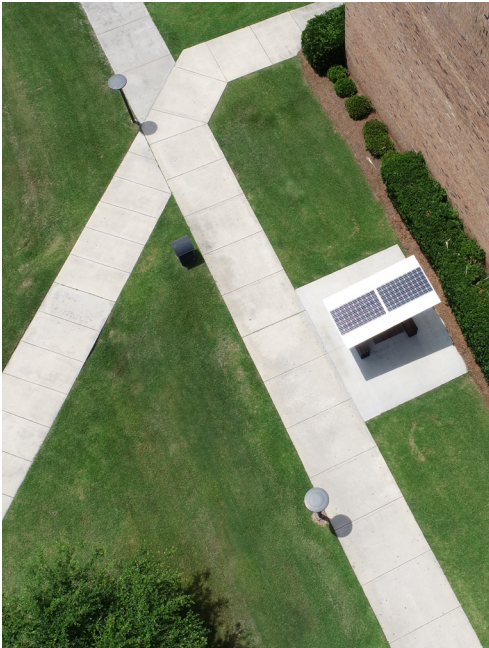


Georgia Environmental Finance Authority

Annual Report

2019





OUR MISSION

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

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

To date, GEFA has provided more than \$4.5 billion in low-interest loans to cities, counties, and infrastructure authorities for more than 1,600 projects that improve water, wastewater, stormwater, and solid waste systems.



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Executive Director's Report

TO THE GOVERNOR, MEMBERS OF THE GENERAL ASSEMBLY, AND GEORGIA CITIZENS:

The Georgia Environmental Finance Authority (GEFA) has a responsibility to help conserve and improve Georgia's natural resources. To date, GEFA has provided more than \$4.5 billion in low-interest loans for improvements to the water, wastewater, and solid waste systems of cities, counties, and infrastructure authorities across Georgia.

One of GEFA's main priorities is to help smaller communities in dire need of assistance. For the fiscal year (FY) 2019 solicitation for the Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF), we partnered with the Environmental Finance Center at the University of North Carolina to develop affordability criteria to identify communities with the greatest need for financial assistance. Using data on median household income, unemployment rate, and population trend from the U.S. Census Bureau's American Community Survey, we can now award principal forgiveness to Georgia's most disadvantaged communities.

In FY2019, GEFA assumed responsibility for the WaterFirst Program. This program rewards communities for being committed to excellence in watershed assessment, stormwater master planning, wastewater treatment and management, water supply planning and protection, water conservation, and water reclamation and reuse. We had the opportunity to designate the city of Dallas and Hall County as the newest WaterFirst Communities.

The Solar for Schools Program awarded a \$55,000 matching grant to Ogeechee Technical College.

This educational program provides technical college students with the opportunity to enter the workforce specializing in electrical applications for installing, inspecting, and repairing solar panels. Students used this knowledge to install solar projects on campus.

Beyond helping to provide clean drinking water, conserve land to protect a water source, or increase the energy efficiency of a home, GEFA is focused on our role in emergency response and the resilience of our operations. During natural or humanmade disasters, GEFA's Energy Resources Division and the Georgia Emergency Management Agency work closely with energy stakeholders to respond to electrical outages and fuel shortages and to provide situational awareness to local, state, and federal leadership. GEFA's Information Technology Division has taken a proactive approach in educating our staff on the importance of cybersecurity to protect our financial systems and data. The Information Technology Division also initiated on-site and cloud data backups and developed disaster recovery systems.

GEFA's work highlighted in the 2019 Annual Report shows how we strive to meet the ongoing needs of the state and to ensure a prosperous future for all Georgians.

Sincerely,



Kevin Clark, Executive Director

Accomplishments

FISCAL YEAR 2019

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



IMPROVING GEORGIA'S ENERGY RESOURCES

- GEFA directed emergency support function #12 (ESF-12) during activities of the State Operations Center for Hurricanes Florence and Michael.
- Forty K-12 and higher education building operators received Building Operator Certification training.
- Four Georgia Solar contracts totaling \$150,000 were executed to install small-scale solar photovoltaic systems and to increase renewable energy education.
- One Solar for Schools contract was executed for \$55,000 for students to install a 20 kW solar ground mount array and two solar covered tables with electrical connections and to provide student scholarships.
- The Weatherization Assistance Program weatherized 641 homes positively impacting 878 Georgians with an estimated energy savings of 19,550 MBtu.

