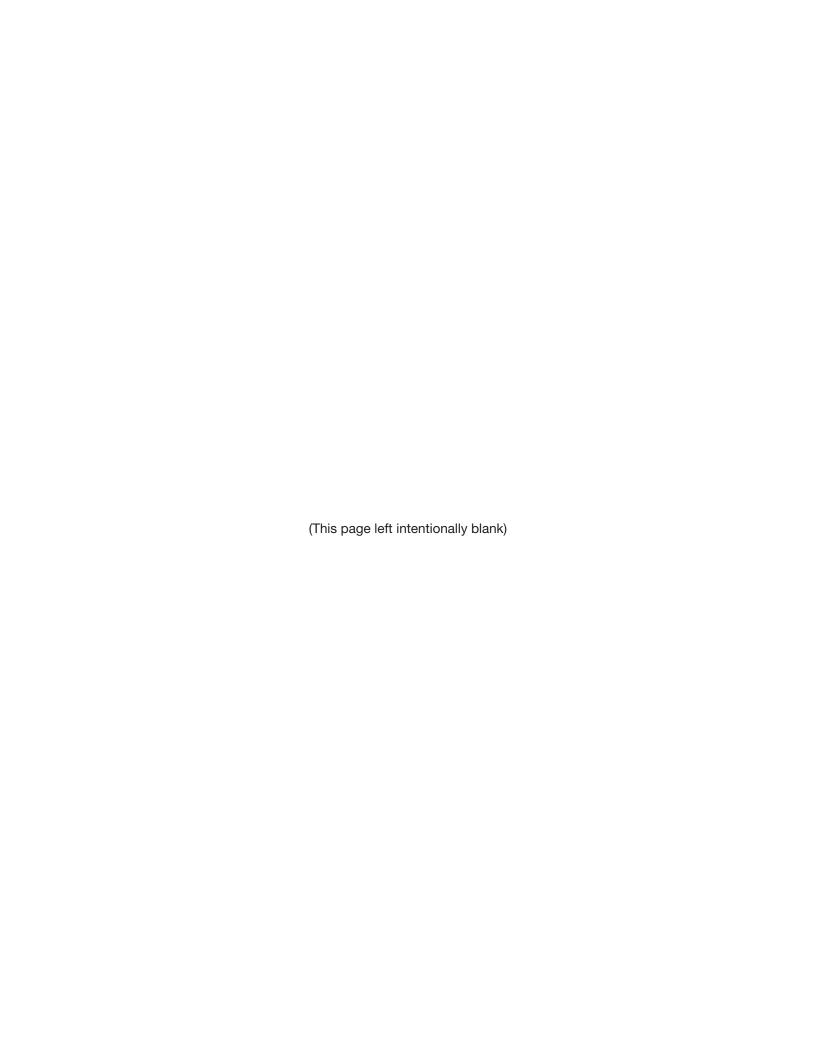
A COMPONENT UNIT OF THE STATE OF GEORGIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED JUNE 30, 2017



Prepared By: Fiscal Services Division

Kevin Clark
Executive Director



(A Component Unit of the State of Georgia)

### COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended June 30, 2017

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(A Component Unit of the State of Georgia)

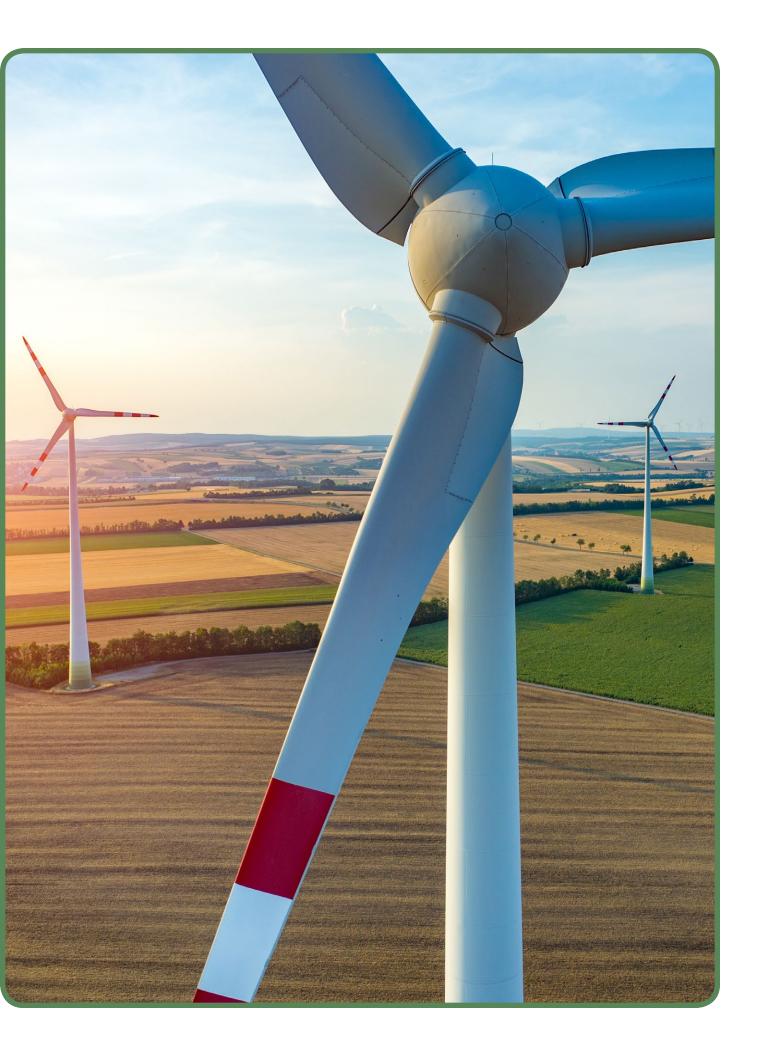
### COMPREHENSIVE ANNUAL FINANCIAL REPORT

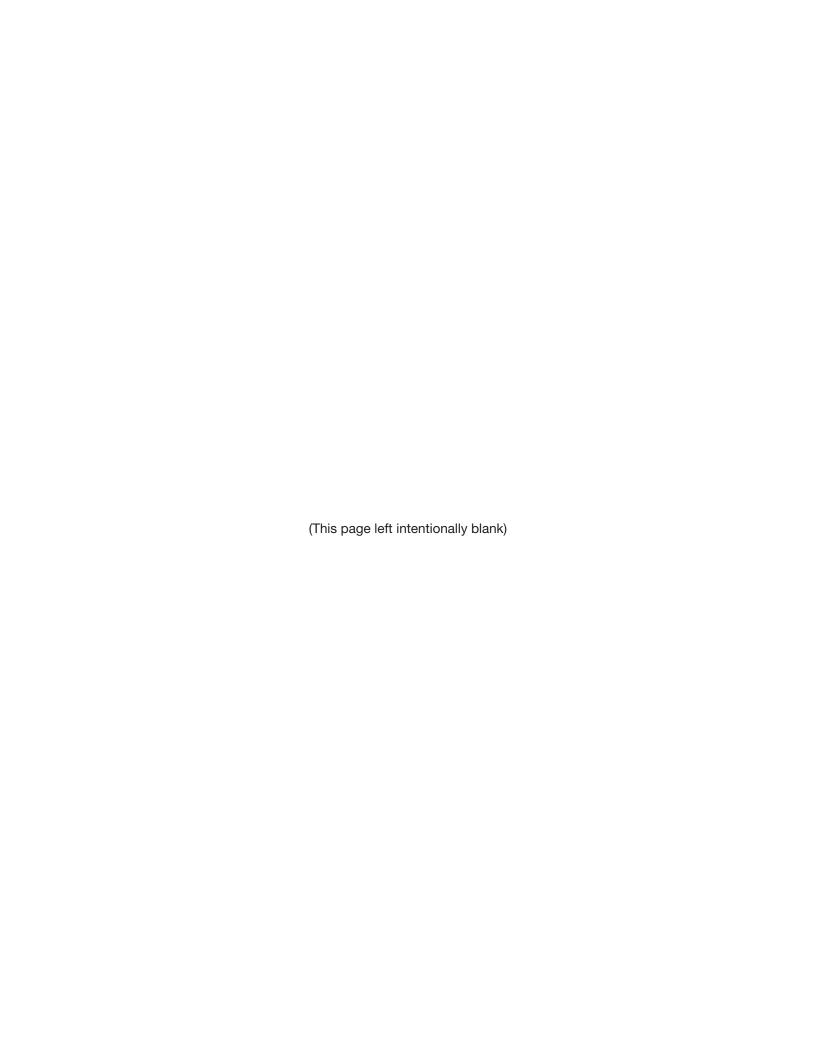
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Nathan Deal Governor

### GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

Kevin Clark Executive Director

September 22, 2017

To the Honorable Members of the Board, our Executive Director, and Citizens of the State of Georgia:

We are pleased to present the Georgia Environmental Finance Authority's (the "Authority") Comprehensive Annual Financial Report (the "CAFR") for the fiscal year ended June 30, 2017. The financial statements included in this report conform with generally accepted accounting principles (GAAP) and are audited by a firm of licensed certified public accountants 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.

The Fiscal Services Division prepared this report. Responsibility for the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Authority's management. 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, 2017. 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 CAFR 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 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 80 contracts and modifications to existing grants and loans for water, sewer, land conservation and solid waste projects valued at over \$127.5 million during fiscal year 2017. These projects served 64 different communities. Furthermore, the Authority grew its customer base by serving 10 first-time customers during the year. It is projected these projects will provide financial savings of over \$30.9 million over time, typically a 20-year payback period as well as have an environmental impact on approximately 752 thousand Georgians. Additionally, these projects eliminated three consent orders issued by the Environmental Protection Division, dealt with 284 failed or unhealthy private wells and 121 failing septic tanks continuing to ensure Georgians increased access to clean and safe drinking water and wastewater systems. There were 13 projects assisted that addressed old and inaccurate water meters.

In the upcoming fiscal year, the WRD will begin another round of technical assistance to water systems serving population sizes of 3,000 to 100,000 with an emphasis on smaller systems (3,000 – 10,000 population). Intended goals of this initiative are to: improve water audit data validity scores, reduce water loss and strengthen accuracy in billing to customers of these systems, and increase potential for water systems to seek other funding from the Authority for water loss control improvements. Additionally, outreach efforts will continue to be made to bring more first-time customers to the Authority by creating a presence around the state and offering the best solutions to tackle long-term infrastructure needs of Georgia's communities.

The ERD initiated a Solar for Schools program with Savannah Technical College designed to provide students with the opportunity to enter the workplace specializing in installation, inspection and repair of solar panels. With this partnership, students learn about solar energy while gaining hands-on experience in solar installation and maintenance ensuring their employability with Georgia's growing solar industry. Also, the ERD began a Biogas Technical Assistance Program for local governments that own landfills or wastewater treatment plants to realize their landfill gas and biogas potential and understand the technical solutions available to help them achieve the highest and best use of their biogas resources. Three agreements were awarded to Brunswick-Glynn County Joint Water and Sewer Commission, DeKalb County Government, and the City of Gainesville.

As part of the ERD's ongoing program responsibilities, ongoing efforts will continue in FY 2018 to assist various state agencies in their efforts to implement the Guaranteed Energy Savings Performance Contracts awarded in prior fiscal years, execute the Weatherization Assistance Program and improve efficiencies within, and manage the fuel storage tank program by ensuring operational efficiency and compliance over existing infrastructure throughout the state.

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, 2016. This was the 30<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,

Jammie Z. Harden, CGFM Director, Fiscal Services Division



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

# Georgia Environmental Finance Authority

For its Comprehensive Annual Financial Report for the Fiscal Year Ended

June 30, 2016

Christopher P. Morrill

Executive Director/CEO

Weatherization Assist. Program
Andrea Schroer – PM 3
Jeff Frye – PM 1
Aldreda Reynolds – Program
Assist. 1

Fuel Storage Tank
Ted Larrabee – Senior PM
Richard Strickfadden – PM 2
Margie Walker – PM 1

Steven Nawrocki – Senior PM Angela Bethany – Program Coord: 2

Dexter Dumas – Senior PM

Jenerrah Byron – PM 2 Amanda Carroll – PM 2

Dana Eldridge – PM 2

(A Component Unit of the State of Georgia)

# LIST OF PRINCIPAL OFFICIALS AND KEY AUTHORITY PERSONNEL June 30, 2017

### **BOARD OF DIRECTORS**

Boyd Austin Chairman

Travis Turner Vice Chairman

Greg Griffin Secretary (Ex-Officio)

Jimmy Andrews City Member
Gary McCullough City Member

Pat Wilson Ex-Officio Member
Camilla Knowles Ex-Officio Member
Stephen Gray At-Large Member
George McIntosh At-Large Member
Grady Thompson, Jr. County Member

Vacant County Member

### **EXECUTIVE MANAGEMENT**

Kevin Clark Executive Director
Chris Jones Deputy Director

Martha Douglas Director, Water Resources
David Gipson Director, Energy Resources

Theresa Hinds Director, Information Technology

Shane Hix Director, Public Affairs

Glendale Jones Chief Administrative Officer

### CHIEF FINANCIAL STAFF

Jammie Harden Director, Fiscal Services

Shelina Ali Financial Analyst III
Charlette Brown Compliance Auditor

Wan Yi Chen AP & Payroll Administrator

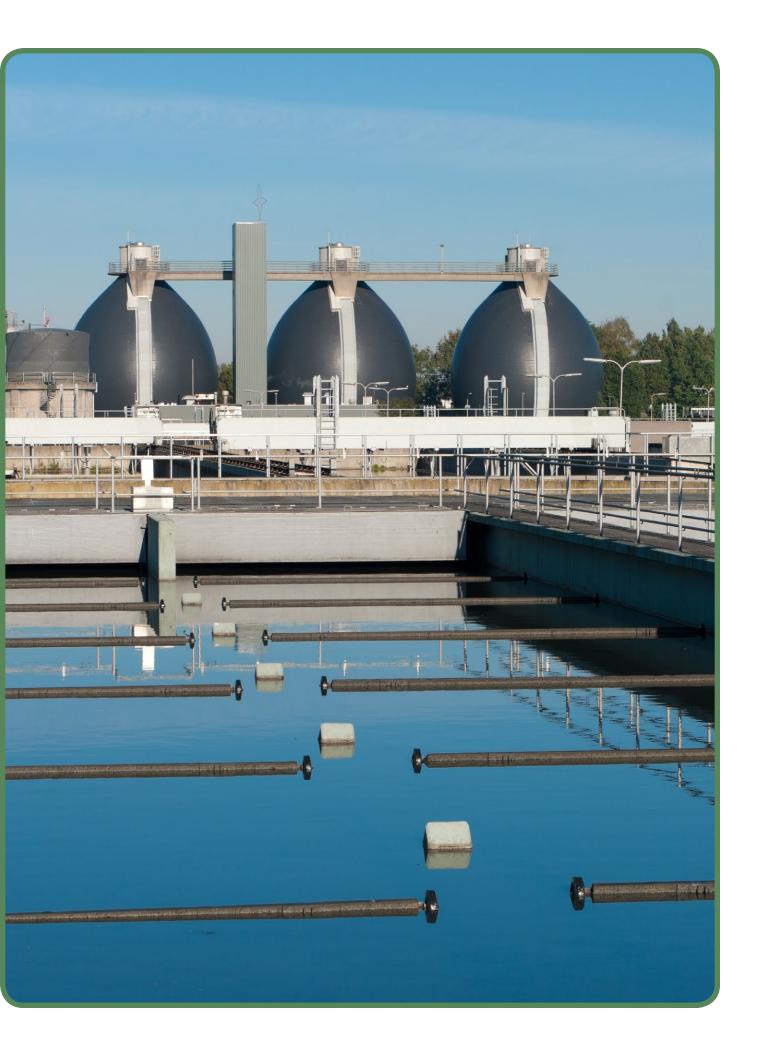
Jeremy Cormier Financial Analyst II

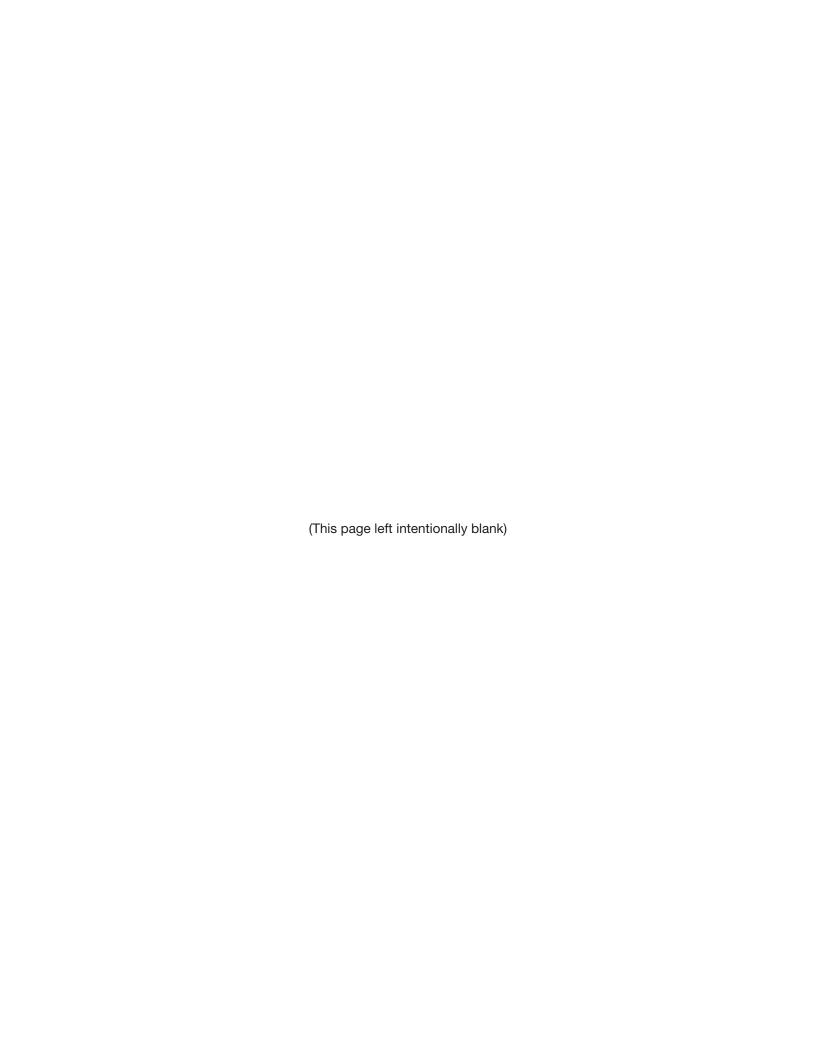
Derek Sands, Jr. Sr. Financial Analyst

Gerald Wade Financial Analyst III

LaShanna Young Accountant II

Valerie Zackery Accountant II







### INDEPENDENT AUDITOR'S REPORT

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, 2017, 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.

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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

### Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Authority's Proportionate Share of the Net Pension Liability, and Schedule of Authority's Contributions on pages 4 through 15, 51 and 52, 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.

### 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards;* 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 22, 2017 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 solely 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 the effectiveness of the Authority's 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.

Manddin & Jenlins, LLC

Atlanta, Georgia September 22, 2017

(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, 2017. 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, 2017 include:

- Total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2.2 billion (net position). Of this amount, \$42 million was from governmental activities and \$2.2 billion was from business-type activities.
- Total long-term liabilities experienced a net increase of \$845 thousand during the 2017 fiscal year, all within governmental activities. The increase was mostly attributable to the changes in the Authority's proportionate share of Net Pension Liability.
- The Authority's total net position increased by \$73.5 million. The net position in governmental activities increased by \$1.7 million while the net position of business-type activities increased \$71.8 million, resulting in an overall \$1.8 million increase over the 2016 year.
- Total governmental revenues increased by \$.8 million over 2016. The increased revenue is mostly attributable to an increase in operating grants and contributions due to increased grant program revenues.
- Charges for services within business-type activities continued to experience a decline. A \$1.9 million decrease from the prior year stems from reduction in charges for services. Revenues earned were less because of significant loan payoffs resulting in reduced principal outstanding during 2017; as well as the Authority's reduction to average interest rates charged on loans to incentivize funding of conservation projects.

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

### **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.

(A Component Unit of the State of Georgia)

# Management's Discussion and Analysis (Unaudited)

### 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 16 and 17 of this report.

### 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.

(A Component Unit of the State of Georgia)

# Management's Discussion and Analysis (Unaudited)

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

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

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

The Authority maintains eleven (11) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Weatherization Assistance Program Fund, Clean Water SRF Administration Fund, Drinking Water SRF Local Assistance Setasides Fund, and the Drinking Water SRF Administration Fund, which are considered major funds and are presented on pages 18-20 of this report. Data from other governmental funds are combined into a single, aggregated presentation. Individual data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The Authority maintains seven (7) individual enterprise funds. Information is presented separately in the enterprise fund statement of net position and in the enterprise fund statement of revenues, expenses, and changes in net position for the Georgia Fund, Georgia Reservoir 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 21-23 of this report. Individual fund data for the nonmajor enterprise funds is provided in the form of combining statements elsewhere in this report.

