

To: Bob Oglesby, Commissioner of General Services
From: Kristi Couch, Department Controller, DGS Central Accounting *KAC*
Date: February 24, 2016
Subject: Facilities Revolving Fund

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, 2015. These reports are being provided to comply with State Building Commission By-Laws, Policy, and Procedure, 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 October 30, 2015, for the period July 1, 2014, through June 30, 2015. The Revenue and Expenditure Report reveals the fund collectively had an overall net decrease of \$16.9 million for the fiscal year. Actual revenue collections were \$24.6 million less than estimated, and expenditures were \$7.7 million less than estimated. The 7.7 million is broken down as follows:

- Building Operations (50101) - \$6.2 million overspent
- Project Maintenance (50102) - \$.8 million underspent
- Facilities Management (50103) - \$2.7 million overspent
- Capital Project (50104) - \$16 million underspent
- Debt Service (50105) - \$.2 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: John Webb, Director of Budget

Facilities Revolving Fund (FRF)
Revenues and Expenditures
Budget to Actual Comparison - Final
As of June 30, 2015
(all amounts in millions)

Account	Total FY 15 Work Program	Actual 7/1/2014 to 06/30/2015	Actual > Work Plan
Revenues:			
FRF Billings & Billing Adjustments		126.289	
Offline Billings		0.325	
Tenant Alterations		0.148	
Post Mortem		0.465	
Sub-Total Revenue		127.227	
Earnings from Operational Maintenance - Other		0.370	
Interest Earnings		0.255	
Total Revenue	110.832	127.852	17.020
Reserve	41.650	-	(41.650)
Operating Transfer in	13.065	13.065	-
Total Available	\$ 165.547	\$ 140.917	\$ (24.630)
Expenditures:			
Department of General Services:			
50101			
Operations, Maintenance, and Support		34.050	
Utilities		23.324	
	\$ 51.127	\$ 57.374	\$ 6.247
50102			
Operational and Major Maintenance		3.054	
	\$ 3.845	\$ 3.054	\$ (0.791)
50103			
Contract Rent		38.440	
Tenant Alterations Billable		0.609	
Other Rent Expense		1.094	
Management and Support		5.789	
Operations and Maintenance		1.836	
	\$ 45.025	\$ 47.768	\$ 2.743
SBC/Capital Projects Management:			
50104			
Construction and Renovation			
	\$ 41.650	\$ 25.511	\$ (16.139)
Debt Service:			
50105			
Bond Principal		15.957	
Interest on Debt		7.970	
Commercial Paper Interest		0.006	
Bond Issue Cost		0.177	
Total Debt Service Expenditures	\$ 23.900	\$ 24.110	\$ 0.210
Total Expenditures	\$ 165.547	\$ 157.817	\$ (7.730)
Net Revenues (Revenues less Expenditures)	-	\$ (16.900)	\$ (16.900)
Land and Building Sale Proceeds		-	
Adjusted Net Revenues		\$ -	

STATE OF TENNESSEE
Combining Statement of Net Position
Internal Service Funds
June 30, 2015
(Expressed in Thousands)