IMPROVING GEORGIA'S LAND RESOURCES

- Since 2006, the Georgia Conservation Tax Credit Program facilitated 558 conservation easement donations protecting 246,601 acres of land.
- The Fuel Storage Tank Program provided oversight and monitoring services for 639 fuel storage tanks at 23 state agencies and departments.
- GEFA helped its agency partners pass 50 fuel storage tank site compliance inspections.
- GEFA completed the annual registration for 334 state-owned underground fuel storage tanks.

IMPROVING GEORGIA'S WATER RESOURCES

- Projects financed by GEFA provided reliable water, wastewater, and solid waste services to more than 1.8 million Georgians.
- The Clean Water State Revolving Fund awarded 29 loans totaling \$154.9 million.
- The Drinking Water State Revolving Fund awarded 21 loans totaling \$85.5 million.
- The Georgia Fund awarded five loans totaling \$8.1 million.
- GEFA provided financing to 48 communities, which saved \$46 million in interest costs over an average 20-year loan.
- The DWSRF provided \$51.2 million to small systems servicing fewer than 10,000 customers.
- Two communities received WaterFirst designations—city of Dallas and Hall County.
- Georgia's most disadvantaged communities received \$7.9 million in principal forgiveness.





ENERGY RESOURCES



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

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

The Weatherization Assistance Program provides energy conservation measures to income-eligible households.

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

Energy Performance Contracting allows the state to finance building improvements guaranteed to lower energy and water consumption.

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

WEATHERIZATION SAVES MONEY AND LIVES

Every night after dinner, Eugene and Betty Jones from Waynesboro, Georgia, would fall asleep watching television without realizing carbon monoxide might be contributing to their drowsiness. Over many years, the couple had grown accustomed to their house being unbearably hot during the summer and very cold during the winter. They would use their oven to try and heat the house because their gas heater was not enough to keep them warm.

The experience of the Jones family is not an uncommon one. According to the U.S. Office of Energy Efficiency and Renewable Energy, the U.S. loses more than \$82 billion a year as a result of inefficient and unhealthy housing. Low-income, elderly, and disabled Americans can reduce their energy bills and improve their health by taking advantage of the Weatherization Assistance Program (WAP).

The Central Savannah River Area Economic Opportunity Authority Inc.—the local weatherization agency—inspected the Joneses' home. The energy auditor discovered a significant gas leak and a fire in the attic.



After making sure the family was safely out of the home, the energy auditor called the fire department to put out the electrical fire in the attic. The WAP replaced the gas lines to seal up the leak, which made the home safe again. After repairing the leak, the WAP performed other measures on the home. They installed smoke and carbon monoxide alarms throughout the house; insulated the attic and attic hatch; air sealed doors, windows, and plumbing penetrations; and secured and sealed the window air conditioning unit.

The WAP reduces energy costs by increasing energy efficiency while improving health and safety measures. The WAP uses Whole House Weatherization, which treats the house as a single energy-consuming system. It requires advanced diagnostic skills and cost-effective measure selection and installation. It helps provide a safe home environment, increased financial independence, and enhanced quality of life. Weatherization creates an average energy savings of \$350 or more per year and reduces a home's annual gas heating consumption by 32 percent. In fiscal year 2019, the Georgia WAP assisted 878 people and weatherized 641 homes with an estimated energy savings of 19,550 MBtu.

Before the weatherization of their home, the Joneses' electric bill was about \$240 a month. Their highest bill since weatherization has been \$126. Overall, the most important benefit was the health and safety of the Jones family. Eugene had breathing issues they believe were the result of the gas leak. After the repairs were complete, his breathing improved. They are now living in a healthier, safer, and happier home environment while saving money on their utility bills.

