



STATE OF TENNESSEE
DEPARTMENT OF GENERAL SERVICES
OFFICE OF FINANCIAL MANAGEMENT

22nd Floor, W.R. Snodgrass Tennessee Tower, 312 Rosa L. Parks Avenue, Nashville, Tennessee 37243 (615) 741-3066

MEMORANDUM

TO: Bob Oglesby, Commissioner

FROM: Kristi Couch, Department Controller *KOC*
OFM Accounting Services

SUBJECT: Facilities Revolving Fund

DATE: February 25, 2014

I have attached a copy of the Facilities Revolving Fund (FRF) Revenue and Expenditure "Budget to Actual Report" and the audited FRF financial statements from the Comprehensive Annual Financial Report (CAFR) for the period ended June 30, 2013. These reports are being provided to comply with State Building Commission By-Law, Policy, and Procedures, Item 14.01, B, 4, (b), which states that "RPA (STREAM) shall annually present to the SBC a report reflecting the expenditures and fiscal year-end condition of FRF.

Information to complete the FRF Revenue and Expenditure Report was obtained from an Edison Trial Balance run on January 16, 2014, for the period July 1, 2012, through June 30, 2013. The Revenue and Expenditure Report reveals the fund collectively had an overall net revenue increase of \$71.2 million for the fiscal year. Revenue collections were \$6.8 million less than estimated, and expenditures were \$78 million less than estimated. The \$78 million is broken down as follows:

- Building Operations (50101) - \$49 thousand underspent
- Project Maintenance (50102) - \$3.7 million underspent
- Facilities Management (50103) - \$5.4 million underspent
- Capital Project (50104) - \$70.7 million underspent
- Debt Service (50105) - \$1.9 million overspent.

Questions pertaining to the FRF Revenue and Expenditures Budget to Actual Report or the CAFR may be forwarded to me (741-0341) or Victor Nwanso (532-1827).

Attachment

cc: David Thurman, Director of Budget

Facilities Revolving Fund (FRF)
Revenues and Expenditures
Budget to Actual Comparison - Final
As of June 30, 2013
(all amounts in millions)

Account	Total FY 13 Work Program	Actual 7/1/2012 to 06/30/2013	Actual > Work Plan
Revenues:			
FRF Billings & Billing Adjustments		132.303	
Offline Billings		0.994	
Tenant Alterations		0.334	
Post Mortem		0.078	
Sub-Total Revenue		133.709	
Earnings from Operational Maintenance - Other		0.188	
Interest Earnings		0.196	
Total Revenue	135.339	134.093	(1.246)
Reserve	10.887	-	(10.887)
Operating Transfer in	135.935	141.235	5.300
Total Available	\$ 282.161	\$ 275.327	\$ (6.834)
Expenditures:			
Department of General Services:			
50101			
Operations, Maintenance, and Support	60.867	36.026	
Utilities		24.792	
	\$ 60.867	\$ 60.817	\$ (0.049)
50102			
Operational and Major Maintenance	5.100	1.390	
	\$ 5.100	\$ 1.390	\$ (3.710)
50103			
Contract Rent		41.119	
Tenant Alterations Billable		0.444	
Other Rent Expense		0.956	
Management and Support		4.983	
Operations and Maintenance		1.688	
	\$ 54.607	\$ 49.191	\$ (5.417)
SBC/Capital Projects Management:			
Construction and Renovation (50104)			
	\$ 135.687	\$ 64.984	\$ (70.703)
Debt Service:			
Bond Principal (50105)		19.543	
Interest on Debt (50105)		8.107	
Commercial Paper Interest (50105)		0.019	
Bond Issue Cost / Trustee (50105)		0.088	
Total Debt Service Expenditures	\$ 25.900	\$ 27.757	\$ 1.857
Total Expenditures	\$ 282.161	\$ 204.139	\$ (78.023)
Net Revenues (Revenues less Expenditures)	\$ -	\$ 71.189	\$ 71.189

State of Tennessee
Combining Statement of Net Position
Internal Service Funds
June 30, 2013

(Expressed in Thousands)



