

ANNUAL
REPORT
2018



OUR MISSION

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

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

To date, GEFA has provided more than \$4.3 billion in low-interest loans to cities, counties, and infrastructure authorities for more than 1,600 projects that improve water, wastewater, stormwater, and solid waste systems.

Executive Director's Report

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

The second Monday of January 2019 marked the end of Governor Deal's administration. Throughout his two terms, Governor Deal has been an ardent supporter of the Georgia Environmental Finance Authority (GEFA) and water infrastructure throughout the state. One of his first initiatives was the Governor's Water Supply Program (GWSP), which was led by GEFA to secure and improve Georgia's water supply resources. In the last eight years, the GWSP has accomplished this mission in partnership with the Georgia Department of Community Affairs (DCA).

With \$198 million in low-interest loans through GEFA and \$72.7 million in state direct investment (SDI) through DCA, GWSP financed a variety of water supply projects, including six reservoirs, five water supply well projects, three deep aquifer well research projects, and an agriculture irrigation metering program.

The accomplishments of the GWSP have greatly impacted and contributed to the state. The reservoirs when complete will add nearly 27 billion gallons of storage in critical watersheds and more than 122 million gallons-per-day (MGD) of new water supply—the equivalent of the daily water demand for Gwinnett, Henry, and Rockdale Counties combined.

The cities of Hahira and Vienna, the Lake Lanier Islands Development Authority, and Forsyth County constructed drinking water wells through the GWSP. The city of Tybee Island is exploring a deep well into the Cretaceous Aquifer, which is approximately 4,000 feet underground. This first-of-a-kind project in Georgia will help Tybee Island improve its capacity to meet future water demand, which is currently limited due to salt water intrusion in the Floridan aquifer along Georgia's coast.

The GWSP is also helping the agriculture industry—Georgia's number one industry—explore the use of deep aquifers as an irrigation source for the multitude of crops grown in Southwest Georgia. Claiborne Aquifer test wells have provided valuable data to assess the aquifer's use as an alternate source of water for agricultural irrigation. The GWSP is funding agriculture irrigation metering as well to help manage the state's water resources used for agriculture.

In addition to the GWSP, GEFA's traditional loan programs awarded more than 450 loans for water, wastewater, solid waste, and land conservation projects totaling more than \$1.2 billion during Governor Deal's administration. GEFA's Energy Resources Division also launched a new program—Energy Performance Contracting. The program has awarded seven projects totaling \$82 million that will help state agencies save water and energy and lower utility costs.

