


To: Office of Legislative Budget Analysis
From: Christi Branscom, Commissioner
Date: February 1, 2024
Subject: FY2023 Annual Facility Revolving Fund (FRF) Report

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The FY2023 Annual Facility Revolving Fund (FRF) Report is herein submitted to the Office of Legislative Budget Analysis in accordance with P.C. 418, Section 23, Item 8, which states, "On or before February 1, 2024, the Commissioner of General Services shall submit to the Office of Legislative Budget Analysis the Annual Facilities Revolving Fund Report."

The FY2023 Facilities Revolving Fund (FRF) Revenue and Expenditure "Budget to Actual Report" and the audited FRF financial statements from the Annual Comprehensive Financial Report (ACFR) for the period ended June 30, 2023, are Attachment 1. These reports were prepared by F&A, Division of Accounts, to comply with State Building Commission By-Laws, Policy, and Procedure, Item 14.01, B, 4, (b), which states that "STREAM shall annually present to the Commission a report reflecting the expenditures and fiscal year-end condition of the FRF."

In addition, a three-year comparison of the Facilities Revolving Fund (FRF) Revenue and Expenditure "Budget to Actual Report" has been compiled and is Attachment 2. Notes have been included to assist in understanding the type of expenditures that would be posted to the various accounts and, in some cases, to explain significant variations.

As you will see, all FRF program codes reflected an under-expenditure when compared to the budget in FY2023. In addition, the unobligated FRF reserves as of July 1, 2023, were \$141,496,228.98, as reported by F&A, Division of Budget.

If you have any questions about the attached reports, please direct them to Michael Winston, Director, Office of Financial Management, at 615-806-0521 or Michael.Winston@tn.gov.

Attachments

JMW

To: Christi Branscom, Commissioner of General Services
From: Kristi Couch, Dept. Controller, GS Central Accounting
Date: January 30, 2024
Subject: Facilities Revolving Fund

Kristi
Couch

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by Kristi Couch
Date: 2024.01.30
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I have attached a copy of the Facilities Revolving Fund (FRF) Revenues and Expenditures “Comparison of Final Budget to Actual” report and the audited FRF financial statements from the Annual Comprehensive Financial Report (ACFR) for the period ended June 30, 2023. 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 STREAM shall “annually present to the Commission a report reflecting the expenditures and fiscal year-end condition of the FRF”.

Information to complete the FRF Revenues and Expenditures Report was obtained from an Edison Trial Balance run on November 09, 2023, for the period July 1, 2022, through June 30, 2023. The Revenues and Expenditures Report reveals the fund had an operational net increase of \$19 million for the fiscal year. Actual operational revenue collections and transfers were \$6.4 million less than budgeted, and operational expenditures were \$25.3 million less than budgeted. The \$25.3 million is broken down as follows:

- Building Operations (50101) - \$0.29 million underspent
- Project Maintenance (50102) - \$0.06 million underspent
- Facilities Management (50103) - \$5.8 million underspent
- Debt Service (50105) - \$19.1 million underspent.

Capital activity reported (50104) had a net increase of \$13.9 million for the fiscal year. Actual revenues and transfers related to capital items were \$13.7 million more than budgeted, and capital expenditures were \$.2 million less than budgeted.

Questions pertaining to the FRF Revenues and Expenditures Budget to Actual Report or the ACFR may be forwarded to me (615-741-0431) or Victor Nwanso (615-532-1827).

Attachment

cc: David Thurman, Director of Budget

Facilities Revolving Fund (FRF)
Revenues and Expenditures
Comparison of Final Budget to Actual
As of June 30, 2023
(all amounts in millions)