For every \$1 invested in weatherization, \$1.72 is generated in energy benefits and \$2.78 in health and safety benefits. However, the real benefit of weatherization cannot be quantified in dollars but in human lives. The Jones family experienced this firsthand.



LAND RESOURCES



The Georgia Land Conservation Program (GLCP), which ended at the close of FY2019, offered grants and low-interest loans for fee title or conservation easement purchases from the Georgia Land Conservation Trust Fund and Revolving Loan Fund. It also operated the Georgia Conservation Tax Credit Program.

The GLCP was administered under the guidance of the Land Conservation Council. The GLCP was replaced by the Georgia Outdoor Stewardship Program, which is managed by the Georgia Department of Natural Resources.

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

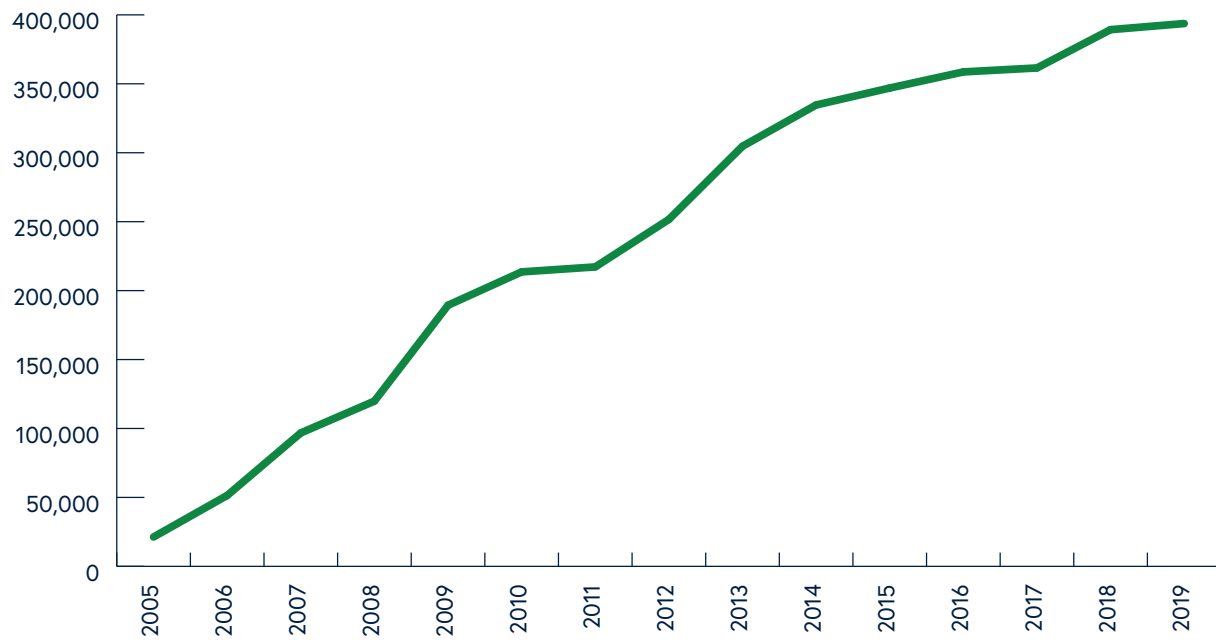
The FSTP also:

- Conducts environmental cleanup,
- Facilitates fuel storage tank preventative maintenance and repair, and
- Manages annual maintenance inspections conducted by private contractors.



Acres Protected by GLCP

In FY2019, the GLCP conserved approximately 4,422 acres of land, bringing the total number of acres conserved to 393,703 since 2005.





**WATER
RESOURCES**



The Water Resources Division supports the development of water, wastewater, and solid waste infrastructure projects, which help protect the environment, facilitate economic development, accommodate population growth, and safeguard public health.

GEFA partners with local governments by providing loans for water, wastewater, stormwater, and solid waste infrastructure. The Water Resources Division also assists local governments with the development of reservoir and water supply projects.

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

The Georgia Reservoir Fund is a state loan program for reservoir and water supply infrastructure.

The Clean Water State Revolving Fund is a federal loan program for water quality and wastewater treatment infrastructure.

