



GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

A COMPONENT UNIT OF THE STATE OF GEORGIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED JUNE 30, 2022

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2022



Prepared By: Financial Services Division
Hunter Hill, Executive Director

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended June 30, 2022

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INTRODUCTORY SECTION

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September 30, 2022

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") Annual Comprehensive Financial Report (the "ACFR") for the fiscal year ended June 30, 2022. 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 Financial 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.

The Authority's financial statements have been audited by Mauldin & Jenkins, LLC 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, 2022. 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 ACFR 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 ACFR.

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 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.

During the 2018 legislative session, the Georgia General Assembly passed House Bill 332 and House Resolution 238, establishing the Georgia Outdoor Stewardship Act. On November 6, 2018 Georgia voters passed the amendment with 83% support. This newly founded grant program provides a dedicated funding mechanism to support parks and trails and protect and acquire lands critical to wildlife, clean water, and outdoor recreation across the state of Georgia. The program became effective July 1, 2019. Per law, the Authority performs administrative and fiduciary roles for managing funds collected and disbursed on behalf of the program at the direction of the Georgia Department of Natural Resources, a partner state agency.

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.

Long-term Financial Planning and Major Initiatives

President Joe Biden signed the Bipartisan Infrastructure Law (BIL) on November 15, 2021. The law provides a significant amount of funding over the next five years through the U.S. Department of Energy (DOE) and the U.S. Environmental Protection Agency (EPA). The Authority’s BIL funding will be for energy efficiency, renewable energy, water and wastewater infrastructure projects. The potential funding to be received from DOE is \$101,822,738. Total potential funding to be received from EPA is \$793,425,000. These funds will be combined with cash reserves providing the Authority with significantly higher program activity and ability to invest in transformative projects across the state. The Authority will need to secure the appropriate levels of required matching funds to facilitate and leverage these federal dollars for the benefit of Georgia citizens.

In addition to the funding levels discussed above, the Authority will continue to receive its annual allocations that total nearly \$55 million. These monies will be incorporated in the Authority’s budget on an annual basis as part of the Authority’s

strategy to support its constituents, partner organizations and others eligible to receive funding administered. The Authority is currently engaging with the necessary parties to implement these new or expanded programs to ensure long-term success.

Award

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 ACFR for the fiscal year ended June 30, 2021.

To be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized ACFR. 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 ACFR 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. In addition, 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 ACFR and to our independent auditors, Mauldin & Jenkins, LLC, for their expertise, professionalism and dedication to ensure our audit was completed efficiently and timely.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "J. Harden", with a stylized flourish at the end.

Jammie Z. Harden, CGFM
Director of Financial Services



Government Finance Officers Associations

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

Presented to

**Georgia Environmental
Finance Authority**

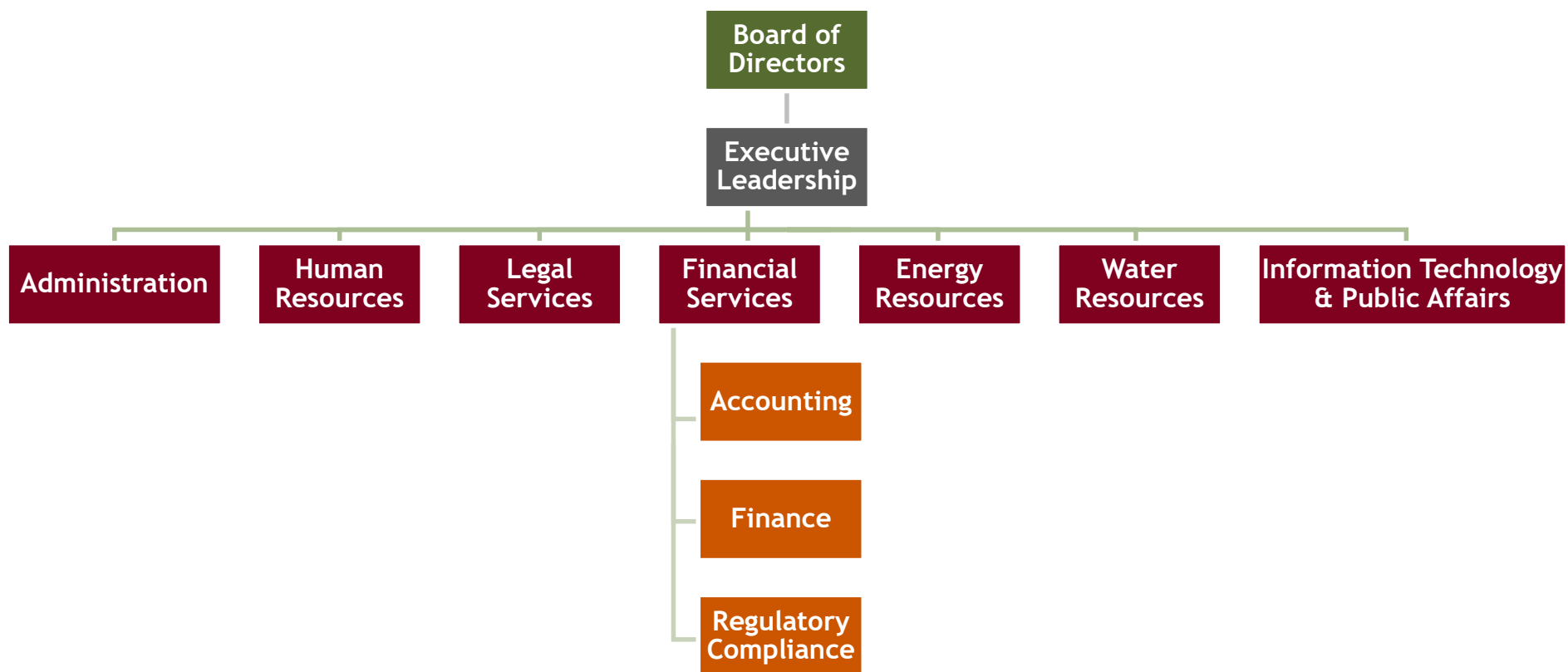
For its Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2021

Christopher P. Morill

Executive Director/CEO



GEORGIA ENVIRONMENTAL FINANCE AUTHORITY ORGANIZATION CHART



GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

List of Principal Officials and Authority Staff

AUTHORITY DEPARTMENT DIRECTORS

Administration

Susan Lucki

Legal Services

Tammi Fuller

Energy Resources

Kristofor Anderson

Information Technology**Public Affairs**

Shane Hix

Human Resources

Glendale Jones

Financial Services

Jammie Harden

Water Resources

David Gipson

APPOINTED OFFICIALS

Executive Director

Hunter Hill

Chairman

Scott Orenstein, Commissioner
Commissioner - Lowndes County, GA

Secretary, Ex-Officio

Greg Griffin
State Auditor

Member

Eugene Cason
Dooly County

Member, Ex-Officio

Christopher Nunn
Commissioner - Georgia
Department of Community
Affairs

Vice Chairman

Mike Young
Mayor - McRae-Helena, GA

Member

Jimmy Andrews
Mayor - Sandersville, GA

Member

Christopher Hightower
Council - Barnesville, GA

Member, Ex-Officio

Pat Wilson
Commissioner - Georgia
Department of Economic
Development

Member

Ted Rumley
Chairman - Dade County Board of
Commissioners

Member, At-Large

Rick Story
Rabun County

Member, At-Large

Travis Turner
Chairman - White
County Board of
Commissioners

FINANCIAL SERVICES

Shelina Ali

Senior Financial Analyst

Dianna Crittendon

Accountant I

Derek Sands, Jr.

Senior Financial Analyst

Chunling Yang

Senior Accountant

Wan Yi Chen

Accounts Payable & Payroll Administrator

Charlette Helvey

Senior Compliance Auditor

Gerald Wade

Financial Analyst III

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

**The Members of the
Georgia Environmental Finance Authority
Atlanta, Georgia**

Report on the Audit of the Financial Statements

Opinions

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 fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the pension liability and contribution schedules, and the OPEB liability and contribution, as listed in the table of contents, 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.

Supplementary 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 and 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*; are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2022 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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 29, 2022

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Management's Discussion and Analysis

(Unaudited)

We, the management of the Georgia Environmental Finance Authority (the "Authority"), offer readers of these financial statements a narrative presentation of the Authority's financial performance for fiscal year (FY) ended June 30, 2022. This discussion and analysis examine 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, 2022, include:

- Total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by approximately \$2.7 billion (net position). Of this amount, \$56 million was from governmental activities and \$2.6 billion was from business-type activities.
- The Authority's total net position increased by \$90.2 million. The net position in governmental activities increased by approximately \$11.15 million while the net position of business-type activities increased \$79.05 million.
- Total governmental revenues increased by approximately \$6.55 million over fiscal year 2021. The increase in revenue is mostly attributable to a increase in operating grants and contributions due to additional bond funds received for state match for federal loan programs.
- Charges for services within business-type activities increased by nearly \$10.2 million. The increase is primarily due to return to full year's interest revenue billing and collection. In the prior year, there was a six-month forbearance offered and accepted by many borrowers that significantly decreased revenues in each of the Authority's loan programs.
- Operating grants and contributions within business-type activities increased by approximately \$6.6 million. This increase is mostly due to increased receipts for the outdoor stewardship program.

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

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Management's Discussion and Analysis

(Unaudited)

Overview of the Financial Statements

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

Government-wide Financial Statements

The Authority's annual comprehensive 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 like 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 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 23 and 24 of this report.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Management's Discussion and Analysis

(Unaudited)

Fund Financial Statements

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

All 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 reason, reconciliation between the governmental activities (shown in the Statement of Net Position and Statement of Activities) and the governmental funds is provided at the bottom of the fund financial statements.

The Authority maintains ten (10) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Weatherization Assistance Program Fund, Clean Water SRF Administration Fund, Drinking Water SRF State Program Setasides, Drinking Water SRF Local Assistance Setasides Fund, the Drinking Water SRF Administration Fund, and the Appalachian Regional Commission Fund, which are considered major funds and are presented on pages 25-27 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

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

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Management's Discussion and Analysis

(Unaudited)

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 eight (8) 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, Drinking Water State Match Revolving Loan Fund and the Georgia Outdoor Stewardship Program Fund, all of which are considered major funds of the Authority and are presented on pages 28-30 of this report. Individual fund data for the nonmajor enterprise fund is provided in the form of a combining statement elsewhere in this report.

Notes to the Basic Financial Statements

The accompanying notes to the financial statements provide information necessary for a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 31 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 82.

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 greater than \$2.6 billion at year-end, increasing by 3 percent, or approximately the same percentage points as the prior year. A major contributing factor to changes in the net position at year-end is that there was increased revenue within its business-type activities for programs managed for more than \$16.7 million while expenses increased by only \$5.3 million for a net increase of \$11.4 million. The following table presents a summary of the Authority's net position:

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Management's Discussion and Analysis

(Unaudited)

GEFA Net Position							
	Primary Government						Increase
	Governmental activities		Business-type activities		Total		(Decrease)
	2022	2021	2022	2021	2022	2021	%
Current and other assets	\$ 63,437,103	53,660,958	2,631,421,392	2,552,647,568	2,694,858,495	2,606,308,526	3.4%
Capital assets	1,617,478	70,760	—	—	1,617,478	70,760	2,185.9%
Total assets	65,054,581	53,731,718	2,631,421,392	2,552,647,568	2,696,475,973	2,606,379,286	3.5%
Deferred Outflows of resources	1,675,859	946,508	—	—	1,675,859	946,508	77.1%
Long-term liabilities outstanding	3,217,685	5,490,730	—	—	3,217,685	5,490,730	(41.4%)
Other liabilities	3,780,580	2,857,929	2,285,295	2,563,950	6,065,875	5,421,879	11.9%
Total liabilities	6,998,265	8,348,659	2,285,295	2,563,950	9,283,560	10,912,609	(14.9%)
Deferred Inflows of resources	3,548,984	1,295,082	—	—	3,548,984	1,295,082	174.0%
Net position:							
Investment in capital assets	1,617,478	70,760	—	—	1,617,478	70,760	2,185.9%
Restricted	46,476,561	38,048,328	2,033,027,210	1,956,581,173	2,079,503,771	1,994,629,501	4.3%
Unrestricted	8,089,152	6,915,397	596,108,887	593,502,445	604,198,039	600,417,842	0.6%
Total net position	\$ 56,183,191	45,034,485	2,629,136,097	2,550,083,618	2,685,319,288	2,595,118,103	3.5%

The Authority's investment in capital assets normally comprises purchases made for securing computer equipment and furniture and fixtures. During fiscal year 2022, the Authority invested in capital improvements to its leased office space of over \$1.4 million. Moreover, significant enhancements to computer technology and office equipment was made for over \$159 thousand. The Authority recognized \$88 thousand in depreciation expense. Thus, the Authority's investment in capital assets increased by greater than \$1.5 million. At year-end, investment in capital assets was over \$1.6 million.

There was an increase in restricted net position of the Authority's governmental activities of approximately \$8.4 million primarily due to an influx of funds to cover federally required match to loan programs.

There was an increase in restricted net position of the Authority's business-type activities of approximately \$76.4 million, a increase of approximately \$2.5 million from the prior year's increase of \$73.9 million, which was primarily held for the use of the Authority's federal loan programs.

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In addition, unrestricted net position increased for the Authority as follows:

- Unrestricted net position for governmental activities increased by over \$1.2 million.
- Unrestricted net position for business-type activities increased by over \$2.6 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				Total		Increase (Decrease)
	Governmental activities		Business-type activities				%
	2022	2021	2022	2021	2022	2021	
Revenues:							
Program revenues:							
Charges for services	\$ 2,528,981	4,370,649	31,109,207	20,953,642	33,638,188	25,324,291	32.8%
Operating grants and contributions	35,452,635	27,129,399	73,173,044	66,571,373	108,625,679	93,700,772	15.9%
General revenues:							
Unrestricted investment earnings	153,820	71,435	—	—	153,820	71,435	115.3%
Other income	660	14,749	273	—	933	14,749	(93.7%)
Total revenues	38,136,096	31,586,232	104,282,524	87,525,015	142,418,620	119,111,247	19.6%
Expenses (net of indirect costs):							
General government	6,026,740	5,305,547	—	—	6,026,740	5,305,547	13.6%
Water & wastewater	12,610,052	11,042,170	12,365,506	12,544,218	24,975,558	23,586,388	5.9%
Outdoor stewardship & land conservation	—	—	9,788,819	4,328,655	9,788,819	4,328,655	126.1%
Energy & environment	10,244,293	10,207,792	—	—	10,244,293	10,207,792	0.4%
Storage tank maintenance	—	—	860,519	904,241	860,519	904,241	(4.8%)
General & administrative	—	—	321,506	230,575	321,506	230,575	39.4%
Total expenses	28,881,085	26,555,509	23,336,350	18,007,689	52,217,435	44,563,198	17.2%
Increase in net position before transfers	9,255,011	5,030,723	80,946,174	69,517,326	90,201,185	74,548,049	21.0%
Transfers	1,893,695	(6,377,348)	(1,893,695)	6,377,348	—	—	—
Increase (decrease) in net position	11,148,706	(1,346,625)	79,052,479	75,894,674	90,201,185	74,548,049	21.0%
Net position - July 1	45,034,485	46,381,110	2,550,083,618	2,474,188,944	2,595,118,103	2,520,570,054	3.0%
Net position - June 30	\$ 56,183,191	45,034,485	2,629,136,097	2,550,083,618	2,685,319,288	2,595,118,103	3.5%

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Governmental Revenues

Charges for services within governmental activities decreased by approximately 42 percent, approximately \$1.8 million. These charges are for administrative fees retained outside of loan programs and are earned based on the value of loans executed during the fiscal year. The value of loans executed during 2022 decreased to \$190.4 million. FY 2021 executions totaled \$275.4 million.

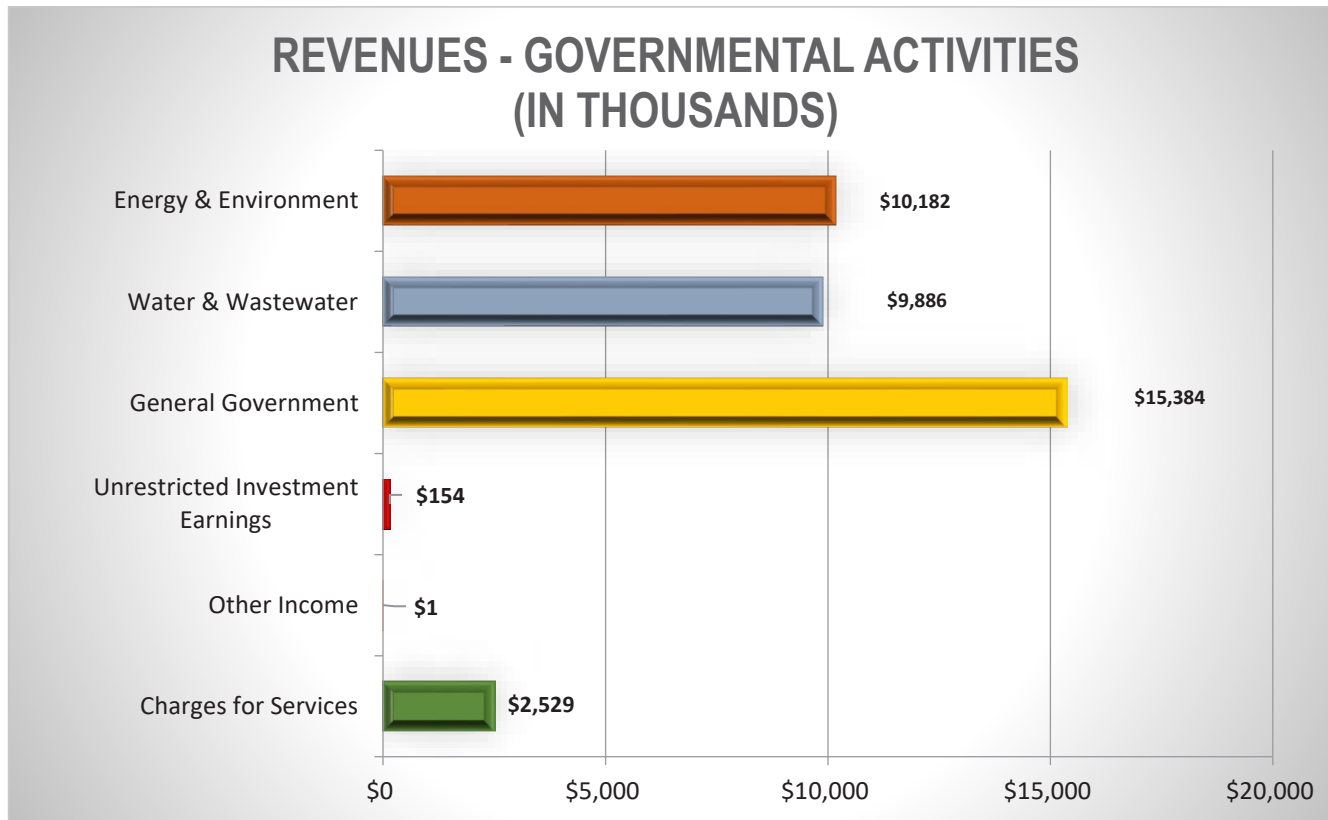
Operating grants and contributions of the Authority's governmental activities increased by \$8.3 million. The majority of this increase was experienced within the match held for transfer to federal programs, which increased by \$5.5 million. The graph on the next page provides an illustration of governmental funds revenues:

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Unrestricted investment earnings of \$154 thousand within governmental activities were reported during the year, more than doubling the 71 thousand in 2021. The increase in investment income is a welcomed sign that the economy is recovering from the sluggish performance the past two years. The Authority relies on investment income to maximize funding available for programs it administers.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

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Management's Discussion and Analysis

(Unaudited)

Governmental Functional Expenses

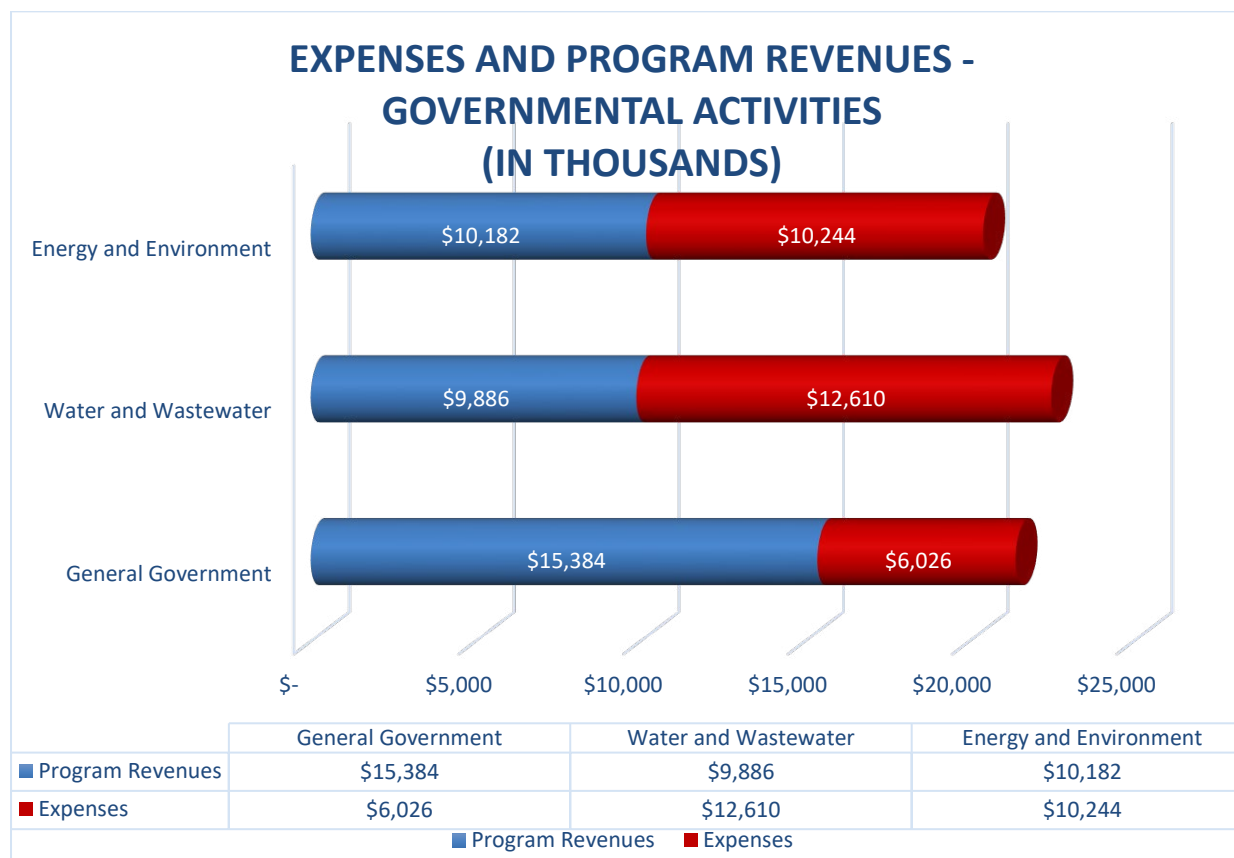
Expenses within the general government function increased by nearly \$721.2 thousand. The increase is mostly attributable to increase costs for furniture purchases, information technology and other office-related charges as the Authority incurred to relocate facilities.

An illustration of governmental functional expenses follows on the next page:

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In addition, there was an increase in the water and wastewater program function expenses of governmental activities of \$1.57 million. The increase is attributable to higher cost in the Authority's three Drinking Water SRF Setaside programs.

The energy and environment function had an increase in expenses of approximately \$36.5 thousand, experiencing relatively level operating results as 2021 .

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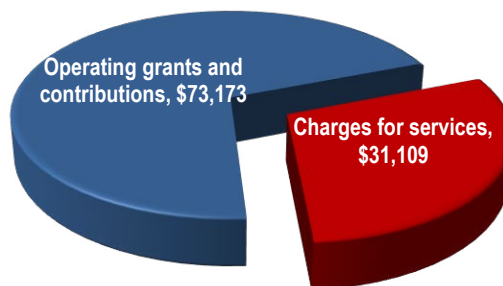
(Unaudited)

Business-type Activities: Revenues vs Expenses

Revenues

Total revenues for the business-type activities for the Authority for the current fiscal year were approximately \$104.3 million, increasing by \$16.8 million. Revenues within charges for services increased by \$10.2 million as the Authority returned to a year of full income recognition based on pre-pandemic relief policies. There was an increase in operating grants and contributions revenue of over \$6.6 million mostly stemming from the highlighted increase in funding to the Georgia Outdoor Stewardship Program.

REVENUES - BUSINESS-TYPE ACTIVITIES (IN THOUSANDS)



Expenses

Expenses within the Authority's business-type activities decreased slightly by approximately \$178 thousand during the current fiscal year within water and wastewater programs.

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Outdoor stewardship and land conservation had a significant increase of almost \$5.5 million. The program is in its third round of projects that have begun spending on a more consistent basis.

The storage tank maintenance program expenses experienced a decrease of approximately \$40 thousand. The decrease is warranted as this line item cost has experienced a negative trend programmatically, having had two years of deficit operating results greater than \$200 thousand.

General and administrative services reflect those expenses incurred by the Authority to execute its business-type activities. These expenses increased by 39 percent from those of the prior year, up by approximately \$90.9 thousand substantially due to increased administrative charges assessed by the Authority to administer the Georgia Outdoor Stewardship Program.

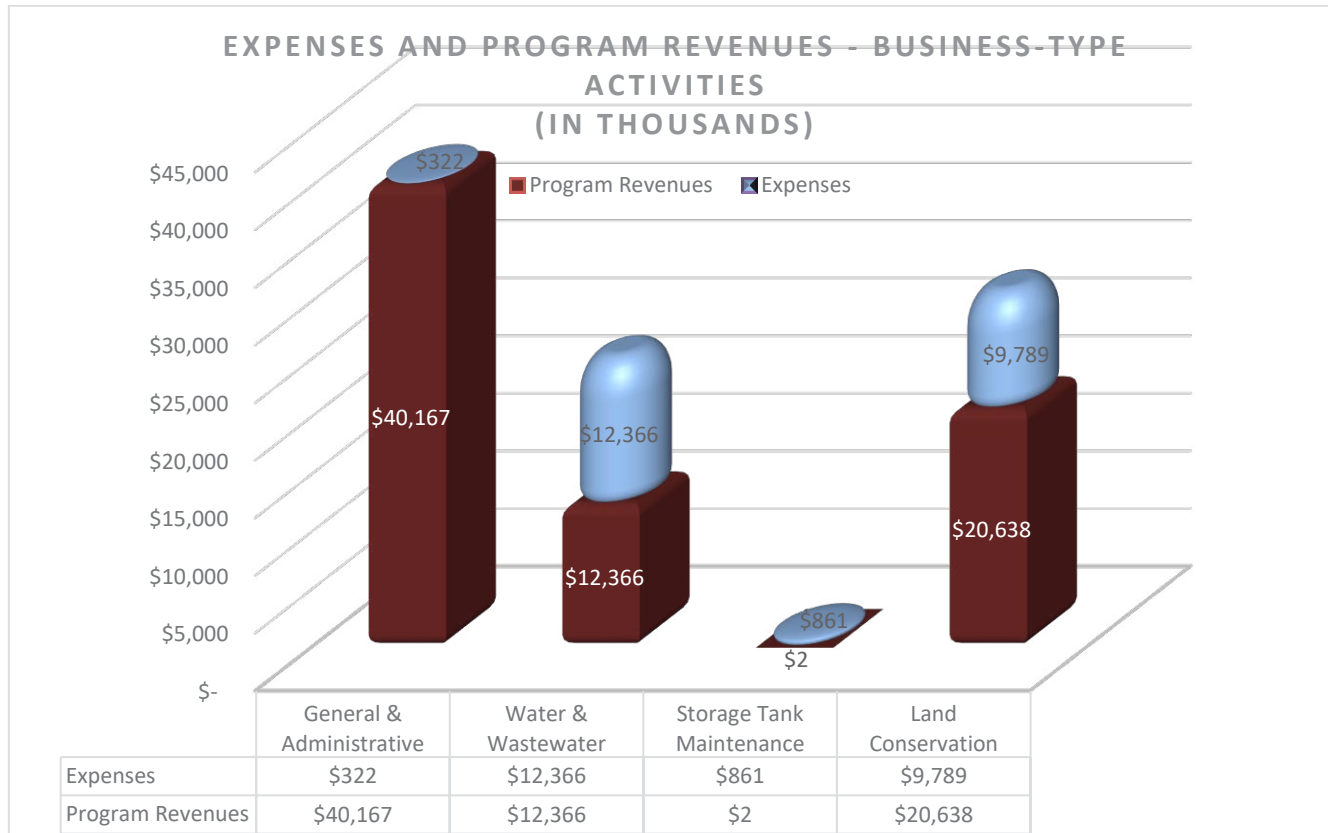
The above details are illustrated in the graph on the next page:

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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 approximately \$58.9 million in fiscal year 2022, compared to approximately \$50.5 million in fiscal year 2021. Of these year-end totals, \$12.4 million for fiscal year 2021 was unassigned and available for continued financing by the Authority.

The total ending fund balances of governmental funds show an increase of \$8.4 million, compared to the decrease experienced in fiscal year 2021 of \$2.1 million. This change is primarily due to increases in transfers of match funds to federal programs.

Major Governmental Funds

The General Fund is the Authority's primary operating fund and the source of daily administrative operations. The General Fund's fund balance increased by approximately \$7 million in fiscal year 2022 as compared to the approximate \$5.3 million decrease from the previous year. The portion of fund balance obligated in the General Fund at year-end was \$12.4 million, approximating unassigned fund balance. The decrease can be attributed to increased activity levels in match-related expenditures for the federal loan programs.

The General Fund's ending unassigned portion of fund balance was \$12.4 million. 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. In addition, based on guidance from the programs, the Clean Water State Revolving Fund and Drinking Water State Revolving Funds may pay for administrative costs of the Authority for purposes that support their respective programs.

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.

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Total expenditures reported within this fund were \$10.1 million. At the end of the fiscal year, \$12.5 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 recipients, rather than a direct contribution from federal or state governments. Another source of income within this fund is income received from investments. The reported fund balance within this fund was approximately \$26 million and is restricted for use. Total expenditures for this fund were \$337.3 thousand. The resulting increase in fund balance is derived from the origination fee charged to specific loan executions, exceeding eligible expenditures to the fund. As the total amount of loans executed or the fee percentage charged fluctuates, the operating result may vary year-to-year. For fiscal year 2022, the origination fee was one percent of each applicable loan amount. To finance general administrative costs and support loan activity, approximately \$442.4 thousand was transferred to the General Fund to cover charges of the Authority associated with its federal Clean Water State Revolving Loan Fund program.

The Drinking Water SRF State Program Setasides Fund serves as a special revenue fund for programs providing federal grant funds for state's operations for oversight provided to various drinking water projects. The Authority reported nearly \$2.4 million in expenditure-driven grant funds, for which revenue and expenditure activity typically nets to zero, and therefore no fund balance has been reported for fiscal year 2022.

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 approximately \$3.7 million in expenditure-driven grant funds, for which revenue and expenditure activity typically nets to zero, and therefore no fund balance has been reported for fiscal year 2022.

The Drinking Water State Revolving Administration Fund is a special revenue fund to report operations for revenues received for the ongoing administrative efforts of the Drinking Water State Revolving Loan Fund. These funds are used to support general operations of the Authority and are received primarily from loan recipients, rather than a direct contribution from federal or state governments. Another source of income within this fund is income received from investments. The reported fund balance within this fund was greater than \$5.2 million and is restricted for use. Total expenditures for this fund were approximately \$244 thousand. The resulting increase in fund balance is derived from the origination fee charged to specific loan executions, exceeding eligible expenditures to the fund. As the total amount of loans executed or the fee percentage charged fluctuates, the operating result may vary year-to-year. For fiscal year 2022, the origination fee was one percent of each applicable loan amount. To finance general administrative costs and support loan activity a little more than

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\$67 thousand was transferred to the General Fund to cover charges of the Authority associated with its federal Drinking Water State Revolving Loan Fund program.

The Appalachian Regional Commission Fund serves as a special revenue fund for programs providing federal grant funds for various infrastructure projects within the Appalachian Region of Georgia. The Authority reported approximately \$3.2 million in expenditure-driven grant funds, for which revenue and expenditure activity typically nets to zero, and therefore no fund balance has been reported for fiscal year 2022.

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, fuel storage tank maintenance, and outdoor stewardship programs. The net position of the proprietary funds increased approximately \$79.1 million from business operations. The total interest income from loans for proprietary funds with a lending component for 2022 was approximately \$29.7 million, an approximate 52 percent increase from the previous year. The increase is mostly attributed return to full income recognition for loan programs and a greater number of larger loans having disbursement activity, thus generating additional accrued construction interest.

The fuel storage tank maintenance program had total revenues of approximately \$1.1 million primarily from fees charged customers for the maintenance of state-owned equipment.

The outdoor stewardship program had total revenues of approximately \$20.6 million mostly from state appropriation intergovernmental transfers from a partner agency.

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. However, because the Authority serves in a fiduciary role for the funds received for the state's outdoor stewardship program that is legislatively assigned to the Georgia Department of Natural Resources, but provides financial oversight responsibilities to the Authority, the net position of this fund is restricted.

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(Unaudited)

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 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, 2022 amounts to approximately \$1.6 million (net of accumulated depreciation). This investment in capital assets includes building improvements, computer 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 52.

Long-term Debt

As of June 30, 2022, as demonstrated in the table below, the Authority had a total of \$3.2 million in outstanding long-term liabilities, a decrease of approximately \$2.2 million. Of this amount, approximately \$149 thousand is due within one year.

GEFA
Long-term Debt Obligations

Governmental Activities	Balance at June 30, 2022	Percentage of Total	Due Within One Year
Compensated absences	\$ 594,698	18%	\$ 148,675
Net OPEB liability	217,331	7%	—
Net pension liability	2,405,656	75%	—
Governmental long-term activities	<u>\$ 3,217,685</u>		<u>\$ 148,675</u>

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(A Component Unit of the State of Georgia)

Management's Discussion and Analysis

(Unaudited)

Additional information regarding the Authority's long-term debt can be found in Note 5, page 48 and Note 8, pages 52-59.

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, Financial Services Division, 47 Trinity Avenue SW, #5, Atlanta, GA 30334-9006.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Statement of Net Position

June 30, 2022

		Primary Government		Component Unit
		Governmental activities	Business-type activities	Ga. Environ. Loan Acq. Corp.
Assets				
Cash	\$	1,649,518	12,383,470	305,174
Investments		52,674,841	1,032,298,117	65,557,370
Due from other governments		6,272,159	1,643,473	—
Internal balances		2,075,998	(2,075,998)	—
Accrued interest receivable		—	4,985,055	63,931
Loans receivable		—	1,582,187,275	17,064,664
Other assets		18,834	—	—
Net OPEB asset		745,753	—	—
Capital assets, net of accumulated depreciation		1,617,478	—	—
Total assets		65,054,581	2,631,421,392	82,991,139
Deferred Outflows of Resources				
Related to other postemployment benefits		210,189	—	—
Related to pensions		1,465,670	—	—
Total deferred outflows of resources		1,675,859	—	—
Liabilities				
Accounts payable and accrued liabilities		3,721,421	2,282,221	9,935
Accrued payroll		30,864	—	—
Due to other governments		28,295	3,074	30
Long-term liabilities:				
Compensated absences - current		148,675	—	—
Compensated absences - noncurrent		446,023	—	—
Net OPEB liability		217,331	—	—
Net pension liability		2,405,656	—	—
Total liabilities		6,998,265	2,285,295	9,965
Deferred Inflows of Resources				
Related to other postemployment benefits		1,307,213	—	—
Related to pensions		2,241,771	—	—
Total deferred inflows of resources		3,548,984	—	—
Net Position				
Investment in capital assets		1,617,478	—	—
Restricted for:				
Grant programs		3,165,641	—	—
Loan programs		43,310,920	2,033,027,210	—
Unrestricted		8,089,152	596,108,887	82,981,174
Total net position	\$	56,183,191	2,629,136,097	82,981,174

See accompanying notes to basic financial statements.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Statement of Activities

Year ended June 30, 2022

Functions/Programs:	Expenses	Program revenues			Net (expense) revenue and changes in net position			
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total	Component Unit
Governmental activities:								
General government	\$ 6,026,740	—	15,384,170	—	9,357,430	—	9,357,430	
Water & wastewater	12,610,052	2,528,981	9,886,280	—	(194,791)	—	(194,791)	
Energy & environment	10,244,293	—	10,182,185	—	(62,108)	—	(62,108)	
Total governmental activities	28,881,085	2,528,981	35,452,635	—	9,100,531	—	9,100,531	
Business-type activities:								
Water & wastewater	12,365,506	—	12,365,506	—	—	—	—	
Storage tank maintenance	860,519	1,059,075	2,259	—	—	200,815	200,815	
Outdoor stewardship & land conservation	9,788,819	—	20,638,011	—	—	10,849,192	10,849,192	
General & administrative	321,506	30,050,132	40,167,268	—	—	69,895,894	69,895,894	
Total business-type activities	23,336,350	31,109,207	73,173,044	—	—	80,945,901	80,945,901	
Total primary government	\$ 52,217,435	33,638,188	108,625,679	—	9,100,531	80,945,901	90,046,432	
Component Unit:								
Georgia Environmental Loan Acquisition Corporation	\$ 21,112	748,951	225,990	—				953,829
Total Component Units	\$ 21,112	748,951	225,990	—				
General revenues:								
Unrestricted investment earnings					\$ 153,820	—	153,820	—
Miscellaneous					660	273	933	—
Transfers					1,893,695	(1,893,695)	—	—
Total general revenues and transfers					2,048,175	(1,893,422)	154,753	953,829
Change in net position					\$ 11,148,706	79,052,479	90,201,185	953,829
Net position – July 1					45,034,485	2,550,083,618	2,595,118,103	82,027,345
Net position – June 30					\$ 56,183,191	2,629,136,097	2,685,319,288	82,981,174