Account	Final FY 23 Authorized Budget	Actual 7/1/2022 to 06/30/2023	Actual > Budget
Operational Activity			
Revenues:			
FRF Rent Billing		141.791	
Reimbursement of Tenant Alterations		4.944	
Post Mortem		0.407	
Interest Earnings		14.212	
Other		0.522	
Total Revenue	151.647	161.876	10.229
Operating Transfer in	12.302	12.302	-
Reserve Funds Appropriated for Use	16.612	-	(16.612)
Total Available	\$ 180.561	\$ 174.178	\$ (6.383)
Expenditures:			
Department of General Services:			
50101			
Operations, Maintenance, and Support		39.886	
Tenant Alterations Billable		4.843	
Utilities		23.263	
	\$ 68.280	\$ 67.992	\$ (0.288)
50102			
Operational and Major Maintenance		4.505	
Tenant Alterations Billable		0.096	
	\$ 4.662	\$ 4.601	\$ (0.061)
50103			
Contract Rent		49.220	
Tenant Alterations Billable		0.120	
Post Mortem		0.407	
Management and Support		9.562	
Operations and Maintenance		4.392	
	\$ 69.507	\$ 63.701	\$ (5.806)
Debt Service:			
50105			
Bond Principal		16.266	
Interest on Debt		2.672	
Bond Issue Cost		-	
Total Debt Service Expenditures	\$ 38.112	\$ 18.938	\$ (19.174)
Total Expenditures	\$ 180.561	\$ 155.232	\$ (25.329)
Operational Net Revenues (Rev less Exp)	\$ -	\$ 18.946	\$ 18.946
Capital Activity:			
Funding Sources			
Revenue			
Sale of Real Estate		22.656	22.656
Revenue - Donation	-	1.625	1.625
Revenue - Proceeds from Insurance	-	0.395	0.395
Reserve Funds Appropriated for Use	10.924	-	(10.924)
	\$ 10.924	\$ 24.676	\$ 13.752
Funding Uses			
SBC/Capital Projects Management:			
50104			
Construction and Renovation	10.924	10.720	(0.204)
	\$ 10.924	\$ 10.720	\$ (0.204)
Capital Net Revenues (Rev less Exp)	\$ -	\$ 13.956	\$ 13.956

STATE OF TENNESSEE
Combining Statement of Net Position
Internal Service Funds
June 30, 2023
(Expressed in Thousands)

	<u>Strategic Technology Solutions</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	\$ 74,155	\$ 294,084	\$ 64,581	\$ 1,440	\$ 392,281	\$ 294,543
Receivables, net	551	409	70	13	349	7,551
Due from other funds	222	-	10	-	1,187	-
Due from component units	-	34	20	3	10	-
Inventories, at cost	291	-	-	525	-	-
Prepayments	-	-	7	-	-	-
Total current assets	<u>75,219</u>	<u>294,527</u>	<u>64,688</u>	<u>1,981</u>	<u>393,827</u>	<u>302,094</u>
Noncurrent assets:						
Due from other funds	206	-	-	-	-	-
Right-to-use lease receivable	-	-	-	-	5,452	-
Restricted net pension assets	610	-	6	12	-	-
Capital assets:						
Land, at cost	-	-	-	-	63,126	-
Structures and improvements, at cost	-	-	-	-	885,898	-
Machinery and equipment, at cost	73,438	70	218,922	3,227	2,441	-
Right-to-use-leases and subscriptions	13,767	-	16,569	305	316,319	-
Less: Accumulated depreciation and amortization	(60,526)	(1)	(134,720)	(3,057)	(401,490)	-
Construction in progress	-	-	-	-	12,663	-
Total noncurrent assets	<u>27,495</u>	<u>69</u>	<u>100,777</u>	<u>487</u>	<u>884,409</u>	<u>-</u>
Total assets	<u>102,714</u>	<u>294,596</u>	<u>165,465</u>	<u>2,468</u>	<u>1,278,236</u>	<u>302,094</u>
DEFERRED OUTFLOWS OF RESOURCES						
	<u>50,041</u>	<u>-</u>	<u>717</u>	<u>1,098</u>	<u>66</u>	<u>-</u>
LIABILITIES						
Current liabilities:						
Accounts payable	15,249	1,228	8,511	300	15,614	74,366
Accrued payroll and related deductions	9,935	-	137	105	-	-
Due to other funds	-	-	-	-	-	5
Due to component units	-	78	-	-	12	143
Lease and subscription obligations payable	2,705	-	5,363	60	31,384	-
Bond payable	-	-	-	-	15,967	-
Unearned revenue	-	1	-	-	-	45,385
Others	-	157,275	-	-	-	-
Total current liabilities	<u>27,889</u>	<u>158,582</u>	<u>14,011</u>	<u>465</u>	<u>62,977</u>	<u>119,899</u>
Noncurrent liabilities:						
Pension	31,065	-	303	622	-	-
Lease and subscription obligations payable	7,619	-	7,659	151	229,924	-
Commercial paper payable	-	-	-	-	6,920	-
Bonds payable	-	-	-	-	141,516	-
Others	16,790	80,391	284	461	-	-
Total noncurrent liabilities	<u>55,474</u>	<u>80,391</u>	<u>8,246</u>	<u>1,234</u>	<u>378,360</u>	<u>-</u>
Total liabilities	<u>83,363</u>	<u>238,973</u>	<u>22,257</u>	<u>1,699</u>	<u>441,337</u>	<u>119,899</u>
DEFERRED INFLOWS OF RESOURCES						
	<u>6,564</u>	<u>-</u>	<u>250</u>	<u>299</u>	<u>6,230</u>	<u>-</u>
NET POSITION						
Net investment in capital assets	16,085	70	87,749	264	452,801	-
Restricted for:						
Capital projects	-	-	-	-	4,990	-
Pensions	610	-	6	12	-	-
Unrestricted	46,133	55,553	55,920	1,292	372,944	182,195
Total net position	<u>\$ 62,828</u>	<u>\$ 55,623</u>	<u>\$ 143,675</u>	<u>\$ 1,568</u>	<u>\$ 830,735</u>	<u>\$ 182,195</u>