(A Component Unit of the State of Georgia)

# Management's Discussion and Analysis (Unaudited)

### 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 24 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 56.

### **Government-wide Financial Analysis of the 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 was \$2.2 billion at year-end, increasing by 3.4 percent. The major contributing factor to changes in the net position at year-end are increases in federal grant revenues for loan program activity. The following table presents a summary of the Authority's net position:

### GEFA Net Position

			Primary Go	vernment				Increase
	_	Government	tal activities	Business-ty	pe activities	To	tal	(Decrease)
		2017	2016	2017	2016	2017	2016	%
Current and other assets	\$	48,801,246	47,396,047	2,203,608,994	2,132,468,994	2,252,410,240	2,179,865,041	3.3%
Capital assets		145,931	182,945	=	-	145,931	182,945	(20.2%)
Total assets		48,947,177	47,578,992	2,203,608,994	2,132,468,994	2,252,556,171	2,180,047,986	3.3%
Deferred Outflows		1,418,361	909,882	-	-	1,418,361	909,882	55.9%
Long-term liabilities outstanding		6,493,403	5,648,419	-	-	6,493,403	5,648,419	15.0%
Other liabilities		1,811,248	2,202,159	568,814	1,189,731	2,380,062	3,391,890	(29.8%)
Total liabilities		8,304,651	7,850,578	568,814	1,189,731	8,873,465	9,040,309	(1.8%)
Deferred Inflows		61,435	422,776	-	-	61,435	422,776	(85.5%)
Net position:								
Investment in capital assets		145,931	182,945	-	-	145,931	182,945	(20.2%)
Restricted		38,555,789	36,759,679	1,638,492,840	1,576,901,260	1,677,048,629	1,613,660,939	3.9%
Unrestricted		3,297,732	3,272,896	564,547,340	554,378,003	567,845,072	557,650,899	1.8%
Total net position	\$	41,999,452	40,215,520	2,203,040,180	2,131,279,263	2,245,039,632	2,171,494,783	3.4%

The Authority's investment in capital assets comprises expenditures made for securing computer equipment and furniture and fixtures. The Authority expends little funding for the purposes of acquiring

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## Management's Discussion and Analysis (Unaudited)

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 perfom daily work duties In support of program services offerred. Thus, the Authority's investment in capital assets of \$145.9 thousand at fiscal year year-end is not available for future spending.

There was an increase in restricted net position of the Authority's governmental activites of approximately \$1.8 million.

- Total restricted for grant programs increased by \$513 thousand.
- Total retricted for loan programs increased by \$1.3 million.

There was an increase in restricted net position of the Authority's business-type activities of approximately \$61.6 million, a slight decrease of \$3.2 million from the prior year's increase of \$64.8 million, which was all held for the use of the Authority's federal loan programs.

Additionally, unrestricted net position increased for the Authority as follows:

- Unrestricted net position for governmental activies increased by \$25 thousand.
- Unrestricted net position for business-type activities increased by \$10.2 million.

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

### GEFA Changes in Net Position

		Primary	Government				Increase
	Governmen	tal activities	Business-ty	pe activities		Total	(Decrease)
	2017	2016	2017	2016	2017	2016	%
Revenues:							
Program revenues:							
Charges for services	\$ 1,107,133	1,569,471	30,813,230	32,743,403	31,920,363	34,312,874	(7.0%)
Operating grants and contributions	26,080,683	24,955,833	47,553,829	43,402,042	73,634,512	68,357,875	7.7%
General revenues:							
Unrestricted investment earnings	256,976	123,269	-	-	256,976	123,269	108.5%
Other income	60,451	18,533	86,538	58,211	146,989	76,744	91.5%
Total revenues	27,505,243	26,667,106	78,453,597		102,870,762	3.0%	
Expenses (net of indirect costs):							
General government	7,434,445	6,404,371	-	-	7,434,445	6,404,371	16.1%
Water & wastewater	8,781,032	8,603,578	10,202,019	9,907,354	18,983,051	18,510,932	2.6%
Land conservation	747	10,730	-	-	747	10,730	(93.0%)
Energy & environment	5,191,460	4,847,120	-	-	5,191,460	4,847,120	7.1%
Storage tank maintenance	-	-	613,774	594,788	613,774	594,788	3.2%
General & administrative	-	-	190,514	787,360	190,514	787,360	(75.8%)
Total expenses	21,407,684	19,865,799	11,006,307	11,289,502	32,413,991 31,155,3		4.0%
Increase in net position before transfers	6,097,559	6,801,307	67,447,290	64,914,154	73,544,849	71,715,461	2.6%
Transfers	(4,313,627)	(5,566,465)	4,313,627	5,566,465	-	-	-
Increase (decrease) in net position	1,783,932	1,234,842	71,760,917	70,480,619	73,544,849	71,715,461	2.6%
Net position - July 1	40,215,520	38,980,678	2,131,279,263	2,060,798,644	2,171,494,783	2,099,779,322	3.4%
Net position - June 30	\$ 41,999,452	40,215,520	2,203,040,180	2,131,279,263	2,245,039,632	2,171,494,783	3.4%

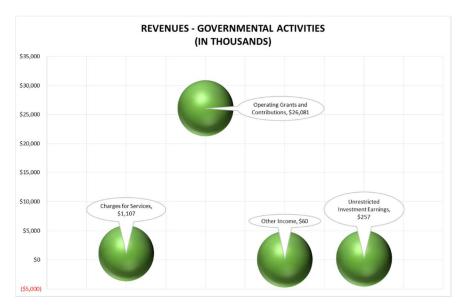
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# Management's Discussion and Analysis (Unaudited)

### Governmental Revenues

Charges for services within governmental activities decreased by approximately 29 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 2017, the value of executed projects decreased by \$60.2 million, which significantly decreased earned revenues for the current fiscal year. Timing of loan executions causes year-to-year fluctuations of loan executions and thus these variances are expected.

Operating grants and contributions of the Authority increased by \$1.1 million. The majority of this increase was experienced within expenditure-driven grant programs for the Weatherization Assistance Program and Drinkng Water SRF State Program Setasides. The graph below provides an illustration of governmental funds revenues:



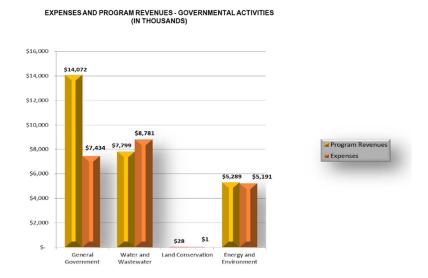
Unrestricted investment earnings of \$257 thousand within governmental activities were reported during the year, up from \$123.3 thousand in 2016. The uptick in investment earnings in governmental activities stems from higher funds held in investment accounts for the purpose of funding the required match for federal loan projects and increasing interest rates earned on investment funds. Additionally, the Authority changed the manner in which collections on fees earned on executed loans from a twelve-month collection period to full collection the second month following loan execution. This change provides funds held in investment accounts for longer periods of time which increases overall investment income.

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# Management's Discussion and Analysis (Unaudited)

### Governmental Functional Expenses

Expenses within the general government function increased by nearly \$1 million. This increase related to a contractual payment to fund environmental administrative costs on behalf of another state entity. An illustration of governmental functional expenses is below:



Additionally, there was an increase in the water and wastewater program function expenses of governmental activities. The increase of \$177 thousand is attributable to year-over-year fluctions within expense categories and differences in initiatives and strategies taken by program personnel.

The land conservation function did not finance any projects during 2017 and thus experienced a \$10 thousand decrease. Expenses reported were administrative expenses for the ongoing investment management fees of designated funds.

The energy and environment function had an increase in expenses of \$344.3 thousand. The 2017 increase was primarily within the Weatherization Assistance Program due to more grant program activity during the year.

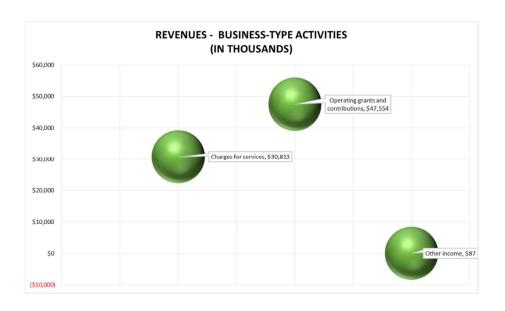
### Business-type Activities: Revenues vs Expenses

### Revenues

Total revenue for the business-type activities for the Authority for the current fiscal year were \$78.5 million, increasing by \$2.3 million. Revenues within charges for services declined by \$1.9 million. This decrease is explainable due to a trend of decreasing interest rates assessed on approved loans receivable, as well as additional interest rate incentives for conservation projects based on a tiered interest rate structure. Conversely, there was an increase in operating grants and contributions revenue of over \$4.2 million mostly stemming from increased activity within the Drinking Water SRF Federal loan program. An illustration below depicts revenues within business-type activities:

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## Management's Discussion and Analysis (Unaudited)



### **Expenses**

Expenses within the Authority's business-type activites increased slightly by \$294.7 thousand during the current fiscal year within water and wastewater programs. The state direct investment program within the Georgia Reservoir Fund had a significant decrease in activity during 2017 resulting in a \$2.5 million expense reduction from 2016. Principal forgiveness and subsidies provided on loans within the Clean Water SRF Revolving Loan Funds and Drinking Water SRF Revolving Loan Funds experienced an increase of \$2.8 million over the 2016 amount. These two variances combined resulted in the all-inclusive increase previously mentioned within the water and wastewater programs.

The storage tank maintenance program expenses remained relatively flat during 2017. A minor increase of \$18.9 thousand or approximately 3 percent due to less activity for projects was achieved.

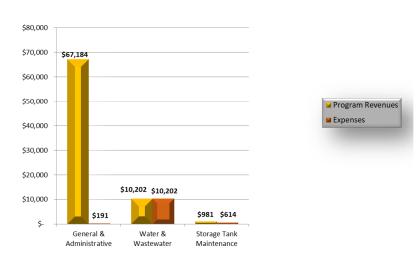
General and administrative services reflect those expenses incurred by the Authority to execute its business-type activities. These expenses decreased significantly from those of the prior year, down by \$596.8 thousand, or 76 percent, due to an adjustment for administrative fees in the Authority's Georgia Fund that occurred in 2016 and a reduction in expenses incurred for an administrative contract that was partially funded from the Georgia Fund that was not executed during 2017.

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## Management's Discussion and Analysis (Unaudited)

The above details are illustrated in the following graph:

EXPENSES AND PROGRAM REVENUES - BUSINESS-TYPE ACTIVITIES (IN THOUSANDS)



### 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 \$47 million in fiscal year 2017, compared to \$45.2 million in fiscal year 2016. Of these year-end totals, \$8.4 million for fiscal year 2017 was unassigned and available for continued financing by the Authority.

The total ending fund balances of governmental funds show an increase of \$1.8 million, compared to the increase experienced in fiscal year 2016 of \$824 thousand. This change is primarily due to decreased funding transferred to proprietry funds to fund loan program activities.

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# Management's Discussion and Analysis (Unaudited)

### 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 \$1.3 million in fiscal year 2017 as compared to the \$750.6 thousand increase from the previous year. The portion of fund balance obligated in the General Fund at year-end was \$7.1 million, up from \$5.8 million in fiscal year 2016. 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 92 percent of its current year's expenditures, which would nearly fund one year's operations. The Authority's year-round cash flow within the General Fund is generally consistent with increased activity occurring at each 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, financing contract or grant.

The Weatherization Assistance Program Fund serves as a special revenue fund to provide federal grant funds to 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 little 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 this fiscal year, the Authority recognized nearly \$148 thousand from additional vehicle sales and restricted that amount for the same purposes. Total expenditures reported within this fund were \$5.1 million. At the end of the fiscal year, \$124 thousand remained as fund balance for future supplemental expenditures for the program.

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 receipients, 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 \$23.1 million and is restricted for use. Total expenditures for this fund were \$129.3 thousand. To finance general administrative costs, \$450.3 thousand was transferred to the General Fund to support charges of the Authority associated with its federal Clean Water State Revolving Loan Fund program.

The Drinking Water SRF Local Assistance Setasides Fund serves as a special revenue fund for programs providing federal grant funds for various drinking water projects for the state's local assistance to various private and public contractors. The Authority reported \$4.1 million in

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# Management's Discussion and Analysis (Unaudited)

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 2017.

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 receipients, 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 \$212.8 thousand. To finance general administrative costs, \$173.3 thousand was transferred to the General Fund to support 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 \$71.8 million from business operations. The total interest income from loans for proprietary funds with a lending component for 2017 was \$29.7 million, a six 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, as well as the aforementioned reduction to interest rates on newer loans to promote funding for conservation projects.

The fuel storage tank maintenance program had total revenues of approximately \$1 million primarily 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. Regardless, the

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# Management's Discussion and Analysis (Unaudited)

Authority's management does utilize a budget across all funds and programs 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, 2017 amounts to \$145.9 thousand (net of accumulated depreciation). This investment in capital assets includes equipment, furniture and fixtures. As of the close of the fiscal year, the Authority had no investment in capital assets of business-type activities because those activities are dedicated to the financing of loan and certain grant or subsidized projects and hold no depreciable assets. Additional information regarding the Authority's capital assets can be found in Note 7, page 41.

### **Long-term Debt**

As of June 30, 2017, as demonstrated in the table below, the Authority had a total of \$6.5 million in outstanding long-term liabilities, an increase of approximately \$.8 million. Of this amount, approximately \$124.6 thousand is due within one year.

Georgia Environmental Finance Authority's Long-term Debt Obligations For the Fiscal Year Ended June 30, 2017

	E	Balance at			
		June 30,	Percentage	D	ue Within
Governmental Activities		2017	of Total	C	ne Year
Compensated absences	\$	498,305	8%	\$	124,576
Net pension liability		5,995,098	92%		_
Governmental long-term liabilities	\$	6,493,403		\$	124,576

Additional information regarding the Authority's long-term debt can be found in Note 5, pages 37-39 and Note 8, pages 41-47.

### **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.

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# Statement of Net Position June 30, 2017

		Primary Government		Component Unit
	Governmental	Business-type		Ga. Environ.
Assets	activities	activities	Total	Loan Acq. Corp.
Cash \$	2,842,277	11,213,608	14,055,885	87,644
Cash with fiscal agent	2,042,277			1,035,250
Investments with fiscal agent	_	_	_	4,971,267
Investments	42,080,827	883,805,716	925,886,543	63,793,580
Due from other governments	2,067,304	710,751	2,778,055	03,733,300
Internal balances	1,809,417	(1,809,417)	2,770,000	_
Accrued interest receivable	1,005,417	3,962,687	3,962,687	244,307
Loans receivable	_	1,305,725,649	1,305,725,649	53,310,204
Other assets	 1,421	1,303,723,049		33,310,204
	1,421	_	1,421	_
Capital assets, net of accumulated	145 021		145.021	
depreciation	145,931		145,931	
Total assets	48,947,177	2,203,608,994	2,252,556,171	123,442,252
Deferred Outflows of Resources				
Related to pensions	1,418,361		1,418,361	
	_			
Liabilities				
Accounts payable and accrued liabilities	1,794,524	142,590	1,937,114	10,200
Accrued payroll	16,724	_	16,724	_
Accrued interest payable	_	_	_	88,396
Retainage payable	_	426,224	426,224	-
Compensated absences, current	124,576		124,576	_
Securitization bonds payable, current	124,070	_	124,010	1,750,000
Long-term liabilities:				1,700,000
Compensated absences, net of current portion	373,729	_	373,729	_
Net pension liability	5,995,098	_	5,995,098	_
Securitization bonds payable, net of current portion	0,000,000		0,000,000	
and unamortized bond discount				42,186,562
Total liabilities	8,304,651	568,814	8,873,465	44,035,158
Deferred Inflows of Resources				
	04.405		04.405	
Related to pensions	61,435		61,435	
Net Position				
Investment in capital assets	145,931	_	145,931	_
Restricted for:				
Debt service	_	_	_	79,407,094
Grant programs	4,609,944	_	4,609,944	_
Loan programs	33,945,845	1,638,492,840	1,672,438,685	_
Unrestricted	3,297,732	564,547,340	567,845,072	
Total net position \$	41,999,452	2,203,040,180	2,245,039,632	79,407,094

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# Year ended June 30, 2017 Statement of Activities

				Program revenues		Net	Net (expense) revenue and changes in net position	changes in net positi	uo
				Operating	Capital				
			Charges for	grants and	grants and	Governmental	Business-type		Component
	Functions/Programs:	Expenses	services	contributions	contributions	activities	activities	Total	Unit
	Governmental activities:								
	General government	\$ 7,434,445	I	14,071,835	I	6,637,390	I	6,637,390	
	Water & wastewater	8,781,032	1,107,133	6,691,814	I	(982,085)	I	(982,085)	
	Land conservation	747	I	28,213	I	27,466	I	27,466	
	Energy & environment	5, 191,460	I	5,288,821	I	97,361	I	97,361	
	Total governmental activities	21,407,684	1,107,133	26,080,683	I	5,780,132	I	5,780,132	
	Business-type activities:								
	Water & wastewater	10,202,019	I	10,202,019	I	I	I	I	
	Storage tank maintenance	613,774	974,125	7,086	I	I	367,437	367,437	
	General & administrative	190,514	29,839,105	37,344,724	1	I	66,993,315	66,993,315	
	Total business-type activities	11,006,307	30,813,230	47,553,829			67,360,752	67,360,752	
	Total primary government	\$ 32,413,991	31,920,363	73,634,512	1	5,780,132	67,360,752	73,140,884	
	Component Unit:		!						į
	Georgia Environmental Loan Acquisition Corporation	\$ 2,680,801	2,245,222	396,484	I				(36,095)
	Total Component Units	\$ 2,680,801	2,245,222	396,484	I				
_									

	256,976 60 451	86 538	256,976 146,989	1.565
(4,313,627)		4,313,627	2	
(3,996,200	ا ا	4,400,165	403,965	(37,530)
1,783,932	ı	71,760,917	73,544,849	(37,530)
40,215,520	ı	2,131,279,263	2,171,494,783	79,444,624
41,999,452	ı	2,203,040,180	2,245,039,632	79,407,094

See accompanying notes to basic financial statements.