See accompanying notes to basic financial statements.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY
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Balance Sheet
Governmental Funds
June 30, 2022

Assets	General	Weatherization Assistance Program	Clean Water SRF Administration	Drinking Water SRF State Program Setasides	Drinking Water SRF Local Assist Setasides	Drinking Water SRF Administration	Appalachian Regional Commission	Total Nonmajor Governmental Funds	Total Governmental Funds
Cash	\$ 1,470,121	3	4	—	—	25,454	—	153,936	1,649,518
Investments	18,450,856	—	26,674,899	—	—	4,995,221	—	2,553,865	52,674,841
Due from other governments	763,351	2,154,033	25,033	856,199	1,650,658	262,512	243,730	316,643	6,272,159
Due from other funds	4,954,249	67,840	—	—	—	—	—	41,532	5,063,621
Other assets	18,834	—	—	—	—	—	—	—	18,834
Total assets	\$ 25,657,411	2,221,876	26,699,936	856,199	1,650,658	5,283,187	243,730	3,065,976	65,678,973
Liabilities and Fund Balances									
Liabilities:									
Accounts payable and accrued liabilities	\$ 761,031	1,361,326	28,994	317,913	828,605	6,516	243,730	173,306	3,721,421
Accrued payroll	30,864	—	—	—	—	—	—	—	30,864
Due to other governments	28,295	—	—	—	—	—	—	—	28,295
Due to other funds	3,705	848,040	455,066	538,286	822,053	67,013	—	253,460	2,987,623
Total liabilities	823,895	2,209,366	484,060	856,199	1,650,658	73,529	243,730	426,766	6,768,203
Fund balances:									
Restricted for grant programs	513,921	12,510	—	—	—	—	—	2,639,210	3,165,641
Restricted for loan programs	11,885,386	—	26,215,876	—	—	5,209,658	—	—	43,310,920
Unassigned	12,434,209	—	—	—	—	—	—	—	12,434,209
Total fund balances	24,833,516	12,510	26,215,876	—	—	5,209,658	—	2,639,210	58,910,770
Total liabilities and fund balances	\$ 25,657,411	2,221,876	26,699,936	856,199	1,650,658	5,283,187	243,730	3,065,976	

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

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,617,478
Deferred outflows of resources used as contributions related to other postemployment benefits are not reported in governmental funds	210,189
Deferred outflows of resources used as contributions related to pensions are not reported in governmental funds	1,465,670
Deferred inflows of resources used to accumulate other postemployment benefits valuation changes are not reported in governmental funds	(1,307,213)
Deferred inflows of resources used to accumulate pension valuation changes are not reported in governmental funds	(2,241,771)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Net OPEB asset	745,753
Compensated absences	(594,698)
Net OPEB liability	(217,331)
Net pension liability	(2,405,656)
Net position of governmental activities	\$ 56,183,191

See accompanying notes to basic financial statements.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year ended June 30, 2022

	General	Weatherization Assistance Program	Clean Water SRF Administration	Drinking Water SRF State Program Setasides	Drinking Water SRF Local Assist Setasides	Drinking Water SRF Administration	Appalachian Regional Commission	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues:									
State appropriations	\$ 1,179,922	—	—	—	—	—	—	—	1,179,922
State general obligation bond proceeds	12,000,000	—	—	—	—	—	—	—	12,000,000
Administrative fees	11,865	—	1,933,117	—	—	584,000	—	—	2,528,982
Grant revenues	2,204,248	10,077,352	—	2,398,077	3,723,206	—	3,166,955	696,085	22,265,923
Interest income on investments	50,704	—	89,865	—	—	13,250	—	6,789	160,608
Miscellaneous	660	—	—	—	—	—	—	—	660
Total revenues	15,447,399	10,077,352	2,022,982	2,398,077	3,723,206	597,250	3,166,955	702,874	38,136,095
Expenditures:									
Current:									
General government	7,111,959	—	—	—	—	—	—	—	7,111,959
Water and wastewater programs	2,142,428	—	337,342	2,398,077	3,723,206	244,002	3,166,955	598,041	12,610,051
Energy programs	—	10,145,192	—	—	—	—	—	99,100	10,244,292
Capital outlay:									
General government	1,635,255	—	—	—	—	—	—	—	1,635,255
Total expenditures	10,889,642	10,145,192	337,342	2,398,077	3,723,206	244,002	3,166,955	697,141	31,601,557
Excess (deficiency) of revenues over (under) expenditures	4,557,757	(67,840)	1,685,640	—	—	353,248	—	5,733	6,534,538
Other Financing Sources (Uses):									
Transfers in	7,701,695	67,840	—	—	—	—	—	—	7,769,535
Transfers out	(5,298,636)	—	(442,351)	—	—	(67,013)	—	(67,840)	(5,875,840)
Total other financing sources and (uses)	2,403,059	67,840	(442,351)	—	—	(67,013)	—	(67,840)	1,893,695
Net change in fund balances	6,960,816	—	1,243,289	—	—	286,235	—	(62,107)	8,428,233
Fund balances – July 1	17,872,700	12,510	24,972,587	—	—	4,923,423	—	2,701,317	50,482,537
Fund balances – June 30	\$ 24,833,516	12,510	26,215,876	—	—	5,209,658	—	2,639,210	58,910,770

See accompanying notes to basic financial statements.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

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

Year ended June 30, 2022

Net change in fund balances - total governmental funds \$ 8,428,233

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	\$ 1,635,255	
Depreciation Expense	<u>(88,537)</u>	1,546,718

Expenses related to the change in accrued vacation reported in the governmental activities do not require the use of current financial resources and therefore are not reported as expenditures for governmental funds. (46,650)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Changes in the other postemployment benefits liability and related amounts	875,350
Changes in the net pension liability and related amounts	<u>345,055</u>

Change in net position of governmental activities \$ 11,148,706

See accompanying notes to basic financial statements.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Statement of Net Position

Enterprise Funds

June 30, 2022

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	Georgia Outdoor Stewardship Program	Nonmajor Enterprise Funds	Total
Current assets:									
Cash	\$ 2,415,079	96	6,149,367	2,143,285	1,446,166	226,073	—	3,404	12,383,470
Investments	203,956,292	5,415,360	449,256,604	178,237,301	102,531,313	66,944,800	25,382,313	574,134	1,032,298,117
Due from other governments	110,000	1,423,411	—	—	106,312	—	—	3,750	1,643,473
Due from other funds	750	—	3,687	—	18	—	—	—	4,455
Accrued interest receivable	2,451,585	661,888	1,386,907	147,169	287,588	49,918	—	—	4,985,055
Total current assets	208,933,706	7,500,755	456,796,565	180,527,755	104,371,397	67,220,791	25,382,313	581,288	1,051,314,570
Noncurrent assets:									
Loans receivable	290,124,401	91,523,672	833,886,783	69,102,514	253,262,506	44,287,399	—	—	1,582,187,275
Total noncurrent assets	290,124,401	91,523,672	833,886,783	69,102,514	253,262,506	44,287,399	—	—	1,582,187,275
Total assets	499,058,107	99,024,427	1,290,683,348	249,630,269	357,633,903	111,508,190	25,382,313	581,288	2,633,501,845
Liabilities									
Accounts payable and accrued liabilities	6,516	599,972	408,752	—	113,332	307,267	777,683	68,699	2,282,221
Due to other funds	1,229,765	573,500	119,010	—	—	—	84,769	73,409	2,080,453
Due to other governments	—	—	—	—	—	—	—	3,074	3,074
Total liabilities	1,236,281	1,173,472	527,762	—	113,332	307,267	862,452	145,182	4,365,748
Net Position									
Restricted for loan programs	—	—	1,290,155,586	249,630,269	357,520,571	111,200,923	24,519,861	—	2,033,027,210
Unrestricted	497,821,826	97,850,955	—	—	—	—	—	436,106	596,108,887
Total net position	\$ 497,821,826	97,850,955	1,290,155,586	249,630,269	357,520,571	111,200,923	24,519,861	436,106	2,629,136,097

See accompanying notes to basic financial statements.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Enterprise Funds Statement of Revenues, Expenses, and Changes in Net Position Year ended June 30, 2022

	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	Georgia Outdoor Stewardship Program	Nonmajor Enterprise Fund	Total Enterprise Funds
Operating Revenues:									
Charges for services – interest income on loans receivable	\$ 6,221,572	1,309,606	16,496,647	1,879,852	3,216,395	597,479	—	—	29,721,551
Administrative and preventative maintenance fees	328,580	—	—	—	—	—	—	1,059,075	1,387,655
State contract revenues	—	2,343,539	—	—	—	—	20,525,810	—	22,869,349
Contributions and donations	—	—	—	—	—	—	112,201	—	112,201
Miscellaneous	—	161	—	—	65	47	—	—	273
Total operating revenue	6,550,152	3,653,306	16,496,647	1,879,852	3,216,460	597,526	20,638,011	1,059,075	54,091,029
Operating Expenses:									
Water and wastewater programs	—	2,343,539	3,039,922	—	6,292,404	689,641	—	—	12,365,506
Storage tank maintenance programs	—	—	—	—	—	—	—	860,519	860,519
Outdoor stewardship and land conservation	—	—	—	—	—	—	9,788,819	—	9,788,819
General and administrative	213,019	1,831	—	16,366	33	5,355	84,490	412	321,506
Total operating expenses	213,019	2,345,370	3,039,922	16,366	6,292,437	694,996	9,873,309	860,931	23,336,350
Operating income (loss)	6,337,133	1,307,936	13,456,725	1,863,486	(3,075,977)	(97,470)	10,764,702	198,144	30,754,679
Nonoperating Revenues:									
Federal grant contributions	—	—	27,499,168	—	18,835,327	—	—	—	46,334,495
Interest income on investments	746,634	12,892	1,699,626	649,208	427,124	257,525	61,732	2,259	3,857,000
Total nonoperating revenues	746,634	12,892	29,198,794	649,208	19,262,451	257,525	61,732	2,259	50,191,495
Income before transfers	7,083,767	1,320,828	42,655,519	2,512,694	16,186,474	160,055	10,826,434	200,403	80,946,174
Transfers in	—	—	1,038,310	749,752	3,458,838	7,262,413	—	—	12,509,313
Transfers out	(5,544,489)	—	(1,961,741)	(1,038,310)	(1,826,388)	(3,458,838)	(119,175)	(454,067)	(14,403,008)
Changes in net position	1,539,278	1,320,828	41,732,088	2,224,136	17,818,924	3,963,630	10,707,259	(253,664)	79,052,479
Total net position – July 1	496,282,548	96,530,127	1,248,423,498	247,406,133	339,701,647	107,237,293	13,812,602	689,770	2,550,083,618
Total net position – June 30	\$ 497,821,826	97,850,955	1,290,155,586	249,630,269	357,520,571	111,200,923	24,519,861	436,106	2,629,136,097

See accompanying notes to basic financial statements.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Statement of Cash Flows – Proprietary Fund Types – Enterprise Funds

Year ended June 30, 2022

	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	Georgia Outdoor Stewardship Act Program Fund	Nonmajor Enterprise Fund	Total Enterprise Funds
Cash flows from operating activities:									
Interest payments received on loans receivable	\$ 5,805,501	957,249	16,480,944	1,897,333	3,183,940	597,692	—	—	28,922,659
Administrative fee payments	266,640	—	—	—	—	—	—	1,059,075	1,325,715
Contributions from Georgia citizens	—	—	—	—	—	—	112,201	—	112,201
State contract payments	—	2,343,539	—	—	—	—	20,525,810	—	22,869,349
Payments to service providers	(221,107)	(2,830,861)	(2,923,960)	(16,366)	(6,478,976)	(387,729)	(9,863,754)	(892,254)	(23,615,007)
Internal activity – payments from other funds	—	569,896	141,914	476,846	—	5,525	84,769	4,438	1,283,388
Internal activity – payments to other funds	(1,540,528)	—	—	—	(1,068,847)	—	—	—	(2,609,375)
Miscellaneous receipts and changes in due from other governments	(77,675)	(333,560)	(14,726)	—	(28,964)	47	496,873	3,676	45,671
Net cash provided by (used in) operating activities	4,232,831	706,263	13,684,172	2,357,813	(4,392,847)	215,535	11,355,899	174,935	28,334,601
Cash flows from noncapital financing activities:									
Federal grant contributions	—	—	27,499,168	—	18,835,327	—	—	—	46,334,495
Transfers in	—	—	1,038,310	749,752	3,458,838	7,262,414	—	—	12,509,314
Transfers out	(5,544,489)	—	(1,961,741)	(1,038,310)	(1,826,388)	(3,458,838)	(119,175)	(454,067)	(14,403,008)
Net cash provided by (used in) noncapital financing activities	(5,544,489)	—	26,575,737	(288,558)	20,467,777	3,803,576	(119,175)	(454,067)	44,440,801
Cash flows from investing activities:									
Interest income on investments	746,634	12,892	1,699,626	649,208	427,124	257,525	61,732	2,259	3,857,000
Originations of and advances on loans receivable	(14,800,639)	(2,516,602)	(139,346,843)	137,389	(62,579,533)	(8,606,954)	—	—	(227,713,182)
Principal payments received on loans receivable	24,214,104	1,245,357	80,841,137	8,238,562	22,399,085	6,583,564	—	—	143,521,809
Net cash provided by (used in) investing activities	10,160,099	(1,258,353)	(56,806,080)	9,025,159	(39,753,324)	(1,765,865)	61,732	2,259	(80,334,373)
Net increase (decrease) in cash and cash equivalents	8,848,441	(552,090)	(16,546,171)	11,094,414	(23,678,394)	2,253,246	11,298,456	(276,873)	(7,558,971)
Cash and cash equivalents at beginning of year	197,522,930	5,967,546	471,952,142	169,286,172	127,655,873	64,917,627	14,083,857	854,411	1,052,240,558
Cash and cash equivalents at end of year	\$ 206,371,371	5,415,456	455,405,971	180,380,586	103,977,479	67,170,873	25,382,313	577,538	1,044,681,587
Reconciliation to the statement of net position:									
Cash	\$ 2,415,079	96	6,149,367	2,143,285	1,446,166	226,073	—	3,404	12,383,470
Investments	203,956,292	5,415,360	449,256,604	178,237,301	102,531,313	66,944,800	25,382,313	574,134	1,032,298,117
	\$ 206,371,371	5,415,456	455,405,971	180,380,586	103,977,479	67,170,873	25,382,313	577,538	1,044,681,587
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities									
Operating income (loss)	\$ 6,337,133	1,307,936	13,456,725	1,863,486	(3,075,977)	(97,470)	10,764,702	198,144	30,754,679
Change in assets and liabilities:									
Due from other governments	(77,675)	(333,722)	(14,726)	—	(29,029)	—	496,873	3,676	45,397
Accrued interest receivable	(478,012)	(352,356)	(15,704)	17,481	(32,455)	212	—	—	(860,834)
Due from other funds	—	569,896	141,914	476,846	—	5,525	84,769	4,438	1,283,388
Due to other funds	(1,540,528)	—	—	—	(1,068,847)	—	—	—	(2,609,375)
Accrued liabilities	(8,087)	(485,491)	115,963	—	(186,539)	307,268	9,555	(31,323)	(278,654)
Net cash provided by (used in) operating activities	\$ 4,232,831	706,263	13,684,172	2,357,813	(4,392,847)	215,535	11,355,899	174,935	28,334,601

See accompanying notes to basic financial statements.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Notes to Basic Financial Statements

June 30, 2022

(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 (8) members of the Authority's Board and three (3) 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

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Notes to Basic Financial Statements

June 30, 2022

capitalization grants from the EPA under the authority of the Safe Drinking Water Act. To receive capitalization grants from both programs, a recipient state must agree to provide state funds for qualifying projects equal to 20% of the capitalization grant amount. In order to provide the matching requirement for the Clean Water SRF program, the Authority has dedicated qualifying loans from its existing state funded loan portfolio and certain interest earnings on loan repayments and transferred these loans and interest earnings to the SRF. In some instances, the matching requirement is met by amounts appropriated, and paid, by the state, the Authority's current method for meeting the 20% match requirement. The results of these transactions are displayed on the financial statements of the major enterprise funds – the Clean Water State Revolving Loan Fund, the Clean Water State Match Revolving Loan Fund, the Drinking Water State Revolving Loan Fund, and the Drinking Water State Match Revolving Loan Fund.

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

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

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.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Notes to Basic Financial Statements

June 30, 2022

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

Discretely Presented Component Unit

Financial accountability is the ability of the Authority to appoint a voting majority of an organization's governing board and to impose its will upon the organization or when there exists the potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. When the Authority does not appoint a voting majority of organization's governing body, GASB standards require inclusion in the financial reporting entity if an organization is fiscally dependent upon the Authority, its resources are held for the direct benefit of the Authority or can be accessed by the Authority, and a potential financial benefit or burden relationship exists or the relationship is such that it would be misleading to exclude it. In accordance with GASB Statements No. 14 and 61, the Corporation qualifies for treatment as a component unit because it is a legally separate, tax-exempt organization, the majority of whose board is appointed by the Authority, for which the Authority can impose its will on the Corporation by virtue of having the same management personnel, 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, Financial Services Division, 47 Trinity Avenue SW, #5, Atlanta, GA 30334-9006.

(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 deferred outflows and inflows of

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Notes to Basic Financial Statements

June 30, 2022

resources, and the government-wide statement of activities reflects depreciation expenses on the Authority's capital assets and changes in long-term liabilities and deferred outflows and inflows of resources. Also, for the most part, the effect of the interfund activity is removed from these statements. Net position in the statement of net position is distinguished between amounts invested in capital assets (net of any related debt), amounts that are restricted for use by third parties or outside requirements, and amounts that are unrestricted.

The statement of activities demonstrates the degree to which direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers who purchase, use, or benefit from the services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment, and 3) interest income that is restricted for use on a particular function or segment. Unrestricted interest income and other items not properly included among program revenues are reported as general revenues.