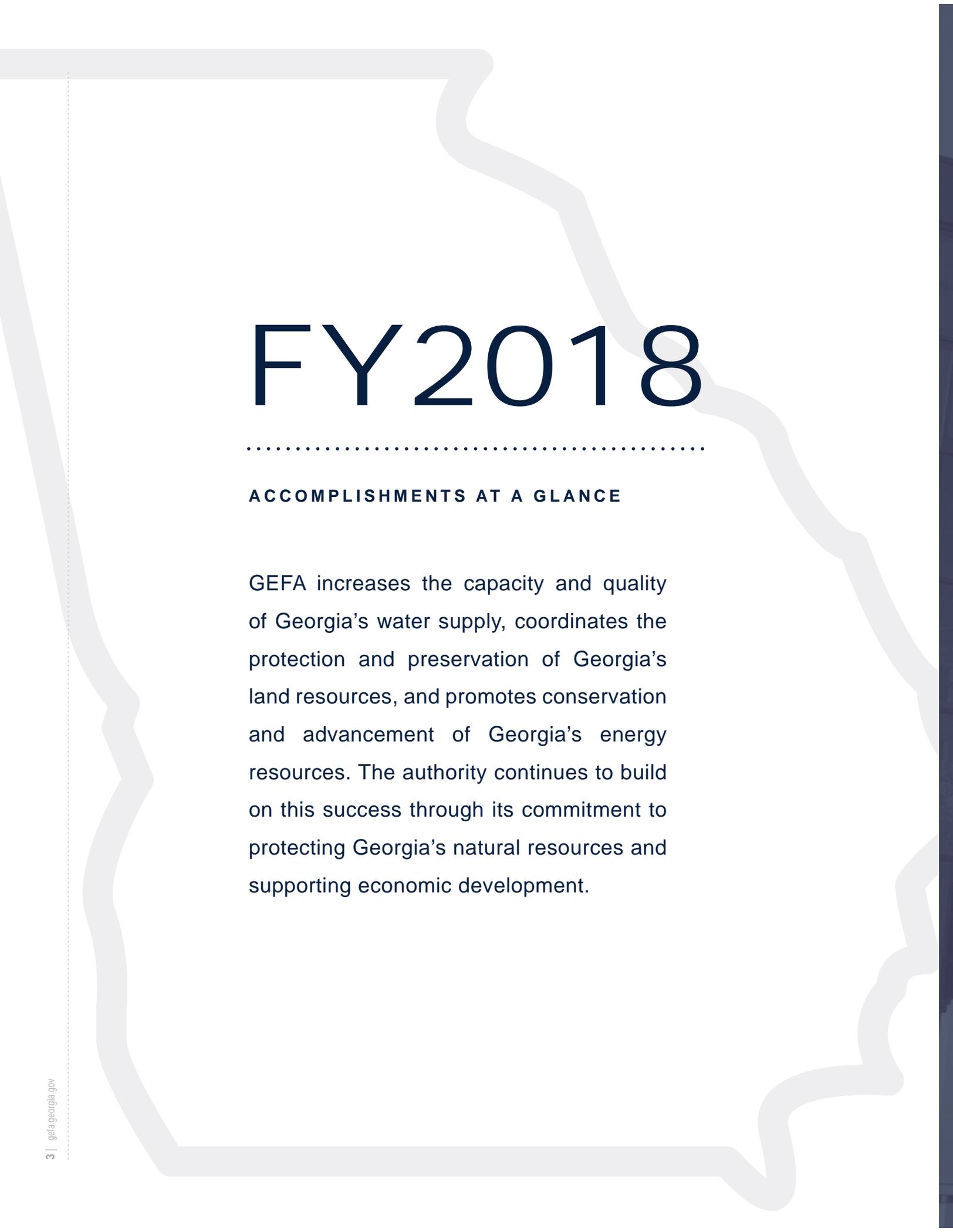
In this report, you will see how GEFA contributes to the state's commitment to energy, land, and water conservation. Our work would not be possible without the support we receive from the governor and state and local leaders.

Sincerely,



Kevin Clark, *Executive Director*

FY2018



ACCOMPLISHMENTS AT A GLANCE

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



Improving Georgia's Water Resources

Projects financed by GEFA in FY2018 provided reliable water, wastewater, and solid waste services to nearly 1.2 million Georgians.

Local governments using GEFA financing in FY2018 saved an estimated \$50.1 million in interest costs over the life of an average 20-year loan.

The Clean Water State Revolving Fund awarded 33 loans totaling \$163.1 million.

The Drinking Water State Revolving Fund awarded 27 loans totaling \$50 million.

The Georgia Fund awarded 16 loans totaling \$48.8 million.

GEFA provided financing to 72 communities in FY2018.



Protecting Georgia's Land Resources

Since 2006, the Georgia Conservation Tax Credit Program facilitated 556 conservation easement donations protecting more than 246,000 acres of land.

In FY2018, the Fuel Storage Tank Program provided oversight and monitoring services for 660 fuel storage tanks at 24 state agencies and departments.

GEFA conducted underground storage tank operator and compliance trainings at 24 state facilities and passed 60 compliance inspections.

Completed the annual registration for 330 state-owned underground fuel storage tanks.



Conserving Georgia's Energy Resources

Two state agencies were approved for guaranteed energy savings performance contracts totaling \$20 million and are moving forward with procurement.

During FY2018, three Georgia Solar contracts totaling \$125,000 were executed with local governments and K-12 public schools to install small-scale solar photovoltaic systems and to increase renewable energy education.

Solar for Schools provides technical college students with the hands-on learning opportunity of solar photovoltaic system design, installation, and maintenance. During FY2018, GEFA executed one contract for \$58,000 with Southern Crescent Technical College – Griffin campus.

The Weatherization Assistance Program completed weatherization retrofits to 458 units—impacting 745 people—with estimated energy savings of 13,969 MBtu.