Net position – June 30 Net position - July 1

Total general revenues and transfers

General revenues: Unrestricted investment earnings Miscellaneous

Transfers

Change in net position

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# **Governmental Funds Balance Sheet** June 30, 2017

Total

			W	Metal Metal	Model West	, and the second second	Nonmajor	Total
Assets	I	General	Weatherization Assistance Program	SRF Administration	Assistance Setasides	SRF Administration	Funds	Funds
Cash	₩	2,515,624	94,984	23,133	I	51,590	153,936	2,842,277
Investments		10,157,510	1	23,423,864	1	4,166,636	4,332,817	42,080,827
Due from other governments		125,876	829,591	278,666	416,428	150,320	266,423	2,067,304
Due from other funds		3,460,532	I	I	I	I	41,534	3,502,066
Other assets	I	1,421	1	1		1	1	1,421
Total assets	s	16,260,963	927,585	23,725,663	416,428	4,368,546	4,794,710	50,493,895
Liabilities and Fund Balances jabilities:								
Accounts payable and accrued liabilities	↔	672,847	373,644	19,679	416,428	46,909	265,017	1,794,524
Accrued payroll		16,724	1	1	l	1	I	16,724
Due to other funds	1	21,248	429,999	639,098		558,613	43,691	1,692,649
Total liabilities	ļ	710,819	803,643	658,777	416,428	605,522	308,708	3,503,897
und balances:								
Restricted for grant programs		I	123,942	I	I	I	4,486,002	4,609,944
Restricted for loan programs		7,115,935	1	23,066,886	I	3,763,024	I	33,945,845
Unassigned	I	8,434,209	1	I		1	I	8,434,209
Total fund balances	I	15,550,144	123,942	23,066,886	I	3,763,024	4,486,002	46,989,998
otal liabilities and fund balances	₩	16,260,963	927,585	23,725,663	416,428	4,368,546	4,794,710	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Deferred outflows of resources used as contributions related to pensions are not reported in governmental funds

Deferred inflows of resources used to accumulate pension valuation changes are not reported in governmental funds

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated absences

Net pension liability

(498,305) (5,995,098)

(61,435)

145,931 1,418,361 41,999,452

Net position of governmental activities

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# Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds Year ended June 30, 2017

Resolutions         \$ 888,495         Common or investments         \$ 888,495         Common or investments		General	Weatherization Assistance Program	Clean Water SRF Administration	Drinking Water SRF Local Assistance Setasides	Drinking Water SRF Administration	Total Nonmajor Governmental Funds	Total Governmental Funds
\$ 888495	Revenues:							
10,000,000			I	I	I	I	I	838,495
160,027	State general obligation bond proceeds	10,000,000	I	I	I	I	I	10,000,000
3,233,41 5,190,793 — 4,108,496 — 2,664,019  7,84,03  7,84,03  14,370,807  14,370,807  14,370,807  14,370,807  14,370,807  14,370,807  14,370,807  14,370,807  11,353  1,441,914  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,274  1,282,277  1,282,283,318  1,382,274  1,383,40  1,383,40  1,383,40  1,383,40  1,383,204  1,383,204  1,383,204  1,383,204  1,383,204  1,383,204  1,383,204  1,383,204  1,383,204  1,383,204  1,383,204  1,383,204  1,383,204  1,383,204  1,383,204  1,383,002  1,383,003  1,383,002  1,383,003	Administrative fees	160,027	I	547,419	I	399,687	I	1,107,133
s         78,493         —         143,979         —         —         25,242         26,888           60,451         —         1,3979         —         —         25,242         26,888           1,4370,807         5,190,793         691,398         4,108,496         424,929         2,718,820         2,683,318           7,411,914         —         1,747,105         —         —         —         —         26,883,318         7,718,820         2,724,0         113,113         2,724,0         113,113         2,724,0         113,113         2,724,0         113,13         2,728,0         2,728,0         2,728,0         2,728,0         2,728,0         2,728,0         2,728,0         2,728,0         2,728,0         2,728,0	Grant revenues	3,233,341	5,190,793	I	4,108,496	I	2,664,019	15,196,649
78.493         —         143,979         —         25,242         26,588           60.451         —         60,451         —         25,242         26,588           1,137,0807         6,190,793         691,398         4,108,496         424,929         2,718,820           ams         1,747,105         —         129,293         4,108,496         212,820         2,583,318           over         5,075,818         —         —         —         —         115,642           over         5,201,435         114,975         562,105         —         —         —         115,642           sources         5,042,543         7,240         109,554         —         —         115,642         —           sources         13,912,083         7,240         109,554         —         —         115,042         15,113           sources         13,9208         7,240         109,554         —         —         (64,095)         7,740           sources         13,9208         7,240         108,794         —         108,594         —         113,630         44,11,149         44,11,149           sources         13,550,114         122,215         128,793         — <td>Public donations</td> <td>I</td> <td>I</td> <td>I</td> <td>I</td> <td>I</td> <td>28,213</td> <td>28,213</td>	Public donations	I	I	I	I	I	28,213	28,213
60,451         — <td>Interest income on investments</td> <td>78,493</td> <td>I</td> <td>143,979</td> <td>I</td> <td>25,242</td> <td>26,588</td> <td>274,302</td>	Interest income on investments	78,493	I	143,979	I	25,242	26,588	274,302
14,370,807         5,190,793         691,398         4,108,496         424,929         2,718,820         2	Miscellaneous	60,451	I	1		I	1	60,451
sams 1,747,105 — — — — — — — — — — — — — — — — — — —	Total revenues	14,370,807	5,190,793	691,398	4,108,496	424,929	2,718,820	27,505,243
7,411,914         —	Expenditures:							
7,411,914         —         —         129,293         4,108,496         212,820         2,583,318           s         —         —         129,293         4,108,496         212,820         2,583,318           nover         5,075,818         —         —         —         —         —           over         5,201,435         114,975         562,105         —         —         —         —           sources         1,282,543         7,240         109,554         —         (4,108,496         212,109         19,113           sources         (3,919,208)         7,240         (472,860)         —         (64,093)         25,740           sollances         1,282,277         1,287         22,886,087         —         3,63,509         4,441,149         4,486,002           s 15,550,144         1,287         22,866,087         —         3,63,024         4,448,002         -	Current:							
s 1,747,105 — 129,293 4,108,496 212,820 2,583,318 747	General government	7,411,914	I	I	I	I	I	7,411,914
\$         —         —         —         747           10,353         —         —         —         —         747           over         10,353         —         —         —         —         —         —         115,642           over         5,201,435         5,075,818         129,293         4,108,496         212,820         2,699,707            over         5,201,435         114,975         562,105         —         —         —         —         —           cover         5,201,435         7,240         109,554         —         212,109         19,113            sources         (8,961,751)         —         (472,860)         —         (199,507)         (7,800)           sources         1,282,227         122,215         198,799         —         (148,016         4441,149         448,016           4,145,017         1,727         22,888,087         —         —         3,615,008         4,441,149         4,486,002           s         15,550,144         123,942         —         —         4,486,002         —	Water and wastewater programs	1,747,105	I	129,293	4,108,496	212,820	2,583,318	8,781,032
over         10,353         —         115,642           9,169,372         5,075,818         — <t< td=""><td>Land conservation programs</td><td>I</td><td>I</td><td>I</td><td>I</td><td>I</td><td>747</td><td>747</td></t<>	Land conservation programs	I	I	I	I	I	747	747
10,353         — <td>Energy programs</td> <td>I</td> <td>5,075,818</td> <td>I</td> <td>I</td> <td>I</td> <td>115,642</td> <td>5,191,460</td>	Energy programs	I	5,075,818	I	I	I	115,642	5,191,460
10,353         — <td>Capital outlay:</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Capital outlay:							
over         9,169,372         5,075,818         129,293         4,108,496         212,820         2,699,707           over         5,201,435         114,975         562,105         —         212,109         19,113           5,042,543         7,240         109,554         —         (195,617)         (195,67)         (7,800)           sources         (3,919,208)         7,240         (363,306)         —         (64,093)         25,740           solutions         11,282,227         122,215         198,799         —         3,615,008         4,441,149         4,486,002           \$ 15,550,144         123,942         23,066,886         —         3,763,024         4,486,002         4,486,002	General government	10,353				I	I	10,353
over         5,201,435         114,975         562,105         —         212,109         19,113           5,042,543         7,240         109,554         —         (195,414)         33,540           sources         (8,961,751)         —         (472,860)         —         (199,507)         (7,800)           sources         (3,919,208)         7,240         (363,306)         —         (64,093)         25,740           11,282,227         122,215         198,799         —         3,615,008         4,441,149         4,486,002           \$ 15,550,144         123,942         23,066,886         —         3,763,024         4,486,002         4,486,002	Total expenditures	9,169,372	5,075,818	129,293	4,108,496	212,820	2,699,707	21,395,506
5,201,435         114,975         562,105         —         212,109         19,113           5,042,543         7,240         109,554         —         (199,507)         (7,800)           sources         (8,961,751)         —         (472,860)         —         (64,083)         (7,800)           sources         (3,919,208)         7,240         (363,306)         —         (64,083)         25,740           salances         1,282,227         122,215         198,799         —         3,615,008         4,441,149         4,486,002           \$ 15,550,144         123,942         23,066,886         —         3,763,024         4,486,002         -	Excess of revenues over							
5,042,543       7,240       109,554       —       135,414       33,540         sources       (8,961,751)       —       (472,860)       —       (199,507)       (7,800)         sources       (3,919,208)       7,240       (363,306)       —       (64,093)       25,740         salances       1,282,227       122,215       198,799       —       44,853         14,267,917       1,727       22,868,087       —       3,615,008       4,441,149       4,486,002         \$       15,550,144       123,942       23,066,886       —       3,763,024       4,486,002       4,486,002	expenditures	5,201,435	114,975	562,105		212,109	19,113	6,109,737
Figure 3.543         7,240         109,554         —         135,414         33,540           r financing sources         (8,961,751)         —         (472,860)         —         (199,507)         (7,800)           es)         (3,919,208)         7,240         (363,306)         —         (64,093)         25,740           e in fund balances         1,282,227         1,727         22,868,087         —         3,615,008         4,441,149         4,486,002           30         \$ 15,550,144         123,942         23,066,886         —         3,763,024         4,486,002         4	Other Financing Sources (Uses):							
rinancing sources         (8,961,751)         —         (472,860)         —         (472,860)         —         (7,800)         (7,800)         —           es)         (3,919,208)         7,240         (363,306)         —         (64,093)         25,740         —           e in fund balances         1,282,227         122,215         198,799         —         44,853         —           30         \$ 15,56,144         123,942         23,066,886         —         3,763,024         4,486,002         -	Transfers in	5,042,543	7,240	109,554	I	135,414	33,540	5,328,291
r financing sources (3,919,208)	Transfers out	(8,961,751)	I	(472,860)		(199,507)	(7,800)	(9,641,918)
es) (3,919,208) 7,240 (363,306) — (64,093) 25,740 25,740 ein fund balances 1,282,227 12,215 198,799 — 148,016 44,853 44,41,149 44,1267,917 127 22,868,087 — 3,615,50,144 44,86,002 44,86,002 4	Total other financing sources							
e in fund balances 1,282,227 122,215 198,799 — 148,016 44,853	and (uses)	(3,919,208)	7,240	(363,306)		(64,093)	25,740	(4,313,627)
3,615,008     4,441,149       3,615,008     4,441,149       30     \$ 15,550,144     123,942     23,066,886     —     3,763,024     4,486,002	Net change in fund balances	1,282,227	122,215	198,799	I	148,016	44,853	1,796,110
\$15,550,144	Fund balances – July 1	14,267,917	1,727	22,868,087		3,615,008	4,441,149	45,193,888
		15,550,144	123,942	23,066,886		3,763,024	4,486,002	46,989,998

(A Component Unit of the State of Georgia)

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year ended June 30, 2017

Net change in fund balances - total governmental funds

\$ 1,796,110

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
 10,353

 Depreciation Expense
 (47,367)
 (37,014)

Expenses related to the change in long-term 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.

Changes in accrued vacation amounts (62,374)

Changes in the net pension liability and related amounts 87,210

# (A Component Unit of the State of Georgia) Statement of Net Position

Enterprise Funds June 30, 2017

5,163,877       2,219,745       1,863,075       446,245       413         381,978,290       113,620,996       133,752,319       47,196,592       877,151         15,694       —       5,554       47,806       —         1,428,038       116,071,901       135,809,067       47,690,637       1,075,193         677,519,260       97,529,019       137,514,504       37,772,553       —         677,519,260       97,529,019       137,514,504       37,772,553       —         677,519,260       97,529,019       137,514,504       37,772,553       —         1,066,105,159       —       —       —       95,692         —       —       —       —       95,692         —       —       —       —       95,692         —       —       —       —       95,692         —       —       —       —       —         1,066,105,159       213,600,920       273,323,571       85,463,190       86,571         1,066,105,159       213,600,920       273,323,571       85,463,190       86,571	Assets	Georgia Fund	Georgia Reservoir 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
\$ 1,480,724         38,519         5,163,877         2,219,745         1,683,075         446,245         441,454         441,454         441,454         441,454         441,456         441,456         441,456         441,456         441,456         441,456         441,456         441,456         441,456         441,456         441,466	Current assets:								
181,200,496   25,179,872   381,978,290   113,620,996   133,752,319   47,196,592   877,151     40,000	Cash		39,519	5,163,877	2,219,745	1,853,075	446,245	413	11,213,608
40,000         473,122         —         15,694         —         197,629           2,046,704         10,866         1428,038         231,160         198,194         47,800         —         1075,193           2,046,704         10,866         10,866         10,519,280         116,071,901         135,809,067         47,800         —         1075,193           2,86,682,501         68,707,812         677,519,280         97,529,019         137,514,504         37,772,553         —           2,86,682,501         68,707,812         677,519,280         97,529,019         137,514,504         37,772,553         —           471,461,185         94,411,191         1,066,105,159         213,600,920         273,323,571         86,463,190         1,075,193           -         -         -         -         -         -         -         95,682           - <td< td=""><td>Investments</td><td>181,200,496</td><td>25,179,872</td><td>381,978,290</td><td>113,620,996</td><td>133,752,319</td><td>47,196,592</td><td>877,151</td><td>883,805,716</td></td<>	Investments	181,200,496	25,179,872	381,978,290	113,620,996	133,752,319	47,196,592	877,151	883,805,716
750         —         15,694         —         15,694         —         <	Due from other governments	40,000	473,122	I	I	1	I	197,629	710,751
2,046,704         10,866         1,428,038         231,160         198,119         47,800         —           184,778,684         25,703,379         388,585,899         116,071,901         135,809,067         47,690,637         1,075,193           286,682,501         68,707,812         677,519,260         97,529,019         137,514,504         37,772,553         —           286,682,501         68,707,812         677,519,260         97,529,019         137,514,504         37,772,553         —           471,461,185         94,411,191         1,066,105,159         213,600,920         273,323,571         85,463,190         1,075,193           -         46,898         -         -         -         -         -         95,692           1,718,485         426,224         -         -         -         -         -         -         -           1,718,485         473,122         -         -         -         -         -         -         -         -           469,742,700         93,938,069         1,066,105,159         213,600,920         273,323,571         86,463,190         -         -           -         -         -         -         -         -         -         - <td>Due from other funds</td> <td>750</td> <td>I</td> <td>15,694</td> <td>I</td> <td>5,554</td> <td>1</td> <td>I</td> <td>21,998</td>	Due from other funds	750	I	15,694	I	5,554	1	I	21,998
184,778,684         25,703,379         388,585,899         116,071,901         135,809,067         47,690,637         1,075,193           286,682,501         68,707,812         677,519,260         97,529,019         137,514,504         37,772,553         —           286,682,501         68,707,812         677,519,260         97,529,019         137,514,504         37,772,553         —           471,461,185         94,411,191         1,066,105,159         213,600,920         273,323,571         85,463,190         1,075,193           -         46,898         -         -         -         -         -         95,692           -         -         -         -         -         -         -         95,692           -         -         -         -         -         -         -         95,692           -         -         -         -         -         -         -         -           -         -         -         -         -         -         -         -           -         -         -         -         -         -         -         -           -         -         -         -         -         -         -	Accrued interest receivable	2,046,704	10,866	1,428,038	231,160	198,119	47,800	1	3,962,687
286.682_501         68,707,812         677,519,260         97,529,019         137,514,504         37,772,553         —           286,682_501         68,707,812         677,519,260         97,529,019         137,514,504         37,772,553         —           471,461,185         94,411,191         1,066,105,159         213,600,920         273,323,571         85,463,190         1,075,193           1,718,485         473,122         —         —         —         —         —           1,718,485         473,122         —         —         —         —         —           1,718,485         473,122         —         —         —         —         —           1,718,485         473,122         —         —         —         —         —           469,742,700         93,938,069         1,066,105,159         213,600,920         273,323,571         86,463,190         —           \$ 469,742,700         93,938,069         1,066,105,159         213,600,920         273,323,571         86,463,190         86,571	Total current assets	184,778,684	25,703,379	388,585,899	116,071,901	135,809,067	47,690,637	1,075,193	899,714,760
286,682,501         68,707,812         677,519,260         97,529,019         137,514,504         37,772,553         —           286,682,501         68,707,812         677,519,260         97,529,019         137,514,504         37,772,553         —           471,461,185         94,411,191         1,066,105,159         213,600,920         273,323,571         85,463,190         1,075,193           -         46,898         -         -         -         -         96,692           -         426,224         -         -         -         -         -           -         459,742,700         93,938,069         -         -         -         -           -         469,742,700         93,938,069         1,066,105,159         213,600,920         273,323,571         86,463,190         -           -         -         -         -         -         -         -         -         -           - <t< td=""><td>Noncurrent assets:</td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></t<>	Noncurrent assets:								
286,682,501         687,72,812         677,519,260         97,529,019         137,514,504         37,772,553         —           471,461,185         94,411,191         1,066,105,159         213,600,920         273,323,571         85,463,190         1,075,193           1,718,485         426,224         —         —         —         96,692           1,718,485         473,122         —         —         —         —           1,718,485         473,122         —         —         —         —           469,742,700         93,938,069         1,066,105,159         213,600,920         273,323,571         86,463,190         —           \$ 469,742,700         93,938,069         1,066,105,159         213,600,920         273,323,571         86,463,190         86,571	Loans receivable	286,682,501	68,707,812	677,519,260	97,529,019	137,514,504	37,772,553	1	1,305,725,649
471,461,185         94,411,191         1,066,105,159         213,600,920         273,323,571         85,463,190         1,075,193           1,718,485         426,224         —         —         —         —         96,692           1,718,485         473,122         —         —         —         —         —           469,742,700         93,938,069         —         1,066,105,159         213,600,920         273,323,571         86,463,190         —           \$ 469,742,700         93,938,069         1,066,105,159         213,600,920         273,323,571         86,463,190         —	Total noncurrent assets	286,682,501	68,707,812	677,519,260	97,529,019	137,514,504	37,772,553	I	1,305,725,649
-     46,898     -     -     95,692       1,718,485     -     -     -     -     112,930       -     -     -     -     -     -     112,930       -     -     -     -     -     -     -       -     -     -     -     -     -     -       -     -     -     -     -     -     -       469,742,700     93,938,069     1,066,105,159     213,600,920     273,323,571     864,63,190     866,571       \$     469,742,700     93,938,069     1,066,105,159     213,600,920     273,323,571     864,63,190     866,571	Total assets	471,461,185	94,411,191	1,066,105,159	213,600,920	273,323,571	85,463,190	1,075,193	2,205,440,409
-     46,898     -     -     -     95,692       1,718,485     -     -     -     -     -     112,930       -     -     -     -     -     -     -     112,930       -     -     -     -     -     -     -     -       -     -     -     -     -     -     -     -       -     -     -     -     -     -     -     -       -     -     -     -     -     -     -     -       -     -     -     -     -     -     -     -       -     -     -     -     -     -     -     -       -     -     -     -     -     -     -     -       -     -     -     -     -     -     -     -     -       -     -     -     -     -     -     -     -     -     -       - <td>Liabilities</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>	Liabilities								
rer funds         1,718,485         —         —         —         —         112,930           payable         —	Accounts payable and accrued liabilities	I	46,898	I	1	I	l	95,692	142,590
payable         —         426,224         —         <	Due to other funds	1,718,485	I	I	I	I	I	112,930	1,831,415
Net Position         469,742,700         93,938,069         1,066,105,159         213,600,920         273,323,571         85,463,190         -         208,622         -         208,622         -         208,622         -         208,622         -         -         208,622         -         -         208,622         -         -         208,622         -         -         208,622         -         -         208,622         -         -         208,622         -         -         208,622         -         -         208,622         -         -         208,622         -         -         208,627         -         -         208,637         -	Retainage payable		426,224						426,224
Net Position         —         1,066,105,159         213,600,920         273,323,571         85,463,190         —           sd         469,742,700         93,938,069         1,066,105,159         213,600,920         273,323,571         86,463,190         866,571	Total liabilities	1,718,485	473,122	I	I	I	I	208,622	2,400,229
red Total net position \$ 469,742,700 93,938,069 1,066,105,159 213,600,920 273,323,571 85,463,190 — 866,571 86,463,190 — 866,571 86,463,190 866,571	Net Position								
469,742,700         93,938,069         —		I	I	1,066,105,159	213,600,920	273,323,571	85,463,190	1	1,638,492,840
\$ 469,742,700 93,938,069 1,066,105,159 213,600,920 273,323,571 85,463,190 866,571	Unrestricted	469,742,700	93,938,069	1		I		866,571	564,547,340
			93,938,069	1,066,105,159	213,600,920	273,323,571	85,463,190	866,571	2,203,040,180

See accompanying notes to basic financial statements.

(A Component Unit of the State of Georgia)

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

Year Ended June 30, 2017

Total

Nonmajor

	Georgia Fund	Georgia Reservoir 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	Enterprise Fund	Enterprise Funds
Operating Revenues:								
Charges for services – interest income on loans receivable	\$ 7,612,073	130,726	16,252,646	2,803,616	2,241,651	622,967	1	29,663,679
Administrative and preventative maintenance fees	175,426	I	I	I	I	I	974,125	1,149,551
State contract revenues	I	1,466,575	I	I	I	I	I	1,466,575
Miscellaneous	9,673	1	41,225	1	32,472	I	3,168	86,538
Total operating revenue	7,797,172	1,597,301	16,293,871	2,803,616	2,274,123	622,967	977,293	32,366,343
Operating Expenses:								
Water and wastewater programs	I	1,466,575	2,816,956	I	5,918,488	I	I	10,202,019
Storage tank maintenance programs	I	1	I	1	I	1	613,774	613,774
General and administrative	86,751	26,488	I	54,566	I	22,109	009	190,514
Total operating expenses	86,751	1,493,063	2,816,956	54,566	5,918,488	22,109	614,374	11,006,307
Operating income (loss)	7,710,421	104,238	13,476,915	2,749,050	(3,644,365)	600,858	362,919	21,360,036
Nonoperating Revenues:								
Federal grant contributions	I	I	17,767,273	I	17,812,496	I	I	35,579,769
State general obligation bond proceeds	5,000,000	I	I	1	I	1	1	5,000,000
Interest income on investments	1,083,692	304,137	2,318,746	679,258	837,531	277,035	7,086	5,507,485
Total nonoperating revenues	6,083,692	304,137	20,086,019	679,258	18,650,027	277,035	7,086	46,087,254
Income before capital grants and transfers	13,794,113	408,375	33,562,934	3,428,308	15,005,662	877,893	370,005	67,447,290
Transfers in	I	I	770,833	5,560,192	2,165,650	5,797,613	I	14,294,288
Transfers out	(3,838,959)	I	(2,005,885)	(770,833)	(635,137)	(2,165,650)	(564,197)	(9,980,661)
Changes in net position	9,955,154	408,375	32,327,882	8,217,667	16,536,175	4,509,856	(194,192)	71,760,917
Total net position - July 1	459,787,546	93,529,694	1,033,777,277	205,383,253	256,787,396	80,953,334	1,060,763	2,131,279,263
Total net position – June 30	\$ 469,742,700	93,938,069	1,066,105,159	213,600,920	273,323,571	85,463,190	866,571	2,203,040,180

See accompanying notes to basic financial statements.