	Office for Information Resources	Risk Management	Motor Vehicle Management	General Services Printing	Facilities Revolving Fund	Employee Group Insurance	Postal Services
Assets							
Current assets:							
Cash and cash equivalents	\$ 114,213	\$ 108,503	\$ 45,732	\$ 310	\$ 178,886	\$ 231,109	\$ 2,050
Accounts receivable	364	10,696	43	3	991	5,101	
Due from other funds	120						
Inventories, at cost	963			68			214
Prepayments							140
Total current assets	115,660	119,199	45,775	381	179,877	236,210	2,404
Noncurrent assets:							
Due from other funds	116						
Net investment in capital leases					11,873		
Capital assets:							
Land, at cost					62,843		
Structures and improvements, at cost					554,728		
Machinery and equipment, at cost	98,872		145,510	1,905	147		3,120
Less-accumulated depreciation	(72,755)		(90,754)	(1,287)	(272,159)		(2,465)
Construction in progress					2,184		
Software in development							
Total capital assets, net of accumulated depreciation	26,117		54,756	618	347,743		655
Total noncurrent assets	26,233		54,756	618	359,616		655
Total assets	141,893	119,199	100,531	999	539,493	236,210	3,059
Deferred outflows of resources							
					9,367		
Liabilities							
Current liabilities:							
Accounts payable	11,188	450	6,290	96	6,159	43,530	20
Accrued payroll and related deductions	2,105		100	145			102
Due to other funds	129	13	6	9	6,994		7
Due to component units	23	410					
Lease obligations payable					161		
Bonds payable					19,217		
Unearned revenue		8				39,866	
Other		31,286					
Total current liabilities	13,445	32,167	6,396	250	32,531	83,396	129
Noncurrent liabilities:							
Lease obligations payable					210		
Commercial paper payable					14,311		
Bonds payable, net					177,974		
Other noncurrent liabilities	4,797	65,117	387	537			633
Total noncurrent liabilities	4,797	65,117	387	537	192,495		633
Total liabilities	18,242	97,284	6,783	787	225,026	83,396	762
Net position							
Net investment in capital assets	26,117		54,756	618	145,236		655
Unrestricted	97,534	21,915	38,992	(406)	178,598	152,814	1,642
Total net position	\$ 123,651	\$ 21,915	\$ 93,748	\$ 212	\$ 323,834	\$ 152,814	\$ 2,297

State of Tennessee
 Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
 Internal Service Funds
 For the Fiscal Year Ended June 30, 2013

(Expressed in Thousands)



	Office for Information Resources	Risk Management	Motor Vehicle Management	General Services Printing	Facilities Revolving Fund	Employee Group Insurance	Postal Services
Operating revenues							
Charges for services	\$ 145,031	\$ 57,369	\$ 41,146	\$ 4,220	\$ 133,889	\$ 703,856	\$ 18,822
Premiums						495	
Other							
Total operating revenues	<u>145,031</u>	<u>57,369</u>	<u>41,146</u>	<u>4,220</u>	<u>133,889</u>	<u>704,351</u>	<u>18,822</u>
Operating expenses							
Personal services	30,120		1,552	2,300			1,665
Contractual services	49,095	8,700	6,900	1,174	136,538	26,623	1,780
Materials and supplies	60,172		21,023	968	1,771		14,558
Rentals and insurance	32	5,357	3,374	70	42,347		12
Depreciation and amortization	11,520		10,395	122	12,871		294
Benefits		30,572				617,807	
Other	1,089			1	567	10,427	
Total operating expenses	<u>152,028</u>	<u>44,629</u>	<u>43,244</u>	<u>4,635</u>	<u>194,094</u>	<u>654,857</u>	<u>18,309</u>
Operating income (loss)	<u>(6,997)</u>	<u>12,740</u>	<u>(2,098)</u>	<u>(415)</u>	<u>(60,205)</u>	<u>49,494</u>	<u>513</u>
Nonoperating revenues (expenses)							
Taxes		3					
Insurance claims recoveries			206				
Interest income		107			196	168	
Interest expense					(8,150)		
Total nonoperating revenues (expenses)		<u>110</u>	<u>206</u>		<u>(7,954)</u>	<u>168</u>	
Income (loss) before contributions and transfers	<u>(6,997)</u>	<u>12,850</u>	<u>(1,892)</u>	<u>(415)</u>	<u>(68,159)</u>	<u>49,662</u>	<u>513</u>
Capital contributions			3,639		4,624		
Transfers in	3,200		4,168	309	141,235		
Change in net position	<u>(3,797)</u>	<u>12,850</u>	<u>5,915</u>	<u>(106)</u>	<u>77,700</u>	<u>49,662</u>	<u>513</u>
Net position, July 1	<u>127,448</u>	<u>9,065</u>	<u>87,833</u>	<u>318</u>	<u>246,134</u>	<u>103,152</u>	<u>1,784</u>
Net position, June 30	<u>\$ 123,651</u>	<u>\$ 21,915</u>	<u>\$ 93,748</u>	<u>\$ 212</u>	<u>\$ 323,834</u>	<u>\$ 152,814</u>	<u>\$ 2,297</u>