Energy Resources

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



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



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



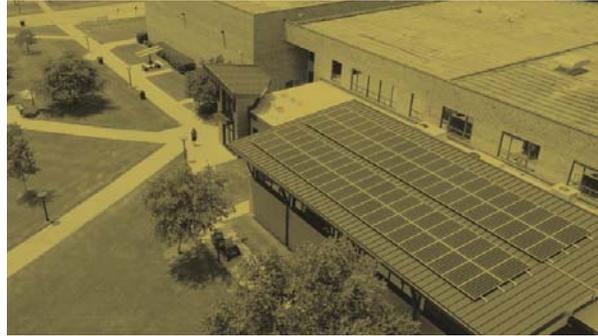
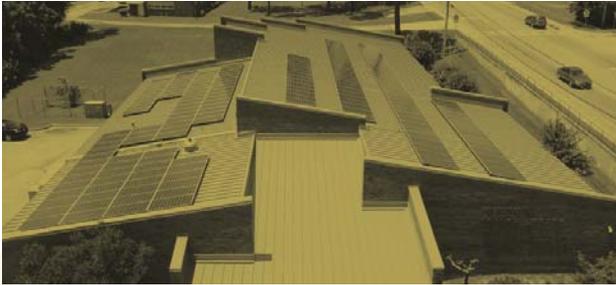
The Georgia Energy Challenge helps state agencies reach the program's 15 percent energy conservation goal.



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



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



Energy Performance Contracting continues to improve state agencies

In November 2010, Georgia voters overwhelmingly approved a constitutional amendment to establish guaranteed energy savings performance contracting for use by state agencies. Since then, GEFA has actively developed the program. Seven projects are currently under contract. In an energy performance contract, the energy services company (ESCO) guarantees the state will save money with the installation of energy- and water- efficient equipment and systems.

As of FY2018, six state entities have participated in the program:

- The Georgia Institute of Technology
- The University of Georgia
- Georgia World Congress Center Authority
- Georgia Department of Corrections (two contracts)
- North Georgia Mountains Authority
- Georgia Department of Transportation

GEFA helped facilitate the first state agency energy performance contract in FY2013 with the Georgia Department of Corrections (GDC). GDC partnered with Johnson Controls to implement energy and water conservation measures at Phillips State Prison in Buford, Georgia.

Phillips State Prison is a medium security facility that houses more than 900 adult males. In 2013, Johnson Controls conducted an Investment Grade Energy Audit and recommended electronic controls to reduce energy and water consumption and to monitor use.

After three annual performance periods, the total energy, water, and cost savings exceeded expectations. The most notable to mention is water conservation. By replacing water fixtures with low-flow devices, Phillip’s State Prison has seen impressive savings in water and sewer expenses.

PERFORMANCE YEARS	GUARANTEED SAVINGS	ACTUAL SAVINGS	SURPLUS SAVINGS
Year 1: FY2015	\$445,579	\$566,273	\$120,694
Year 2: FY2016	\$452,262	\$549,443	\$97,282
Year 3: FY2017	\$459,046	\$603,219	\$144,172
Cumulative Total	\$1,356,887	\$1,718,935	\$362,148

GEFA will continue to work with state agencies to implement energy performance contracts as an important method for saving energy and money while improving facilities.

Land Resources

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

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

The FSTP also:



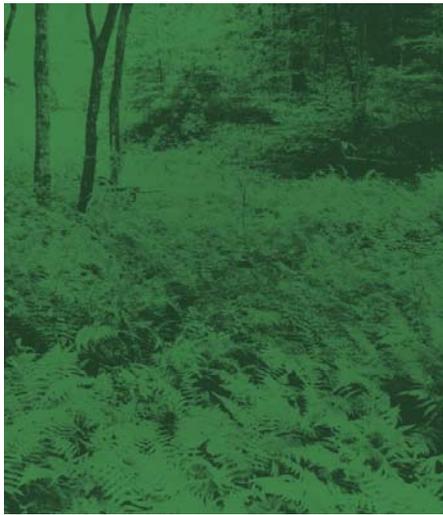
Conducts environmental
cleanup



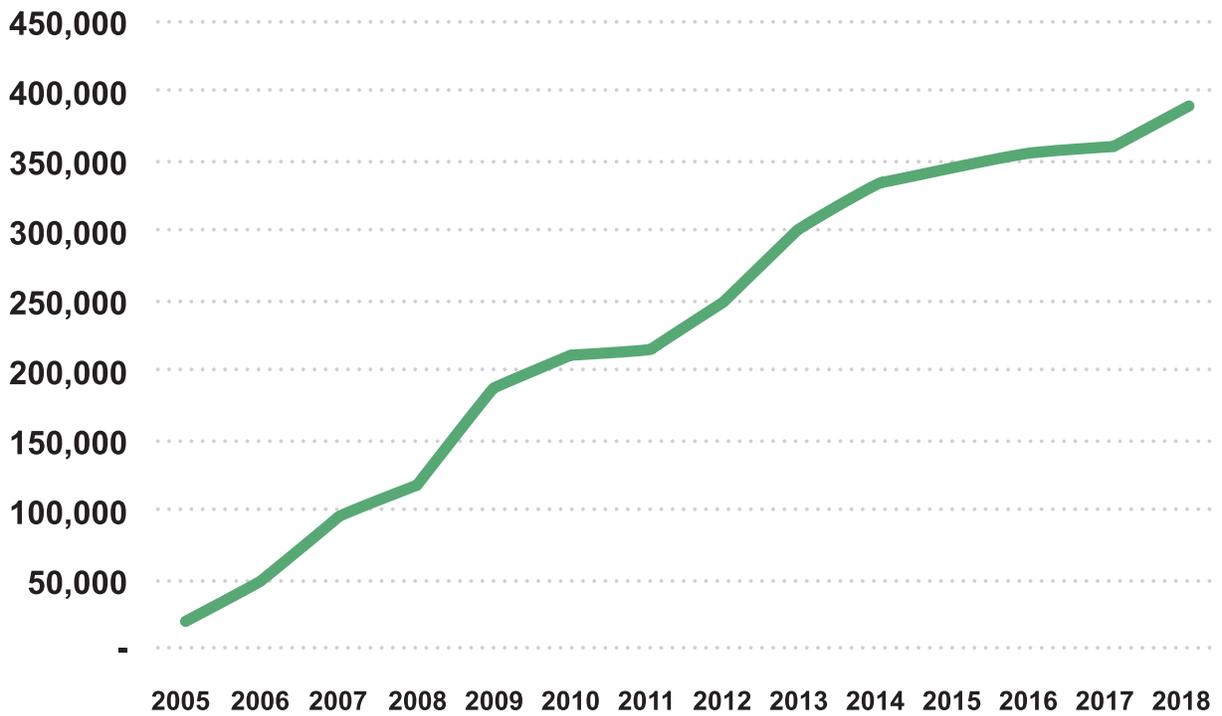
Facilitates fuel storage tank
preventative maintenance
and repair



Manages annual
maintenance inspections



Acres Protected by GLCP



Water Resources

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



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



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



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



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



Lake Peachtree piano key weir spillway is the first of its kind in North America

Human-made dams are a pivotal part of communities all over the world. Dams store water in reservoirs, which is used for many purposes such as irrigation, hydropower, water supply, flood control, navigation, fishing, and recreation. The oldest known dam is the Jawa Dam located in modern day Jordan. It was built around 3000 B.C.

The second known working dam was built in 2700 B.C., but it was washed away due to the lack of a spillway. The spillway controls the release of water from a reservoir into a downstream area. With daily use, the infrastructure of dams and other water systems need to be replaced over time. Designed in 2001, and first built in 2006 in France, the piano key weir is a cost effective and safe design option for many communities to fix dam issues that they might be facing.

The dam for Lake Peachtree, which is a water supply reservoir for Peachtree City, was reclassified as a Category I dam by the Georgia Environmental Protection Division's (EPD) Safe Dams Program. This means there is a potential for loss of life in the event of a dam failure. In 2014, exploratory borings were performed to evaluate the condition of the existing spillway. During the exploration, it was determined that the dam would not last another 50 years. The city needed to find a solution.

Seven potential spillway designs were considered prior to recommending the piano key weir by city consultants—Integrated Science and Engineering Inc. and Schnabel Engineering. City Manager Jon Rorie said the model selected was the most cost-effective way to fit in the existing spillway channel. This was the first piano key weir designed and constructed in North America.

On September 15, 2016, the city council approved the new spillway for Lake Peachtree. The three stages of the piano key weir pertain to the water levels to be managed by the new spillway. The lowest “key” is positioned at the level of the current spillway. The middle “key” is 2 feet higher to manage larger volumes of water. The third “key,” which is significantly larger in width, is 4 feet higher in elevation than the lowest key to accommodate extreme rain events.

GEFA awarded Peachtree City a \$3,155,000 Clear Water State Revolving Fund loan for this project. This loan financed the new spillway, which meets EPD's Safe Dam Program guidelines to be classified as a Category II. A Category II dam will not result in a probable loss of life downstream in the event of a dam failure. In addition to safeguarding the lives of downstream residents, this project is going to help Lake Peachtree control flood releases during storm events and help with stormwater management.