# (A Component Unit of the State of Georgia) Statement of Cash Flows - Proprietary Fund Types - Enterprise Funds Year Ended June 30, 2017

	Georgia Fund	Georgia Reservoir 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
Cash flows from operating activities: Interest payments received on loans receivable	\$ 7.181.030	130.274	16.282.075	2.814.829	2.243.163	631.889	I	29.283.260
Administrative fee and state contract payments	427,784	2,197,486	. 1	1	. 1	1	974,125	3,599,395
Payments to service providers Internal activity – payments from other funds	(86,751)	(2,124,298)	(2,816,956)	(54,566)	(5,918,488)	(22, 109) 964 874	(604,056)	(11,627,224)
Internal activity – payments to other funds	(927,819)	I	(381,866)		(890,333)		(132,563)	(2,332,581)
Miscellaneous collection adjustments	9,673	1	41,225	I	32,471	I	1	83,369
Miscellaneous payment adjustments	ı	(98,676)					(194,461)	(294,137)
Net cash provided by (used in) operating activities	6,603,917	103,786	13,124,478	3,182,683	(4,533,187)	1,574,654	247,790	20,304,121
Cash flows from noncapital financing activities:			47 787 279		47 043 408			35 670 760
State contributions	2 000 000		517,101,11		0,710,71			5,000,000
Transfers in		I	770,833	5,560,192	2,165,650	5,797,613	1	14,294,288
Transfers out	(3,838,959)	I	(2,005,885)	(770,833)	(635,137)	(2,165,650)	(564,197)	(9,980,661)
Net cash provided by (used in) noncapital financing activities	1,161,041	I	16,532,221	4,789,359	19,343,009	3,631,963	(564,197)	44,893,396
Cash flows from investing activities: Interest income on investments	1,083,692	304,137	2.318,746	679,258	837,531	277,035	7,086	5,507,485
Originations of and advances on loans receivable	(24,185,041)	(45,762,205)	(63,393,287)	(3,554,307)	(23,040,835)	(5,162,476)	. 1	(165,098,151)
Principal payments received on loans receivable	39,177,650	338,931	58,899,366	6,520,511	13,785,287	6,543,235	١	125,264,980
Net cash provided by (used in) investing activities	16,076,301	(45,119,137)	(2,175,175)	3,645,462	(8,418,017)	1,657,794	7,086	(34,325,686)
Net increase (decrease) in cash and cash equivalents	23,841,259	(45,015,351)	27,481,524	11,617,504	6,391,805	6,864,411	(309,321)	30,871,831
Cash and cash equivalents at beginning of year	158,849,971	70,234,742	359,660,643	104,223,237	129,213,589	40,778,426	1,186,885	864,147,493
Cash and cash equivalents at end of year	\$ 182,691,230	25,219,391	387,142,167	115,840,741	135,605,394	47,642,837	877,564	895,019,324
Reconciliation to the statement of net position: Cash Investments	\$ 1,490,734 181,200,496	39,519 25,179,872	5,163,877 381,978,290	2,219,745 113,620,996	1,853,075 133,752,319	446,245 47,196,592	413 877,151	11,213,608 883,805,716
	\$ 182,691,230	25,219,391	387,142,167	115,840,741	135,605,394	47,642,837	877,564	895,019,324
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:  Operating income floss to a construction of the	7 710 421	104 238	13 476 915	2 749 050	(3 644 365)	858	362 919	21 360 036
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:								
Cher in assets and liabilities:	(126,245)	I	1	I	I	I	I	(126,245)
Due from other governments	- (2)	1	1 5	1 5	2	60	(197,629)	(197,629)
Accided interest receivable  Due from other funds	(54,440)	(452)	624,62	422,420	I.c.'	6,922 964,874	204,745	1,592,039
Due to other funds Accrued liabilities	(927,819)	11	(381,866)	11	(890,333)	11	(132,563) 10,318	(2,332,581) 10,318
Net cash provided by (used in) operating activities	\$ 6,603,917	103,786	13,124,478	3,182,683	(4,533,187)	1,574,654	247,790	20,304,121

See accompanying notes to basic financial statements.

(A Component Unit of the State of Georgia)

### Notes to Basic Financial Statements June 30, 2017

#### (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

(A Component Unit of the State of Georgia)

# Notes to Basic Financial Statements June 30, 2017

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 Loan Fund, the Clean Water State Match 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.

During fiscal year 2015, the Authority agreed to become the Registered State Basic Agency (RSBA) for the U. S. Appalachian Regional Commission (ARC). Under this agreement, the Authority receives federal funds to make grants to local governments for construction of or upgrades to wastewater treatment facilities specifically in the Appalachia region of Georgia.

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.

(A Component Unit of the State of Georgia)

### Notes to Basic Financial Statements June 30, 2017

#### **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, 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

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# Notes to Basic Financial Statements June 30, 2017

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.

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:

<u>General Fund</u> – 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.

<u>Weatherization Assistance Program Fund</u> – 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

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# Notes to Basic Financial Statements June 30, 2017

Energy and the Department of Health and Human Services and petroleum violation escrow funds.

<u>Clean Water SRF Administration Fund</u> – 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.

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

<u>Drinking Water SRF Administration Fund</u> – 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:

<u>Georgia Fund</u> – 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.

<u>Georgia Reservoir Fund</u> - 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.

<u>Clean Water State Revolving Loan Fund</u> – 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.

<u>Clean Water State Match Revolving Loan Fund</u> – 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

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# Notes to Basic Financial Statements June 30, 2017

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.

<u>Drinking Water State Revolving Loan Fund</u> – 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.

<u>Drinking Water State Match Revolving Loan Fund</u> - 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.

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# Notes to Basic Financial Statements June 30, 2017

#### (e) Loans Receivable

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

The evaluation of the need for an allowance for loan losses is based on management's evaluation of the loan portfolio, current economic conditions, payment history and other such factors which, in management's judgment, deserve recognition in estimating loan losses. As of June 30, 2017, 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 Other Governments

Due from other governments includes the following:

	as of June 30, 2	2017
stity or	Entity Type	

Entity or Entity Type		Amount
Nonprofit Organizations	\$	992
State of Georgia Local Governments		513,104
State of Georgia State Organizations		1,340,631
State of North Carolina		471
State of Tennessee		1,307
U. S. ARC		2,067
U. S. DOE		214,640
U. S. EPA		704,843
Tota	al \$	2,778,055

#### (h) Capital Assets

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

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# Notes to Basic Financial Statements June 30, 2017

and updated for additions and retirements during the year. The Authority's capital assets include various types of computer equipment and furniture and fixtures and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Contributions or donations of capital assets received from federal, state or local resources are recorded as contributions when received and are stated at acquisition value. Additions, improvements and expenditures that significantly extend the useful life of an asset are capitalized. 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

#### (i) Investments

Investments consist of funds on deposit in the Georgia Fund 1, the State of Georgia investment pool. The Georgia Fund 1 is an external investment pool, managed by the State of Georgia's Office of the State Treasurer. The Georgia Fund 1, created by OCGA 36-83-8, is a stable asset value investment pool, which follows Standard and Poor's criteria for AAAf rated money market funds is regulated by the Georgia Office of the State Treasurer. The pool is not registered with the SEC as an investment company. The pool's primary objectives are safety of capital, investment income, liquidity and diversification while maintaining principal (\$1 per share value). The asset value is calculated weekly to ensure stability. The pool distributes earnings (net of management fees) on a monthly basis and determines participants' shares sold and redeemed based on \$1 per share. The pool also adjusts the value of its investments to fair market value as of year-end and the Authority's investment in the Georgia Fund 1 is reported at fair value.

#### (j) Income Taxes

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

#### (k) Compensated Absences

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

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# Notes to Basic Financial Statements June 30, 2017

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."

#### (I) 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, 2017, the Authority paid premiums totaling \$18,239.

#### (m) Fund Equity

- (1) <u>Government-wide statements</u> 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) <u>Fund financial statements</u> 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

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# Notes to Basic Financial Statements June 30, 2017

specific purposes and cannot be redeployed for other purposes. considers restricted first and then unrestricted amounts spent when expenditures have been incurred for purposes for which both restricted and unrestricted fund balance is available. These restrictions are either externally imposed by outside parties or by constitutional provisions or enabling legislation. Committed fund balance represents amounts that have internally imposed restrictions mandated by formal action of the Authority's Board, with removal of the commitment only if by formal action of the Authority's Board. Assigned fund balance represents amounts that are constrained by the Authority's intent that they will be used for specific purposes which may be so designated by the Authority's Executive Director, as appointed by the Board, or governing Board. The Authority fund equity balances are comprised of restricted and unassigned amounts. Amounts restricted represent appropriated amounts provided by the State to execute certain grant programs of the Authority and general obligation bond proceeds of the state provided to be a match resource to the federally funding state revolving loan funds. Unassigned fund balance represents residual amounts that are available for further appropriation and expenditure for general governmental purposes. Unassigned fund balance is only available for the Authority's General Fund. Proprietary fund equity is classified the same as in the government-wide statements.

#### (n) Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted within the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

#### (o) Future Accounting Pronouncements

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

- 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. 81, Irrevocable Split-Interest Agreements, effective for the Authority's year ending June 30, 2018.
- Statement No. 82, Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73, effective for the Authority's year ending June 30, 2017, with the remaining provisions effective in 2018.
- Statement No. 83, Certain Asset Retirement Obligations, effective for the Authority's year ending June 30, 2019.

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- Statement No. 84, Fiduciary Activities, effective for the Authority's year ending June 30, 2020.
- Statement No. 85, Omnibus 2017, effective for the Authority's year ending June 30, 2018.
- Statement No. 86, Certain Debt Extinguishment Issues, effective for the Authority's year ending June 30, 2018.
- Statement No. 87, Leases, effective for the Authority's year ending June 30, 2021.

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.

#### (p) 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 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 \$838,495 and general obligation bond proceeds of \$10,000,000 for fiscal year 2017 which were collected in their entirety and expended or obligated for the state and federal loan programs.

#### (3) Deposits and Investments

#### **Primary Government**

<u>Custodial Credit Risk</u> – 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 at June 30, 2017 of \$14,055,885, with a carrying value of the same amount, were entirely insured by FDIC insurance or collateralized by investment securities held by the Authority's agent in the Authority's name.

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# Notes to Basic Financial Statements June 30, 2017

#### Investments

<u>Credit Risk</u> - 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, 2017 were categorized by credit risk as follows:

Investment	Rating	Maturities	Fair Value
Georgia Fund 1	AAAf	26-day WAM	\$ 925,886,543

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, 2017, interest rate risk is represented in the above table as "Maturities" for each investment classification. The Authority's Investment Policy has been developed around those policies set forth by the State of Georgia. The Authority has structured its investment portfolio with investments having maturity dates at or prior to the time cash is prudently projected to be required to meet disbursement needs, thereby avoiding the need to sell securities prior to their maturity. This structure has been achieved by providing investments in the Georgia Fund 1. The Authority's investment policy further outlines that the portfolio for investments in U.S. Treasuries and U.S. Agencies are limited to maturities with a maximum of five years from the date of purchase, although the Authority did not have any long-term investments at June 30, 2017.

<u>Fair Value Measurements</u> – Generally accepted accounting principles establish a fair value hierarchy based on the valuation inputs used to measure the fair value of an asset. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement of No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Authority does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

#### **Component Unit**

#### Custodial Credit Risk

The Corporation maintains cash balances in bank accounts at multiple banks. These balances, at times, may exceed federal insured limits. Custodial credit risk is the risk that, in the event of bank failure, the Corporation's deposits may not be returned to it. The Corporation has a formal deposit policy with its selected custodian, or an agent acting on behalf of the custodian, for custodial credit risk as required by the State of Georgia which insures balances over the FDIC insurance at 110% of that overage. The Corporation's bank balances of \$87,644 at June 30, 2017 were entirely insured by FDIC insurance or collateralized by investment securities held by the Corporation's agent in the Corporation's name.

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As of June 30, 2017, cash held with fiscal agent in the amount of \$1,035,250 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.

#### Investments

<u>Credit Risk</u> – Statutes authorize the Corporation to invest in obligations of the State of Georgia, obligations of the U.S. Treasury and U.S. Agencies, certificates of deposit, repurchase agreements, rate guarantee agreements, and State operated investment pools. The operated investment pool is authorized to invest in the same types of securities.

As shown below, the Corporation's investments at June 30, 2017 were categorized by credit risk as follows:

Investment	_Rating_	Maturities	_Fair Value_
Georgia Fund 1	AAAf	26-day WAM	\$63,793,580

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, 2017, interest rate risk is represented in the above table as "Maturities" for each investment classification. The Corporation's Investment Policy has been developed around those policies set forth by the State of Georgia. The Corporation has structured its investment portfolio with investments having maturity dates at or prior to the time cash is prudently projected to be required to meet disbursement needs, thereby avoiding the need to sell securities prior to their maturity. This structure has been achieved by providing investments in the Georgia Fund 1. The Corporation'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.

The Loan Pool Series 2011 Securitization Bond proceeds may be invested by the Corporation in such investments as permitted by applicable state law. These proceeds are at Bank of New York Mellon in the investment type shown below. All investments of this type were rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The interest receivable as of June 30, 2017 was \$30,786.

Investment	_Rating_	<u>Maturities</u>	Fair Value
U. S. Agencies	AA+, Aaa	3.69-years WAM	\$ 4,971,267

<u>Fair Value Measurements</u> – Generally accepted accounting principles establish a fair value hierarchy based on the valuation inputs used to measure the fair value of an asset. The Georgia Fund 1 is an investment pool which does not meet the criteria of GASB Statement No. 79 and is thus valued at fair value in accordance with GASB Statement No. 31. As a result, the Corporation does not disclose the investment in the Georgia Fund 1 within the fair value hierarchy.

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### Notes to Basic Financial Statements June 30, 2017

The Corporation categorizes its fair value measurements for the Loan Pool Series 2011 Securitization Bond proceeds held at Bank of New York Mellon within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Corporation has the following recurring fair value measurements as of June 30, 2017:

 U.S. Agency securities of \$4.97 million are valued using quoted active market prices (Level 1 inputs)

#### (4) Loans Receivable

Loans receivable at June 30, 2017 are summarized as follows:

	Amount
Water and wastewater facility and conservation	\$ 1,607,722,340
Undisbursed portion of loans in process	(301,996,691)
Unpaid principal balance	\$ 1,305,725,649

At June 30, 2017, the Authority had commitments to fund projects, excluding the undisbursed portion of loans in process, totaling \$74,777,616.

In accordance with certain loan programs, the Authority expensed a forgiven portion of loans in the amount of \$2,816,956 in the Clean Water State Revolving Loan Fund and \$5,918,488 in the Drinking Water State Revolving Loan Fund during fiscal year 2017.

Additionally, the Authority provided grant funds from the Appalachian Regional Commission in the amount of \$806,569 that were used partly in conjunction with loan projects of the Authority or stand-alone projects that have been environmentally approved as water infrastructure facilities projects. As these amounts are expensed and forgiven or granted, they are not included in the unpaid principal balance above.

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

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

#### **Primary Government**

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# Notes to Basic Financial Statements June 30, 2017

#### **Compensated Absences:**

The Authority had \$115,109 in additions that were included in compensated absences representative of vacation pay earned by employees or addition of new staff and reductions of \$52,735 to compensated absences due to employee terminations or vacation hours used by employees. Compensated absences, as well as the net pension liability, 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, 2017, was as follows:

	Balance June 30,			Balance June 30,	Amount due within
Description	2016	Additions	Reductions	2017	one year
Governmental activities					
Compensated absences	\$ 435,931	115,109	52,735	498,305	124,576
Net pension liability	5,212,488	782,610		5,995,098	
Total Governmental activities	\$ 5,648,419	897,719	52,735	6,493,403	124,576

#### **Component Unit**

The Corporation issued a series of local government loan securitization bonds for 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 outstanding bonds bear an interest rate of 5.125%. The below table summarizes bonds payable outstanding:

		Original issue amount	Interest rates	Carrying value
Loan Pool, Series 2011 Less bond discount Subtotal		\$ 202,755,000	5.125%	44,155,000 (218,438) 43,936,562
Total bond series Less bond discount	Outstanding principal, June 30, 2	2017		44,155,000 (218,438) \$43,936,562

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 and investments with fiscal agent constitutes the debt service reserve. As of June 30,

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2017, the trustee had on hand for the Loan Pool, Series 2011 \$5,030,348, which includes accrued investment interest, as the debt service reserve amount. The balance of cash with fiscal agent, \$1,035,250 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, 2017, 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)			
	Loan Pool, Se	eries 2011	Total	
	Principal	Interest	Due	
Years ending June 30:				
2018	\$ 1,750	2,802	4,552	
2019	-	2,802	2,802	
2020	-	2,802	2,802	
2021	-	2,802	2,802	
2022		2,802	2,802	
2023-2027	-	14,010	14,010	
2028-2031	42,405	11,208	53,613	
Total	\$ 44,155	39,228	83,383	

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 2017, the Corporation retired \$6,515,000 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, 2017 as well as any reduction in interest amounts to be paid. Amounts due in 2018 above include known prepayments subsequent to June 30, 2017 which will be paid in FY 2018. 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, 2017, the Corporation had the following activity within its long-term liabilities:

June 30, June 30,	vithin
Description 2016 Additions Reductions 2017 or	e year
Loan Pool, Series 2011 \$ 55,800,000 - 11,645,000 44,155,000 1	750,000
Unamortized Bond Discount (271,921) - (53,483) (218,438)	-
Total \$ 55,528,079 - 11,591,517 43,936,562 1	750,000

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

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# Notes to Basic Financial Statements June 30, 2017

#### (6) Interfund Receivables, Payables and Transfers

Interfund activity as of June 30, 2017, is as follows:

Due from/to other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Weatherization Assistance Program	\$ 429,999
	Clean Water SRF Administration	639,098
	Drinking Water SRF Administration	558,613
	Nonmajor governmental funds	1,407
	Georgia Fund	1,718,485
	Nonmajor enterprise funds	112,930
Nonmajor governmental funds	Nonmajor governmental funds	41,534
Georgia Fund	Nonmajor governmental funds	750
Clean Water State Revolving Loan Fund	General Fund	15,694
Drinking Water State Revolving Loan Fund	General Fund	5,554
Total		\$ 3,524,064

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:

Transfers-in Fund	Transfers-out Fund		Amount
General Fund	Clean Water SRF Administration	\$	472,860
	Drinking Water SRF Administration		199,507
	Georgia Fund		3,805,979
	Nonmajor enterprise funds		564,197
Weatherization Assistance Program	Nonmajor governmental funds		7,240
Clean Water SRF Administration	General Fund		109,554
Drinking Water SRF Administration	General Fund		135,414
Nonmajor governmental funds	Nonmajor governmental funds		560
	Georgia Fund		32,980
Clean Water State Revolving Loan Fund	Clean Water State Match Revolving Loan		770,833
	Fund		
Clean Water State Match Revolving Loan Fund	General Fund		3,554,307
Clean Water State Match Revolving Loan Fund	Clean Water State Revolving Loan Fund		2,005,885
Drinking Water State Revolving Loan Fund	Drinking Water State Match Revolving		2,165,650
Drinking Water State Match Revolving Loan Fund	General Fund		5,162,476
Drinking Water State Match Revolving Loan Fund	Drinking Water State Revolving Loan		635,137
	Fund		-, -
Total		\$_	19,622,579
		_	

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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.

#### (7) Capital Assets

The Authority's capital asset activity for the year ended June 30, 2017 was as follows:

		Balance			Balance
		June 30,			June 30,
Asset category		2016	Additions	Deletions	2017
Cost:					
Computer equipment	\$	254,913	10,353		265,266
Fixtures & office equipment		169,930	_		169,930
	Total cost	424,843	10,353		435,196
Accumulated depreciation:	-				
Computer equipment		199,097	13,381		212,478
Fixtures & office equipment		42,801	33,986		76,787
Tot	tal accumulated				
	depreciation	241,898	47,367	_	289,265
Total ne	t capital assets \$	182,945	(37,014)		145,931

Depreciation expense of \$47,367 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

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

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that was established by the Georgia General Assembly during the 1949 Legislative Session for the purpose of providing retirement allowances for employees of the State and its political subdivisions. ERS is directed by a Board of Trustees and has the powers and privileges of a corporation. ERS acts pursuant to statutory direction and guidelines, which may be amended prospectively for new hires but for existing members and beneficiaries may be amended in some aspects only subject to potential application of certain constitutional restraints against impairment of contract. 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

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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 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, 2017 was 24.69% of annual covered payroll for old and new plan members and 21.69% for GSEPS members. The Authority's contributions to ERS totaled \$697,566 for the year ended June 30, 2017. 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

At June 30, 2017, the Authority reported a liability for its proportionate share of the net pension liability in the amount of \$5,995,098. The net pension liability was measured as of June 30, 2016. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2015. An expected total pension liability as of June 30, 2016 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, 2016. At June 30 2016, the Authority's proportion was 0.126735%, which was a decrease of .001924% from its proportion measured as of June 30, 2015.