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

The WaterFirst Program recognizes a local government's commitment to responsible water stewardship for environmental and economic benefits.



LOCAL GOVERNMENTS RECOGNIZED FOR ACHIEVING EXCELLENCE

When you enter many communities across the state there is a road sign greeting you that says "WaterFirst: Caring for our Water Resources." Most people are unaware of what it means.

Having a clean, reliable source of water is important for our health and the economy. The WaterFirst Program is a way for communities to be rewarded for their proactive approach to water resources that emphasizes the connection between land use and water quality and quantity.

WaterFirst is a voluntary partnership between local governments, state agencies, and other organizations working together to increase quality of life in communities through wise management and protection of water resources.

Through the WaterFirst application and the WaterFirst class, a team of water professionals audits the local government's programs. The audit documents how well the community is achieving environmental excellence and how it's managing and protecting water resources.

For 15 years, the Georgia Department of Community Affairs (DCA) oversaw the program. However, on July

1, 2018, it was moved to GEFA. Since then, the city of Dallas and Hall County have both received this honor, which brings the total to 33 WaterFirst Communities across the state.

Becoming a WaterFirst Community demonstrates a local government's commitment to responsible watershed assessment, stormwater master planning, wastewater treatment and management, water supply planning and protection, water conservation, water reclamation and reuse, educational outreach, and regional water planning.

WaterFirst Communities are recognized statewide and are eligible for financial and other benefits from the state. The benefits include a 1 percent interest rate reduction on GEFA loans, eligibility for water-related Community Development Block Grants administered by DCA, and priority status for the 319 Grant Program administered by the Georgia Environmental Protection Division.

The WaterFirst sign welcoming you is a reminder of the important steps communities are taking to protect our valuable water resources for both environmental and economic benefits.

Financial Highlights

FISCAL YEAR 2019

The narrative overview and analysis of the agency's financial activities for the fiscal year ended June 30, 2019, provides additional detail on GEFA's financial performance.

Total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$2.4 billion (net position). Of this amount, \$47.3 million was from governmental activities and \$2.4 billion was from business-type activities.

Total long-term liabilities experienced a net decrease of \$1.7 million during 2019, all within governmental activities. The decrease was mostly attributable to the changes in GEFA's proportionate shares of Net OPEB and Net Pension Liabilities.

GEFA's total net position increased by \$107.5 million. The net position in governmental activities increased by \$5.7 million and the net position of business-type activities increased \$101.9 million, resulting in an overall \$21.8 million increase over the increase experienced in 2018.

Total governmental revenues increased by \$3.9 million from 2018. The increased revenue is mostly attributed to an increase in operating grants and contributions because of increased grant funding for program operations.

Charges for services within business-type activities continued to experience a decline, albeit not as substantial as previous years declining only by approximately \$159,000. The reduction in income loss is due partly to a slight interest rate increase implemented mid-year.

FY2019 NET POSITION

		PRIMARY GOVERNMENT						
		GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL		INCREASE (DECREASE) %
		2019	2018	2019	2018	2019	2018	
Current and other assets	\$	57,043,023	51,790,435	2,389,574,849	2,287,106,493	2,446,617,872	2,338,896,928	4.6%
Capital assets		216,060	287,852	—	—	216,060	287,852	(24.9%)
Total assets		57,259,083	52,078,287	2,389,574,849	2,287,106,493	2,446,833,932	2,339,184,780	4.6%
Deferred outflows of resources		1,457,741	1,199,341	—	—	1,457,741	1,199,341	21.5%
Long-term liabilities outstanding		7,109,104	8,782,591	—	—	7,109,104	8,782,591	(19.1%)
Other liabilities		2,556,171	1,857,141	2,496,696	1,915,669	5,052,867	3,772,810	33.9%
Total liabilities		9,665,275	10,639,732	2,496,696	1,915,669	12,161,971	12,555,401	(3.1%)
Deferred inflows of resources		1,793,136	1,040,092	—	—	1,793,136	1,040,092	72.4%
Net position:								
Investment in capital assets		216,060	287,852	—	—	216,060	287,852	(24.9%)
Restricted		41,709,504	37,160,595	1,803,070,372	1,717,827,489	1,844,779,876	1,754,988,084	5.1%
Unrestricted		5,332,849	4,149,357	584,007,781	567,363,335	589,340,630	571,512,692	3.1%
Total net position	\$	47,258,413	41,597,804	2,387,078,153	2,285,190,824	2,434,336,566	2,326,788,628	4.6%