Financial Highlights

The narrative overview and analysis of the agency's financial activities for the fiscal year ended June 30, 2018, provides additional detail on GEFA's financial performance.



Total assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources at the close of the fiscal year by \$2.3 billion (net position). Of this amount, \$41.6 million was from governmental activities and \$2.3 billion was from business-type activities.



Total long-term liabilities experienced a net decrease of \$2.4 million during 2018, all within governmental activities. The decrease was mostly attributable to the changes in GEFA's proportionate shares of Net OPEB and Net Pension Liabilities.



GEFA's total net position increased by \$85.7 million. The net position in governmental activities increased by \$3.6 million and the net position of business-type activities increased by \$82.1 million, resulting in an overall \$12.2 million increase over FY2017.



Total governmental revenues decreased by \$2.1 million from FY2017. The decreased revenue is mostly attributable to a decrease in operating grants and contributions because of depletion of administrative revenues for grant programs and a change in funding methodologies for grant programs.



Charges for services within business-type activities continued to experience a decline, albeit not as substantial as previous years, declining only by \$523,400. The change is due partly to a slight interest rate increase implemented mid-year. However, the most significant impact is that the cost of capital in the open market has also increased, which typically prohibits many borrowers from making early payoffs through the issuance of revenue bonds.

FY2018 NET POSITION

PRIMARY GOVERNMENT

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL		INCREASE (DECREASE)
	2018	2017	2018	2017	2018	2017	%
CURRENT AND OTHER ASSETS	\$51,790,435	48,801,246	2,287,106,493	2,203,608,994	2,338,896,928	2,252,410,240	3.8%
CAPITAL ASSETS	287,852	145,931	—	—	287,852	145,931	97.3%
TOTAL ASSETS	52,078,287	48,947,177	2,287,106,493	2,203,608,994	2,339,184,780	2,252,556,171	3.8%
DEFERRED OUTFLOWS OF RESOURCES	1,199,341	1,863,552	—	—	1,199,341	1,863,552	(35.6%)
LONG-TERM LIABILITIES OUTSTANDING	8,782,591	10,907,086	—	—	8,782,591	10,907,086	(19.5%)
OTHER LIABILITIES	1,857,141	1,811,248	1,915,669	568,814	3,772,810	2,380,062	58.5%
TOTAL LIABILITIES	10,639,732	12,718,334	1,915,669	568,814	12,555,401	13,287,148	(5.5%)
DEFERRED INFLOWS OF RESOURCES	1,040,092	61,435	—	—	1,040,092	61,435	1,593.0%
NET POSITIONS							
INVESTMENT IN CAPITAL ASSETS	287,852	145,931	—	—	287,852	145,931	97.3%
RESTRICTED	37,160,595	38,555,789	1,717,827,489	1,638,492,840	1,754,988,084	1,677,048,629	4.6%
UNRESTRICTED	4,149,357	(670,760)	567,363,335	564,547,340	571,512,692	563,876,580	1.4%
TOTAL NET POSITION	\$41,597,804	38,030,960	2,285,190,824	2,203,040,180	2,326,788,628	2,241,071,140	3.8%