For the year ended June 30, 2017, the Authority recognized pension expense of \$621,696. At June 30, 2017, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	L	of Resources	of Resources
Difference between expected and actual experience	\$		13,846
Changes of assumptions		50,780	_
Net difference between projected and actual earnings on pension plan investments		609,533	_
Changes in proportion and differences between Authority contributions			
and proportionate share of contributions		60,482	47,589
Employer contributions subsequent to measurement date		697,566	_
Total	\$	1,418,361	61,435

Authority contributions subsequent to the measurement date of \$697,566 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, 2018. 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:	
2018	\$87,724
2019	\$39,289
2020	\$328,628
2021	\$203,719
2022	\$0
Thereafter	\$0

**Actuarial assumptions:** The total pension liability as of June 30, 2016 was determined by an actuarial valuation as of June 30, 2015 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation 2.75%

Salary increases 3.25 – 7.00%, 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 with future mortality improvement projected to 2025 with the Society of Actuaries' projection scale BB and set forward two years for both males and females for service retirements and dependent beneficiaries. The RP-2000 Disabled Mortality Table with future mortality improvement projected to 2025 with Society of Actuaries' projection rate scale BB and set back seven years for males and set forward three years for females was used for death after disability retirement. There is a margin for future mortality improvement in the tables used by the System. Based on the results of the most recent experience study adopted by the Board on December 17, 2015, the numbers of expected future deaths are 9-12% less than the actual number of deaths that occurred during the study period for service retirements and beneficiaries and for disability retirements. Rates of mortality in active service were based on the RP-2000 Employee Mortality Table projected to 2025 with projection scale BB.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2004 – June 30, 2014.

The long-term expected rate of return on pension plan investments was determined using a lognormal 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:

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Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(0.50)%
Domestic large equities	37.20	9.00
Domestic mid equities	3.40	12.00
Domestic small equities	1.40	13.50
International developed market equities	17.80	8.00
International emerging market equities	5.20	12.00
Alternatives	5.00	10.50
Total	100.00%	

<sup>\*</sup> Rates shown are net of the 2.75% assumed rate of inflation

**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:

	<u>-</u>	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)	
Authority's proportionate share of the net pension liability	\$	8,124,469	5,995,098	4,180,450	

**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.

The Authority had \$57,817 payable to the pension plan as of June 30, 2017.

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#### 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 employer contributions.

The GSEPS plan includes automatic enrollment in the 401(k) plan at a contribution rate of 5% of salary unless the participating member elects otherwise. The member may change such level of participation at any time. In addition, the member may make such additional contributions as he or she desires, subject to limitations imposed by federal law. The State will match 100% of the employee's initial 1% contribution and 50% of contribution elections of two through five percent. Therefore, the State will match 3% of salary when an employee contributes at least 5% to the 401(k) plan. 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

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# Notes to Basic Financial Statements June 30, 2017

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 for the last three years:

	Annual		Annual		
	Employer		<b>Employee</b>		
Year	Contribution		Contribution		
2017	\$ 26,376	\$	43,132		
2016	29,702		50,928		
2015	21,238		48,084		

#### (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)

#### 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 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

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# Notes to Basic Financial Statements June 30, 2017

approximately 25% of the cost of the health insurance coverage. In accordance with the Board resolution dated December 8, 2011, for members with fewer than five years of service as of January 1, 2012, the State provides a premium subsidy in retirement that ranges from 0% for fewer than 10 years of service to 75% (but no greater than the subsidy percentage offered to active employees) for 30 or more years of service. The subsidy for eligible dependents ranges from 0% to 55% (but no greater than the subsidy percentage offered to dependents of active employees minus 20%). No subsidy is available to Medicare eligible members not enrolled in a Medicare Advantage Option. The Board sets all member premiums by resolution and in accordance with the law and applicable revenue and expense projections. Any subsidy policy adopted by the Board may be changed at any time by Board resolution and does not constitute a contract or promise of any amount of subsidy.

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 determined employer contribution (ADEC) 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, 2017, was 30.454% of covered payroll.

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. Additional contributions were required by the Board in fiscal year 2017 as a reserve for financing future costs associated with the OPEB liabilities. Amounts contributed to the State OPEB Fund were \$333.9 million from all participating employers. 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, 2017, 2016, and 2015:

	Required	%
Year	Contribution	contributed
2017	 771,810	100%
2016	816,190	100%
2015	774,701	100%

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

SEAD-OPEB is a cost-sharing multiple-employer defined benefit postemployment plan that was created in fiscal year 2007 by the Georgia General Assembly to provide term life insurance to eligible members of the ERS, Georgia Judicial Retirement System (JRS), and Legislative Retirement System (LRS). SEAD-OPEB provides benefits for retired and vested inactive

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# Notes to Basic Financial Statements June 30, 2017

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 2017 were based on June 30, 2014, actuarial valuations as follows:

	SEAD- OPER
Member Rates:	
ERS Old Plan	0.45%
Less: Offset Paid by Employer	(0.22%)
Net ERS Old Plan	0.23%
ERS New Plan, JRS, and LRS	0.23%
Employer Rates	0.00%

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-OPEB the amount of insurance for a retiree with creditable service prior to April 1, 1964, is the full amount of insurance 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 at age 60 or at termination, if earlier. Life insurance proceeds are paid in lump sum to the beneficiary upon death of the retiree.

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# Notes to Basic Financial Statements June 30, 2017

#### (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, 2017:

Year ending	
June 30	Amount
2018	\$ 446,728
2019	457,884
2020	469,269
2021	481,109
Total	\$ 1,854,990

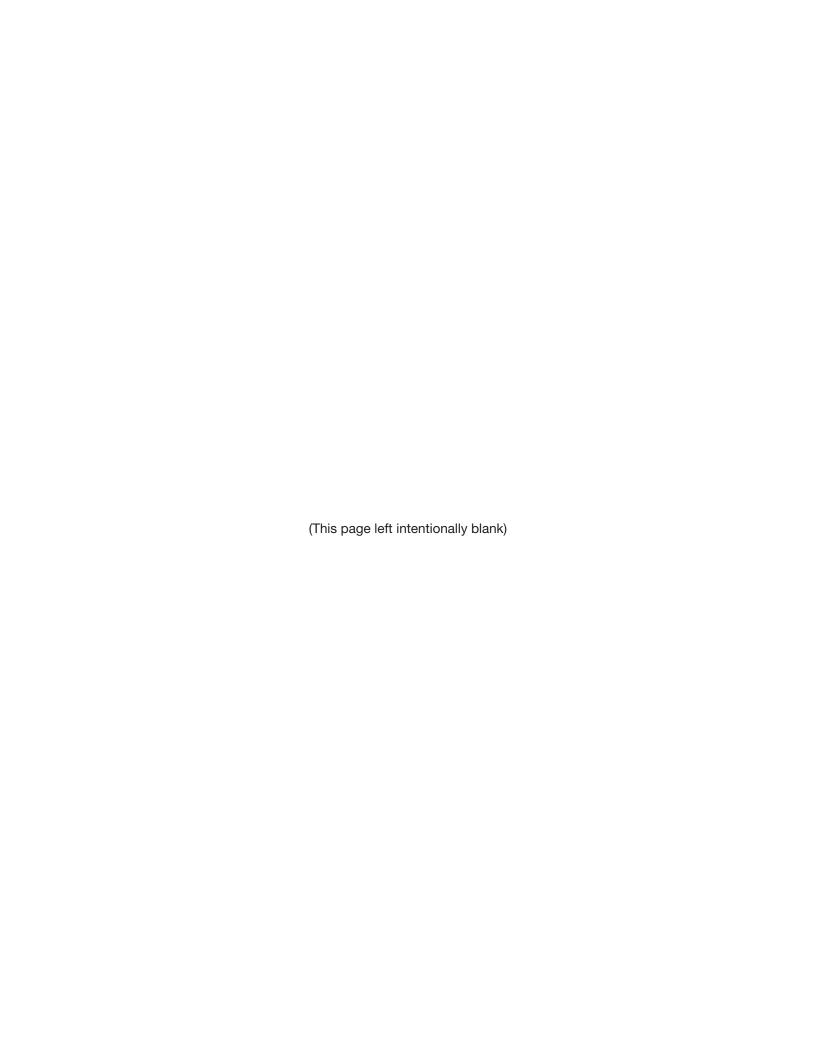
Total expenses for rental of office space for the year ended June 30, 2017 were \$435,799.

#### (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, 2017. In addition, management believes there were no material violations of finance-related legal or contractual provisions by the Authority during the current fiscal year.





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

	2017	2016	2015
Authority's proportion of the net pension liability	0.126735%	0.128659%	0.122178%
Authority's proportionate share of the net pension liability	\$5,995,098	\$5,212,488	\$4,582,430
Authority's covered-employee payroll during the measurement period	\$3,077,893	\$3,074,356	\$2,902,532
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	194.78%	169.55%	157.88%
Plan fiduciary net position as a percentage of the total pension liability	72.34%	76.20%	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

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually required contributions	\$697,566	\$728,438	\$645,978	\$507,851	\$424,094	\$342,738	\$330,884	\$329,295	\$317,839	\$299,052
Contributions in relation to the contractually required contribution	\$697,566	\$728,438	\$645,978	\$507,851	\$424,094	\$342,738	\$330,884	\$329,295	\$317,839	\$299,052
Contribution deficiency (excess)	\$0	\$0	0\$	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Authority's covered-employee payroll during the current fiscal year	\$2,928,171	\$3,077,893	\$3,074,356	\$2,902,532	\$3,085,566	\$3,259,554	\$3,480,563	\$3,293,875	\$3,120,865	\$2,914,774
Contributions as a percentage of its covered-employee payroll	23.82%	23.67%	21.01%	17.50%	13.74%	10.51%	9.51%	10.00%	10.18%	10.26%

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

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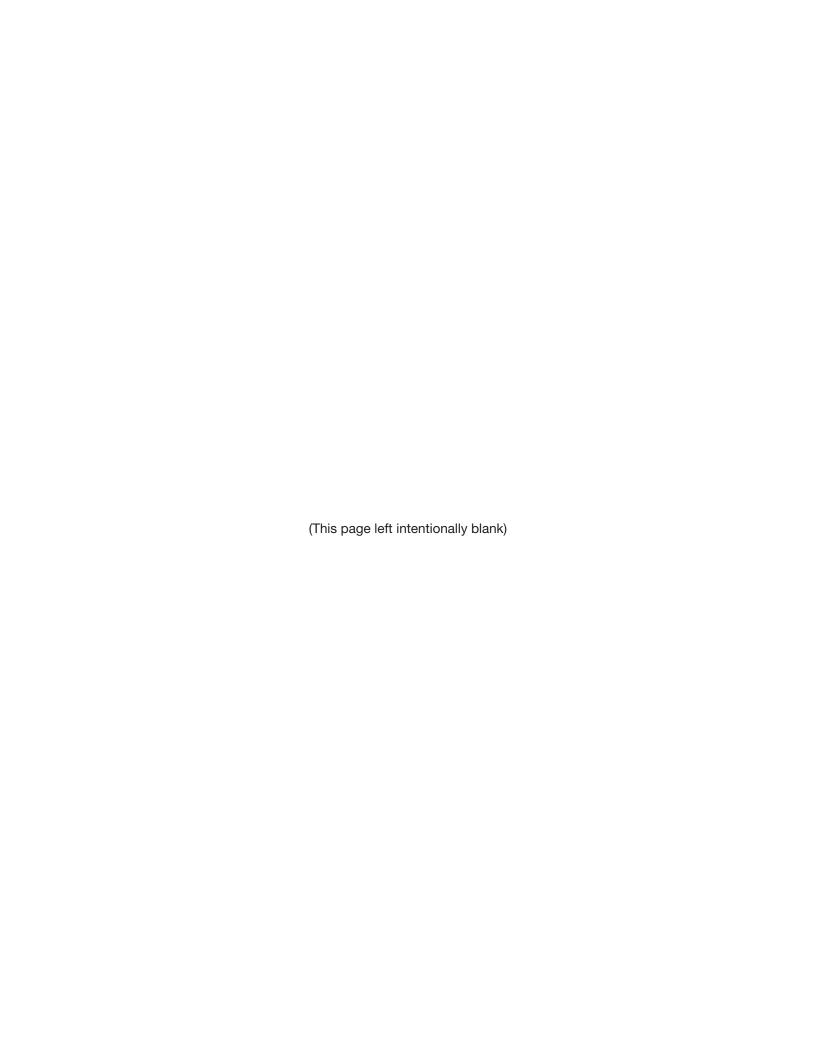
### Notes to Required Supplementary Information For the Year Ended June 30, 2017

**Changes of assumptions:** On December 17, 2015, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System. Primary among the changes were the updates to rates of mortality, retirement, disability, withdrawal and salary increases.

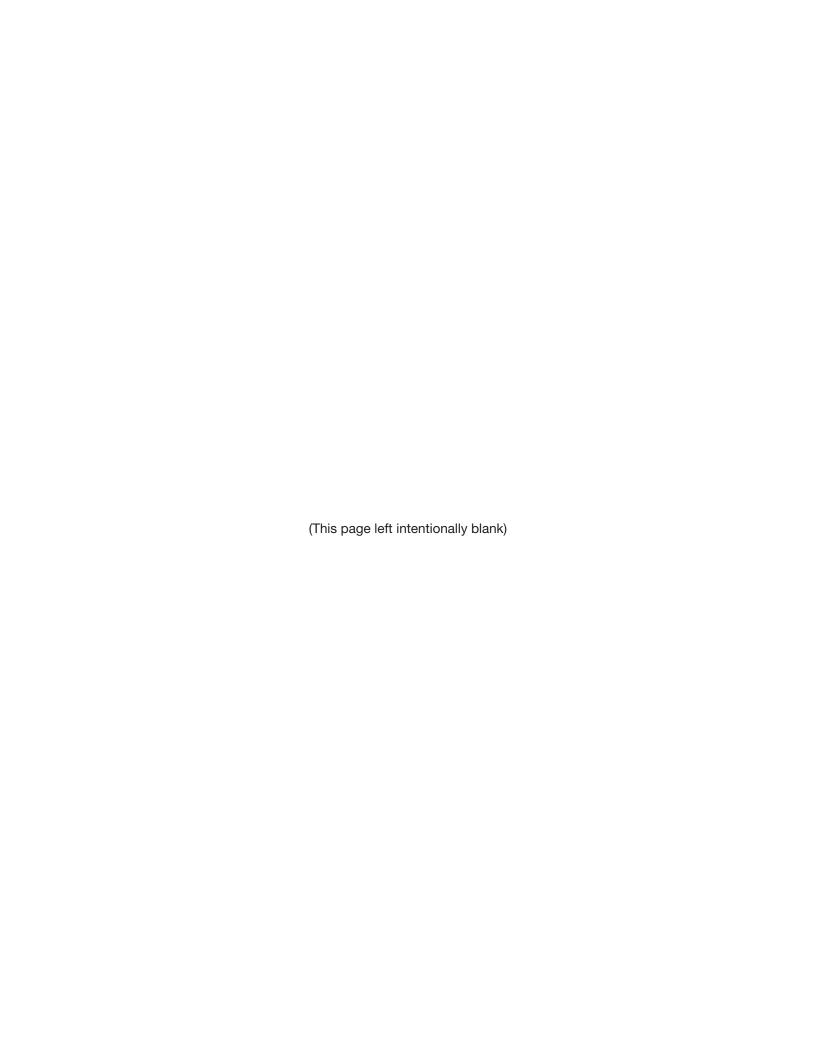
**Method and assumptions used in calculations of actuarially determined contributions:** The actuarially determined contribution rates in the schedule of contributions are calculated as of June 30, three years prior to the end of the fiscal year in which contributions are reported. The June 30, 2016 employer contributions were determined in the June 30, 2013 valuation. The following actuarial methods and assumptions were used to determine the contractually required contributions for year ended June 30, 2017 reported in that schedule:

Actuarial cost method Amortization method Remaining amortization period Asset valuation method Inflation rate Salary increases Investment rate of return

Entry age
Level dollar, closed
25 years
Five-year smoothed market
3.00%
5.45% - 9.25%
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 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 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.

## **Appalachian Regional Commission Fund**

This fund is used to account for federal funds awarded to recipients in the State of Georgia's high priority Appalachia development area. Projects must meet or address certain specific program goals to: (1) increase job opportunities and per capita income in Appalachia to reach parity with the nation; (2) strengthen the capacity of the people of Appalachia to compete in the global

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Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2017

Assets	0,	State Energy Program	Energy Investments	State Land Conservation Fund	Drinking Water SRF State Program Setasides	Drinking Water SRF Small PWS Technical Assistance	Appalachian Regional Commission	Total Nonmajor Governmental Funds
Cash Investments	↔	153,936	2.816.117	1.516.700	1 1	1 1	1 1	153,936
Due from other governments		22,459			168,717	73,838	1,409	266,423
Due non one manas Total assets	₩	217,929	2,816,117	1,516,700	168,717	73,838	1,409	4,794,710
Liabilities: Liabilities: Accounts payable and accrued liabilities Due to other funds	₩	22,462	42,282	1 1	168,717	73,838	- 1,409	265,017
Total liabilities	ı	22,462	42,282		168,717	73,838	1,409	308,708
Fund balances: Restricted for grant programs		195,467	2,773,835	1,516,700	I	1	I	4,486,002
Total fund balances	ı	195,467	2,773,835	1,516,700	1	1	1	4,486,002
Total liabilities and fund balances	₩	217,929	2,816,117	1,516,700	168,717	73,838	1,409	4,794,710

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

Year ended June 30, 2017

	State Energy Program	Energy Investments	State Land Conservation Fund	Drinking Water SRF State Program Setasides	Drinking Water SRF Small PWS Technical Assistance	Appalachian Regional Commission	l otal Nonmajor Governmental Funds
Revenues: Grant revenues Public donations Interest income on investments	\$ 80,701	  17,326	28,213 9,262	1,481,399	295,350	806,569	2,664,019 28,213 26,588
Total revenues	80,701	17,326	37,475	1,481,399	295,350	806,569	2,718,820
Expenditures: Current: Water and wastewater programs Land conservation programs Energy programs	114,241	1,401	747	1,481,399	295,350	806,569	2,583,318 747 115,642
Total expenditures	114,241	1,401	747	1,481,399	295,350	806,569	2,699,707
Excess of revenues over (under) expenditures	(33,540)	15,925	36,728	1	I	I	19,113
Other Financing Sources (Uses): Transfers in Transfers out	33,540	(7,800)	1 1	1 1	1 1	1 1	33,540 (7,800)
Total other financing sources and (uses)	33,540	(7,800)	I	I	I	I	25,740
Net change in fund balances	I	8,125	36,728	I	I	I	44,853
Fund balances – July 1	195,467	2,765,710	1,479,972	1		1	4,441,149
Fund balances – June 30	\$ 195,467	2,773,835	1,516,700	I	1	1	4,486,002

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## Nonmajor Proprietary Fund Enterprise Funds

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 is a nonmajor enterprise fund maintained by the Authority:

## **Storage Tank Maintenance Fund**

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

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## Combining Statement of Net Position Nonmajor Enterprise Fund June 30, 2017

		Storage Tank
Assets	_	Maintenance Fund
Current assets:		
Cash	\$	413
Investments	·	877,151
Due from other governments		197,629
Total current assets	_	1,075,193
Total assets	_	1,075,193
Liabilities		
Accounts payable and accrued liabilities		95,692
Due to other funds	_	112,930
Total liabilities	_	208,622
Net Position		
Unrestricted	_	866,571
Total net position	\$_	866,571