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

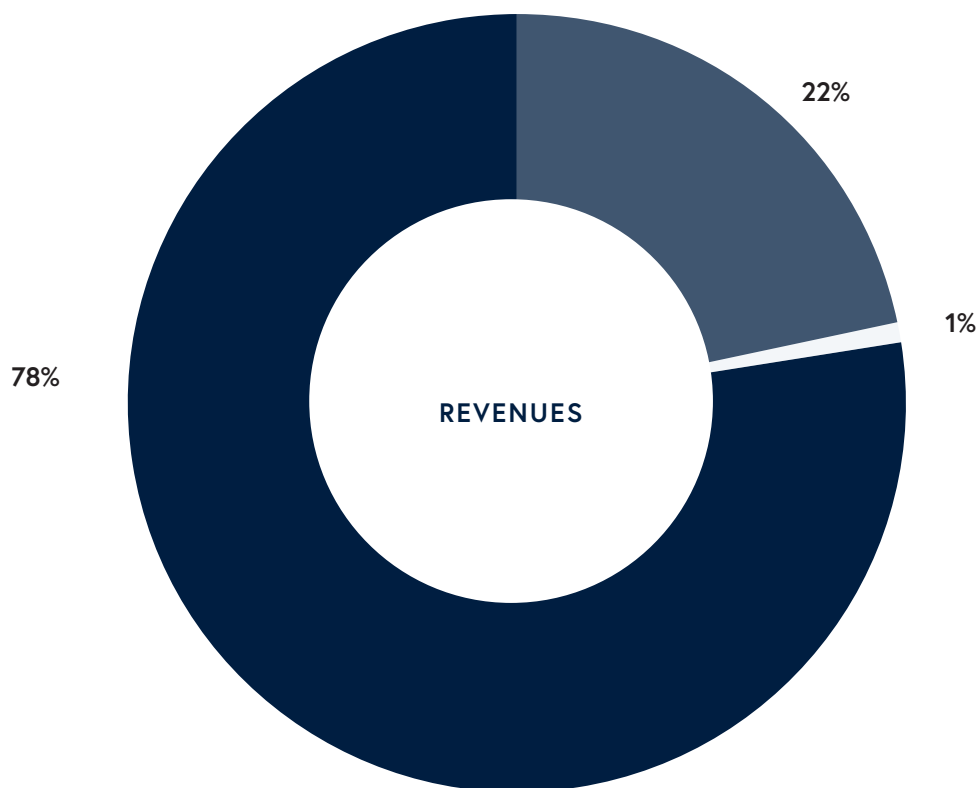
FY2019 STATEMENT OF NET POSITION

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	GA. ENVIRON. LOAN ACQ. CORP.
Assets				
Cash	\$ 564,612	3,625,665	4,190,277	111,544
Cash with fiscal agent	—	—	—	1,072,342
Investments	50,301,405	947,541,783	997,843,188	68,954,712
Investments with fiscal agent	—	—	—	4,924,589
Due from other governments	4,054,148	1,981,186	6,035,334	—
Internal balances	1,779,699	(1,779,699)	—	—
Accrued interest receivable	—	3,222,554	3,222,554	176,636
Loans receivable	—	1,434,983,360	1,434,983,360	38,406,022
Other assets	20	—	20	—
Net OPEB asset	343,139	—	343,139	—
Capital assets, net of accumulated depreciation	216,060	—	216,060	—
Total assets	<u>57,259,083</u>	<u>2,389,574,849</u>	<u>2,446,833,932</u>	<u>113,645,845</u>
Deferred Outflows of Resources				
Related to other postemployment benefits	486,423	—	486,423	—
Related to pensions	971,318	—	971,318	—
Total deferred outflows of resources	<u>1,457,741</u>	<u>—</u>	<u>1,457,741</u>	<u>—</u>
Liabilities				
Accounts payable and accrued liabilities	2,553,037	1,408,158	3,961,195	10,328
Accrued payroll	904	—	904	—
Due to other governments	2,230	3,075	5,305	—
Accrued interest payable	—	—	—	69,070
Retainage payable	—	1,085,463	1,085,463	—
Compensated absences, current	101,288	—	101,288	—
Securitization bonds payable, current	—	—	—	2,025,000
Long-term liabilities:				
Compensated absences, net of current portion	303,863	—	303,863	—
Net OPEB liability	2,264,366	—	2,264,366	—
Net pension liability	4,439,587	—	4,439,587	—
Securitization bonds payable, net of current portion and unamortized bond discount	—	—	—	30,215,366
Total liabilities	<u>9,665,275</u>	<u>2,496,696</u>	<u>12,161,971</u>	<u>32,319,764</u>
Deferred Inflows of Resources				
Related to other postemployment benefits	1,413,877	—	1,413,877	—
Related to pensions	379,259	—	379,259	—
Total deferred inflows of resources	<u>1,793,136</u>	<u>—</u>	<u>1,793,136</u>	<u>—</u>