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

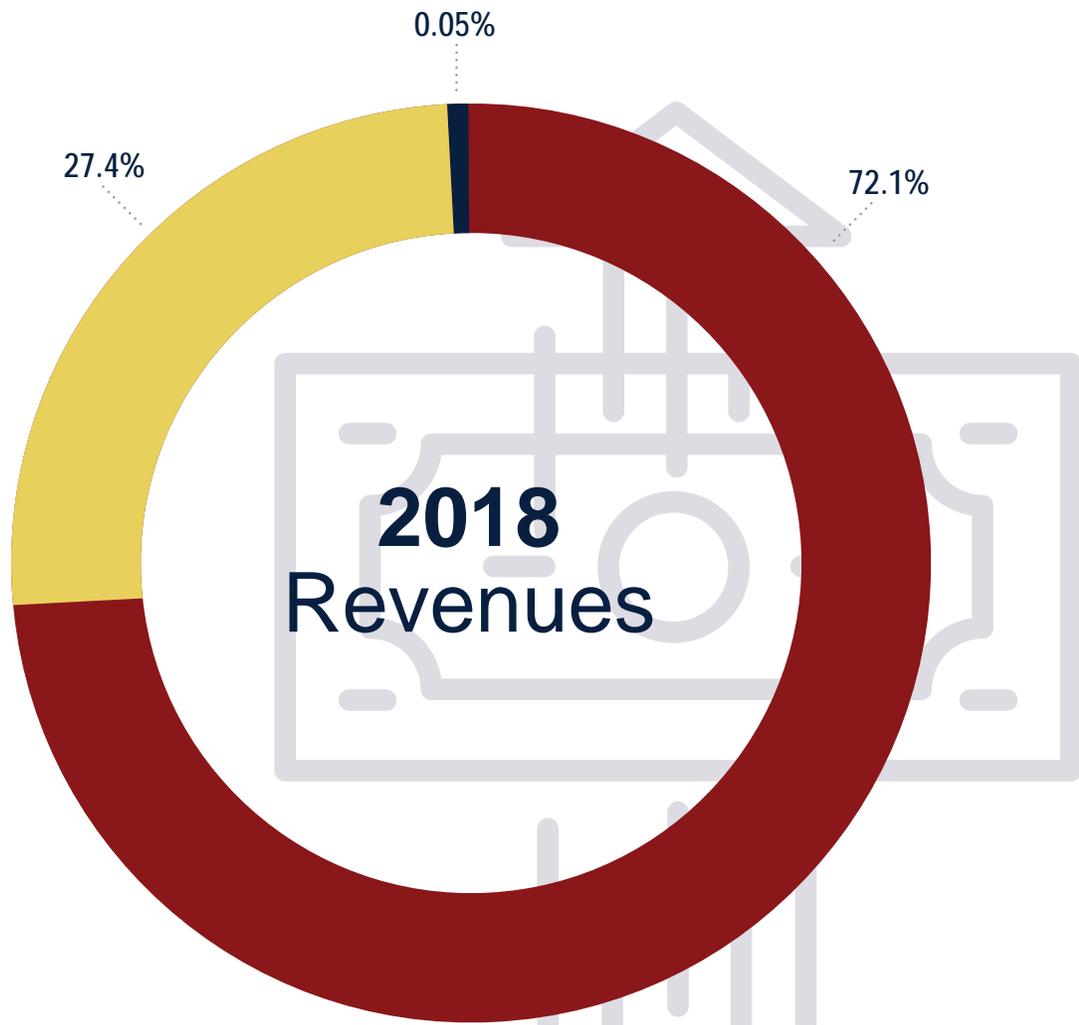
FY2018 STATEMENT OF NET POSITION

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	GA. ENVIRON. LOAN ACQ. CORP.
ASSETS				
CASH	\$1,861,237	2,836,883	4,698,120	88,293
CASH WITH FISCAL AGENT	—	—	—	2,606,019
INVESTMENTS	40,716,758	902,713,144	943,429,902	65,897,811
INVESTMENTS WITH FISCAL AGENT	—	—	—	4,811,623
DUE FROM OTHER GOVERNMENTS	3,199,350	1,814,834	5,014,184	—
INTERNAL BALANCES	5,661,964	(5,661,964)	—	—
ACCRUED INTEREST RECEIVABLE	—	2,828,006	2,828,006	204,742
LOANS RECEIVABLE	—	1,382,575,590	1,382,575,590	44,958,430
OTHER ASSETS	12,636	—	12,636	—
NET OPEB ASSET	338,490	—	338,490	—
CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	287,852	—	287,852	—
TOTAL ASSETS	\$52,078,287	2,287,106,493	2,339,184,780	118,566,918
DEFERRED OUTFLOWS OF RESOURCES				
RELATED TO OTHER POSTEMPLOYMENT BENEFITS	\$454,515	—	454,515	—
RELATED TO PENSIONS	744,826	—	744,826	—
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$1,199,341	—	1,199,341	—
LIABILITIES				
ACCOUNTS PAYABLE AND ACCRUED LIABILITIES	\$1,757,805	1,167,984	2,925,789	10,352
DUE TO OTHER GOVERNMENTS	99,336	2,632	101,968	—
ACCRUED INTEREST PAYABLE	—	—	—	80,202
RETAINAGE PAYABLE	—	745,053	745,053	—
LONG-TERM LIABILITIES:				
<i>DUE WITHIN ONE YEAR</i>				
COMPENSATED ABSENCES	125,025	—	125,025	—
SECURITIZATION BONDS PAYABLE	—	—	—	2,580,000
<i>DUE IN MORE THAN ONE YEAR</i>				
COMPENSATED ABSENCES	375,075	—	375,075	—
NET OPEB LIABILITY	3,640,710	—	3,640,710	—
NET PENSION LIABILITY	4,641,781	—	4,641,781	—
SECURITIZATION BONDS PAYABLE, NET OF CURRENT PORTION AND UNAMORTIZED BOND DISCOUNT	—	—	—	36,067,293
TOTAL LIABILITIES	10,639,732	1,915,669	12,555,401	38,737,847
DEFERRED INFLOW OF RESOURCES				
RELATED TO OTHER POSTEMPLOYMENT BENEFITS	\$694,354	—	694,354	—
RELATED TO PENSIONS	345,738	—	345,738	—
TOTAL DEFERRED INFLOW OF RESOURCES	\$1,040,092	—	1,040,092	—
NET POSITION				
NET INVESTMENT IN CAPITAL ASSETS	\$287,852	—	287,852	—
RESTRICTED FOR:				
DEBT SERVICE	—	—	—	79,829,071
GRANT PROGRAMS	4,624,447	—	4,624,447	—
LOAN PROGRAMS	32,536,148	1,717,827,489	1,750,363,637	—
UNRESTRICTED	4,149,357	567,363,335	571,512,692	—
TOTAL NET POSITION	\$41,597,804	2,285,190,824	2,326,788,628	79,829,071