State of Tennessee
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013

(Expressed in Thousands)

	Office for Information Resources	Risk Management	Motor Vehicle Management	General Services Printing	Facilities Revolving Fund	Employee Group Insurance	Postal Services
Cash flows from operating activities							
Receipts from customers and users	\$ 2,618	\$ 9,714	\$ 436	\$ 50	\$ 4,158	\$ 330,909	\$ 138
Receipts from interfund services provided	142,574	47,654	40,460	4,171	129,726	400,411	18,684
Payments to suppliers	(99,162)	(40,131)	(22,978)	(1,468)	(163,667)	(672,301)	(15,332)
Payments to employees	(29,711)		(1,490)	(2,249)	(6)		(1,575)
Payments for interfund services used	(13,026)	(6,064)	(6,838)	(721)	(9,944)	(10,489)	(1,048)
Net cash from (used for) operating activities	3,293	11,173	9,590	(217)	(39,733)	48,530	867
Cash flows from noncapital financing activities							
Transfers in	3,200		4,168	309	141,235		
Tax revenues received		3					
Net cash from (used for) noncapital financing activities	3,200	3	4,168	309	141,235		
Cash flows from capital and related financing activities							
Purchase of capital assets	(6,347)		(17,651)	(11)	(2,629)		
Bond and commercial paper proceeds					16,035		
Proceeds from sale of capital assets			2,850		258		
Insurance claims recoveries			206		(28,764)		
Principal payments					(8,377)		
Interest paid			453				
Capital contributions							
Net cash from (used for) capital and related financing activities	(6,347)		(14,142)	(11)	(23,477)		
Cash flows from investing activities							
Interest received		107			196	168	
Net cash from (used for) investing activities		107			196	168	
Net increase (decrease) in cash and cash equivalents	146	11,283	(384)	81	78,221	48,698	867
Cash and cash equivalents, July 1	114,067	97,220	46,116	229	100,665	182,411	1,183
Cash and cash equivalents, June 30	\$ 114,213	\$ 108,503	\$ 45,732	\$ 310	\$ 178,886	\$ 231,109	\$ 2,050
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ (6,997)	\$ 12,740	\$ (2,098)	\$ (415)	\$ (60,205)	\$ 49,494	\$ 513
Adjustments to reconcile operating income (loss) to net cash from operating activities:							
Depreciation and amortization	11,520		10,395	122	12,871		294
Loss/(gain) on disposal of capital assets	1,008		(233)		473		
Bond issuance cost					88		
Changes in assets and liabilities:							
(Increase) decrease in accounts receivable	(125)		(16)		(6)	(735)	
(Increase) decrease in due from other funds	286						
(Increase) decrease in due from component units			(1)				
(Increase) decrease in inventories	348			11			
(Increase) decrease in prepaids							(43)
Increase (decrease) in accounts payable	(2,759)	(1,985)	1,543	65	74	(666)	103
Increase (decrease) in due to other funds	12	8			6,972		
Increase (decrease) in due to component units		410					
Increase (decrease) in unearned revenue						437	
Total adjustments	10,290	(1,567)	11,688	198	20,472	(964)	354
Net cash provided by (used for) operating activities	\$ 3,293	\$ 11,173	\$ 9,590	\$ (217)	\$ (39,733)	\$ 48,530	\$ 867
Noncash Investing, capital and financing activities							
Capital contributions			\$ 3,639		\$ 4,624		
Bond refunding proceeds					4,452		
Bond refunding premium					316		
Bond refunding proceeds to escrow					(4,768)		
Capital asset disposed of by capital lease					11,352		
Total noncash investing, capital and financing activities			\$ 3,639		\$ 15,976		