Net Position				
Investment in capital assets	216,060	—	216,060	—
Restricted for:				
Debt service	—	—	—	81,326,081
Grant programs	4,727,010	—	4,727,010	—
Loan programs	36,982,494	1,803,070,372	1,840,052,866	—
Unrestricted	5,332,849	584,007,781	589,340,630	—
Total net position	<u>\$ 47,258,413</u>	<u>2,387,078,153</u>	<u>2,434,336,566</u>	<u>81,326,081</u>

FY2019 STATEMENT OF ACTIVITIES

PROGRAM REVENUES					NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
Functions/Programs								
Governmental activities:								
General government	\$ 5,262,199	—	11,170,444	—	5,908,245	—	5,908,245	
Water and wastewater	8,319,314	2,537,389	6,577,943	—	796,018	—	796,018	
Land conservation	29,391	—	61,248	—	31,857	—	31,857	
Energy and environment	7,585,937	—	7,609,679	—	23,742	—	23,742	
Total governmental activities	21,196,841	2,537,389	25,419,314	—	6,759,862	—	6,759,862	
Business-type activities:								
Water and wastewater	22,094,234	—	22,094,234	—	—	—	—	
Storage tank maintenance	731,863	1,097,275	28,708	—	—	394,120	394,120	
General and administrative	91,712	29,033,604	70,190,168	—	—	99,132,060	99,132,060	
Total business-type activities	22,917,809	30,130,879	92,313,110	—	—	99,526,180	99,526,180	
Total primary government	\$ 44,114,650	32,668,268	117,732,424	—	6,759,862	99,526,180	106,286,042	
Component Unit								
Georgia Environmental Loan Acquisition								
Corporation	\$ 1,924,380	1,564,334	1,851,379	—				1,491,333
Total component units	\$ 1,924,380	1,564,334	1,851,379	—				
General Revenues								
Unrestricted investment earnings					\$ 1,138,063	—	1,138,063	—
Miscellaneous					122,086	1,747	123,833	5,677
Transfers					(2,359,402)	2,359,402	—	—
Total general revenues and transfers					(1,099,253)	2,361,149	1,261,896	1,497,010
Change in net position					\$ 5,660,609	101,887,329	107,547,938	1,497,010
Net position – July 1					41,597,804	2,285,190,824	2,326,788,628	79,829,071
Net position – June 30					\$ 47,258,413	2,387,078,153	2,434,336,566	81,326,081