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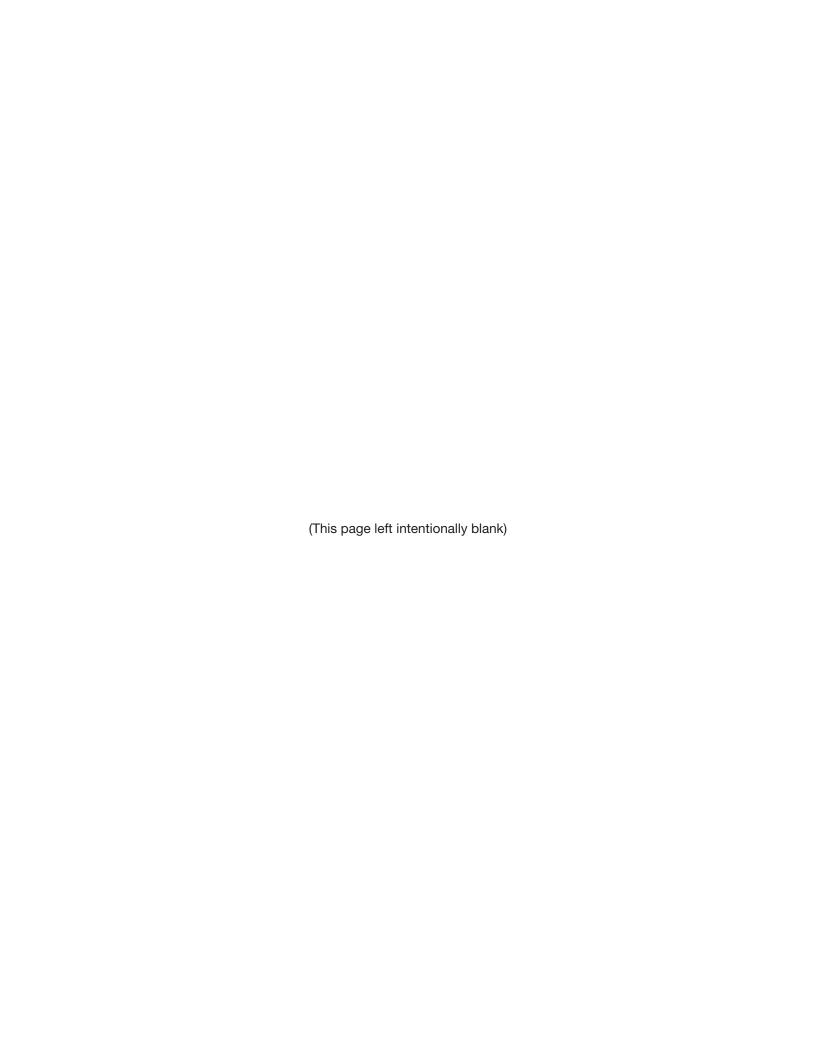
## Combining Statement of Revenues, Expenses, and Changes in Net Position Nonmajor Enterprise Fund Year Ended June 30, 2017

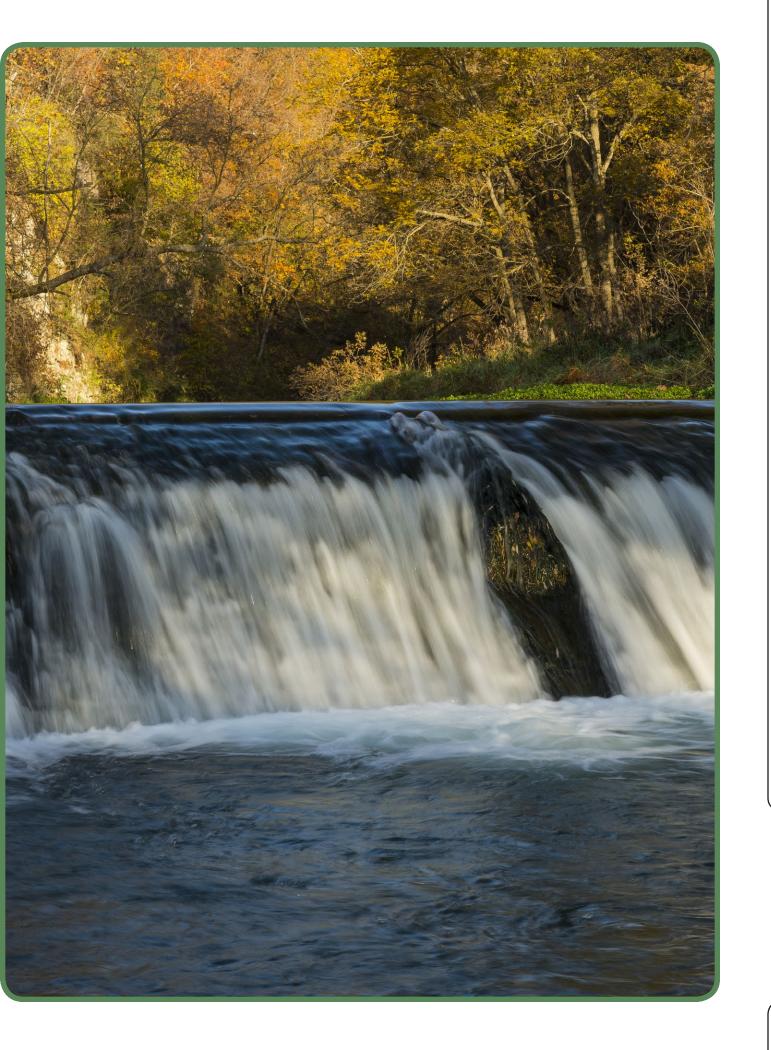
	Storage Tank Maintenance Fund
Operating Revenues:	
Administrative and preventative maintenance fees	\$ 974,125
Miscellaneous	3,168
Total operating revenue	977,293
Operating Expenses:	
Storage tank maintenance programs	613,774
General and administrative	600
Total operating expenses	614,374
Operating income	362,919
Nonoperating Revenues:	
Interest income on investments	7,086
Total nonoperating revenues	7,086
Income before capital grants and transfers	370,005
Transfers out	(564,197)
Changes in net position	(194,192)
Total net position – July 1	1,060,763
Total net position - June 30	\$ 866,571

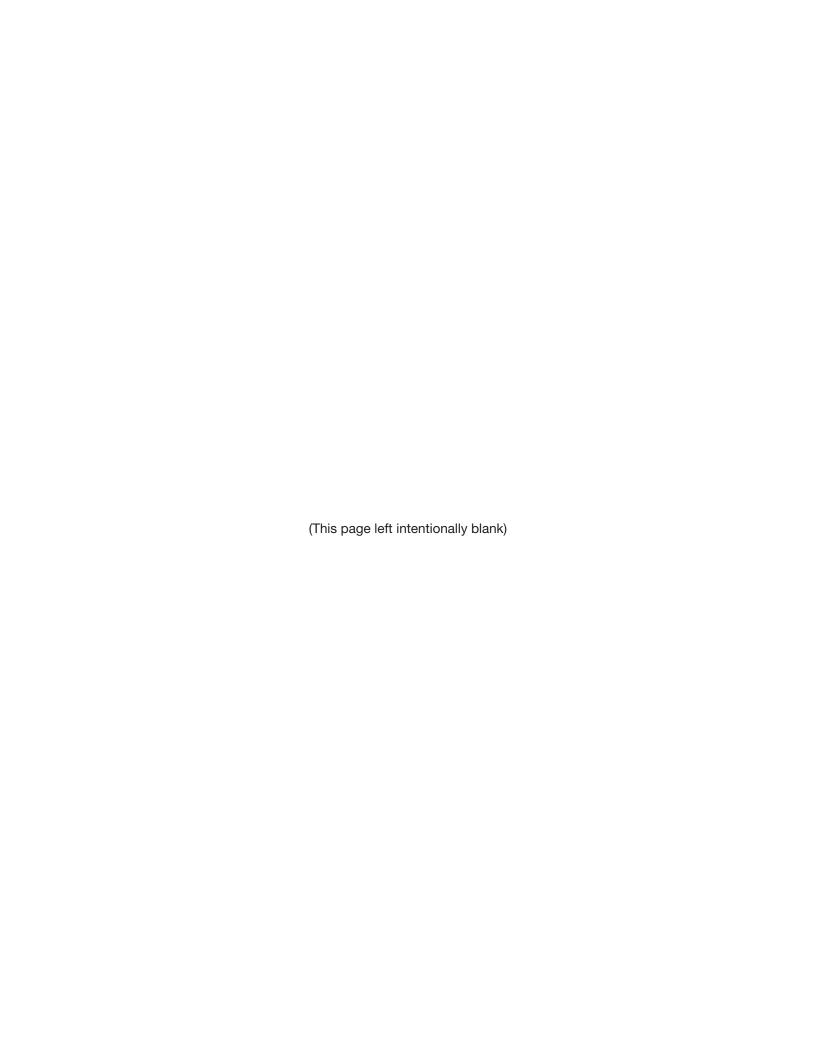
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## Combining Statement of Cash Flows - Proprietary Fund Type Nonmajor Enterprise Fund Year Ended June 30, 2017

	_	Storage Tank Maintenance
Cash flows from operating activities: Administrative fee payments Payments to service providers Internal activity – payments from other funds Internal activity – payments to other funds Miscellaneous payment adjustments	\$	974,125 (604,056) 204,745 (132,563) (194,461)
Net cash provided by operating activities	_	247,790
Cash flows from noncapital financing activities: Transfers out	_	(564,197)
Net cash used in noncapital financing activities	_	(564,197)
Cash flows from investing activities: Interest income on investments	_	7,086
Net cash provided by investing activities	_	7,086
Net increase in cash and cash equivalents		(309,321)
Cash and cash equivalents at beginning of year	_	1,186,885
Cash and cash equivalents at end of year	\$_	877,564
Reconciliation to the statement of net position:  Cash Investments	\$_	413 877,151
	\$_	877,564
Reconciliation of operating income to net cash provided by operating activities:		
Operating income Change in assets and liabilities:	\$	362,919
Due from other governments  Due from other funds  Due to other funds  Accrued liabilities	_	(197,629) 204,745 (132,563) 10,318
Net cash provided by operating activities	\$ _	247,790







## 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 Page Financial Trends** 62-68 These schedules contain trend information to help the reader understand how the Authority's financial performance and well-being have changed over time. 69-71 **Revenue Capacity** These schedules contain information to help the reader assess the Authority's most significant own-source revenue, interest income on loans receivable. 72-73 **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. **Demographic and Economic Information** 74 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. **Operating Information** 75-77 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.

### Sources

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

Government-wide Net Position by Category Last Ten Fiscal Years (accrual basis of accounting)

		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental Activities  Net investment in capital assets	€9	145,931 \$	182,945 \$	124,280 \$	\$ 47,955 \$	24,718 \$	35,324 \$	\$ 777,74	20,862 \$	15,443 \$	13,664
Hestinched for: Loan programs Grant programs <sup>2</sup> Unrestricted		33,945,845 4,609,944 3,297,732	32,316,803 4,442,876 3,272,896	31,503,129 4,432,508 2,920,761	33,348,201 4,907,940 3,286,716	31,872,215 5,231,799 3,492,204	36,997,885 5,347,638 3,324,198	39,745,561 5,505,452 4,806,058	33,597,308 5,860,698 4,881,713	27,992,690 13,819,804 5,041,282	29,638,879 27,817,070 4,282,969
Subtotal Governmental Activities Net Position	€9	41,999,452 \$	40,215,520 \$	38,980,678	\$ 41,590,812 \$	40,620,936 \$	45,705,045 \$	50,104,848 \$	44,360,581 \$	46,869,219 \$	61,752,582
Business-type Activities Restricted for. Debt service or loan programs <sup>3</sup> Unrestricted	€	1,638,492,840 \$ 564,547,340	1,576,901,260 \$ 554,378,003	1,512,084,168 \$ 548,714,476	\$ 1,446,699,238 \$ 505,719,565	1,383,034,270 \$ 485,277,904	1,254,229,701 \$ 440,292,302	1,154,326,566 \$ 392,129,642	1,525,477 \$ 1,802,640,645	9,438,692 \$	13,949,704 1,527,148,580
Subtotal Business-type Activities Net Position	€9	2,203,040,180 \$	2,131,279,263 \$	2,060,798,644 \$	\$ 1,952,418,803 \$	1,868,312,174 \$	1,694,522,003 \$	1,546,456,208	1,804,166,122 \$	1,695,438,691 \$	1,541,098,284
Net Position Net investment in capital assets	€	145,931 \$	182,945 \$	124,280 \$	\$ 47,955 \$	24,718 \$	35,324 \$	\$ 777,74	20,862 \$	15,443 \$	13,664
restructor to: Loan programs Grant programs Debt service or loan programs <sup>3</sup> Unrestricted		33,945,845 4,609,944 1,638,492,840 567,845,072	32,316,803 4,442,876 1,576,901,260 557,650,899	31,503,129 4,432,508 1,512,084,168 551,635,237	33,348,201 4,907,940 1,446,699,238 509,006,281	31,872,215 5,231,799 1,383,034,270 488,770,108	36,997,885 5,347,638 1,254,229,701 443,616,500	39,745,561 5,505,452 1,154,326,566 396,935,700	33,597,308 5,860,698 1,525,477 1,807,522,358	27,992,690 13,819,804 9,438,692 1,691,041,281	29,638,879 27,817,070 13,949,704 1,531,431,549
Total Net Position	↔	2,245,039,632 \$	2,171,494,783 \$	2,099,779,322 \$	\$ 1,994,009,615 \$	1,908,933,110 \$	1,740,227,048 \$	1,596,561,056 \$	1,848,526,703 \$	1,742,307,910 \$	1,602,850,866

Votes:

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

<sup>&</sup>lt;sup>3</sup>In 2011, amounts previously classified as unrestricted were recategorized as restricted to clarify financial ownership from a grantor perspective.

Government-wide Expenses, Program Revenues, and Net (Expense)/Revenue by Function/Program Last Ten Fiscal Years (accrual basis of accounting)

2013	ram Net (Expense)/ nues Revenue	14 034 860   ¢	÷	39,251 (2,482)	18,232,444 (90,139)	39,033,609 3,168,097	_	1,000,431	174,869,397 165,283,662	903,006 \$ 168,451,759
20.	Program Expenses Revenues	9 ON5 073 & 14.0	•	41,733	18,322,583 18,3	35,865,512 39,0		348,463 165,	9,585,735 174,	45,451,247 \$ 213,903,006
ļ	Net (Expense)/ Revenue <sup>†</sup> E	A 310 400	(607,971)	46,124	(305,211)	5,452,342		407,174 79,134,718	79,541,892	\$ 84,994,234 \$
2014	Program Revenues	13 490 093	6,306,689	54,789	7,063,716	26,915,217	5,392,431	999,040 79,545,992	85,937,469	\$ 112,852,686
	Expenses	4 7 170 623	6,914,660	8,665	7,368,927	21,462,875	5,392,431	411,274	6,395,577	\$ 27,858,452
Ì	Net (Expense)/ Revenue <sup>†</sup>	A 024 ROA	(1,060,605)	(10,798)	(434,926)	3,518,477	. 60	446,066 107,150,932	107,598,998	\$ 111,117,475
2015	Program Revenues	11 634 663	6,013,718	50,765	7,634,157	25,323,303	6,561,895	107,530,161	115,068,293	\$ 140,391,596
	Expenses	A 500 957	7,074,323	61,563	8,069,083	21,804,826	6,561,895	379,229	7,469,295	\$ 29,274,121
	Net (Expense)/ Revenue <sup>1</sup>	7 836 560	_	23,473	(57,355)	6,659,505	, 60	369, 692 64, 466, 251	64,855,943	\$ 71,515,448
2016	Program Revenues	4 2 3 4 0 9 4 0		34,203	4,789,765	26,525,304	9,907,354	964,460 65,253,611	76,145,445	\$ 102,670,749
	Expenses	6 637 390 \$ 6 404 371	8,603,578	10,730	4,847,120	19,865,799	9,907,354	787,360	11,289,502	\$ 31,155,301
	Net (Expense)/ Revenue <sup>1</sup>	A 6237		27,466	97,361	5,780,132		367,437 66,993,315	67,360,752	\$ 73,140,884
2017	Program Revenues	4 14 071 835	7,798,947	28,213	5,288,821	27,187,816	10,202,019	901,211	78,367,059	\$ 32,413,991 \$ 105,554,875 \$ 73,140,884 \$ 31,155,301
	Expenses	\$ 7 434 445		747	5,191,460	21,407,684	10,202,019	190,514	11,006,307	\$ 32,413,991
	Functions/Pronams	Governmental Activities	Water and wastewater programs Solid waste and environmental programs	Land conservation programs <sup>1</sup>	Energy programs <sup>6</sup> Interest on long-term debt <sup>4</sup>	Subtotal Governmental Activities <sup>3</sup>	Business-type Activities  Water and wastewater programs  Concept that maintenance	General and administrative <sup>2</sup>	Subtotal Business-type Activities <sup>3</sup>	Total Governmental and Business-type Activities

Government-wide Expenses, Program Revenues, and Net (Expense)/Revenue by Function/Program (accrual basis of accounting) Last Ten Fiscal Years

		2012			2011			2010			2003			2000	
		Program	Net (Expense)/		Program	Net (Expense)/		Program	Net (Expense)/		Program	Net (Expense)/		Program	Net (Expense)/
	Expenses	Revenues	Revenue	Expenses	Revenues	Revenue	Expenses	Revenues	Revenue	Expenses	Revenues	Revenue	Expenses	Revenues	Revenue
Functions/Programs															
Governmental Activities															
General Government	\$ 9,022,959	\$ 19,458,277	9,022,959 \$ 19,458,277 \$ 10,435,318 \$ 11,763,760	\$ 11,763,760 \$	8,187,693	(3,576,067)	\$ 9,647,658	\$ 6,204,582 \$	\$ (3,443,076)	\$ 6,014,492	\$ 1,682,237 \$	\$ (4,332,255) \$	\$ 6,003,709 \$	\$ 2,678,318 \$	(3,325,391)
Water and wastewater programs	8,799,184	6,950,325	(1,848,859)	12,382,414	28,575,001	16,192,587	10,646,079	20,225,973	9,579,894	11,835,092	18,656,182	6,821,090	6,297,017	17,226,904	10,929,887
Solid waste and environmental programs				1,680	1,680		267,030	145,738	(121,292)	109,032	109,032		153,078	153,078	
Land conservation programs <sup>1</sup>	59,061	55,909	(3,152)	60,212	86,321	26,109	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
Energy programs <sup>6</sup>	91,335,755	91,025,543	(310,212)	109,506,743	108,704,970	(801,773)	41,919,198	41,575,413	(343,785)	15,745,495	16,971,609	1,226,114	15,409,887	16,888,490	1,478,603
Interest on long-term debt <sup>4</sup>	78		(78)	619		(619)	1,995		(1,995)	2,686		(2,686)	2,442		(2,442)
	1						000		1000	000		0.00	000		
Subtotal Governmental Activities	109,217,037	117,490,054	10,572,8	133,/15,428	145,555,665	11,840,237	69,133,852	68,213,257	(920,595)	46,360,989	37,684,492	(8,6/6,49/)	60,229,887	85,025,731	24,795,844
Business-type Activities Water and wastewater programs	13,768,944	13,768,944		31,435,363	24,586,564	(6,848,799)	59,286,970	4,010,035	(55,276,935)	1,977,949	1,977,949		2,329,243	2,329,243	
Storage tank maintenance programs <sup>5</sup>	1,357,477	1,224,663	(132,814)	1,232,599	1,951,923	719,324	2,135,141	2,559,757	424,616	3,154,265	3,682,055	527,790.00			
General and administrative <sup>2</sup>	697,685	135,757,916	135,060,231	2,319,969	113,604,026	111,284,057	2,188,780	163,952,695	161,763,915	1,330,038	146,760,065	145,430,027	1,636,294	114,988,181	113,351,887
Subtotal Business-type Activities <sup>3</sup>	15,824,106	150,751,523	134,927,417	34,987,931	140,142,513	105,154,582	63,610,891	170,522,487	106,911,596	6,462,252	152,420,069	145,957,817	3,965,537	117,317,424	113,351,887
Total Coursemental and Business turns Astinition	\$ 12E 041 143	\$ 269 241 577	\$ 143 200 434			416 004 910	0 100 744 740	\$ 239 725 744	\$ 106 991 001	\$ 62 622 241	\$ 100 104 561	\$ 137 281 330	9 KC1 10E 424	202 342 156 6	130 147 731
otal Governmental and Businessary pe Activities	011,110,021	110,142,002 \$	000,000,001 \$ 404,000,041 \$ 140,000,040 \$ 041,140,000		071,050,052 \$	610,466,011	- 11	th /100/1007 ¢	100,188,001	9 02,020,241	00,401,061	ä	+34,130,140 e	001,040,202	100,141,001

## Notes:

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

<sup>2</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.

Program revenues for governmental activities experienced an increase over 2006 primarily due to funding provided by the State of Georgia in 2007, more specifically in association with the land conservation programs. Program revenues for business-type activities experienced a decrease from 2006 primarily due to a reduction in federal grant dollars to capitalize the federal loan programs 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 evel, interest expense is reported separately to distinguish that there is a financing agreement (long-term). <sup>5</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 accept 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 installation, removation, 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 Fund to account separately for the receipt of the pass-through of bond proceeds from GSFIC, as well as to account for other related Storage Tank Maintenance programs. <sup>6</sup>In FY 2010, the Energy and Water programs experienced a significant increase in expenditures due to new activity and/or expanded activities using funds awarded under the American Recovery and Reinvestment Act of 2009 (ARRA). In addition to expanding the Weatherization and SRF Ioan programs, ARRA funding also provided principal forgiveness subsidies for the SRF Ioan programs and thus a large increase in expenditures and the creation of four new Energy programs.