SEE ACCOMPANYING NOTES TO BASIC FINANCIAL STATEMENTS.

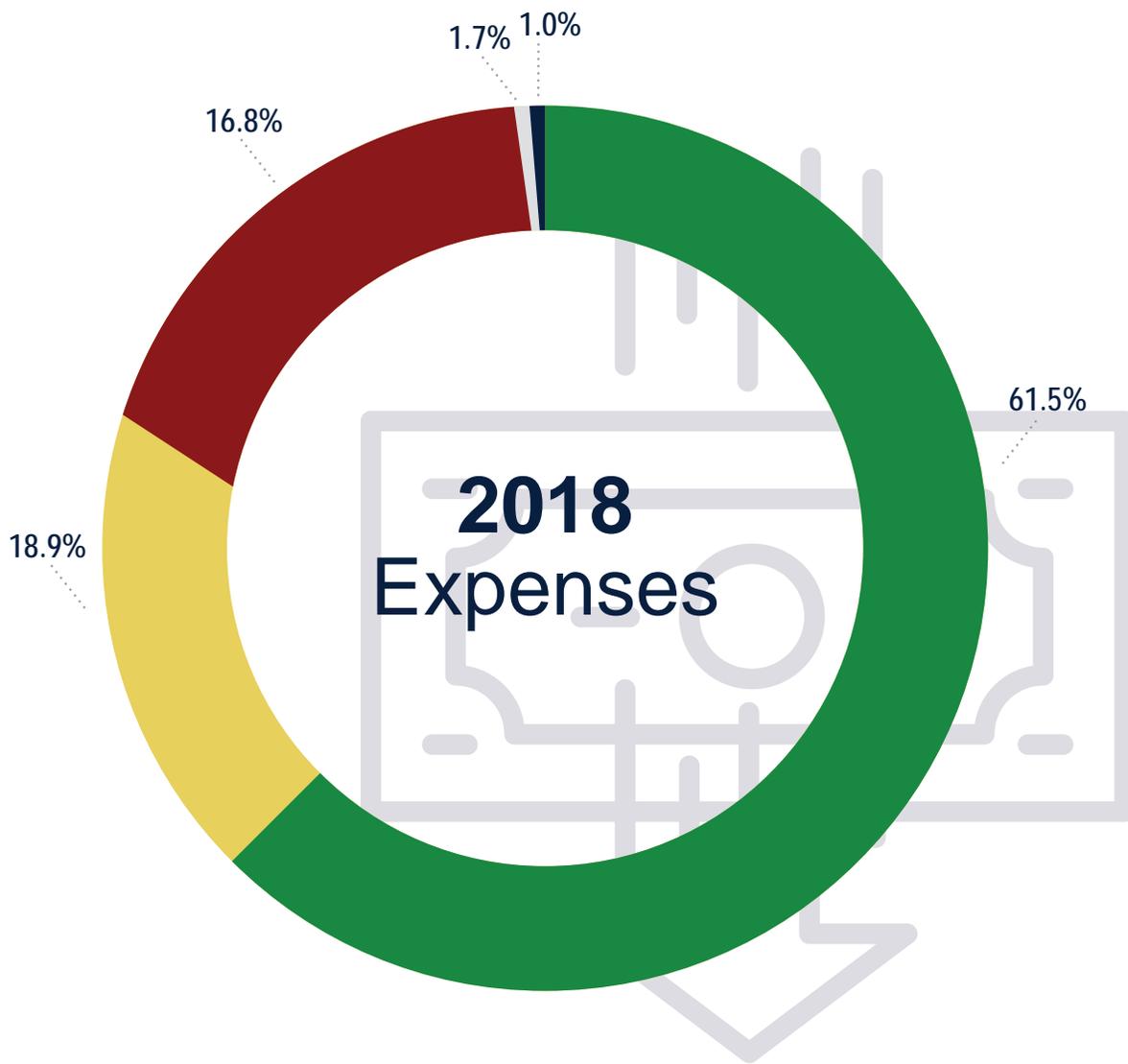
FY2018 STATEMENT OF NET ACTIVITIES

	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL	COMPONENT UNIT
GOVERNMENTAL ACTIVITIES								
GENERAL GOVERNMENT	\$6,394,339	—	10,687,318	—	4,292,979	—	4,292,979	—
WATER AND WASTEWATER	8,587,806	2,364,541	5,886,937	—	(336,328)	—	(336,328)	—
LAND CONSERVATION	763	—	23,009	—	22,246	—	22,246	—
ENERGY AND ENVIRONMENT	5,681,449	—	5,653,636	—	(28,813)	—	(28,813)	—
TOTAL GOVERNMENTAL ACTIVITIES	\$20,664,357	2,364,541	22,249,900	—	3,950,084	—	3,950,084	—
BUSINESS-TYPE ACTIVITIES								
WATER AND WASTEWATER	\$12,186,247	—	12,186,247	—	—	—	—	—
STORAGE TANK MAINTENANCE	581,179	1,114,550	15,464	—	—	548,835	548,835	—
GENERAL AND ADMINISTRATIVE	232,937	29,175,282	51,640,289	—	—	80,491,634	80,491,634	—
TOTAL BUSINESS-TYPE ACTIVITIES	\$13,091,363	30,289,832	63,842,000	—	—	81,040,469	81,040,469	—
TOTAL PRIMARY GOVERNMENT	\$33,755,720	32,654,373	86,091,900	—	3,950,084	81,040,469	84,990,553	—
COMPONENT UNIT								
GEORGIA ENVIRONMENTAL LOAN ACQUISITION CORPORATION	\$2,278,531	1,867,323	829,009	—	—	—	—	417,801
TOTAL COMPONENT UNITS	\$2,278,531	1,867,323	829,009	—	—	—	—	—
GENERAL REVENUES								
UNRESTRICTED INVESTMENT EARNINGS	—	—	—	—	608,836	—	608,836	—
MISCELLANEOUS	—	—	—	—	114,624	3,475	118,099	4,176
TRANSFERS	—	—	—	—	(1,106,700)	1,106,700	—	—
TOTAL GENERAL REVENUES AND TRANSFERS	—	—	—	—	(383,240)	1,110,175	726,935	421,977