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

(c) *Measurement Focus, Basis of Accounting, and Financial Statement Presentation*

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

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 90 days of the end of the current fiscal year. 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

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Notes to Basic Financial Statements

June 30, 2022

are recognized as revenue when the qualifying expenditures have been incurred and all other grant certifications and requirements have been met.

The Authority reports the following major governmental funds:

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

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

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

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

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

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Notes to Basic Financial Statements

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

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 economy; (3) develop and improve Appalachia's infrastructure to make the Region economically competitive; and (4) build the Appalachian Development Highway System to reduce Appalachia's isolation.

The Authority reports the following major enterprise funds:

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

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

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

Clean Water State Match Revolving Loan Fund – This fund is used to account for the state's matching portion to provide for loans for wastewater treatment projects like the Clean Water State Revolving Loan Fund. The federal government requires the state to match 20% of the funds contributed to the Clean Water SRF in order to receive the full funding available for wastewater

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treatment projects. The original funding for these loans is provided by the State. The fund's revenues are derived from interest income on loans receivable and interest income on investments.

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

Drinking Water State Match Revolving Loan Fund - This fund is used to account for the state's matching portion to provide for loans for drinking water treatment projects like 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.

Georgia Outdoor Stewardship Act Program Fund - This fund is used to account for activities and monies associated with funds provided by taxes derived for the purposes of the Georgia Outdoor Stewardship Program. It provides grants and loans approved by the Georgia Department of Natural Resources and authorized by The Georgia Outdoor Stewardship Act. Program funds will be disbursed for the purpose of providing stewardship to state parks; state lands and wildlife management areas; to support local parks and trails; and to protect critical conservation lands. Eligible applicants include qualified local governments (as determined by the Department of Community Affairs), constituted recreation authorities, state agencies and nongovernmental entities with a core mission of conservation.

As a 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

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administrative expenses of administering the programs. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. General administrative overhead expenses are recorded in the general government function within the governmental activities.

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

(d) Cash Equivalents

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

(e) Loans Receivable

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

The evaluation of the need for an allowance for loan losses is based on management's evaluation of the loan portfolio, current economic conditions, payment history and other such factors which, in management's judgment, deserve recognition in estimating loan losses. As of June 30, 2022, the Authority does not have a basis for establishing such a provision based on these criteria.

(f) Interfund Activity

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

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(g) *Due from Other Governments*

Due from other governments includes the following:

as of June 30, 2022	
<u>Entity or Entity Type</u>	<u>Amount</u>
State of Georgia Local Governments	\$ 397,943
State of Georgia State Organizations	3,166,080
U. S. Appalachian Regional Commission	309,707
U. S. Department of Energy	757,097
U. S. Environmental Protection Agency	3,284,805
Total	<u>\$ 7,915,632</u>

(h) *Due to Other Governments*

Due to other governments includes the following:

as of June 30, 2022	
<u>Entity or Entity Type</u>	<u>Amount</u>
State of Georgia State Organizations	\$ 31,369
Total	<u>\$ 31,369</u>

(i) *Capital Assets*

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

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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
Building Improvements	10
Computer equipment	5
Furniture and fixtures	5

(j) Investments

Investments consist of funds on deposit in the Georgia Fund 1 and the Georgia Fund 1 Plus, which are State of Georgia investment pools. The Georgia Fund 1 and Georgia Fund 1 Plus are external investment pools managed by the State of Georgia's Office of the State Treasurer. The Georgia Fund 1 and Georgia Fund 1 Plus, created by OCGA 36-83-8, are stable asset value investment pools, which follow Standard and Poor's criteria for AAAf rated money market funds and are regulated by the Georgia Office of the State Treasurer. The pools are not registered with the SEC as an investment company. The pools' 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 pools distribute earnings (net of management fees) on a monthly basis and determine participants' shares sold and redeemed based on \$1 per share. The pools also adjust the values of their investments to fair value as of year-end, and the Authority's investments in the Georgia Fund 1 and Georgia Fund 1 Plus are reported at fair value.

(k) Income Taxes

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

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(l) *Compensated Absences*

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

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

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only "when due."

(m) *Risk Management*

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

The Authority is a member of the State of Georgia Insurance Fund, a public entity risk pool currently operating as a common risk management and insurance program for various state agencies. The Authority pays an annual premium to the state for its insurance coverage. For the year ended June 30, 2022, the Authority paid premiums totaling \$22,985, which included premiums for cyber insurance.

(n) *Fund Equity*

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

- (a) Investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other debt attributable to the acquisition, construction, or improvement of those assets, if any.

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

(o) **Management Estimates**

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

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(p) *Future Accounting Pronouncements*

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

Statement		Effective Date June 30
No. 91	Conduit Debt Obligations	2023
No. 94	Public-Private and Public-Public Partnerships and Availability Payment Arrangements	2023
No. 96	Subscription-Based Information Technology Arrangements	2023
No. 99	Omnibus 2022	2022, 2023, 2024
No. 100	Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62	2024
No. 101	Compensated Absences	2025

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

(q) *Pensions*

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

(r) *Other Post-employment Benefits*

For purposes of measuring the net OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Georgia State Employees Postemployment Benefit

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Fund (State OPEB Fund) and the State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB) and additions to/deductions from the State OPEB Fund's and SEAD-OPEB's fiduciary net position have been determined on the same basis as they are reported by the State OPEB Fund and SEAD-OPEB. For this purpose, benefit payments 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 in full a state appropriation of \$1,179,922 and general obligation bond proceeds of \$12,000,000 for fiscal year 2022.

(3) Deposits and Investments

Primary Government

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of bank failure, the Authority's deposits may not be returned to it. The Authority has a formal deposit policy with its selected custodian, or an agent acting on behalf of the custodian, for custodial credit risk as required by the State of Georgia which insures balances over the FDIC insurance at 110% of that overage. The Authority's bank balances at June 30, 2022 of \$14,037,067, with a carrying value of \$14,032,988, were entirely insured by FDIC insurance or collateralized by investment securities held by the Authority's agent in the Authority's name.

Investments

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

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As shown below, the Authority's investments at June 30, 2022 were categorized by credit risk as follows:

Investment	Fair Value	Duration (Years)	Credit Quality
Georgia Fund 1	\$268,814,041	0.12	AAAf
Georgia Fund 1 Plus	816,158,917	0.40	Not Rated
Total fair value	\$1,084,972,958		

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, 2022, interest rate risk is represented in the above table as "Duration (Years)" 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 and Georgia Fund 1 Plus. 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, 2022.

Fair Value Measurements – 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 and Georgia Fund 1 Plus are investment pools that do not meet the criteria of GASB Statement No. 79 and are 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 or Georgia Fund 1 Plus 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

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110% of that overage. The Corporation's bank balances of \$305,174 on June 30, 2022 were entirely insured by FDIC insurance or collateralized by investment securities held by the Corporation's agent in the Corporation's name.

Investments

Credit Risk – 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, 2022 were categorized by credit risk as follows:

Investment	Fair Value	Duration (Years)	Credit Quality
Georgia Fund 1	\$25,466,017	0.12	AAAf
Georgia Fund 1 Plus	40,091,353	0.40	Not Rated
Total fair value	\$65,557,370		

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, 2022, interest rate risk is represented in the above table as "Duration (Years)" 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 and Georgia Fund 1 Plus. 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.

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Fair Value Measurements – 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 and Georgia Fund 1 Plus are investment pools that do not meet the criteria of GASB Statement No. 79 and are 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 or Georgia Fund 1 Plus within the fair value hierarchy.

(4) Loans Receivable

Loans receivable at June 30, 2022 are summarized as follows:

Classification	Amount
Water and wastewater facility and conservation projects	\$2,383,224,936
Undisbursed portion of projects in process	(801,037,661)
Unpaid principal balance	\$1,582,187,275

At June 30, 2022, the Authority had commitments to fund projects, excluding the undisbursed portion of loans in process, totaling \$182,574,938.

In accordance with certain loan programs, the Authority expensed a forgiven portion of loans in the amount of \$3,039,922 in the Clean Water State Revolving Loan Fund and \$6,950,869 in the Drinking Water State Revolving Loan Fund during fiscal year 2022. The Authority is managing a Small and Disadvantaged Communities Drinking Water Grant Program. During fiscal year 2022, there was \$31,176 expensed for this program to its awarded recipient.

Additionally, the Authority provided grant funds from the Appalachian Regional Commission in the amount of \$3,166,955 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

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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) Long-Term Liabilities

Primary Government

Compensated Absences:

The Authority had \$89,652 in additions that were included in compensated absences representative of vacation pay earned by employees or addition of new staff and reductions of \$43,002 to compensated absences due to employee terminations or vacation hours used by employees. Compensated absences, as well as the net OPEB and pension liabilities, 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, 2022, was as follows:

Description	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amount due within one year
Governmental activities					
Compensated absences	\$ 548,048	89,652	43,002	594,698	148,675
Net OPEB liability	827,156	537,375	1,147,200	217,331	—
Net pension liability	4,115,526	1,179,651	2,889,521	2,405,656	—
Total Governmental activities	<u>\$ 5,490,730</u>	<u>1,806,678</u>	<u>4,079,723</u>	<u>3,217,685</u>	<u>148,675</u>

(6) Interfund Receivables, Payables and Transfers

Interfund activity as of June 30, 2022, is as follows:

Due from/to other funds:

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Receivable Fund	Payable Fund	Amount
General Fund	Weatherization Assistance Program	\$ 848,040
	Clean Water SRF Administration	455,066
	Drinking Water SRF State Program Setasides	538,286
	Drinking Water SRF Local Assist Setasides	822,053
	Drinking Water SRF Administration	67,013
	Nonmajor governmental funds	143,338
	Georgia Fund	1,229,765
	Georgia Reservoir Fund	573,500
	Clean Water State Revolving Loan Fund	119,010
	Georgia Outdoor Stewardship Program Act Fund	84,769
	Nonmajor enterprise funds	73,409
Nonmajor governmental funds	Nonmajor governmental funds	41,532
Weatherization Assistance Program	Nonmajor governmental funds	67,840
Georgia Fund	Nonmajor governmental funds	750
Clean Water State Revolving Loan Fund	General Fund	3,687
Drinking Water State Revolving Loan Fund	General Fund	18
	Total	\$ 5,068,076

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".

The General Fund is owed funds from the Weatherization Assistance Program, Clean Water SRF Administration, Drinking Water SRF State Program Setasides, Drinking Water SRF State Local Assistance, Drinking Water SRF Administration, nonmajor governmental funds, Georgia Fund, Georgia Reservoir Fund, Clean Water State Revolving Loan Fund, Georgia Outdoor Stewardship Program Act Fund, and nonmajor enterprise funds because the Authority uses a pooled cash interfund account that resides on the General Fund. The payable

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funds will have cash replenished upon billing federal and state partners for reimbursement or as funds are settled for administrative costs due the General Fund.

Nonmajor governmental funds are due funds from other nonmajor governmental funds as allowable expenditures are paid and funds are transferred to reimburse those charges.

The Weatherization Assistance Program is owed funds from nonmajor governmental funds to reimburse expenditures related to a client home that could not be charged to a federal grant fund source.

The Georgia Fund is owed funds to nonmajor governmental funds for an energy-related expenditure to settle required matching funds.

The Clean Water State Revolving Loan Fund and the Drinking Water Revolving Loan Fund are owed funds for administrative investment fees charged to the program within the General Fund and subsequently transferred into their respective loan program enterprise funds.

Interfund transfers:

Transfers-in Fund	Transfers-out Fund	Amount
General Fund	Clean Water SRF Administration	\$ 442,351
	Drinking Water SRF Administration	67,013
	Georgia Fund	5,544,489
	Clean Water State Revolving Loan Fund	1,074,600
	Georgia Outdoor Stewardship Program	119,175
	Nonmajor enterprise funds	454,067
Weatherization Assistance Program	Nonmajor governmental funds	67,840
Clean Water State Revolving Loan Fund	Clean Water State Match Revolving Loan Fund	1,038,310
Clean Water State Match Revolving Loan Fund	General Fund (Refund Offset)	(137,389)
	Clean Water State Revolving Loan Fund	887,141
Drinking Water State Revolving Loan Fund	Drinking Water State Match Revolving Loan Fund	3,458,838
Drinking Water State Match Revolving Loan Fund	General Fund	5,436,025
	Drinking Water State Revolving Loan Fund	1,826,388
Total		\$ 20,278,848

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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.

The General Fund received transfers-in from the Clean Water SRF Administration, Drinking Water SRF Administration, Georgia Fund, Clean Water State Revolving Loan Fund, Georgia Outdoor Stewardship Program and nonmajor enterprise funds to reimburse expenditures for administrative purposes.

The Weatherization Assistance Program received transfers-in from nonmajor governments funds to reimburse expenditures related to a client home that could not be charged to a federal grant fund source.

The Clean Water State Match Revolving Loan Fund received transfers-in from the Clean Water State Revolving Loan Fund to account for loan proportionally adjustments, net of a corrective entry for a General Fund refund.

The Drinking Water State Revolving Loan Fund received transfers-in from the Drinking Water State Match Revolving Loan Fund to account for loan proportionality adjustments.

The Drinking Water State Match Revolving Loan Fund received transfers-in from the General Fund to satisfy federal match requirements for loans. In addition, it received transfers-in from the Drinking Water State Revolving Loan Fund for loan proportionality adjustments.

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(7) Capital Assets

The Authority's capital asset activity for the year ended June 30, 2022 was as follows:

Asset category	Balance June 30, 2021	Additions	Asset Category Change	Deletions	Balance June 30, 2022
Cost:					
Building Improvements	\$ —	1,475,983	—	—	1,475,983
Computer equipment	460,354	59,333	(6,056)	—	513,631
Fixtures & office equipment	209,168	99,939	6,056	—	315,163
Total cost	669,522	1,635,255	—	—	2,304,777
Accumulated depreciation:					
Building Improvements	—	36,900	—	—	36,900
Computer equipment	400,521	39,100	(6,056)	—	433,565
Fixtures & office equipment	198,241	12,537	6,056	—	216,834
Total accumulated depreciation	598,762	88,537	—	—	687,299
Total net capital assets \$	70,760	1,546,718	—	—	1,617,478

Depreciation expense of \$88,537 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.

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Employees' Retirement System of Georgia

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

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available for distribution of the member's monthly pension, at reduced rates, to a designated beneficiary upon the member's death. Death and disability benefits are also available through ERS.

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

Members become vested after 10 years of service. Upon termination of employment, member contributions with accumulated interest are refundable upon request by the member. However, if an otherwise vested 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, 2022 was 24.66% of annual covered payroll for old and new plan members and 21.57% for GSEPS members. The Authority's contributions to ERS totaled \$591,177 for the year ended June 30, 2022. 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, 2022, the Authority reported a liability for its proportionate share of the net pension liability in the amount of \$2,405,656. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was based on an actuarial valuation as of June 30, 2020. An expected total pension liability as of June 30, 2021 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, 2021. At June 30, 2021, the Authority's proportion was 0.102854%, which was an increase of .005213% from its proportion measured as of June 30, 2020.

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For the year ended June 30, 2022, the Authority recognized pension expense of \$246,122. At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 56,930	—
Changes of assumptions	692,761	—
Net difference between projected and actual earnings on pension plan investments	—	2,223,398
Changes in proportion and differences between Authority contributions and proportionate share of contributions	124,801	18,373
Employer contributions subsequent to measurement date	591,178	—
Total	<u>\$ 1,465,670</u>	<u>2,241,771</u>

Authority contributions subsequent to the measurement date of \$591,178 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:

2023	\$41,417
2024	(274,478)
2025	(540,332)
2026	(593,886)
2027	0
Thereafter	0
Total	<u>(\$1,367,279)</u>

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Actuarial assumptions: The total pension liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00 - 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward(+)/ Setback (-)	Adjustment To Rates
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

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

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The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	(1.50)%
Domestic large equities	46.40	9.20
Domestic small equities	1.10	13.40
International developed market equities	11.70	9.20
International emerging market equities	5.80	10.40
Alternatives	5.00	10.60
Total	100.00%	

* Rates shown are net of the 2.50% assumed rate of inflation

Discount rate: The discount rate used to measure the total pension liability was 7.00%, a decrease from the 7.30% rate in the prior period. 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 7.00 %, 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 (6.00 %) or 1-percentage-point higher (8.00 %) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Authority's proportionate share of the net pension liability	\$ 4,408,309	2,405,656	711,968

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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 publicly available at www.ers.ga.gov/financials.

The Authority had \$57,123 payable to the pension plan as of June 30, 2022.

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.

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

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

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

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

The Authority's employer and employee GSEPS contributions were as follows for the last three years:

Year	Annual Employer Contribution	Annual Employee Contribution
2022	\$ 34,445	\$ 68,556
2021	36,611	70,880
2020	33,081	56,529

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(9) Other Post-employment Benefits

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

Administered by Department of Community Health (DCH):

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

Administered by the System:

State Employees' Assurance Department (SEAD)

– For retired and vested inactive (SEAD-OPEB)

Effective July 1, 2017, the Authority implemented the provisions of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly changed the Authority's accounting for OPEB amounts. The information disclosed in this note is presented in accordance with this new standard.

The net OPEB asset, net OPEB liability, and related deferred outflows of resources, deferred inflows of resources, and OPEB Expense for the plans are summarized below.

	State OPEB Fund	SEAD-OPEB	Total
Net OPEB asset	\$ —	(\$745,753)	(\$745,753)
Net OPEB liability	\$217,331	\$ —	\$217,331
Deferred outflows of resources related to OPEB	\$210,189	\$ —	\$210,189
Deferred inflows of resources related to OPEB	\$1,019,387	\$287,826	\$1,307,213
OPEB Expense	(\$635,611)	(\$131,119)	(\$766,730)

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

Plan Description:

Employees of State organizations as defined in §45-18-25 of the *Official Code of Georgia Annotated* (O.C.G.A.) are provided OPEB through the State OPEB Fund - a cost-sharing multiple-employer defined benefit postemployment healthcare plan, reported as an employee trust fund of the State of Georgia and administered by a Board of Community Health (Board). Title 45 of the O.C.G.A. assigns the authority to establish and amend the benefit terms of the group health plan to the Board. The State OPEB Fund is included in the State of Georgia Annual Comprehensive Financial Report which is publicly available and can be obtained at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

Benefits:

The State OPEB Fund provides healthcare benefits for retirees and their dependents due under the group health plan for employees of State organizations (including technical colleges) and other entities authorized by law to contract with the State of Georgia Department of Community Health (DCH) for inclusion in the plan. Retiree medical eligibility is attained when an employee retires and is immediately eligible to draw a retirement annuity from Employees' Retirement System (ERS), Georgia Judicial Retirement System (JRS), Legislative Retirement System (LRS), Teachers Retirement System (TRS) or Public School Employees Retirement System (PSERS). If elected, dependent coverage starts on the same day as retiree coverage. Medicare-eligible retirees are offered Standard and Premium Medicare Advantage plan options. Non-Medicare eligible retiree plan options include Health Reimbursement Arrangement (HRA), Health Maintenance Organization (HMO) and a High Deductible Health Plan (HDHP). The State OPEB Fund also pays for administrative expenses of the fund. By law, no other use of the assets of the State OPEB Fund is permitted.