Government-wide General Revenues and Other Changes in Net Position (accrual basis of accounting) Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Net (Expense), Total Governmental and Business-type Activities Governmental activities Business-type activities	\$ 5,780,132 \$ 67,360,752	6,659,505 \$ 64,855,943	3,518,477 \$ 107,598,998	5,452,342 \$ 79,541,892	3,168,097 \$ 165,283,662	8,273,017 \$ 134,927,417	11,840,236 \$ 105,154,580	(920,595) \$ 106,911,596	8,676,497 \$	24,795,844 113,351,887
Total Governmental and Business-type Activities	73,140,884	71,515,448	111,117,475	84,994,234	168,451,759	143,200,434	116,994,816	105,991,001	154,634,314	138,147,731
General revenues and other changes in net position Governmental Activities: Unrestricted investment earnings	256,976	123,269	68,853	54,419	65,912	68,914	93,018	106,246	1,089,789	1,936,270
miscellariedus Transfers to business-type activities¹	(4,313,627)	(5,566,465)	(758,474)	(4,549,653)	(8,344,739)	(12,774,656)	(6,206,325)	(1,707,053)	(7,368,132)	(10,977,392)
Subtotal Governmental Activities	(3,996,200)	(5,424,663)	(682,759)	(4,482,466)	(8,252,206)	(12,672,820)	(6,095,969)	(1,588,043)	(6,206,866)	(8,774,912)
Business-type Activities: Miscellaneous	86,538	58,211	22,369	15,084	161,770	363,722	25,409	108,782	1,014,458	4,704
Special items <sup>2</sup> Transfers from govemmental activities	4,313,627	5,566,465	758,474	4,549,653	8,344,739	12,774,656	(369,096,228) 6,206,325	1,707,053	7,368,132	10,977,392
Subtotal Business-type Activities	4,400,165	5,624,676	780,843	4,564,737	8,506,509	13,138,378	(362,864,494)	1,815,835	8,382,590	10,982,096
Changes in Net Position Governmental activities Business-type activities <sup>2</sup>	1,783,932	1,234,842 70,480,619	2,832,718	969,876 84,106,629	(5,084,109)	(4,399,803) 148,065,795	5,744,267 (257,709,914)	(2,508,638) 108,727,431	(14,883,363) 154,340,407	16,020,932 124,333,983
Total Changes in Net Position	\$ 73,544,849 \$	71,715,461 \$	111,212,559 \$	\$ 205,076,505	168,706,062 \$	143,665,992 \$	(251,965,647) \$	106,218,793 \$	139,457,044 \$	140,354,915

## Notes:

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.

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. <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

Fund Balances, Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

		2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund											
Nonspendable for prepaid items	છ	ь	·	<b>⇔</b>	\$	9	\$	9	6,624 \$	9	
Restricted for loan programs		7,115,935	5,833,708	5,083,096	4,915,251	4,372,360	8,927,355	11,639,738	3,959,426	790,108	3,763,135
Restricted for grant programs						25,445	100,000	180,722	332,340	1,503,649	2,598,404
Unassigned		8,434,209	8,434,209	8,434,208	3,851,778	3,851,778	3,828,466	5,362,428	5,328,658	5,477,280	4,679,804
Total general fund balance	છ	15,550,144 \$	14,267,917 \$	13,517,304 \$	8,767,029 \$	8,249,583 \$	12,855,821 \$	17,182,888 \$	9,627,048 \$	7,771,037 \$	11,041,343
State Land Conservation Fund											
Restricted for grant programs	છ	9	·	9	\$	9	9	9	9	7,889,049 \$	20,181,811
Total state land conservation fund balance	છ	·	·		·	·	·	<i>⇔</i>	·	7,889,049 \$	20,181,811
Oil Overcharge and Miscellaneous Fund											
Restricted for grant programs	ક્ક	9	<b>₽</b>	·	9	9	<b>У</b>	9	<del>()</del>	171,128 \$	168,494
Total oil overcharge fund balance	s	\$	\$	\$	\$	\$	\$	\$	\$ -	171,128 \$	168,494
Weatherization Assistance Program Fund	θ	102 040	1 707 &	9	089					e	,
Total weatherization assistance program fund balance			1			9	9	9 49	9 9		
	•										
Clean Water SRF Administration Fund Restricted for loan programs	છ	23,066,88\$	22,868,087 \$	\$	\$	\$	\$		\$	\$	
Total clean water SRF administration fund balance	છ	23,066,886 \$	22,868,087 \$		·	\$	\$		\$		•
Drinking Water SRF Administration Fund Restricted for loan programs	69	3.763.02	3.615.008		<b>€</b> 53						
Total drinking water SRF administration fund balance	es es	3,763,024 \$	3,615,008	· S	· s			· ·			
Nonmajor Governmental Funds Restricted for loan programs	€9	€9	<b>↔</b>	26,420,033 \$	28,432,950 \$	27,499,855 \$	28,070,530 \$	28,105,823 \$	29,637,882 \$	27,202,582	25,875,744
Restricted for grant programs	•	ಕ್ಷ.	- 1	i		- 1	- 1	÷	- 1	- 1	4,868,361
Total nonmajor governmental fund balance	æ	4,486,002 \$	4,441,149 \$	30,850,861 \$	33,339,210 \$	32,706,209 \$	33,318,168 \$	33,430,553 \$	35,166,240 \$	31,458,560 \$	30,744,105
Total governmental fund balances	ક્ક	46,989,998	45,193,888 \$	44,369,845 \$	42,107,919 \$	40,955,792 \$	46,173,989 \$	50,613,441 \$	44,793,288 \$	47,289,774	62,135,753
											i

## Notes:

<sup>3</sup>The Weatherization Assistance Fund, a major fund, did not have amounts reported as fund balance for years prior to 2014.

This fund is typically an expenditure-driven fund and expenses typically equal revenues. The amount

reported here will likely be consumed by additional expenditures, returning fund deficit to zero in the near future.

## Changes in Fund Balances, Governmental Funds <sup>6</sup> Last Ten Fiscal Years (modified accrual basis of accounting)

		2017	2016		2015		2014	2013	2013	2041	0000	0000	6	0000
Revenues		107	107		2107		102	207	7107	107	207	2007	3	
State of Georgia appropriations1	49	838,495	8	983,495 \$	348,495	\$ 96	298,495 \$		283,495 \$	15,286,358 \$	\$ 808,660,8	8,967,325	\$ 58	58,323,726
State general obligation bond proceeds <sup>8</sup>		10,000,000	10,01	000,000,0	8,600,000	8	9,200,000	000'009'6	12,000,000					
Administrative fees		1,107,133	÷	1,569,471	1,084,666	99	1,457,644	591,955	1,529,171	3,204,819	4,717,199	4,195,875	σ,	5,369,503
Grant revenues		15,196,649	13,	13,929,568	15,233,946	46	15,898,923	28,794,201	103,618,950	126,972,560	55,326,931	24,213,231	20	20,300,863
Petroleum violation fees <sup>2</sup>												•		12,777
Public donations		28,213		34,203	50,765	65	54,789	39,251	55,909	83,228	53,784	67,719		87,392
Interest income on investments		274,302		131,836	74,284	84	59,785	74,114	71,443	101,717	121,781	1,330,131	CA	2,867,740
Miscellaneous		60,451		18,533	3,862	62	12,768	26,621	32,922	17,338	12,764	71,477		266,210
Total revenues	<del>\$</del>	27,505,243	\$ 26,6	26,667,106 \$	25,396,018	18 \$	26,982,404 \$	39,126,142 \$	117,591,890 \$	145,666,020 \$	68,332,267 \$	38,845,758	\$ 87	87,228,211
Expenditures														
General government	s	7,411,914	\$ 6,7	6,718,395 \$	7,070,616	16 \$	6,955,294 \$	9,139,161 \$	9,055,630 \$	11,638,593 \$	\$ 9,000,009	5,952,033	\$	5,884,087
Water and wastewater programs		8,781,032	8,	8,603,578	7,074,323	23	6,914,660	8,496,123	8,799,184	12,382,414	10,646,079	11,835,092	9	6,297,017
Solid waste and environmental programs		•								1,680	267,030	109,032		153,078
Land conservation programs <sup>3</sup>		747		10,730	61,563	63	8,665	41,733	59,061	60,212	6,651,892	12,654,192	32	32,363,754
Energy programs⁴		5,191,460	4,	4,847,120	8,069,083	83	7,368,927	18,322,583	91,335,755	109,506,743	41,919,198	15,745,495	15	15,409,887
Capital outlay, general government		10,353		96,775	100,033	33	33,078			33,917	6,863	33,207		24,640
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
Total expenditures		21,395,506	20,	20,276,598	22,375,618	18	21,280,624	35,999,600	109,256,686	133,639,542	69,121,699	46,349,583	99	60,143,950
Excess of revenues over (under) expenditures		6,109,737	9,	6,390,508	3,020,400	8	5,701,780	3,126,542	8,335,204	12,026,478	(789,432)	(7,503,825)	27	27,084,261
Other Financing Sources (Uses) Capital leases	↔		€9	<del>()</del>		49	<i>€</i> 9	•	<del>.</del>		φ.	25,977	69	18,585
Transfers in <sup>5</sup>		5,328,291	4,	4,482,282	10,362,126	56	4,516,124	5,921,622	3,721,382	3,315,777	3,564,712	4,624,553	co	3,082,387
Transfers out <sup>5</sup>		(9,641,918)	(10)	(10,048,747)	(11,120,600)	(00)	(9,065,777)	(14,266,361)	(16,496,038)	(9,522,102)	(5,271,765)	(11,992,685)	(14	(14,059,779)
Total other financing sources (uses)		(4,313,627)	(5,	(5,566,465)	(758,474)	74)	(4,549,653)	(8,344,739)	(12,774,656)	(6,206,325)	(1,707,053)	(7,342,155)	(10	(10,958,807)
Net change in fund balances'	ø	1,796,110	€9	824,043 \$	2,261,926	\$ 8	1,152,127 \$	(5,218,197) \$	(4,439,452) \$	5,820,153 \$	(2,496,485) \$	(14,845,980)	\$ 16	16,125,454

## Notes:

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.

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

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

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

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

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

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.

Government-wide Program Revenues <sup>1</sup> by Category Last Ten Fiscal Years (accrual basis of accounting)

	2017	2016	2015	2014	2013	2012	2011	2010	5008	2008
Governmental Activities Charges for Services	\$ 1,107,133	es	1,084,666 \$	1,457,644 \$	591,955 \$	1,529,171 \$	11,392,512 \$	10,921,781 \$	4,195,875 \$	5,369,503
Operating Grants and Contributions <sup>2</sup>	26,080,683		24,238,637	25,457,573	38,441,654	115,960,883	134,163,153	57,291,476	33,488,617	79,656,228
Subtotal Governmental Activities Program Revenues	27,187,816	26,525,304	25,323,303	26,915,217	39,033,609	117,490,054	145,555,665	68,213,257	37,684,492	85,025,731
Business-type Activities Charges for Services	30,813,230	32,743,403	34,437,124	36,517,062	69,972,715	38,459,360	44,905,397	49,014,313	46,847,730	37,360,163
Operating Grants and Contributions	47,553,829	43,402,042	80,631,169	49,420,407	104,896,682	112,292,163	1,543,109	2,510,024	10,458,789	20,542,313
Capital Grants and Contributions <sup>3</sup>							93,694,007	118,998,150	95,113,550	59,414,948
Subtotal Business-type Activities Program Revenues	78,367,059	76,145,445	115,068,293	85,937,469	174,869,397	150,751,523	140,142,513	170,522,487	152,420,069	117,317,424
Governmental and Business-type Activities Charges for Services	31,920,363	34,312,874	35,521,790	37,974,706	70,564,670	39,988,531	56,297,909	59,936,094	51,043,605	42,729,666
Operating Grants and Contributions	73,634,512	68,357,875	104,869,806	74,877,980	143,338,336	228,253,046	135,706,262	59,801,500	43,947,406	100,198,541
Capital Grants and Contributions <sup>3</sup>			•				93,694,007	118,998,150	95,113,550	59,414,948

## Notes:

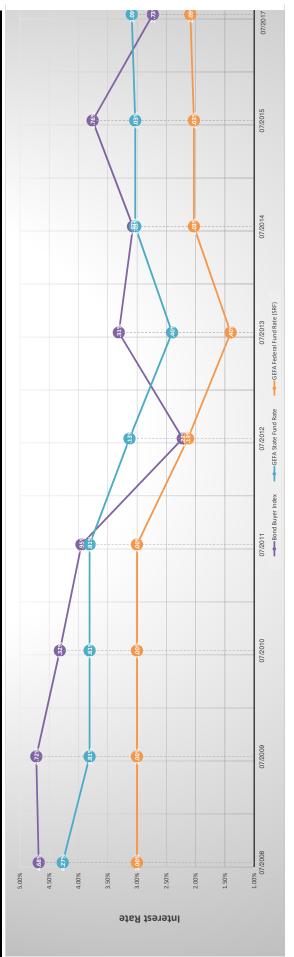
<sup>1</sup>Program revenues are related to specific activities of the Authority. Their sources are either fees, interest earnings, charges for services or grants/intergovernmental revenues restricted to a specific purpose.

<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.

3n fiscal year 2012, these amounts are reported as operating grants because they are not used to construct or obtain capital assets for the Authority.

Total Governmental and Business-type Activities Program Revenues

Annual Loan Program Interest Rate History Last Ten Fiscal Years



	Georgia Fund Loan	Program	Bon	Bond Buyer Index		SRF Water Rate and Fee History	e History
Date	Interest Rate (%) Closi	Closing Fee (%) <sup>2</sup>	Year	Interest Rate (%)	Date	Interest Rate (%)	Closing Fee (%)
06/2017	2.39	1.00	06/2017	2.61	06/2017	1.89	1.00
06/2016	3.09	1.00	06/2016	2.73	06/2016	2.09	1.00
06/2015	3.03	1.00	06/2015	3.76	06/2015	2.03	1.00
06/2014	3.03	1.00	07/2014	3.07	06/2014	2.03	1.00
06/2013	2.40	1.00	07/2013	3.31	06/2013	1.40	1.00
06/2012	3.13	1.00	07/2012	2.22	06/2012	2.13	1.00
06/2011	3.81	1.00	07/2011	3.95	06/2011	3.00	2.00
06/2010	3.81	1.00	07/2010	4.32	06/2010	3.00	2.00
06/2009	3.81	N/A	07/2009	4.72	06/2009	3.00	2.00
05/2009	3.81	A/N	07/2008	4.68	06/2008	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

## Note:

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

<sup>&</sup>lt;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.

Principal Loans Receivable Payers Fiscal Year 2017 and Nine Years Prior (2008)

			2017		20	2008	
				% OF TOTAL			% OF TOTAL
		PRINCIPAL		PRINCIPAL	PRINCIPAL		PRINCIPAL
		BALANCE <sup>1,2</sup>		BALANCE	BALANCE <sup>1,2</sup>		BALANCE <sup>1,2</sup>
BORROWER		OUTSTANDING	RANK	OUTSTANDING	OUTSTANDING	RANK	OUTSTANDING
ATLANTA	\$	176,875,029	-	13.55% \$	152,073,170	-	14.35%
CALHOUN		•			21,718,766	6	2.05%
COBB COUNTY BOC		131,966,685	2	10.11%	31,998,714	7	3.02%
COLUMBUS WATER WORKS		25,504,708	6	1.95%	53,580,426	4	2.06%
EFFINGHAM COUNTY BOC		•			33,805,676	2	3.19%
GAINESVILLE		•			114,167,443	8	10.78%
GWINNETT COUNTY		41,346,062	9	3.17%	18,414,941	10	1.74%
HALL COUNTY		24,767,361	10	1.90%	•		•
HENRY COUNTY WSA		45,691,644	2	3.50%	96,744,321	က	9.13%
HINESVILLE		•			24,086,462	œ	2.27%
PAULDING COUNTY		56,992,642	4	4.36%	•		•
SAVANNAH		•		•	33,113,349	9	3.13%
THE CONSERVATION FUND		30,673,475	7	2.35%	•		•
VALDOSTA		86,034,202	က	%65'9	•		•
WALTON COUNTY WSA		27,357,887	ω	2.10%	ı		1
TOTAL PRINCIPAL PAYERS	₩	647,209,693	ļ	49.57%	579,703,268		54.72%
ALL OTHER PAYERS	Į	658,515,956		50.43%	479,688,038		45.28%
TOTAL PAYERS <sup>3</sup>	↔	1,305,725,649	l	100.00%	1,059,391,306		100.00%

## Source:

The Authority's Fiscal Services Division.

## Notes:

<sup>1</sup>Loans principal balance represents principal amounts due the Authority. These totals exclude construction loan or construction loans in process balances which are in 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>&</sup>lt;sup>3</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.

Interest Revenue by Fund<sup>1</sup>
Last Ten Fiscal Years
(accrual basis of accounting)

		2017		2016		2015	20	2014	2013	3	2012		2011		2010		2009	2008
Georgia Fund	↔	7,612,073	↔	8,602,541	€9	8,084,771	\$	8,289,718	\$ 9,12	9,124,014 \$	8,961,789	↔	16,617,343	₩	22,746,277	↔	23,177,090	\$ 18,826,064
Georgia Reservoir Fund		130,726		128,533		70,476		41,756	N	26,753	55,817						88	
Series 1991		٠		•				٠							٠		٠	
Clean Water State Revolving Loan Fund		16,252,646		16,832,178		18,436,384	20,(	20,032,718	22,36	22,380,926	23,052,731		22,746,784		21,818,551		19,787,106	15,743,087
Clean Water State Match Revolving Loan Fund <sup>2</sup>		2,803,616		2,992,291		3,286,294	ř	3,494,824	28,34	28,340,158	1,809,702		153,709		٠			
ARRA-Clean Water State Revolving Loan Fund		•		•							•		517,822		85,252			
Drinking Water State Revolving Loan Fund		2,241,651		2,171,464		2,187,499	, V	2,113,821	3,05	3,053,806	3,003,892		2,719,567		•		2,562,465	2,236,216
Drinking Water State Match Fund⁴		622,967		726,294		795,366		778,140	5,27	5,278,657	311,768		•		٠		٠	
ARRA-Drinking Water State Revolving Loan Fund		•		•							•				16,565			
Nonmajor Enterprise Funds Operating Revenue <sup>3</sup>		٠		•		٠		٠			368,460		628,297		3,222,211		173,972	554,796
Total interest revenue	↔	29,663,679	€	31,453,301	↔	32,860,790	\$ 34,	34,750,977	\$ 68,20	68,204,314 \$	37,564,159	↔	43,383,521	↔	47,888,856	<del>⇔</del>	45,700,726	\$ 37,360,163

## Source:

The Authority's Fiscal Services Division.

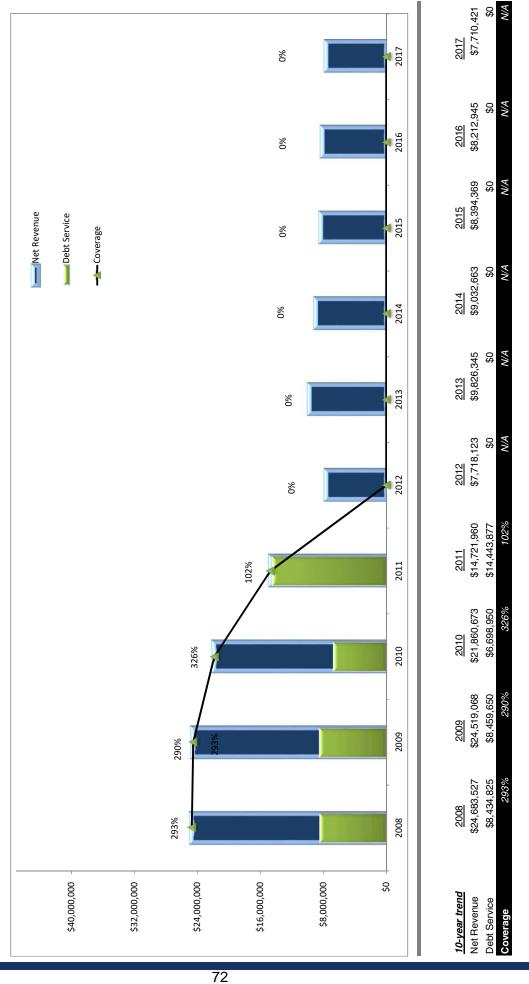
## Notes:

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

<sup>&</sup>lt;sup>2</sup>The Authority had deferred revenue until FY 2012 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>&</sup>lt;sup>3</sup>The Authority deferred revenue until FY 2012 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.