CHANGE IN NET POSITION	—	—	—	—	3,566,844	82,150,644	85,717,488	421,977
NET POSITION - JULY 1	—	—	—	—	41,999,452	2,203,040,180	2,245,039,632	79,407,094
PRIOR PERIOD ADJUSTMENT	—	—	—	—	(3,968,492)	—	(3,968,492)	—
NET POSITION - JULY 1 RESTATED	—	—	—	—	38,030,960	2,203,040,180	2,241,071,140	79,407,094
NET POSITION - JUNE 30	—	—	—	—	41,597,804	2,285,190,824	2,326,788,628	79,829,071



	AMOUNT	PERCENT
Charges for Services and Other Revenue*	\$32,768,997	27.4%
Investment Earnings, Unrestricted	\$608,836	0.5%
Operating Grants and Contributions	\$86,091,900	72.1%
TOTAL REVENUES	\$119,469,733	100.0%

* Includes restricted investment earnings



	AMOUNT	PERCENT
General Government	\$6,394,339	18.9%
Water and Wastewater	\$20,774,053	61.5%
Land Conservation	\$763	0.0%
Energy and Environment	\$5,681,449	16.8%
Storage Tank Maintenance	\$581,179	1.7%
General and Administrative	\$323,937	1.0%
TOTAL EXPENSES	\$33,755,720	100.0%



Fiscal Services

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



Human Resources

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



Public Affairs

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



Information Technology

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



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**As of October 2018*



Georgia Environmental Finance Authority

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