Contributions:

As established by the Board of Community Health, the State OPEB Fund is substantially funded on a pay-as-you-go basis; that is, annual cost of providing benefits will be financed in the same year as claims occur. Contributions required and made to the State OPEB Fund from the Authority were \$108,629 for the year ended June 30, 2022. Active employees are not required to contribute to the State OPEB Fund.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the Authority reported a liability of \$217,331 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The Authority's proportion of the net OPEB liability was actuarially determined based on employer contributions to the State OPEB Fund during the fiscal year ended June 30, 2021. At June 30 2021, the Authority's proportion was 0.079071%, which was an increase of 0.005572% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Authority recognized OPEB expense of (\$635,611). At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 585,181
Changes in plan assumptions	11,231	229,104
Net difference between projected and actual earnings on OPEB plan investments	-	37,992
Changes in proportion and differences between Authority contributions and proportionate share of contributions	90,329	167,110
Authority contributions subsequent to the measurement date	108,629	-
Total	<u>\$ 210,189</u>	<u>\$ 1,019,387</u>

Authority contributions subsequent to the measurement date of \$108,629 are reported as deferred outflows of resources and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2023	\$ (505,216)
2024	(239,997)
2025	(120,738)
2026	(51,876)
2027	-
Thereafter	-
Total	<u>\$ (917,827)</u>

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Actuarial assumptions:

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

Inflation	2.50%
Salary increases	3.00 - 6.75%, including inflation
Long-term expected rate of return	7.00%, compounded annually, net of investment expense, and including inflation
Healthcare cost trend rate	Pre-Medicare Eligible - 6.750% Medicare Eligible - 5.125%
Ultimate trend rate	Pre-Medicare Eligible - 4.50% Medicare Eligible - 4.50%
Year of Ultimate trend rate	Pre-Medicare Eligible - 2029 Medicare Eligible - 2023

Post-retirement mortality rates for service retirements were based on the Pub-2010 General Healthy Annuitant Mortality Table (ages set forward one year and adjusted 105% for males and 108% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for disability retirements were based on the Pub-2010 General Disabled Mortality Table (ages set back three years for males and adjusted 103% for males and 106% for females) with the MP-2019 Projection scale applied generationally. Post-retirement mortality rates for beneficiaries were based on the Pub-2010 General Contingent Survivor Mortality Table (ages set forward two years and adjusted 106% for males and 158% for females) with the MP-2019 Projection scale applied generationally.

The actuarial assumptions used in the June 30, 2020 valuation are based on the results of the most recent actuarial experience studies for the pension systems, which covered the five-year period ending June 30, 2019 and adopted by the pension Board on December 17, 2020.

The remaining actuarial assumptions (e.g., initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2020 valuation were based on a review of recent plan experience done concurrently with the June 30, 2020 valuation.

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Projection of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculation.

The long-term expected rate of return on OPEB plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected nominal returns, net of 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 the major asset class is summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return*
Fixed income	30.00%	0.14%
Equities	70.00%	9.20%
Total	100.00%	

* Rates shown are net of 2.50% rate of inflation

Discount rate:

In order to measure the total OPEB liability, as of June 30, 2021, for the State OPEB fund, a single equivalent interest rate of 7.00% was used, as compared with last year's discount rate of 7.06%. This is comprised of the yield or index rate for 20-year tax-exempt general obligation bonds with an average rating of AA or higher (2.16% per the Municipal Bond Index Rate) along with other factors. The projection of cash flows used to determine the discount rate assumed that contributions from members and from the employer will be made at the current level as leveraged over the last five years, adjusted for annual projected changes in headcount. Projected future benefit payments for all current plan members were projected through 2145.

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Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the discount rate:

The following presents the collective net OPEB liability of the participating employers calculated using the discount rate of 7.00% as well as what the collective net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current discount rate (amounts in thousands):

	<u>1% Decrease (6.00%)</u>	<u>Current discount rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Authority's proportionate share of the net OPEB liability	\$ 382,455	\$ 217,331	\$ 74,631

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the healthcare cost trend rate:

The following presents the collective net OPEB liability of the participating employers, as well as what the collective net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates (amounts in thousands):

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Authority's proportionate share of the net OPEB liability	\$ 50,734	\$ 217,331	\$ 412,681

Detailed information about the OPEB plan's fiduciary net position is available in the Annual Comprehensive Financial Report (ACFR) which is publicly available at <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

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State Employees' Assurance Department Retired and Vested Inactive Members Trust Fund (SEAD-OPEB): Plan Description:

SEAD-OPEB was created in 2007 by the Georgia General Assembly to amend Title 47 of the O.C.G.A., related to retirement, so as to establish a fund for the provision of term life insurance to retire and vested inactive members of ERS, LRS, and GJRS. The plan is a cost-sharing multiple-employer defined benefit other postemployment benefit plan. Title 47 of the O.C.G.A. assigns the authority to establish and amend the benefit terms to a Board of Trustees for the SEAD-OPEB. The SEAD-OPEB trust fund accumulates the premiums received from the aforementioned retirement plans, including interest earned on deposits and investments of such payments. The SEAD-OPEB trust fund is included in ERS financial statements which are publicly available and can be obtained at www.ers.ga.gov/formspubs/formspubs.

Benefits:

Members in the ERS prior to January 1, 2009 and members in LRS or GJRS prior to July 1, 2009 are eligible for participation in the SEAD-OPEB plan. Effective July 1, 2009, no newly hired members of any Georgia public retirement system are eligible for term life insurance under the 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 in effect at age 60 or at termination, if earlier. Life insurance proceeds are paid in a lump sum to the beneficiary upon death of the retiree.

Contributions:

Georgia law provides that employee contributions to the plan shall be in an amount established by the Board of Trustees not to exceed one-half of 1% of the member's earnable compensation. Georgia law also establishes that the Board of Trustees determines the amount of any required contributions from the employer. There were no employer contributions required or made for the fiscal year ended June 30, 2022.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2022, the Authority reported an asset of \$745,753 for its proportionate share of the net OPEB asset. The net OPEB asset was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB asset was based on an actuarial valuation as of June 30, 2020. An expected total OPEB liability as of June 30, 2021 was determined using standard roll-forward techniques. The Authority's proportion of the net OPEB asset was actuarially determined based on member salaries reported to the SEAD-OPEB during the fiscal year ended June 30, 2021. At June 30 2021, the Authority's proportion was 0.121098%, which was an increase of 0.008256% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Authority recognized OPEB expense of (\$131,119). At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,225
Changes in plan assumptions	-	23,248
Net difference between projected and actual earnings on OPEB plan investments	-	248,855
Changes in proportion and differences between Authority contributions and proportionate share of contributions	-	13,498
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ -</u>	<u>\$ 287,826</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30:	
2023	\$ (99,024)
2024	(62,278)
2025	(60,442)
2026	(66,082)
2027	-
Thereafter	-
Total	<u>\$ (287,826)</u>

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Actuarial assumptions:

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.00 - 6.75%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation
Healthcare cost trend rate	N/A

Mortality rates are as follows:

- The Pub-2010 General Employee Table, with no adjustments, projected generationally with the MP-2019 scale is used for both males and females while in active service.
- The Pub-2010 Family of Tables projected generationally with the MP-2019 Scale and with further adjustments are used for post-retirement mortality assumptions as follows:

Participant Type	Membership Table	Set Forward(+)/ Setback (-)	Adjustment To Rates
Service Retirees	General Healthy Annuitant	Male: +1; Female: +1	Male: 105%; Female: 108%
Disability Retirees	General Disabled	Male: -3; Female: 0	Male: 103%; Female: 106%
Beneficiaries	General Contingent Survivors	Male: +2; Female: +2	Male: 106%; Female: 105%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 – June 30, 2019.

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are

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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:

<u>Asset class</u>	<u>Target allocation</u>	<u>Long-term expected real rate of return*</u>
Fixed income	30.00%	(1.50%)
Domestic large equities	46.40	9.20
Domestic small equities	1.10	13.40
International developed market equities	11.70	9.20
International emerging market equities	5.80	10.40
Alternatives	5.00	10.60
Total	100.00%	

* Rates shown are net of inflation of 2.50%

Discount rate:

The discount rate used to measure the total OPEB liability was 7.00%, a decrease from the 7.30% rate used in the prior year. 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 employer 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 OPEB 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Sensitivity of the Authority's proportionate share of the net OPEB liability to changes in the discount rate:

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 7.00%, as well as what the Authority's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current discount rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Authority's proportionate share of the net OPEB liability (asset)	\$ (586,528)	\$ (745,753)	\$ (875,765)

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Notes to Basic Financial Statements

June 30, 2022

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued ERS Annual Comprehensive Financial Report which is publicly available at www.ers.ga.gov/financials.

(10) Lease Commitments

The Authority relocated office space during the current fiscal year to state-owned facilities. As such, the Authority has negotiated a twelve-month intergovernmental agreement with another state authority. The agreement does not convey the right to use facilities beyond an annual period.

Lease Fiscal Year	Amount
2023	\$ 349,193

Total expenses for rental of office space for the year ended June 30, 2022 were \$400,924.

(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 experience of the review of claims and judgments, it has been determined that there were no material claims and judgments outstanding at June 30, 2022. In addition, management believes there were no material violations of finance-related legal or contractual provisions by the Authority during the current fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

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GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

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

	2022	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.102854%	0.097641%	0.099912%	0.107992%	0.114292%	0.126735%	0.128659%	0.122178%
Authority's proportionate share of the net pension liability	\$2,405,656	\$4,115,526	\$4,122,900	\$4,439,587	\$4,641,781	\$5,995,098	\$5,212,488	\$4,582,430
Authority's covered payroll during the measurement period	\$2,630,633	\$2,617,732	\$2,672,774	\$2,893,545	\$2,928,171	\$3,077,893	\$3,074,356	\$2,902,532
Authority's proportionate share of the net pension liability as a percentage of its covered payroll	91.45%	157.22%	154.26%	153.43%	158.52%	194.78%	169.55%	157.88%
Plan fiduciary net position as a percentage of the total pension liability	87.62%	76.21%	76.74%	76.68%	76.33%	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.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Required Supplementary Information Schedule of Authority's Contributions Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$591,178	\$607,990	\$607,084	\$624,077	\$683,396	\$697,566	\$728,438	\$645,978	\$507,851	\$424,094
Contributions in relation to the contractually required contribution	\$591,178	\$607,990	\$607,084	\$624,077	\$683,396	\$697,566	\$728,438	\$645,978	\$507,851	\$424,094
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Authority's covered payroll during the current fiscal year	\$2,552,888	\$2,630,633	\$2,617,732	\$2,672,774	\$2,893,545	\$2,928,171	\$3,077,893	\$3,074,356	\$2,902,532	\$3,085,566
Contributions as a percentage of its covered payroll	23.16%	23.11%	23.19%	23.35%	23.62%	23.82%	23.67%	21.01%	17.50%	13.74%

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

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Notes to Required Supplementary Information

For the Year Ended June 30, 2022

Changes of assumptions: In 2010 and later, the expectation of retired life mortality was changed to the RP-2000 Mortality Tables rather than the 1994 Group Annuity Mortality Table, which was used prior to 2010. In 2010, rates of withdrawal, retirement, disability, and mortality were adjusted to reflect actual experience more closely. In 2010, assumed rates of salary increase were adjusted to reflect actual and anticipated experience more closely.

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. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).

A new funding policy was initially adopted by the Board on March 15, 2018, and most recently amended on June 18, 2020. Because of this new funding policy, the assumed investment rate of return was reduced from 7.50% to 7.40% for the June 30, 2017 actuarial valuation and further reduced from 7.40% to 7.30% for the June 30, 2018 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the System based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total Pension Liability.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

REQUIRED SUPPLEMENTARY INFORMATION

STATE OPEB FUND

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Authority's proportion of the net OPEB liability (asset) (%)	0.079071%	0.073499%	0.075854%	0.086572%	0.089360%
Authority's proportion of the net OPEB liability (asset) (\$)	\$ 217,331	827,156	941,589	2,264,366	3,640,710
Authority's covered payroll	\$ 2,288,508	2,114,967	2,032,458	2,560,630	2,534,348
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	9.50%	39.11%	46.33%	88.43%	143.65%
Plan fiduciary net position as a percentage of the total OPEB liability	87.58%	59.71%	56.57%	31.48%	17.34%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

REQUIRED SUPPLEMENTARY INFORMATION STATE OPEB FUND SCHEDULE OF CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 108,629	119,967	110,607	405,571	434,224
Contributions in relation to the contractually required contribution	<u>108,629</u>	<u>119,967</u>	<u>110,607</u>	<u>405,571</u>	<u>434,224</u>
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority's covered payroll	\$ 2,261,406	2,288,508	2,114,967	2,032,458	2,560,630
Contributions as a percentage of covered payroll	4.80%	5.24%	5.23%	19.95%	16.96%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

REQUIRED SUPPLEMENTARY INFORMATION

STATE OPEB FUND

NOTES TO THE SCHEDULE

Changes of benefit terms : There have been no changes in benefit terms.

Changes in assumptions:

- 6/30/2020 valuation: Decremental assumptions were changed to reflect the Employees Retirement Systems experience study.
- 6/30/2019 valuation: The inflation assumption was lowered from 2.75% to 2.50% in anticipation of the upcoming ERS Experience Study. Additionally, decremental assumptions were changed to reflect the Teachers Retirement Systems experience study. Approximately 6.0% of employees are members were revised.
- 6/30/2017 valuation: The participation assumption, tobacco use assumption and morbidity factors were revised.
- 6/30/2015 valuation: Decremental and underlying inflation assumptions were changed to reflect the Retirement Systems' experience studies.
- 6/30/2012 valuation: A data audit was performed and data collection procedures and assumptions were changed.
- The discount rate was updated from 3.09% as of June 30, 2016 to 3.60% as of June 30, 2017, to 5.22% as of June 30, 2018, to 7.30% as of June 30, 2019, and to 7.06% as of June 30, 2020; and to 7.00% as of June 30, 2021.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

REQUIRED SUPPLEMENTARY INFORMATION

SEAD – OPEB

SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE OF NET OPEB LIABILITY (ASSET)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Commission's proportion of the net OPEB liability (asset) (%)	0.121098%	0.112842%	0.109624%	0.126785%	0.130236%
Authority's proportion of the net OPEB liability (asset) (\$)	\$ (745,753)	(320,492)	(309,978)	(343,139)	(338,490)
Authority's covered payroll	\$ 1,312,702	1,344,567	1,398,220	1,755,181	1,896,579
Authority's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-56.81%	-23.84%	-22.17%	-19.55%	-17.85%
Plan fiduciary net position as a percentage of the total OPEB liability	164.76%	129.20%	129.73%	129.46%	130.17%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

REQUIRED SUPPLEMENTARY INFORMATION

SEAD-OPEB

SCHEDULE OF CONTRIBUTIONS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	-	-	-	-
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	\$ <u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authority's covered payroll	\$ 1,324,143	1,312,702	1,344,567	1,398,220	1,755,181
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

Notes to the Schedule:

The schedule will present 10 years of information once it is accumulated.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

REQUIRED SUPPLEMENTARY INFORMATION

SEAD-OPEB

NOTES TO THE SCHEDULE

Changes in assumptions: On December 17, 2015, the Board of Trustees of the SEAD-OPEB adopted recommended changes to the economic and demographic assumptions utilized by the Plan. Primary among the changes were the updates to rates of mortality, retirement, withdrawal and salary increases. The expectation of retired life mortality was changed to the RP-2000 Combined Mortality Table projected to 2025 with projection scale BB (set forward 2 years for both males and females).

On March 15, 2018, the Board adopted a new funding policy. Because of this new funding policy, the assumed interest rate of return was reduced from 7.50% to 7.40% for June 30, 2017 actuarial valuation. In addition, based on the Board's new funding policy, the assumed investment rate of return was further reduced by 0.10% from 7.40% to 7.30% as of the June 30, 2018 Measurement Date. The assumed investment rate of return remained at 7.30% for the June 30, 2019 actuarial valuation.

On December 17, 2020, the Board adopted recommended changes to the economic and demographic assumptions utilized by the Systems based on the experience study prepared for the five-year period ending June 30, 2019. Primary among the changes were the updates to rates of mortality, retirement, withdrawal, and salary increases. This also included a change to the long-term assumed investment rate of return to 7.00%. These assumption changes are reflected in the calculation of the June 30, 2021 Total OPEB Liability.

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SUPPLEMENTAL SECTION

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GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

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.

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.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2022

Assets	State Energy Program	Energy Investments	Drinking Water SRF Small PWS Technical Assistance	Total Nonmajor Governmental Funds
Cash	\$ 153,936	—	—	153,936
Investments	—	2,553,865	—	2,553,865
Due from other governments	5,277	—	311,366	316,643
Due from other funds	41,532	—	—	41,532
Total assets	<u>\$ 200,745</u>	<u>2,553,865</u>	<u>311,366</u>	<u>3,065,976</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,278	—	168,028	173,306
Due to other funds	—	110,122	143,338	253,460
Total liabilities	<u>5,278</u>	<u>110,122</u>	<u>311,366</u>	<u>426,766</u>
Fund balances:				
Restricted for grant programs	<u>195,467</u>	<u>2,443,743</u>	<u>—</u>	<u>2,639,210</u>
Total fund balances	<u>195,467</u>	<u>2,443,743</u>	<u>—</u>	<u>2,639,210</u>
Total liabilities and fund balances	<u>\$ 200,745</u>	<u>2,553,865</u>	<u>311,366</u>	<u>3,065,976</u>

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

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

Nonmajor Governmental Funds

Year ended June 30, 2022

	State Energy Program	Energy Investments	Drinking Water SRF Small PWS Technical Assistance	Total Nonmajor Governmental Funds
Revenues:				
Grant revenues	\$ 98,044	—	598,041	696,085
Interest income on investments	—	6,789	—	6,789
Total revenues	98,044	6,789	598,041	702,874
Expenditures:				
Current:				
Water and wastewater programs	—	—	598,041	598,041
Energy programs	98,044	1,056	—	99,100
Total expenditures	98,044	1,056	598,041	697,141
Excess of revenues over expenditures	—	5,733	—	5,733
Other Financing Uses:				
Transfers out	—	(67,840)	—	(67,840)
Total other financing uses	—	(67,840)	—	(67,840)
Net change in fund balances	—	(62,107)	—	(62,107)
Fund balances – July 1	195,467	2,505,850	—	2,701,317
Fund balances – June 30	\$ 195,467	2,443,743	—	2,639,210

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Nonmajor Proprietary 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.