	<u>Office for Information Resources</u>	<u>Risk Management</u>	<u>Motor Vehicle Management</u>	<u>General Services Printing</u>	<u>Facilities Revolving Fund</u>	<u>Employee Group Insurance</u>
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 119,300	\$ 127,937	\$ 50,808	\$ 2,287	\$ 287,236	\$ 303,941
Receivables, net	441	-	25	4	844	6,960
Due from other funds	636	-	-	-	83	-
Due from component units	-	-	-	-	-	-
Inventories, at cost	670	-	-	129	-	-
Prepayments	-	-	-	-	-	-
Total current assets	<u>121,047</u>	<u>127,937</u>	<u>50,833</u>	<u>2,420</u>	<u>288,163</u>	<u>310,901</u>
Noncurrent assets:						
Accounts receivable	-	10,055	-	-	-	-
Due from other funds	1,319	-	-	-	-	-
Net investment in capital leases	-	-	-	-	10,197	-
Capital assets:						
Land, at cost	-	-	-	-	59,396	-
Structures and improvements, at cost	-	-	-	-	528,264	-
Machinery and equipment, at cost	98,993	-	150,667	4,580	147	-
Less: Accumulated depreciation	(79,400)	-	(94,856)	(3,894)	(273,914)	-
Construction in progress	-	-	-	-	9,890	-
Software in development	-	-	-	-	-	-
Total noncurrent assets	<u>20,912</u>	<u>10,055</u>	<u>55,811</u>	<u>686</u>	<u>333,980</u>	<u>-</u>
Total assets	<u>141,959</u>	<u>137,992</u>	<u>106,644</u>	<u>3,106</u>	<u>622,143</u>	<u>310,901</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>3,274</u>	<u>-</u>	<u>149</u>	<u>295</u>	<u>8,140</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	15,291	878	4,888	360	10,938	50,824
Accrued payroll and related deductions	2,232	-	98	182	-	-
Due to other funds	213	4	6	12	3,212	-
Due to component units	41	681	-	-	-	-
Lease obligations payable	-	-	-	-	350	-
Bond payable	-	-	-	-	16,418	-
Unearned revenue	-	8	-	-	5,000	40,988
Others	-	31,805	-	-	-	-
Total current liabilities	<u>17,777</u>	<u>33,376</u>	<u>4,992</u>	<u>554</u>	<u>35,918</u>	<u>91,812</u>
Noncurrent liabilities:						
Pension	5,512	-	264	484	-	-
Lease obligations payable	-	-	-	-	8,375	-
Commercial paper payable	-	-	-	-	9,044	-
Bonds payable	-	-	-	-	203,797	-
Others	5,113	111,888	427	501	-	-
Total noncurrent liabilities	<u>10,625</u>	<u>111,888</u>	<u>691</u>	<u>985</u>	<u>221,216</u>	<u>-</u>
Total liabilities	<u>28,402</u>	<u>145,264</u>	<u>5,683</u>	<u>1,539</u>	<u>257,134</u>	<u>91,812</u>
DEFERRED INFLOWS OF RESOURCES	<u>7,943</u>	<u>-</u>	<u>380</u>	<u>698</u>	<u>-</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	19,593	-	55,811	686	93,939	-
Restricted for capital projects	-	-	-	-	8,285	-
Unrestricted	89,295	(7,272)	44,919	478	270,925	219,089
Total net position	<u>\$ 108,888</u>	<u>\$ (7,272)</u>	<u>\$ 100,730</u>	<u>\$ 1,164</u>	<u>\$ 373,149</u>	<u>\$ 219,089</u>

STATE OF TENNESSEE
Combining Statement of Revenues, Expenses, and
Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	<u>Office for Information Resources</u>	<u>Risk Management</u>	<u>Motor Vehicle Management</u>	<u>General Services Printing</u>	<u>Facilities Revolving Fund</u>	<u>Employee Group Insurance</u>
Operating revenues						
Charges for services	\$ 138,270	\$ 59,396	\$ 41,542	\$ 7,549	\$ 127,438	\$ 1,000
Premiums	-	-	-	-	-	744,002
Total operating revenues	<u>138,270</u>	<u>59,396</u>	<u>41,542</u>	<u>7,549</u>	<u>127,438</u>	<u>745,002</u>
Operating expenses						
Personal services	28,320	-	1,461	2,802	-	-
Contractual services	106,970	10,699	5,964	2,276	113,622	37,872
Materials and supplies	6,297	-	18,228	1,470	1,869	-
Rentals and insurance	13	5,889	4,386	76	38,366	-
Depreciation and amortization	9,382	-	11,054	111	12,471	-
Benefits	-	36,087	192	-	-	663,872
Other	1,031	-	2,008	7	181	10,269
Total operating expenses	<u>152,013</u>	<u>52,675</u>	<u>43,293</u>	<u>6,742</u>	<u>166,509</u>	<u>712,013</u>
Operating income (loss)	<u>(13,743)</u>	<u>6,721</u>	<u>(1,751)</u>	<u>807</u>	<u>(39,071)</u>	<u>32,989</u>
Nonoperating revenues (expenses)						
Insurance claims recoveries	-	-	290	-	121	-
Interest income	-	87	-	-	256	223
Interest expense	-	-	-	-	(9,907)	-
Total nonoperating revenues (expenses)	<u>-</u>	<u>87</u>	<u>290</u>	<u>-</u>	<u>(9,530)</u>	<u>223</u>
Income (loss) before contributions and transfers	<u>(13,743)</u>	<u>6,808</u>	<u>(1,461)</u>	<u>807</u>	<u>(48,601)</u>	<u>33,212</u>
Capital contributions	-	-	1,403	-	-	-
Transfers in	4,579	3,200	4,882	317	13,065	-
Transfers out	-	-	-	-	-	-
Change in net position	<u>(9,164)</u>	<u>10,008</u>	<u>4,824</u>	<u>1,124</u>	<u>(35,536)</u>	<u>33,212</u>
Net position, July 1	<u>118,052</u>	<u>(17,280)</u>	<u>95,906</u>	<u>40</u>	<u>408,685</u>	<u>185,877</u>
Net position, June 30	<u>\$ 108,888</u>	<u>\$ (7,272)</u>	<u>\$ 100,730</u>	<u>\$ 1,164</u>	<u>\$ 373,149</u>	<u>\$ 219,089</u>