Schedule of Revenue Bond Coverage Last Ten Fiscal Years



(continued)

## Schedule of Revenue Bond Coverage Last Ten Fiscal Years

## NET REVENUE AVAILABLE FOR DEBT SERVICE REQUIREMENTS

DUTSTANDING	DEBT <sup>2</sup>	1							\$13,909,990	\$21,139,984	\$28,024,977
0	COVERAGE	A/N	N/A	N/A	N/A	N/A	A/N	1.02x	3.26x	2.90x	2.93x
	TOTAL	•	•	•	•	•		\$14,443,877	\$6,698,950	\$8,459,650	\$8,434,825
	INTEREST	1	•	•	•	•		\$188,877	\$663,950	\$999,650	\$1,319,825
	PRINCIPAL		•	•				\$14,255,000	\$6,035,000	\$7,460,000	\$7,115,000
<b>AVAILABLE FOR</b>	EBT SERVICE	\$7,710,421	\$8,212,945	\$8,394,369	\$9,032,663	\$9,826,345	\$7,718,122	\$14,721,960	\$21,860,673	\$24,519,068	\$24,683,527
<b>OPERATING A</b>	EXPENSES <sup>1</sup> D	\$86,751	\$716,432	\$311,890	\$332,838	\$301,283	\$1,658,901	\$2,257,654	\$1,248,474	\$12,468	\$35,725
GROSS	REVENUE <sup>1</sup>	\$7,797,172	\$8,929,377	\$8,706,259	\$9,365,501	\$10,127,628	\$9,377,023	\$16,979,614	\$23,109,147	\$24,531,536	\$24,719,252
	FISCAL YEAR	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008

## Source:

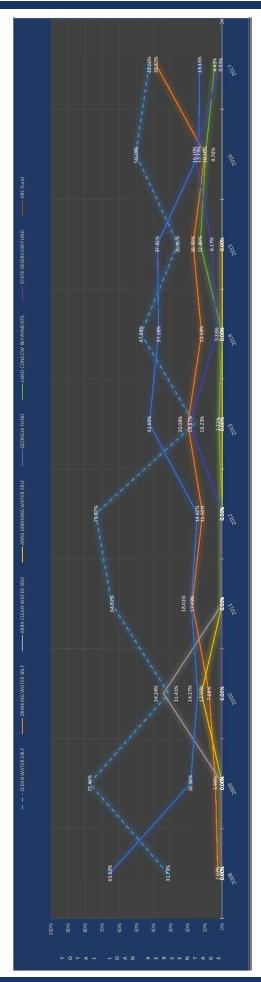
The Authority's Fiscal Services Division.

## Note:

<sup>&</sup>lt;sup>1</sup>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>&</sup>lt;sup>2</sup>Outstanding debt for 1997 reflects two outstanding issues, the Series 1991 and Series 1992 Revenue Bonds, at June 30, 1997 which were subsequently defeased during the 1998 year. Because of this subsequent year event, the change in outstanding balances from 1997 to 1998 was minimal. In FY 2011, the Authority opted for early redemption of its outstanding bonds.

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



	Totals	128,691,104	225,793,491	194,618,739	245,031,146	189,389,600	125,777,118	193,519,254	237,889,741	202,200,915	273,086,460
	Percent of Total	0.93% \$									
	ARC Fund⁴	1,200,000									
	Percent of Total AR		16.10%	6.17%	3.33%	18.87%					
				12,000,000			·	ï	·	·	-
	Percent State Reservoir of Total Fund	4.43% \$	9.70% 3			2.22% 3					
nd Cons	Clean Water Pe Repayments of			25,061,092	8,201	4,200,000					
La La	Percent of Clean	S		37.92% 2			14.62%	18.01%	14.37%	18.58%	%09'99
gram	_	_		10							179,145,480
Loan Program	Percent of Total Georgia Fund								12.20%		
ARRA <sup>3</sup> Drinking Water									29,030,750		
٥	Percent of St Total	\$							34.34%		
ARRA <sup>3</sup> Clean Water State									81,686,310		
S	Percent Re of Total	38.82% \$	10.10%	16.99%	12.10%	20.08%	11.53%	17.49%	7.68%	3.98%	2.67%
Drinking Water	State Revolving Loan Fund <sup>2</sup>	49,960,883	22,803,361	33,062,647	29,657,680	38,031,076	14,498,683	33,839,984	18,281,324	8,048,428	7,283,680
	Percent of S Total	42.66% \$	20.38%	26.05%	47.38%	16.23%	73.87%	64.52%	31.41%	77.44%	31.73%
Clean Water State	Revolving Loan F Fund <sup>2</sup>	\$ 54,896,370	113,747,904	50,696,415	116,107,253	30,746,147	92,907,041	124,855,163	74,731,476	156,590,500	86,657,300
	Number of Projects	75	75	80	22	29	37	64	26	43	73
	Number of Jurisdictions	74	78	75	45	49	32	26	95	4	71
Estimated	Population Impacted	752,328	778,827	824,474	1,438,359	461,117	1,685,775	2,153,049	2,349,350	2,084,223	2.043.370
	State of Georgia Population	n/a	10,310,371	10,214,860	10,097,343	10,038,171	9,919,945	9,815,210	9,908,357	9,813,588	9,690,277
	Year	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008

## 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.

<sup>&</sup>lt;sup>2</sup>Amounts presented include twenty percent allocated to their respective matching loan programs. Includes Land Conservation loans.

<sup>&</sup>lt;sup>3</sup>In FY 2011, 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.

<sup>&</sup>lt;sup>4</sup>The Authority began administering Appalachian Regional Commission (ARC) projects in fiscal year 2016. However, all projects with disbursement activity were those transferred into the authority from another administering agency. The awards presented here are those that originated with the Authority as state basic agency projects.

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

Function/Program				Full-Time	Equivalent Er	nployees as o	f June 30			
	2017	2016	2015	2014	2014 2013 2012 2011	2012	2011	2010	2009	2008
Governmental activities:										
Executive Administration <sup>4</sup>	2	2	2	2	2	9	9	9	2	9
Energy programs <sup>1</sup>	9	9	9	7	8	13	16	16	12	6
Solid waste and environmental programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	-
Fuel storage tank and alternative fuels programs	က	7	7	0	8	ო	3.5	3.5	4.5	9
Information technology $^2$	4	4	4	4	4	ო	ო	4	4	4
Accounting support	ო	က	ဇ	ო	7	ო	ო	0	3.5	ဇ
Other administrative support	4	4	4	4	4	2	2	2	9	4
Total FTE - Governmental Activities	25	24	24	25	25	33	37	37	35	33
Business-type activities:										
Waste and wastewater programs <sup>3</sup>	6	10	15	15	80	80	6.5	8.5	4.5	9
Accounting and finance support	9	9	9	7	2	9	9	2	3.5	4
Other administrative support	0	0	0	0	0	0	0	0	2	2
Total FTE - Business Type Activities	15	16	20	22	13	14	13	14	10	12
Totals	40	40	44	47	38	47	49	20	45	45

## Sources:

The Authority's Human Resources and Fiscal Services Divisions.

## Notes:

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

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

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

<sup>&</sup>lt;sup>5</sup> The Authority has positions that are split-funded and multi-functional and thus some areas require percentage tabulations.

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

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Energy programs Clients served³ Homes weatherized³	1,309	1,170	1,420	2,339	2,741	13,072 5,381	9,703	2,451	4,377	5,146
Carbon dioxide (CO <sub>2</sub> ) reductions (tons) <sup>-</sup> Energy saved (million BTU) <sup>3</sup>	49,892 22,936	851 24,827	1,420 41,419	974 17,321	2,027 61,824	5,381 164,120	7,2/3 230,845	1,353 42,944	2,5/8 81,825	2,642 83,858
Loan activities Jobs created⁴										
Construction	6,375	11,290	9,730	12,255	9,469	6,289	9,667	10,093	10,500	15,390
Permanent Private wells eliminated	3,315 284	5,871 59	5,060 460	6,373 125	3,788 31	2,516 100	3,870 1,470	4,037 93	4,200 735	8,172 1,350
Sewer lines (linear feet): Added	95.544	5.200	139,800	72.746	22.900	18.253	46.140	772.360	278.076	107.496
Upgraded	83,694	100,000	39,268	62,646	18,400	5,000	137,860	290,585	100,735	140,114
Septic tanks removed	121	15	11	264	2	527	1,276		360	311
New customers added	906	101	1,578	15,423	13,073	17,534	275	88,455	80,232	97,778

## Sources:

The Authority's Energy and Water Resources Divisions.

## lotes:

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

<sup>&</sup>lt;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>&</sup>lt;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 investiments made with ARRA funds...

<sup>&</sup>lt;sup>4</sup> lobs created for construction & permanent were derived from formula used by Water Resources Department which is Isited below: 50,000 construction jobs and 26,000 permanent jobs per \$1B in lending/

FY 2014 executions=\$245,122,945

<sup>\$245,122,945/\$1</sup>B=0.2451

<sup>0.2451\*50,000=12,255</sup> construction jobs

<sup>0.2451\*26,000=6,373</sup> permanent jobs

## Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government										
Capital lease obligations <sup>1</sup>	ı	1	ı	ı		,	15	43	43	28
Computer equipment <sup>2</sup>	9	2	က	7	က	17	7	1	2	2
Furniture and Fixtures	4	4	က	ı		,	ı	i	,	

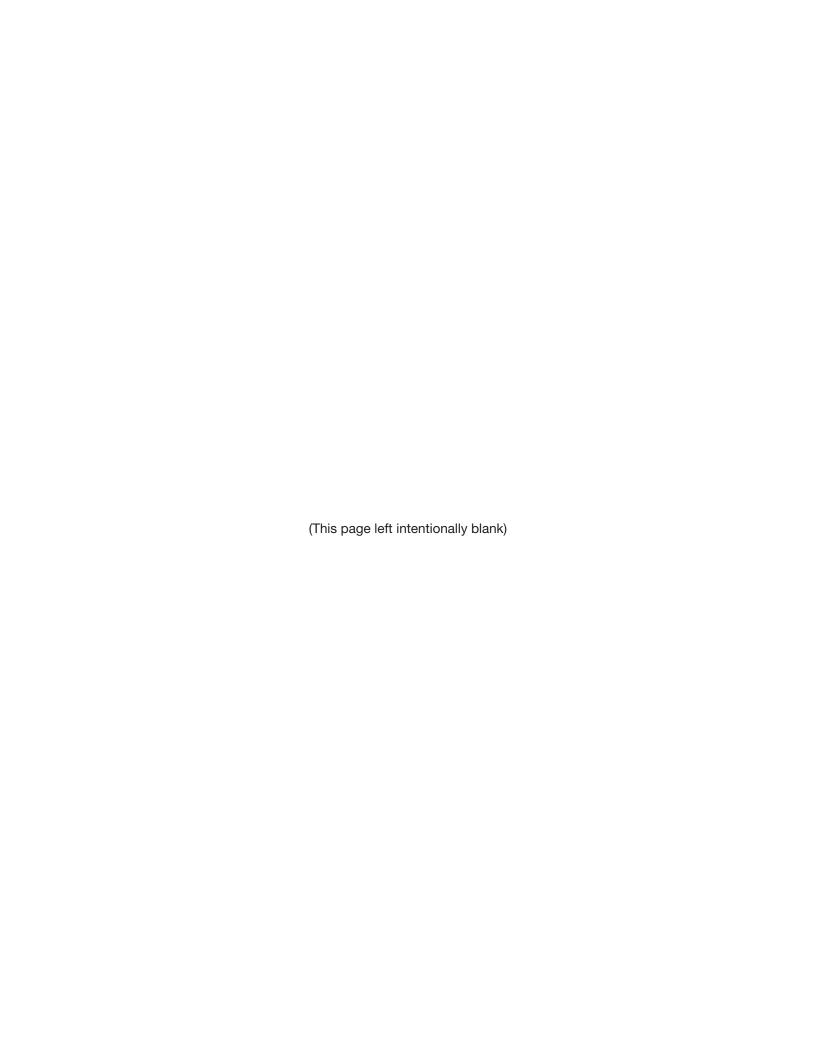
Source:

The Authority's Fiscal Services and Information Technology Divisions.

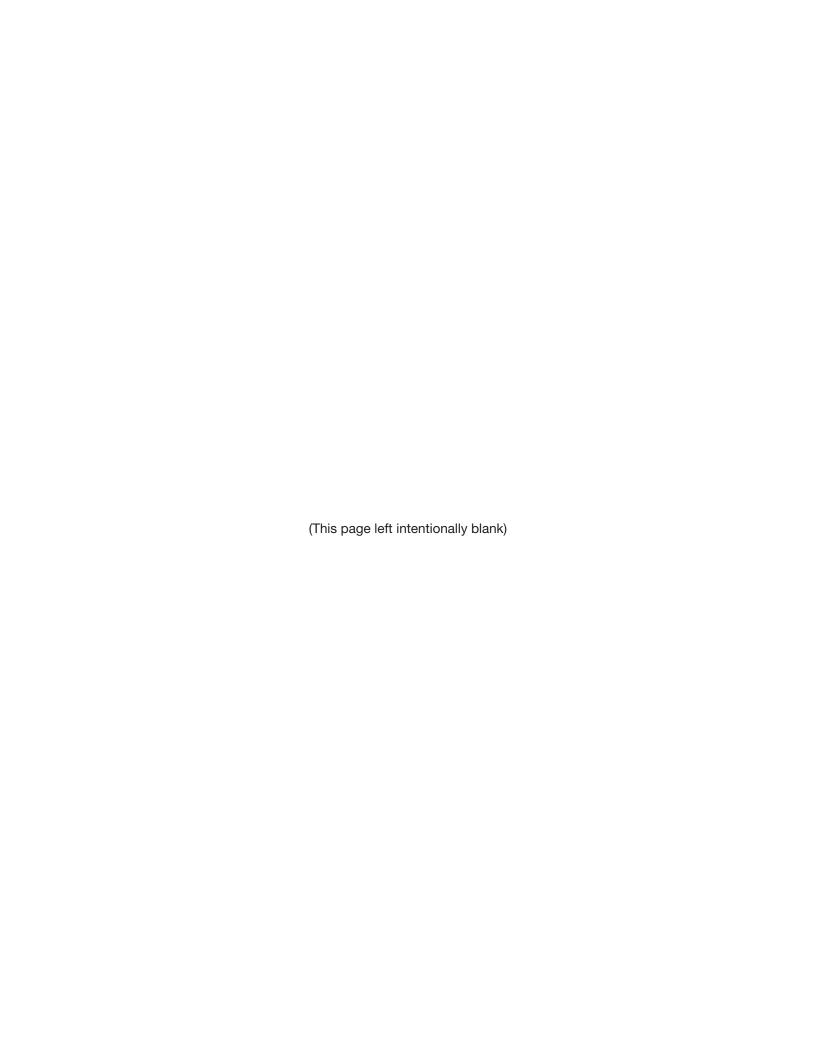
Notes:

<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>&</sup>lt;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.







(A Component Unit of the State of Georgia)

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2017

Federal Grantor/Program Title	CFDA number	Pass-through Award/ Contract Number	Federal expenditures	Amount provided to subrecipients	Amount provided for administration
U.S. Appalachian Regional Commission:					
Direct programs:					
Appalachian Area Development	23.002	ARC14C17863 \$	109,697	109,697	
Appalachian Area Development	23.002	ARC14C17897	262,742	262,742	_
Appalachian Area Development	23.002	ARC14C17935	132,840	132,840	_
Appalachian Area Development	23.002	ARC15C17635	9,384	9,384	_
Appalachian Area Development	23.002	ARC15C18010	2,711	_	2,711
Appalachian Area Development	23.002	ARC15C18234	3,600	3,600	_
Appalachian Area Development	23.002	ARC16C17270	288,306	288,306	_
Total U.S. Appalachian Regional Commission			809,280	806,569	2,711
U.S. Department of Energy:					
Direct programs:					
State Energy Program	81.041	EE0006984	670,242	80,701	589,541
Total State Energy Program			670,242	80,701	589,541
Weatherization Assistance for Low-Income Persons Weatherization Assistance for Low-Income Persons	81.042 81.042	EE0006147 EE0007913	2,300,971	1,954,685	346,286
Total Weatherization Assistance for Low-Income Persons	01.042	EE0007913	727,438 3,028,409	635,550 2,590,235	91,888 438,174
Pass-through programs - State of Tennessee Department of Environment and Conservation					
State Energy Programs Special Projects	81.119	32701-02795-DE- EE0007219	27,835	_	27,835
Pass-through programs - Commonwealth of Virginia Department of Minerals, Mines, and Energy					
State Energy Programs Special Projects	81.119	VA-C15-6043-DE- EE0006891	15,996	_	15,996
Total State Energy Programs Special Projects			43,831		43,831
Total U.S. Department of Energy			3,742,482	2,670,936	1,071,546
U.S. Department of Health and Human Services:  Pass-through programs - State of Georgia Department of Human Resources:					
Lauriana Harra Franco Assistana Barrara	00.500	DHS - 42700-040-	770 440	700.045	54.504
Low-Income Home Energy Assistance Program	93.568	0000042086 DHS - 42700-040-	772,119	720,615	51,504
Low-Income Home Energy Assistance Program	93.568	0000052792	1,830,326	1,731,960	98,366
Total U.S. Department of Health and Human Services			2,602,445	2,452,575	149,870
U.S. Environmental Protection Agency:  Direct programs:					
State Revolving Funds (Clean Water)	66.458	CS13000115	11,374,021	11,374,021	_
State Revolving Funds (Clean Water)	66.458	CS13000116	7,296,892	6,393,252	903,640
Total State Revolving Funds (Clean Water)			18,670,913	17,767,273	903,640
State Revolving Funds (Drinking Water)	66.468	FS98409914	2,338,392	2,338,392	_
State Revolving Funds (Drinking Water)	66.468	FS98409915	9,072,632	8,691,978	380,654
State Revolving Funds (Drinking Water)	66.468	FS98409916	13,392,291	12,667,371	724,920
Total State Revolving Funds (Drinking Water)			24,803,315	23,697,741	1,105,574
Total U.S. Environmental Protection Agency			43,474,228	41,465,014	2,009,214
Total Federal Expenditures		\$	50,628,435	47,395,094	3,233,341

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

(A Component Unit of the State of Georgia)

## Notes to Schedule of Expenditures of Federal Awards June 30, 2017

## (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 Appalachian Area Development, 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 2 CFR 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Subpart F. 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) Indirect Cost

The Authority had an approved indirect cost rate negotiated for fiscal years 2017 through 2021 by its cognizant agency, U. S. EPA, on January 9, 2017. The approved rate is 117.17 percent on the basis of total direct salaries, wages and fringe benefits, including vacation, holiday and sick leave. To achieve equity across all federal programs and other programs charged, the Authority's applied indirect cost rate is 75 percent due to limitations on the availability of administrative funds in certain programs. During the year, the Authority had \$1,354,440 in indirect cost recoveries from administered federal programs.

(A Component Unit of the State of Georgia)

## Notes to Schedule of Expenditures of Federal Awards June 30, 2017

## (5) Loans Receivable

At June 30, 2017, the Authority had \$677,519,260 in loans receivable outstanding, which were originally funded by the State Revolving Funds (Clean Water) Program and \$137,514,504 in loans receivable outstanding, which were originally funded by the State Revolving Funds (Drinking Water) Program. These loans are not considered to have significant subsequent compliance responsibilities. 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.



## 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

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, 2017, 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 22, 2017.

### **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.

### **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.

Mauldin & Jerlins, LLC

Atlanta, Georgia September 22, 2017



## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

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, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance 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.

### 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, 2017.

### **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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Manddin & Jenlins, LLC

Atlanta, Georgia September 22, 2017

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

## SECTION I SUMMARY OF AUDITOR'S RESULTS

## Financial Statements

Type of report the auditor issue statements audited were prepare			nmodified
Internal control over financial re	porting:		
Material weaknesses identified?	>	yes	X no
Significant deficiencies identifier to be material weaknesses?	d not considered	yes	X none reported
Noncompliance material to final	ncial statements noted?	yes	X no
Federal Awards			
Internal Control over major fede	eral programs:		
Material weaknesses identified?	?	yes	X no
Significant deficiencies identifier to be material weaknesses?	d not considered	yes	X none reported
Type of auditor's report issued of	on compliance for		
major federal programs.	·	Unmodifie	d
Any audit findings disclosed tha	t are required to		
be reported in accordance with	1 2 CFR 200		
Section 516(a)?		yes	X no
Identification of major federal pr	ograms:		
CFDA Number	Name of Federal Progr	am or Clust	<u>er</u>
66.458	State Revolving Funds	(Clean Wat	er)
66.468	State Revolving Funds	(Drinking W	ater)

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2017

Dollar threshold used to distinguish between

Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_ yes \_\_X\_\_ no

## SECTION II FINANCIAL STATEMENT FINDINGS AND RESPONSES

None reported.

SECTION III
FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None reported.

## **SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

FOR THE YEAR ENDED JUNE 30, 2017 None reported