Drinking Water SRF Small PWS Technical Assistance Fund

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GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

**Nonmajor Enterprise Funds
Combining Statement of Net Position**

June 30, 2022

Assets	Storage Tank Maintenance Fund	Total Nonmajor Enterprise Funds
Current assets:		
Cash	\$ 3,404	3,404
Investments	574,134	574,134
Due from other governments	3,750	3,750
Total current assets	<u>581,288</u>	<u>581,288</u>
Total assets	<u>581,288</u>	<u>581,288</u>
Liabilities		
Accounts payable and accrued liabilities	68,699	68,699
Due to other funds	73,409	73,409
Due to other governments	3,074	3,074
Total liabilities	<u>145,182</u>	<u>145,182</u>
Net Position		
Unrestricted	<u>436,106</u>	<u>436,106</u>
Total net position	<u>\$ 436,106</u>	<u>436,106</u>

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Nonmajor Enterprise Funds

Combining Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2022

	<u>Storage Tank Maintenance Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
Operating Revenues:		
Administrative and preventative maintenance fees	\$ 1,059,075	1,059,075
Total operating revenues	<u>1,059,075</u>	<u>1,059,075</u>
Operating Expenses:		
Storage tank maintenance programs	860,519	860,519
General and administrative	<u>412</u>	<u>412</u>
Total operating expenses	<u>860,931</u>	<u>860,931</u>
Operating income	<u>198,144</u>	<u>198,144</u>
Nonoperating Revenues:		
Interest income on investments	<u>2,259</u>	<u>2,259</u>
Total nonoperating revenues	<u>2,259</u>	<u>2,259</u>
Income before transfers	200,403	200,403
Transfers out	<u>(454,067)</u>	<u>(454,067)</u>
Change in net position	(253,664)	(253,664)
Total net position – July 1	<u>689,770</u>	<u>689,770</u>
Total net position – June 30	\$ <u><u>436,106</u></u>	<u><u>436,106</u></u>

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Statement of Cash Flows – Proprietary Fund Types – Nonmajor Enterprise Funds

Year ended June 30, 2022

	Storage Tank Maintenance Fund	Total Nonmajor Enterprise Fund
Cash flows from operating activities:		
Administrative fee payments	\$ 1,059,075	1,059,075
Payments to service providers	(892,254)	(892,254)
Internal activity – payments from other funds	4,438	4,438
Miscellaneous receipts and changes in due from other governments	3,676	3,676
Net cash provided by operating activities	174,935	174,935
Cash flows from noncapital financing activities:		
Transfers out	(454,067)	(454,067)
Net cash used in noncapital financing activities	(454,067)	(454,067)
Cash flows from investing activities:		
Interest income on investments	2,259	2,259
Net cash provided by investing activities	2,259	2,259
Net decrease in cash and cash equivalents	(276,873)	(276,873)
Cash and cash equivalents at beginning of year	854,411	854,411
Cash and cash equivalents at end of year	\$ 577,538	577,538
Reconciliation to the statement of net position:		
Cash	\$ 3,404	3,404
Investments	574,134	574,134
	\$ 577,538	577,538
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 198,144	198,144
Change in assets and liabilities:		
Due from other governments	3,676	3,676
Due from other funds	4,438	4,438
Accrued liabilities	(31,323)	(31,323)
Net cash provided by operating activities	\$ 174,935	174,935

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STATISTICAL SECTION

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GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

STATISTICAL SECTION

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

CONTENTS

Financial Trends 90-96

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

Revenue Capacity 97-99

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

Debt Capacity 100-101

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 102

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 103-105

These 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.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Government-wide Net Position by Category¹

Last Ten Fiscal Years

(accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Investment in capital assets	\$ 1,617,478	\$ 70,760	\$ 132,977	\$ 216,060	\$ 287,852	\$ 145,931	\$ 182,945	\$ 124,280	\$ 47,955	\$ 24,718
Restricted for:										
Loan programs	43,310,920	35,048,073	37,430,463	36,982,494	32,536,148	33,945,845	32,316,803	31,503,129	33,348,201	31,872,215
Grant programs	3,165,641	3,000,255	2,711,769	4,727,010	4,624,447	4,609,944	4,442,876	4,432,508	4,907,940	5,231,799
Unrestricted	8,089,152	6,915,397	6,105,901	5,332,849	4,149,357	3,297,732	3,272,896	2,920,761	3,286,716	3,492,204
Subtotal Governmental Activities Net Position	\$ 56,183,191	\$ 45,034,485	\$ 46,381,110	\$ 47,258,413	\$ 41,597,804	\$ 41,999,452	\$ 40,215,520	\$ 38,980,678	\$ 41,590,812	\$ 40,620,936
Business-type Activities										
Restricted for:										
Debt service or loan programs	\$ 2,033,027,210	\$ 1,956,581,173	\$ 1,882,645,322	\$ 1,803,070,372	\$ 1,717,827,489	\$ 1,638,492,840	\$ 1,576,901,260	\$ 1,512,084,168	\$ 1,446,699,238	\$ 1,383,034,270
Unrestricted	596,108,887	593,502,445	591,543,622	584,007,781	567,363,335	564,547,340	554,378,003	548,714,476	505,719,565	485,277,904
Subtotal Business-type Activities Net Position	\$ 2,629,136,097	\$ 2,550,083,618	\$ 2,474,188,944	\$ 2,387,078,153	\$ 2,285,190,824	\$ 2,203,040,180	\$ 2,131,279,263	\$ 2,060,798,644	\$ 1,952,418,803	\$ 1,868,312,174
Net Position										
Net investment in capital assets	\$ 1,617,478	\$ 70,760	\$ 132,977	\$ 216,060	\$ 287,852	\$ 145,931	\$ 182,945	\$ 124,280	\$ 47,955	\$ 24,718
Restricted for:										
Loan programs	43,310,920	35,048,073	37,430,463	36,982,494	32,536,148	33,945,845	32,316,803	31,503,129	33,348,201	31,872,215
Grant programs	3,165,641	3,000,255	2,711,769	4,727,010	4,624,447	4,609,944	4,442,876	4,432,508	4,907,940	5,231,799
Debt service or loan programs	2,033,027,210	1,956,581,173	1,882,645,322	1,803,070,372	1,717,827,489	1,638,492,840	1,576,901,260	1,512,084,168	1,446,699,238	1,383,034,270
Unrestricted	604,198,039	600,417,842	597,649,523	589,340,630	571,512,692	567,845,072	557,650,899	551,635,237	509,006,281	488,770,108
Total Net Position	\$ 2,685,319,288	\$ 2,595,118,103	\$ 2,520,570,054	\$ 2,434,336,566	\$ 2,326,788,628	\$ 2,245,039,632	\$ 2,171,494,783	\$ 2,099,779,322	\$ 1,994,009,615	\$ 1,908,933,110

Notes:

¹Accounting 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.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

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

Last Ten Fiscal Years
(accrual basis of accounting)

Functions/Programs	2022			2021			2020			2019			2018		
	Expenses	Program Revenues	Net (Expense)/ Revenue ¹	Expenses	Program Revenues	Net (Expense)/ Revenue ¹	Expenses	Program Revenues	Net (Expense)/ Revenue ¹	Expenses	Program Revenues	Net (Expense)/ Revenue ¹	Expenses	Program Revenues	Net (Expense)/ Revenue ¹
Governmental Activities															
General Government	\$ 6,026,740	\$ 15,384,170	\$ 9,357,430	\$ 5,305,547	\$ 9,126,969	\$ 3,821,422	\$ 5,210,778	\$ 12,582,559	\$ 7,371,781	\$ 5,262,199	\$ 11,170,444	\$ 5,908,245	\$ 6,394,339	\$ 10,687,318	\$ 4,292,979
Water and wastewater programs	12,610,052	12,415,261	(194,791)	11,042,170	12,163,229	1,121,059	12,442,827	11,743,383	(699,444)	8,319,314	9,115,332	796,018	8,587,806	8,251,478	(336,328)
Land conservation programs	-	-	-	-	-	-	-	-	-	29,391	61,248	31,857	763	23,009	22,246
Energy programs	10,244,293	10,182,185	(62,108)	10,207,792	10,209,850	2,058	8,166,627	7,780,006	(386,621)	7,585,937	7,609,679	23,742	5,681,449	5,652,636	(28,813)
Subtotal Governmental Activities	28,881,085	37,981,616	9,100,531	26,555,509	31,500,048	4,944,539	25,820,232	32,105,948	6,285,716	21,196,841	27,956,703	6,759,862	20,664,357	24,614,441	3,950,084
Business-type Activities															
Water and wastewater programs	12,365,506	12,365,506	-	12,544,218	12,544,218	-	10,782,265	10,782,265	-	22,094,234	22,094,234	-	12,186,247	12,186,247	-
Outdoor stewardship & land conservation ²	9,788,819	20,638,011	10,849,192	4,328,655	16,399,960	12,071,305	857	82,063	81,206	-	-	-	-	-	-
Storage tank maintenance programs	860,519	1,061,334	200,815	904,241	1,075,539	171,298	732,388	1,099,512	367,124	731,863	1,125,983	394,120	581,179	1,130,014	548,835
General and administrative	321,506	70,217,400	69,895,894	230,575	57,505,298	57,274,723	123,799	78,701,257	78,577,458	91,712	99,223,772	99,132,060	323,937	80,815,571	80,491,634
Subtotal Business-type Activities	23,336,350	104,282,251	80,945,901	18,007,689	87,525,015	69,517,326	11,639,309	90,665,097	79,025,788	22,917,809	122,443,989	99,526,180	13,091,363	94,131,832	81,040,469
Total Governmental and Business-type Activities	\$ 52,217,435	\$ 142,263,867	\$ 90,046,432	\$ 44,563,198	\$ 119,025,063	\$ 74,461,865	\$ 37,459,541	\$ 122,771,045	\$ 85,311,504	\$ 44,114,650	\$ 150,400,692	\$ 106,286,042	\$ 33,755,720	\$ 118,746,273	\$ 84,990,553

(continued)

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

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

Last Ten Fiscal Years
(accrual basis of accounting)

Functions/Programs	2017			2016			2015			2014			2013		
	Expenses	Program Revenues	Net (Expense)/Revenue ¹	Expenses	Program Revenues	Net (Expense)/Revenue ¹	Expenses	Program Revenues	Net (Expense)/Revenue ¹	Expenses	Program Revenues	Net (Expense)/Revenue ¹	Expenses	Program Revenues	Net (Expense)/Revenue
Governmental Activities															
General Government	\$ 7,434,445	\$ 14,071,835	\$ 6,637,390	\$ 6,404,371	\$ 14,240,940	\$ 7,836,569	\$ 6,599,857	\$ 11,624,663	\$ 5,024,806	\$ 7,170,623	\$ 13,490,023	\$ 6,319,400	\$ 9,005,073	\$ 14,934,860	\$ 5,929,787
Water and wastewater programs	8,781,032	7,798,947	(982,085)	8,603,578	7,460,396	(1,143,182)	7,074,323	6,013,718	(1,060,605)	6,914,660	6,306,689	(607,971)	8,496,123	5,827,054	(2,669,069)
Land conservation programs	747	28,213	27,466	10,730	34,203	23,473	61,563	50,765	(10,798)	8,665	54,789	46,124	41,733	39,251	(2,482)
Energy programs	5,191,460	5,288,821	97,361	4,847,120	4,789,765	(57,355)	8,069,083	7,634,157	(434,926)	7,368,927	7,063,716	(305,211)	18,322,583	18,232,444	(90,139)
Subtotal Governmental Activities	21,407,684	27,187,816	5,780,132	19,865,799	26,525,304	6,659,505	21,804,826	25,323,303	3,518,477	21,462,875	26,915,217	5,452,342	35,865,512	39,033,609	3,168,097
Business-type Activities															
Water and wastewater programs	10,202,019	10,202,019	-	9,907,354	9,907,354	-	6,561,895	6,561,895	-	5,392,431	5,392,431	-	8,437,183	8,437,183	-
Outdoor stewardship & land conservation ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Storage tank maintenance programs	613,774	981,211	367,437	594,788	984,480	389,692	528,171	976,237	448,066	591,872	999,046	407,174	800,089	1,000,451	200,362
General and administrative	190,514	67,183,829	66,993,315	787,360	65,253,611	64,466,251	379,229	107,530,161	107,150,932	411,274	79,545,992	79,134,718	348,463	165,431,763	165,083,300
Subtotal Business-type Activities	11,006,307	78,367,059	67,360,752	11,289,502	76,145,445	64,855,943	7,469,295	115,068,293	107,598,998	6,395,577	85,937,469	79,541,892	9,585,735	174,869,397	165,283,662
Total Governmental and Business-type Activities	\$ 32,413,991	\$ 105,554,875	\$ 73,140,884	\$ 31,155,301	\$ 102,670,749	\$ 71,515,448	\$ 29,274,121	\$ 140,391,596	\$ 111,117,475	\$ 27,858,452	\$ 112,852,686	\$ 84,994,234	\$ 45,451,247	\$ 213,903,006	\$ 168,451,759

Notes:

¹The 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.

²State law changed effective July 1, 2019 which transferred all funds of the State Land Conservation Fund to the Georgia Outdoor Stewardship Act Fund.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Government-wide General Revenues and Other Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Net (Expense), Total Governmental and Business-type Activities										
Governmental activities	\$ 9,100,531	\$ 4,944,539	\$ 6,285,716	\$ 6,759,862	\$ 3,950,084	\$ 5,780,132	\$ 6,659,505	\$ 3,518,477	\$ 5,452,342	\$ 3,168,097
Business-type activities	80,945,901	69,517,326	79,025,788	99,526,180	81,040,469	67,360,752	64,855,943	107,598,998	79,541,892	165,283,662
Total Governmental and Business-type Activities	90,046,432	74,461,865	85,311,504	106,286,042	84,990,553	73,140,884	71,515,448	111,117,475	84,994,234	168,451,759
General revenues and other changes in net position										
Governmental Activities:										
Unrestricted investment earnings	153,820	71,435	799,364	1,138,063	608,836	256,976	123,269	68,853	54,419	65,912
Miscellaneous	660	14,749	122,270	122,086	114,624	60,451	18,533	3,862	12,768	26,621
Transfers to business-type activities ¹	1,893,695	(6,377,348)	(8,084,653)	(2,359,402)	(1,106,700)	(4,313,627)	(5,566,465)	(758,474)	(4,549,653)	(8,344,739)
Subtotal Governmental Activities	2,048,175	(6,291,164)	(7,163,019)	(1,099,253)	(383,240)	(3,996,200)	(5,424,663)	(685,759)	(4,482,466)	(8,252,206)
Business-type Activities:										
Miscellaneous	273		350	1,747	3,475	86,538	58,211	22,369	15,084	161,770
Transfers from governmental activities	(1,893,695)	6,377,348	8,084,653	2,359,402	1,106,700	4,313,627	5,566,465	758,474	4,549,653	8,344,739
Subtotal Business-type Activities	(1,893,422)	6,377,348	8,085,003	2,361,149	1,110,175	4,400,165	5,624,676	780,843	4,564,737	8,506,509
Changes in Net Position										
Governmental activities	11,148,706	(1,346,625)	(877,303)	5,660,609	3,566,844	1,783,932	1,234,842	2,832,718	969,876	(5,084,109)
Business-type activities	79,052,479	75,894,674	87,110,791	101,887,329	82,150,644	71,760,917	70,480,619	108,379,841	84,106,629	173,790,171
Total Changes in Net Position	\$ 90,201,185	\$ 74,548,049	\$ 86,233,488	\$ 107,547,938	\$ 85,717,488	\$ 73,544,849	\$ 71,715,461	\$ 111,212,559	\$ 85,076,505	\$ 168,706,062

Notes:

¹Transfers 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.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Restricted for loan programs	\$ 11,885,386	\$ 5,152,064	\$ 10,722,800	\$ 11,509,489	\$ 5,118,559	\$ 7,115,935	\$ 5,833,708	\$ 5,083,096	\$ 4,915,251	\$ 4,372,360
Restricted for grant programs	513,921	286,427	-	-	-	-	-	-	-	25,445
Unassigned	12,434,209	12,434,209	12,434,209	12,434,209	12,434,209	8,434,209	8,434,209	8,434,208	3,851,778	3,851,778
Total general fund balance	<u>\$ 24,833,516</u>	<u>\$ 17,872,700</u>	<u>\$ 23,157,009</u>	<u>\$ 23,943,698</u>	<u>\$ 17,552,768</u>	<u>\$ 15,550,144</u>	<u>\$ 14,267,917</u>	<u>\$ 13,517,304</u>	<u>\$ 8,767,029</u>	<u>\$ 8,249,583</u>
Weatherization Assistance Program Fund										
Restricted for grant programs ¹	\$ 12,510	\$ 12,510	\$ 12,510	\$ 43,278	\$ 68,807	\$ 123,942	\$ 1,727	\$ 1,680	\$ 1,680	\$ -
Total weatherization assistance program fund balance	<u>\$ 12,510</u>	<u>\$ 12,510</u>	<u>\$ 12,510</u>	<u>\$ 43,278</u>	<u>\$ 68,807</u>	<u>\$ 123,942</u>	<u>\$ 1,727</u>	<u>\$ 1,680</u>	<u>\$ 1,680</u>	<u>\$ -</u>
Clean Water SRF Administration Fund										
Restricted for loan programs	\$ 26,215,876	\$ 24,972,587	\$ 22,988,965	\$ 21,993,649	\$ 24,722,400	\$ 23,066,886	\$ 22,868,087	\$ -	\$ -	\$ -
Total clean water SRF administration fund balance	<u>\$ 26,215,876</u>	<u>\$ 24,972,587</u>	<u>\$ 22,988,965</u>	<u>\$ 21,993,649</u>	<u>\$ 24,722,400</u>	<u>\$ 23,066,886</u>	<u>\$ 22,868,087</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Drinking Water SRF Administration Fund										
Restricted for loan programs	\$ 5,209,658	\$ 4,923,423	\$ 3,718,698	\$ 3,479,356	\$ 2,695,189	\$ 3,763,024	\$ 3,615,008	\$ -	\$ -	\$ -
Total drinking water SRF administration fund balance	<u>\$ 5,209,658</u>	<u>\$ 4,923,423</u>	<u>\$ 3,718,698</u>	<u>\$ 3,479,356</u>	<u>\$ 2,695,189</u>	<u>\$ 3,763,024</u>	<u>\$ 3,615,008</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Nonmajor Governmental Funds										
Restricted for loan programs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,420,033	\$ 28,432,950	\$ 27,499,855
Restricted for grant programs	2,639,210	2,701,317	2,699,259	4,683,732	4,555,640	4,486,002	4,441,149	4,430,828	4,906,260	5,206,354
Total nonmajor governmental fund balance	<u>\$ 2,639,210</u>	<u>\$ 2,701,317</u>	<u>\$ 2,699,259</u>	<u>\$ 4,683,732</u>	<u>\$ 4,555,640</u>	<u>\$ 4,486,002</u>	<u>\$ 4,441,149</u>	<u>\$ 30,850,861</u>	<u>\$ 33,339,210</u>	<u>\$ 32,706,209</u>
Total governmental fund balances	<u>\$ 58,910,770</u>	<u>\$ 50,482,537</u>	<u>\$ 52,576,441</u>	<u>\$ 54,143,713</u>	<u>\$ 49,594,804</u>	<u>\$ 46,989,998</u>	<u>\$ 45,193,888</u>	<u>\$ 44,369,845</u>	<u>\$ 42,107,919</u>	<u>\$ 40,955,792</u>