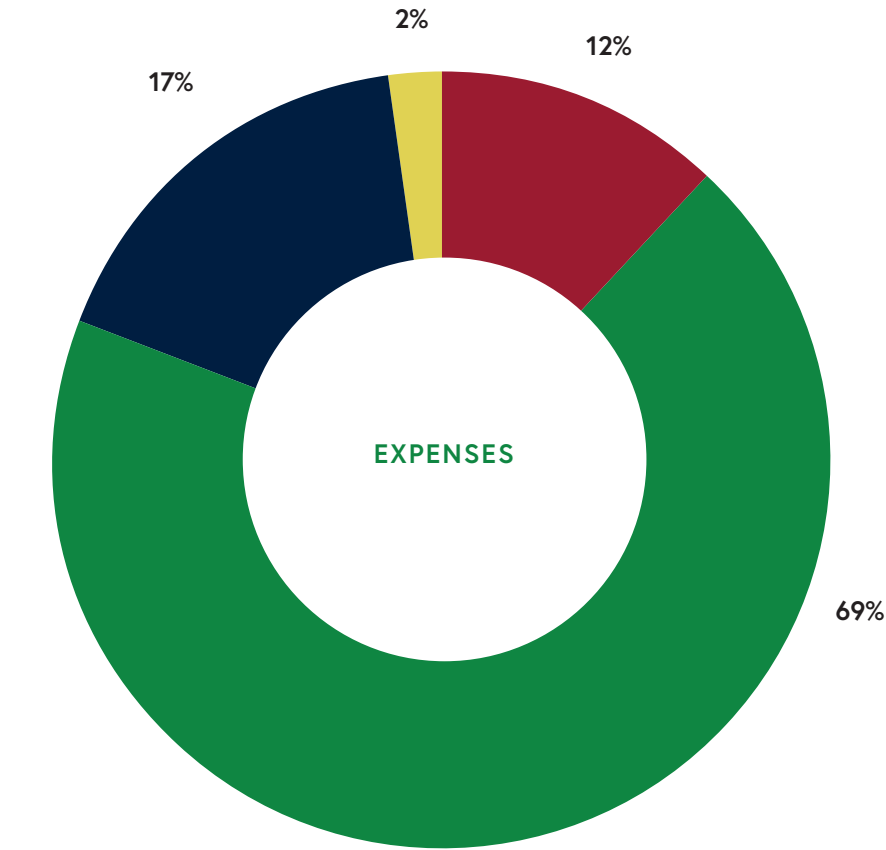
FISCAL YEAR 2019 REVENUES



Charges for services and other revenue*	\$32,792,101	22%
Investment earnings, unrestricted	\$1,138,063	1%
Operating grants and contributions	\$117,732,424	78%
Total Revenues	\$151,662,588	100%

* Includes restricted investment earnings

FISCAL YEAR 2019 EXPENSES



General government	\$5,262,199	12%
Water and wastewater	\$30,413,548	69%
Land conservation	\$29,391	0%
Energy and environment	\$7,585,937	17%
Storage tank maintenance	\$731,863	2%
General and administrative	\$91,712	0%
<hr/>		
Total Expenses	\$44,114,650	100%



FISCAL SERVICES

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

HUMAN RESOURCES

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

PUBLIC AFFAIRS

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

INFORMATION TECHNOLOGY

The Information Technology Division develops GEFA's internal and external technical architecture; facilitates electronic access to agency information and services; and protects information systems and data.





BOARD OF DIRECTORS

Commissioner Travis Turner

Chairman
White County Board of Commissioners

George McIntosh

Vice Chairman
At-Large Member

Greg Griffin

Secretary
State Auditor

Mayor Jimmy Andrews

City of Sandersville

Mayor Boyd L. Austin

City of Dallas

Stephen Gray

At-Large Member

Commissioner Christopher Nunn

Georgia Department of Community Affairs

Commissioner Grady Thompson

Tift County Board of Commissioners

Commissioner Pat Wilson

Georgia Department of Economic Development

Commissioner Jason Winters

Chattooga County Sole Commissioner

SENIOR STAFF

Kevin Clark

Executive Director

Martha Douglas

Director of Water Resources

David Gipson

Director of Energy Resources

Jammie Harden

Director of Fiscal Services

Shane Hix

Director of Public Affairs and
Information Technology

Glendale Jones

Director of Human Resources

Susan Lucki

Director of Administration

**as of June 2019*



GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

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