STATE OF TENNESSEE
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2015
(Expressed in Thousands)

	Office for Information Resources	Risk Management	Motor Vehicle Management	General Services Printing	Facilities Revolving Fund	Employee Group Insurance
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 3,430	\$ 15,902	\$ 618	\$ 70	\$ 1,407	\$ 361,551
Receipts from interfund services provided	134,705	43,507	40,911	7,494	125,972	417,793
Payments to suppliers	(95,877)	(43,901)	(21,606)	(2,646)	(117,728)	(748,951)
Payments to employees	(30,637)	-	(1,534)	(3,051)	-	-
Payments for interfund services used	(11,836)	(7,134)	(5,945)	(1,062)	(34,005)	(1,832)
Net cash from (used for) operating activities	<u>(215)</u>	<u>8,374</u>	<u>12,444</u>	<u>805</u>	<u>(24,354)</u>	<u>28,561</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Negative cash balance implicitly repaid	-	-	-	-	-	-
Transfers in	4,579	3,200	4,882	317	13,065	-
Transfers out	-	-	-	-	-	-
Net cash from (used for) noncapital financing activities	<u>4,579</u>	<u>3,200</u>	<u>4,882</u>	<u>317</u>	<u>13,065</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(12,347)	-	(14,680)	(246)	(9,870)	-
Commercial paper proceeds	-	-	-	-	92,010	-
Proceeds from sale of capital assets	3,170	-	1,257	-	675	-
Insurance claims recoveries	-	-	290	-	121	-
Bond issuance cost	-	-	-	-	(177)	-
Principal payments	-	-	-	-	(76,867)	-
Interest paid	-	-	-	-	(9,052)	-
Capital contributions	-	-	1,345	-	-	-
Net cash from (used for) capital and related financing activities	<u>(9,177)</u>	<u>-</u>	<u>(11,788)</u>	<u>(246)</u>	<u>(3,160)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	-	87	-	-	255	223
Net cash from (used for) investing activities	<u>-</u>	<u>87</u>	<u>-</u>	<u>-</u>	<u>255</u>	<u>223</u>
Net increase (decrease) in cash and cash equivalents	(4,813)	11,661	5,538	876	(14,194)	28,784
Cash and cash equivalents, July 1	<u>124,113</u>	<u>116,276</u>	<u>45,270</u>	<u>1,411</u>	<u>301,430</u>	<u>275,157</u>
Cash and cash equivalents, June 30	<u>\$ 119,300</u>	<u>\$ 127,937</u>	<u>\$ 50,808</u>	<u>\$ 2,287</u>	<u>\$ 287,236</u>	<u>\$ 303,941</u>
Reconciliation of operating income to net cash provided (used by) operating activities						
Operating income (loss)	\$ (13,743)	\$ 6,721	\$ (1,751)	\$ 807	\$ (39,071)	\$ 32,989
Adjustment to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	9,382	-	11,054	111	12,472	-
Loss/(gain) on disposal of capital assets	919	-	2,005	-	-	-
Bond issuance cost	-	-	-	-	177	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:						
(Increase) decrease in receivables	(49)	13	(13)	11	23	(1,623)
(Increase) decrease in due from other funds	(86)	-	-	-	(83)	-
(Increase) decrease in due from component units	-	-	-	4	-	-
(Increase) decrease in inventories	242	-	-	(10)	-	-
(Increase) decrease in prepaids	-	-	-	-	-	-
(Increase) decrease in deferred outflows of resources	6	-	8	(7)	-	-
Increase (decrease) in accounts payable	(4,813)	1,215	761	(809)	(475)	(2,126)
Increase (decrease) in due to other funds	(10)	(2)	-	-	2,603	-
Increase (decrease) in due to component units	(6)	427	-	-	-	-
Increase (decrease) in deferred inflows of resources	7,943	-	380	698	-	-
Increase (decrease) in unearned revenue	-	-	-	-	-	(679)
Total adjustments	<u>13,528</u>	<u>1,653</u>	<u>14,195</u>	<u>(2)</u>	<u>14,717</u>	<u>(4,428)</u>
Net cash provided by (used for) operating activities	<u>\$ (215)</u>	<u>\$ 8,374</u>	<u>\$ 12,444</u>	<u>\$ 805</u>	<u>\$ (24,354)</u>	<u>\$ 28,561</u>
Schedule of noncash capital and related financing activities						
Capital contributions	\$ -	\$ -	\$ 58	\$ -	\$ -	\$ -
Refunding bond premium	-	-	-	-	109	-
Refunding bond proceeds	-	-	-	-	11,789	-
Total noncash capital and related financing activities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ -</u>	<u>\$ 11,898</u>	<u>\$ -</u>