Notes:

¹The 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.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Changes in Fund Balances, Governmental Funds¹

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
State of Georgia appropriations	\$ 1,179,922	\$ 1,679,922	\$ 809,755	\$ 788,495	\$ 788,495	\$ 838,495	\$ 983,495	\$ 348,495	\$ 298,495	\$ -
State general obligation bond proceeds	12,000,000	5,100,000	9,500,000	8,000,000	8,000,000	10,000,000	10,000,000	8,600,000	9,200,000	9,600,000
Administrative fees	2,528,982	4,370,649	1,667,208	2,537,389	2,364,541	1,107,133	1,569,471	1,084,666	1,457,644	591,955
Grant revenues	22,265,923	20,346,304	20,084,124	16,502,894	13,399,323	15,196,649	13,929,568	15,233,946	15,898,923	28,794,201
Public donations	-	-	-	61,248	23,009	28,213	34,203	50,765	54,789	39,251
Interest income on investments	160,608	74,608	844,225	1,204,740	647,909	274,302	131,836	74,284	59,785	74,114
Miscellaneous	660	14,749	122,270	122,086	114,624	60,451	18,533	3,862	12,768	26,621
Total revenues	<u>\$ 38,136,095</u>	<u>\$ 31,586,232</u>	<u>\$ 33,027,582</u>	<u>\$ 29,216,852</u>	<u>\$ 25,337,901</u>	<u>\$ 27,505,243</u>	<u>\$ 26,667,106</u>	<u>\$ 25,396,018</u>	<u>\$ 26,982,404</u>	<u>\$ 39,126,142</u>
Expenditures										
General government	\$ 7,111,959	\$ 6,052,826	\$ 5,900,747	\$ 6,348,489	\$ 7,147,461	\$ 7,411,914	\$ 6,718,395	\$ 7,070,616	\$ 6,955,294	\$ 9,139,161
Water and wastewater programs	12,610,051	11,042,170	12,442,827	8,319,314	8,587,806	8,781,032	8,603,578	7,074,323	6,914,660	8,496,123
Land conservation programs	-	-	-	29,391	763	747	10,730	61,563	8,665	41,733
Energy programs ²	10,244,292	10,207,792	8,166,627	7,585,937	5,681,449	5,191,460	4,847,120	8,069,083	7,368,927	18,322,583
Capital outlay, general government	1,635,255	-	-	25,410	208,916	10,353	96,775	100,033	33,078	-
Total expenditures	<u>31,601,557</u>	<u>27,302,788</u>	<u>26,510,201</u>	<u>22,308,541</u>	<u>21,626,395</u>	<u>21,395,506</u>	<u>20,276,598</u>	<u>22,375,618</u>	<u>21,280,624</u>	<u>35,999,600</u>
Excess of revenues over (under) expenditures	<u>6,534,538</u>	<u>4,283,444</u>	<u>6,517,381</u>	<u>6,908,311</u>	<u>3,711,506</u>	<u>6,109,737</u>	<u>6,390,508</u>	<u>3,020,400</u>	<u>5,701,780</u>	<u>3,126,542</u>
Other Financing Sources (Uses)										
Transfers in ³	\$ 7,769,535	\$ 4,876,976	\$ 5,288,131	\$ 9,180,040	\$ 10,208,556	\$ 5,328,291	\$ 4,482,282	\$ 10,362,126	\$ 4,516,124	\$ 5,921,622
Transfers out ³	(5,875,840)	(11,254,324)	(13,352,784)	(11,539,442)	(11,315,256)	(9,641,918)	(10,048,747)	(11,120,600)	(9,065,777)	(14,266,361)
Total other financing sources (uses)	<u>1,893,695</u>	<u>(6,377,348)</u>	<u>(8,064,653)</u>	<u>(2,359,402)</u>	<u>(1,106,700)</u>	<u>(4,313,627)</u>	<u>(5,566,465)</u>	<u>(758,474)</u>	<u>(4,549,653)</u>	<u>(8,344,739)</u>
Net change in fund balances ⁴	<u>\$ 8,428,233</u>	<u>\$ (2,093,904)</u>	<u>\$ (1,547,272)</u>	<u>\$ 4,548,909</u>	<u>\$ 2,604,806</u>	<u>\$ 1,796,110</u>	<u>\$ 824,043</u>	<u>\$ 2,261,926</u>	<u>\$ 1,152,127</u>	<u>\$ (5,218,197)</u>

Notes:

¹The Authority has no bond debt outstanding within the governmental funds and thus no debt service calculations as a percentage of noncapital expenditures.

²A 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 year 2013.

³Transfers-in and out are based on activity experienced within the match loan programs. Fluctuations are based on activity on a year-to-year basis.

⁴Fluctuations 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.

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

Government-wide Program Revenues¹ by Category
Last Ten Fiscal Years
(accrual basis of accounting)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Charges for Services	\$ 2,528,981	\$ 4,370,649	\$ 1,667,208	\$ 2,537,389	\$ 2,364,541	\$ 1,107,133	\$ 1,569,471	\$ 1,084,666	\$ 1,457,644	\$ 591,955
Operating Grants and Contributions	35,452,635	27,129,399	30,438,740	25,419,314	22,249,900	26,080,683	24,955,833	24,238,637	25,457,573	38,441,654
Subtotal Governmental Activities Program Revenues	37,981,616	31,500,048	32,105,948	27,956,703	24,614,441	27,187,816	26,525,304	25,323,303	26,915,217	39,033,609
Business-type Activities										
Charges for Services	31,109,207	20,953,642	28,187,827	30,130,879	30,289,832	30,813,230	32,743,403	34,437,124	36,517,062	69,972,715
Operating Grants and Contributions	73,173,044	66,571,373	62,477,270	92,313,110	63,842,000	47,553,829	43,402,042	80,631,169	49,420,407	104,896,682
Subtotal Business-type Activities Program Revenues	104,282,251	87,525,015	90,665,097	122,443,989	94,131,832	78,367,059	76,145,445	115,068,293	85,937,469	174,869,397
Governmental and Business-type Activities										
Charges for Services	33,638,188	25,324,291	29,855,035	32,668,268	32,654,373	31,920,363	34,312,874	35,521,790	37,974,706	70,564,670
Operating Grants and Contributions	108,625,679	93,700,772	92,916,010	117,732,424	86,091,900	73,634,512	68,357,875	104,869,806	74,877,980	143,338,336
Total Governmental and Business-type Activities Program Revenues	\$ 142,263,867	\$ 119,025,063	\$ 122,771,045	\$ 150,400,692	\$ 118,746,273	\$ 105,554,875	\$ 102,670,749	\$ 140,391,596	\$ 112,852,686	\$ 213,903,006

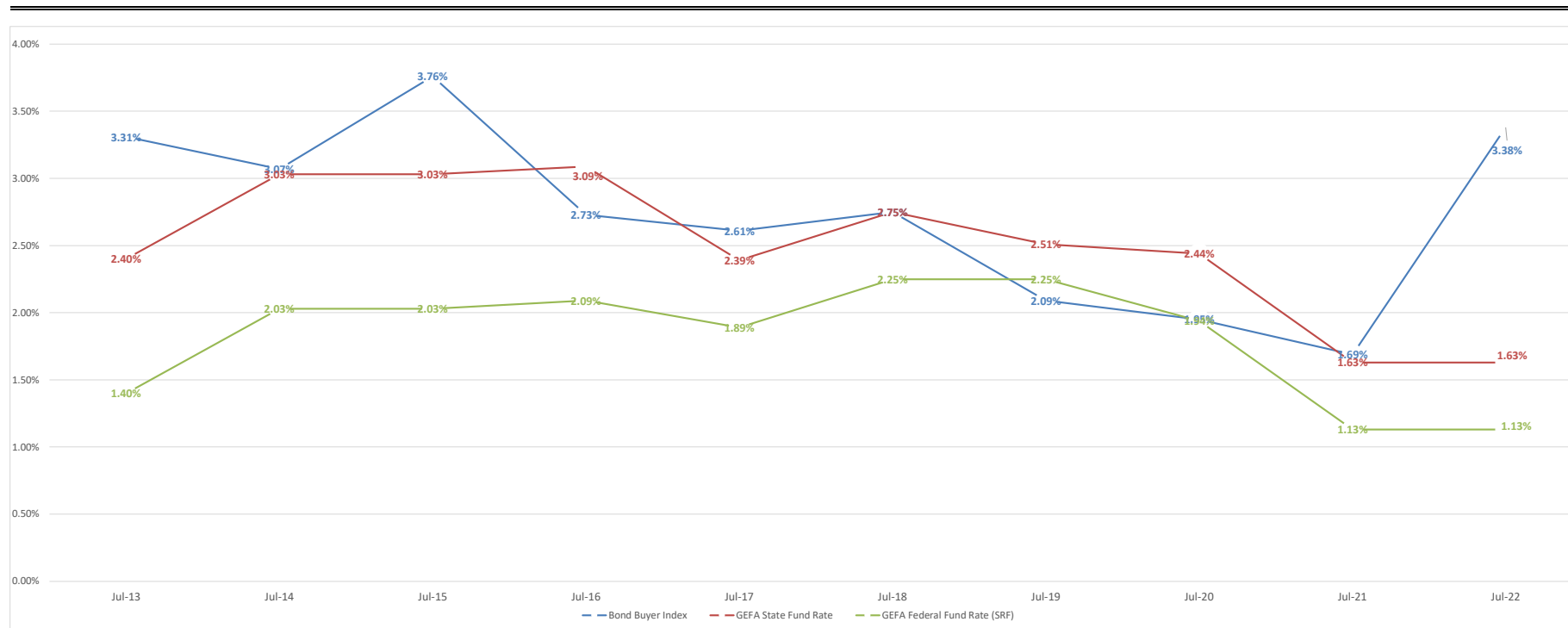
Notes:

¹Program 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.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Annual Loan Program Interest Rate History Last Ten Fiscal Years



Georgia Fund Loan Program		
Date	Interest Rate (%)	Closing Fee (%) ²
06/2022	1.63	1.00
06/2021	1.63	1.00
06/2020	2.44	1.00
06/2019	2.09	1.00
06/2018	2.75	1.00
06/2017	2.39	1.00
06/2016	3.09	1.00
06/2015	3.03	1.00
06/2014	3.03	1.00
06/2013	2.40	1.00

Bond Buyer Index	
Year	Interest Rate (%)
06/2022	3.38
06/2021	1.69
06/2020	1.95
06/2019	2.51
06/2018	2.75
06/2017	2.61
06/2016	2.73
06/2015	3.76
06/2014	3.07
06/2013	3.31

SRF Rate and Fee History		
Date	Interest Rate (%)	Closing Fee (%)
06/2022	1.13	1.00
06/2021	1.13	1.00
06/2020	1.94	1.00
06/2019	2.25	1.00
06/2018	2.25	1.00
06/2017	1.89	1.00
06/2016	2.09	1.00
06/2015	2.03	1.00
06/2014	2.03	1.00
06/2013	1.40	1.00

Sources:

The Authority's Water Resources Division and the Bond Buyer and Federal Reserve at: www.federalreserve.gov/releases/h15/data.htm

Note:

¹State fund loan rates are established at each state bond sale date.

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

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Principal Loans Receivable Payers Fiscal Year 2022 and Nine Years Prior (2013)

BORROWER	2022			2013		
	PRINCIPAL BALANCE OUTSTANDING ¹	RANK	% OF TOTAL PRINCIPAL BALANCE OUTSTANDING	PRINCIPAL BALANCE OUTSTANDING ¹	RANK	% OF TOTAL PRINCIPAL BALANCE OUTSTANDING
ATLANTA	\$ 187,546,322	1	11.85%	\$ 168,115,240	1	14.22%
CARROLL COUNTY WATER AUTHORITY	32,191,489	10	2.03%	-	-	-
CLAYTON COUNTY WATER AUTHORITY	33,638,575	8	2.13%	-	-	-
COBB COUNTY BOARD OF COMMISSIONERS	88,190,915	2	5.57%	166,315,925	2	14.07%
COLUMBUS WATER WORKS	-	-	-	32,293,197	7	2.73%
DEKALB COUNTY	48,016,088	5	3.03%	-	-	-
EFFINGHAM COUNTY	-	-	-	26,321,430	10	2.23%
GAINESVILLE	-	-	-	96,483,587	3	8.16%
GRIFFIN	54,123,510	4	3.42%	-	-	-
GWINNETT COUNTY	-	-	-	51,556,462	5	4.36%
HALL COUNTY	-	-	-	31,565,385	8	2.67%
HENRY COUNTY WATER AND SEWERAGE AUTHORITY	32,631,380	9	2.06%	55,911,046	4	4.73%
HINESVILLE	-	-	0.00%	-	-	-
NEWTON COUNTY WATER AND SEWERAGE AUTHORITY	35,406,177	6	2.24%	-	-	-
PAULDING COUNTY	68,299,644	3	4.32%	-	-	-
SAVANNAH	-	-	-	27,972,938	9	2.37%
VALDOSTA	-	-	-	46,898,872	6	3.97%
WALTON COUNTY WATER AND SEWER AUTHORITY	33,872,178	7	2.14%	-	-	-
TOTAL PRINCIPAL PAYERS	\$ 613,916,278		38.80%	\$ 703,434,081		59.50%
ALL OTHER PAYERS	968,270,997		61.20%	478,894,012		40.50%
TOTAL PAYERS³	\$ 1,582,187,275		100.00%	\$ 1,182,328,094		100.00%

Source:

The Authority's Financial Services Division.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Interest Revenue by Fund¹

Last Ten Fiscal Years²

(accrual basis of accounting)

	2022	2021 ⁴	2020	2019	2018	2017	2016	2015	2014	2013
Georgia Fund	\$ 6,221,572	\$ 4,472,501	\$ 6,462,077	\$ 6,979,921	\$ 6,900,559	\$ 7,612,073	\$ 8,602,541	\$ 8,084,771	\$ 8,289,718	\$ 9,124,014
Georgia Reservoir Fund	1,309,606	875,199	634,560	319,129	178,179	130,726	128,533	70,476	41,756	26,753
Clean Water State Revolving Loan Fund	16,496,647	10,660,458	14,567,989	16,042,224	16,109,771	16,252,646	16,832,178	18,436,384	20,032,718	22,380,926
Clean Water State Match Revolving Loan Fund ²	1,879,852	1,236,926	2,138,675	2,498,469	2,634,478	2,803,616	2,992,291	3,286,294	3,494,824	28,340,158
Drinking Water State Revolving Loan Fund	3,216,395	1,972,474	2,542,040	2,516,341	2,362,872	2,241,651	2,171,464	2,187,499	2,113,821	3,053,806
Drinking Water State Match Fund ³	597,479	413,424	550,442	567,220	565,433	622,967	726,294	795,366	778,140	5,278,657
Total interest revenue	\$ 29,721,551	\$ 19,630,982	\$ 26,895,783	\$ 28,923,304	\$ 28,751,292	\$ 29,663,679	\$ 31,453,301	\$ 32,860,790	\$ 34,750,977	\$ 68,204,314

Source:

The Authority's Financial Services Division.

Notes:

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

²The Authority had deferred revenue through FY 2012 for the Clean Water State Match Revolving Loan Fund until federal match eligibility criteria has been satisfied. In FY 2013, it was determined eligibility had been met and a cumulative revenue recognition adjustment was made.

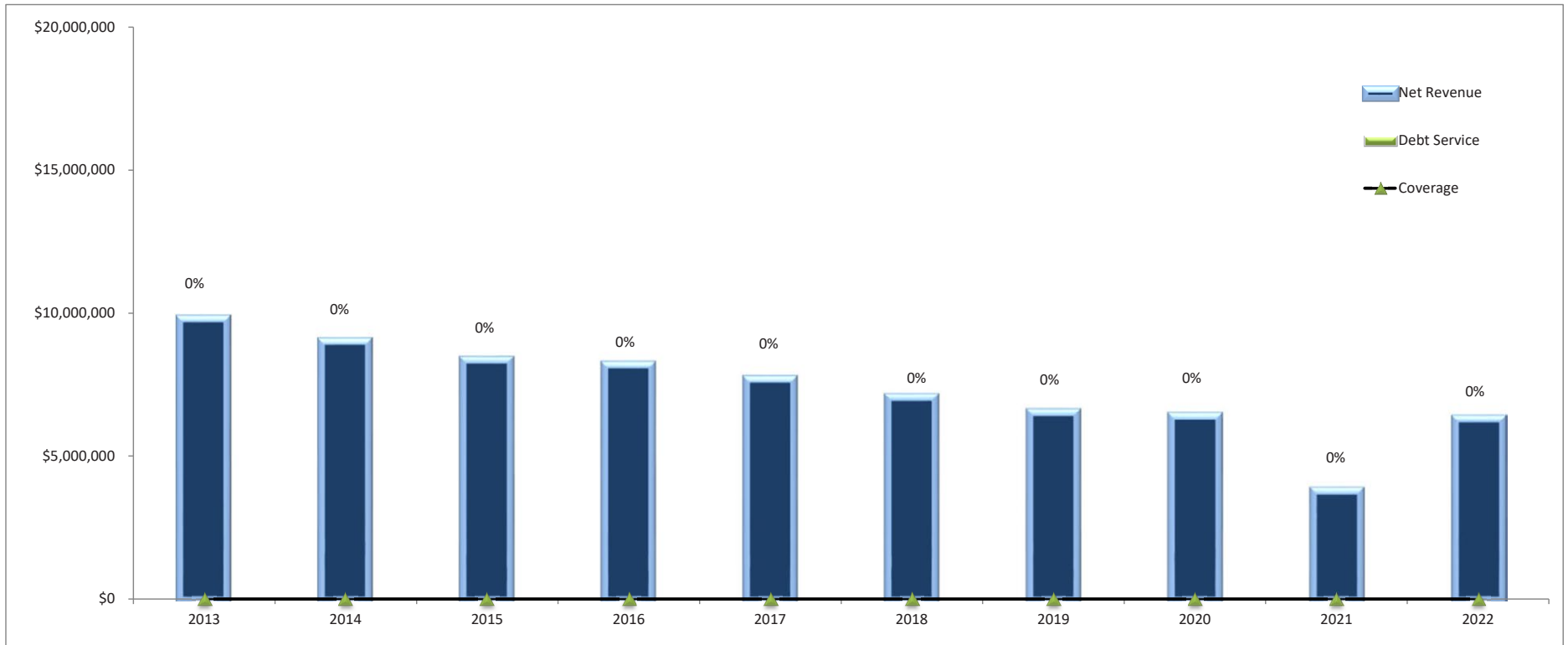
³The Authority deferred revenue through FY 2012 for the Drinking Water State Match Revolving Loan Fund until federal match eligibility criteria has been satisfied. In FY 2013, it was determined eligibility had been met and a cumulative revenue recognition adjustment was made.

⁴The Authority offered a six-month forbearance period to participating borrowers due to the ongoing COVID-19 pandemic. Therefore, interest revenue experienced a significant decrease in FY 2021.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Schedule of Revenue Bond Coverage Last Ten Fiscal Years



10-year trend	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Revenue	\$9,826,345	\$9,032,663	\$8,394,369	\$8,212,945	\$7,710,421	\$7,095,954	\$6,563,253	\$6,432,246	\$3,834,266	\$6,337,133
Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Coverage	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

(continued)

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Schedule of Revenue Bond Coverage Last Ten Fiscal Years

NET REVENUE AVAILABLE FOR DEBT SERVICE REQUIREMENTS								
<u>FISCAL YEAR</u>	<u>GROSS REVENUE</u>	<u>OPERATING EXPENSES</u>	<u>AVAILABLE FOR DEBT SERVICE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>	<u>COVERAGES</u>	<u>OUTSTANDING DEBT</u>
2022	\$6,550,152	\$213,019	\$6,337,133	-	-	-	0.00%	-
2021	\$4,721,011	\$886,745	\$3,834,266	-	-	-	0.00%	-
2020	\$6,674,969	\$242,723	\$6,432,246	-	-	-	0.00%	-
2019	\$7,085,221	\$521,968	\$6,563,253	-	-	-	0.00%	-
2018	\$7,324,549	\$228,595	\$7,095,954	-	-	-	0.00%	-
2017	\$7,797,172	\$86,751	\$7,710,421	-	-	-	0.00%	-
2016	\$8,929,377	\$716,432	\$8,212,945	-	-	-	0.00%	-
2015	\$8,706,259	\$311,890	\$8,394,369	-	-	-	0.00%	-
2014	\$9,365,501	\$332,838	\$9,032,663	-	-	-	0.00%	-
2013	\$10,127,628	\$301,283	\$9,826,345	-	-	-	0.00%	-

Source:

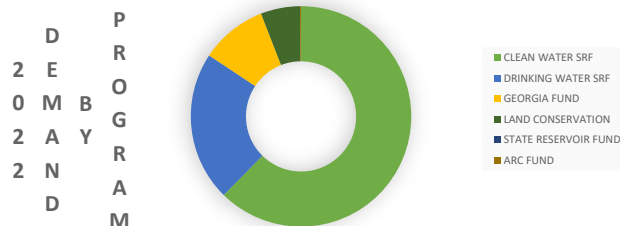
The Authority's Financial Services Division.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Demand by Program¹ Last Ten Fiscal Years

	Program																
	State of Georgia Population	Estimated Population Impacted	Number of Jurisdictions	Number of Projects	Clean Water State Revolving Loan Fund ²	Percent of Total	Drinking Water State Revolving Loan Fund ²	Percent of Total	Georgia Fund	Percent of Total	Land Conservation	Percent of Total	State Reservoir Fund	Percent of Total	ARC Fund	Percent of Total	Totals
2022	10,916,760	896,931	69	86	190,419,840	62.36%	67,014,205	21.95%	29,858,000	9.78%	17,600,000	5.76%	-	0.00%	461,936	0.15%	305,353,981
2021	10,783,482	3,037,855	76	103	275,290,600	57.30%	174,093,550	36.24%	26,851,005	5.59%	-	0.00%	-	0.00%	4,200,000	0.87%	480,435,155
2020	10,736,100	1,006,000	60	85	93,436,000	48.82%	74,459,800	38.90%	21,871,400	11.43%	1,325,000	0.69%	-	0.00%	300,000	0.16%	191,392,200
2019	10,627,767	1,816,835	70	84	164,070,900	60.35%	89,668,000	32.98%	12,330,000	4.54%	28,600	0.01%	500,000	0.18%	5,282,159	1.94%	271,879,659
2018	10,545,138	1,194,103	72	87	169,772,100	54.92%	50,205,000	16.24%	52,399,000	16.95%	16,477,000	5.33%	20,000,000	6.47%	300,000	0.09%	309,153,100
2017	10,429,379	752,328	74	75	54,896,370	42.66%	49,960,883	38.82%	16,933,851	13.16%	5,700,000	4.43%	-	0.00%	1,200,000	0.93%	128,691,104
2016	10,310,371	778,827	78	75	113,747,904	50.38%	22,803,361	10.10%	30,997,414	13.73%	21,892,562	9.70%	36,352,250	16.09%	-	0.00%	225,793,491
2015	10,214,860	824,474	75	80	50,696,415	26.05%	33,062,647	16.99%	73,798,585	37.92%	25,061,092	12.88%	12,000,000	6.16%	-	0.00%	194,618,739
2014	10,097,343	1,438,359	45	57	116,107,253	47.38%	29,657,680	12.10%	91,109,912	37.18%	8,201	0.00%	8,148,100	3.34%	-	0.00%	245,031,146
2013	10,038,171	461,117	49	59	30,746,147	16.23%	38,031,076	20.08%	80,674,911	42.60%	4,200,000	2.22%	35,737,466	18.87%	-	0.00%	189,389,600



Source:

The Authority's Fimcoal Services Division and Environment Departments. State of Georgia Population obtained from the State of Georgia's Comprehensive Annual Financial Report at: <https://sao.georgia.gov/comprehensive-annual-financial-reports>.

Notes:

¹GEFA 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.

²Amounts presented include twenty percent allocated to their respective matching loan programs. Includes Land Conservation loans.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

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

Function/Program	Full-Time Equivalent Employees as of June 30									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental activities:										
Executive Administration	5.5	3.5	3.5	3.5	5	5	5	5	5	5
Energy programs	6	6	6	6	6	6	6	6	7	8
Fuel storage tank and alternative fuels programs	2	2	2	2	2	3	2	2	2	2
Information technology	0.5	0.5	1.5	2.5	1	4	4	4	4	4
Accounting support	2.5	3.5	3	3.5	3	3	3	3	3	2
Other administrative support	4	4	4	5	5	4	4	4	4	4
Total FTE - Governmental Activities	20.5	19.5	20	22.5	22	25	24	24	25	25
Business-type activities:										
Waste and wastewater programs	6	8	8	8	7	9	10	15	15	8
Accounting and finance support	5.5	5.5	5	5.5	6	6	6	6	7	5
Total FTE - Business Type Activities	11.5	13.5	13	13.5	13	15	16	20	22	13
Totals	<u>32</u>	<u>33</u>	<u>33</u>	<u>36</u>	<u>35</u>	<u>40</u>	<u>40</u>	<u>44</u>	<u>47</u>	<u>38</u>

Sources:

The Authority's Human Resources and Financial Services Divisions.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Operating Indicators by Function¹ Last Ten Fiscal Years

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Energy programs										
Clients served	2,664	1,321	1,197	1,069	745	1,309	1,170	1,420	2,339	2,741
Homes weatherized	1,367	772	683	643	458	752	814	1,358	1,537	2,027
Carbon dioxide (CO ₂) reductions (tons) ²	3,623	2,046	1,810	1,698	1,214	49,892	851	1,420	974	2,027
Energy saved (million BTU) ³	40,053	22,619	20,832	19,551	13,969	22,936	24,827	41,419	17,321	61,824
Water and wastewater programs										
Jobs created ³										
Construction	12,872	23,326	9,569	8,048	15,460	6,375	11,290	9,730	12,255	9,469
Permanent	6,693	12,129	4,976	4,185	8,039	3,315	5,871	5,060	6,373	3,788
Private wells eliminated	-	-	-	6,025	946	284	59	460	125	31
Sewer lines (linear feet):										
Added	109,039	126,175	79,060	121,840	56,400	95,544	5,200	139,800	72,746	22,900
Upgraded	82,218	772,903	90,100	68,600	105,761	83,694	100,000	39,268	62,646	18,400
Septic tanks removed	946	-	32	5	185	121	15	111	264	2
New customers added	20,367	29,573	10,057	114,370	2,313	906	101	1,578	15,423	13,073

Sources:

The Authority's Energy and Water Resources Divisions.

Notes:

¹Information presented is based on estimates.

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

³Jobs created for construction & permanent were derived from formula used by Water Resources Division which is listed below:

Number of construction jobs and number permanent jobs per \$1B in lending.

Total loan executions per fiscal year/\$1 billion = multiplier

multiplier * total construction jobs = number of construction jobs

multiplier * total permanent jobs = number of permanent jobs

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Capital Asset Statistics by Function Last Ten Fiscal Years

Function/Program	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General government										
Building improvements ¹	Suite	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Computer equipment	12	6	12	12	10	6	5	3	7	3
Furniture and Fixtures	3	1	5	5	5	4	4	3	-	-

Source:

The Authority's Financial Services and Information Technology Divisions.

Notes:

¹ Building improvements were made in 2022 to newly acquired office suite and do not constitute a number of assets.

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SINGLE AUDIT SECTION

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GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Federal Grantor/Program Title	Federal Assistance Listing Number	Pass-through Award/ Contract Number	Federal expenditures	Expenditures to Sub-Recipients	Amount Provided for Administration
U.S. Appalachian Regional Commission:					
Direct programs:					
Appalachian Area Development	23.002	ARC15C17586	\$ 83,646	83,646	—
Appalachian Area Development	23.002	ARC15C17588	163,530	163,530	—
Appalachian Area Development	23.002	ARC16C18520	69,411	69,411	—
Appalachian Area Development	23.002	ARC17C18869	223,354	223,354	—
Appalachian Area Development	23.002	ARC17C18870	28,466	28,466	—
Appalachian Area Development	23.002	ARC18C19151	149,791	149,791	—
Appalachian Area Development	23.002	ARC18C19314	2,000	2,000	—
Appalachian Area Development	23.002	ARC18C19325	97,617	97,617	—
Appalachian Area Development	23.002	ARC18C19326	254,057	254,057	—
Appalachian Area Development	23.002	ARC18C19327	1,000	1,000	—
Appalachian Area Development	23.002	ARC18C19328	4,209	4,209	—
Appalachian Area Development	23.002	ARC19C19757	105,881	105,881	—
Appalachian Area Development	23.002	ARC19C19759	388,713	388,713	—
Appalachian Area Development	23.002	ARC20C20127	158,928	158,928	—
Appalachian Area Development	23.002	ARC20C20129	343,152	343,152	—
Appalachian Area Development	23.002	ARC21C20230	599,000	599,000	—
Appalachian Area Development	23.002	ARC21C20231	494,200	494,200	—
Appalachian Area Development	23.002	GA-18010-C4	6,473	—	6,473
Appalachian Area Development	23.002	GA-18010-C5	22,428	—	22,428
Total U.S. Appalachian Regional Commission			3,195,856	3,166,955	28,901
U.S. Department of Energy:					
Direct programs:					
State Energy Program	81.041	EE0008285	\$ 458,693	98,044	360,649
Total State Energy Program			458,693	98,044	360,649
Weatherization Assistance for Low-Income Persons	81.042	EE0007913	3,543,972	3,098,481	445,491
Weatherization Assistance for Low-Income Persons	81.042	EE0009896	622,032	471,020	151,012
Total Weatherization Assistance for Low-Income Persons			4,166,004	3,569,501	596,503
Total U.S. Department of Energy			4,624,697	3,667,545	957,152

(continued)

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Federal Grantor/Program Title	Federal Assistance Listing Number	Pass-through Award/ Contract Number	Federal expenditures	Expenditures to Sub-Recipients	Amount Provided for Administration
U.S. Department of Health and Human Services:					
Pass-through programs - State of Georgia Department of Human Resources:					
Low-Income Home Energy Assistance Program	93.568	DHS-42700-040-0000096743	1,466,458	1,381,769	84,689
Low-Income Home Energy Assistance Program	93.568	DHS-42700-040-0000103620	3,372,230	3,264,924	107,306
Low-Income Home Energy Assistance Program-ARPA	93.568	DHS-42700-040-0000103909	1,884,804	1,861,159	23,645
Total U.S. Department of Health and Human Services			6,723,492	6,507,852	215,640
U.S. Environmental Protection Agency:					
Direct programs:					
Clean Water State Revolving Fund Cluster:					
State Revolving Funds (Clean Water)	66.458	CS13000121	26,865,000	26,865,000	—
State Revolving Funds (Clean Water)-ASADRA	66.458	SS01D17720	634,168	634,168	—
Total State Revolving Funds (Clean Water)			27,499,168	27,499,168	—
Assistance for Small and Disadvantaged Communities					
Drinking Water Grant Program	66.442	L802D04121	31,176	31,176	—
Drinking Water State Revolving Fund Cluster:					
State Revolving Funds (Drinking Water)	66.468	FS98409919	3,368,540	3,368,540	—
State Revolving Funds (Drinking Water)	66.468	FS98409920	3,326,093	3,326,093	—
State Revolving Funds (Drinking Water)	66.468	FS98409921	18,924,520	17,887,560	1,036,960
State Revolving Funds (Drinking Water)-ASADRA	66.468	SI01D17920	941,283	941,283	—
Total State Revolving Funds (Drinking Water)			26,560,436	25,523,476	1,036,960
Total U.S. Environmental Protection Agency			54,090,781	53,053,820	1,036,960
Total Federal Expenditures			\$ 68,634,825	66,396,172	2,238,653

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

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Notes to Schedule of Expenditures of Federal Awards

June 30, 2022

(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 also receives a significant amount of 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.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

Notes to Schedule of Expenditures of Federal Awards

June 30, 2022

(4) Indirect Cost

The Authority had an approved indirect cost rate negotiated for fiscal years 2022 through 2026 by its cognizant agency, U. S. EPA, on February 17, 2021. The approved rate is 150 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 82.5 percent due to limitations on the availability of administrative funds in certain programs. During the year, the Authority had \$1,188,085 in indirect cost recoveries from administered programs.

(5) Loans Receivable

On June 30, 2022, the Authority had \$833,886,783 in loans receivable outstanding, which were originally funded by the State Revolving Funds (Clean Water) Program and \$253,262,506 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 (ARRA) and subsequently transferred to their respective base federal program. In addition, the Authority was awarded the Additional Supplemental Appropriations for Disaster Relief Act, 2019 (ASADRA) for these programs and their balances are included, respectively.



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 fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated September 29, 2022.

Report on 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") as a basis for designing 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.

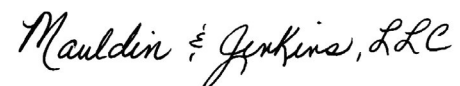
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

Atlanta, Georgia
September 29, 2022



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

Qualified and Unmodified Opinions

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 identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the fiscal year ended June 30, 2022. 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.

Qualified Opinion on Weatherization Assistance for Low-Income Persons

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Weatherization Assistance for Low-Income Persons for the fiscal year ended June 30, 2022.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the fiscal year ended June 30, 2022.

Basis for Qualified and Unmodified Opinions

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on Weatherization Assistance for Low-Income Persons

As described in the accompanying schedule of findings and questioned costs, the Authority did not comply with requirements regarding Federal Assistance Listing No. 81.042 Weatherization Assistance for Low-Income Persons as described in finding number 2022-001 for Reporting.

Compliance with such requirements is necessary, in our opinion, for the Authority to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weaknesses.

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 *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. A *material weakness in internal control over compliance* is a deficiency, or a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-001 to be a material weakness.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

Mauldin & Jenkins, LLC

Atlanta, Georgia
September 29, 2022

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial
statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? ☐ yes ☒ no

Significant deficiencies identified not considered
to be material weaknesses?

☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal Control over major federal programs:

Material weaknesses identified? ☒ yes ☐ no

Significant deficiencies identified not considered
to be material weaknesses?

☐ yes ☒ none reported

Type of auditor's report issued on compliance for
major federal programs:

Qualified for Weatherization Assistance for Low-Income Persons (81.042).
Unmodified for remaining major federal programs.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION I

SUMMARY OF AUDITOR'S RESULTS (Continued)

Any audit findings disclosed that are required to
be reported in accordance with 2 CFR 200

Section 516(a)? ☒ yes ☐ no

Identification of major federal programs:

<u>Federal Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
23.002	Appalachian Regional Commission
66.458	State Revolving Funds (Clean Water Cluster)
66.468	State Revolving Funds (Drinking Water Cluster)
81.042	Weatherization Assistance for Low-Income Persons

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

\$2,059,045

Auditee qualified as low-risk auditee?

☒ yes ☐ no

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES**

None reported.

GEORGIA ENVIRONMENTAL FINANCE AUTHORITY

(A Component Unit of the State of Georgia)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

SECTION III

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2022 – 001 - Reporting

Program:	Weatherization Assistance for Low-Income Persons No. 81.042
Criteria:	Under the requirements of the Federal Funding Accountability and Transparency Act (FFATA) that are codified in 2 CFR Part 170, recipients of grants or cooperative agreements are required to report first-tier subawards of \$30,000 or more to the Federal Funding Accountability and Transparency Act Subaward Reporting System (FSRS).
Condition:	During our testing of the Weatherization Assistance for Low-Income Persons program, the Authority did not have controls in place to complete the FFATA reporting requirement.
Context/Cause:	The Authority was unaware of the requirement and did not properly report as required by FFATA and the grant agreement. Subawards totaling \$3,569,501 for the Weatherization Assistance for Low-Income Persons program were not properly reported to FSRS.
Possible Effects:	The Authority was not in compliance with the reporting requirement.
Questioned Costs:	None.
Recommendation:	We recommend the Authority establish procedures to properly report subawards to FFATA and establish controls to ensure new federal requirements are captured as part of the Authority's ongoing administration of the program.
Auditee's Response:	The Authority agrees with the recommendation above and will establish a formal process to ensure all reporting requirements are fulfilled.

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

**STATUS OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

None reported.