STATE OF TENNESSEE
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Strategic Technology Solutions	Risk Management	Motor Vehicle Management	General Services Printing	Facilities Revolving Fund	Employee Group Insurance
Operating revenues						
Charges for services	\$ 291,474	\$ 16,873	\$ 59,080	\$ 7,620	\$ 150,549	\$ 1,000
Premiums	-	-	-	-	-	892,018
Total operating revenues	<u>291,474</u>	<u>16,873</u>	<u>59,080</u>	<u>7,620</u>	<u>150,549</u>	<u>893,018</u>
Operating expenses						
Personal services	121,333	-	1,399	2,153	-	-
Contractual services	155,923	12,274	5,260	3,143	97,870	39,693
Materials and supplies	24,383	-	25,720	1,572	4,485	-
Rentals and insurance	6	18,788	7,071	12	6,634	-
Depreciation and amortization	11,660	1	20,508	380	55,454	-
Benefits	-	38,170	12	-	-	848,654
Other	1,528	91	8	7	2	5,853
Total operating expenses	<u>314,833</u>	<u>69,324</u>	<u>59,978</u>	<u>7,267</u>	<u>164,445</u>	<u>894,200</u>
Operating income (loss)	<u>(23,359)</u>	<u>(52,451)</u>	<u>(898)</u>	<u>353</u>	<u>(13,896)</u>	<u>(1,182)</u>
Nonoperating revenues (expenses)						
Grants	-	-	-	-	-	284
Insurance claims recoveries	-	-	69	-	1,554	-
Gain (loss) on sales of capital assets	(770)	-	-	-	22,175	-
Interest income	-	9,817	-	-	14,402	8,908
Interest expense	(327)	-	(174)	(3)	(9,226)	-
Total nonoperating revenues (expenses)	<u>(1,097)</u>	<u>9,817</u>	<u>(105)</u>	<u>(3)</u>	<u>28,905</u>	<u>9,192</u>
Income (loss) before contributions and transfers	(24,456)	(42,634)	(1,003)	350	15,009	8,010
Capital contributions	38	-	1,815	-	48	-
Transfers in	21,156	6,800	12,299	931	20,560	-
Transfers out	-	-	-	-	(114)	-
Change in net position	(3,262)	(35,834)	13,111	1,281	35,503	8,010
Net position, July 1, restated	66,090	91,457	130,564	287	795,232	174,185
Net position, June 30	<u>\$ 62,828</u>	<u>\$ 55,623</u>	<u>\$ 143,675</u>	<u>\$ 1,568</u>	<u>\$ 830,735</u>	<u>\$ 182,195</u>

STATE OF TENNESSEE
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2023
(Expressed in Thousands)

	Strategic Technology Solutions	Risk Management	Motor Vehicle Management	General Services Printing	Facilities Revolving Fund	Employee Group Insurance
CASH FLOWS FROM OPERATING ACTIVITIES						
Receipts from customers and users	\$ 8,002	\$ 69,194	\$ 480	\$ 237	\$ 2,599	\$ 423,095
Receipts from interfund services provided	283,768	9,643	56,112	7,365	147,018	516,331
Payments to suppliers	(170,427)	(55,181)	(28,878)	(3,882)	(78,629)	(933,967)
Payments to employees	(136,691)	-	(1,752)	(2,710)	-	(2,051)
Payments for interfund services used	(14,482)	(7,793)	(5,160)	(1,218)	(25,583)	(1,404)
Net cash provided by (used for) operating activities	(29,830)	15,863	20,802	(208)	45,405	2,004
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Operating and nonoperating grants	-	-	-	-	-	284
Transfers in	21,042	6,800	12,299	931	20,560	-
Net cash provided by (used for) noncapital financing activities	21,042	6,800	12,299	931	20,560	284
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Purchase of capital assets	(3,097)	(70)	(28,457)	(105)	(10,652)	-
Bond and commercial paper proceeds	-	-	-	-	150	-
Proceeds from sale of capital assets	-	-	3,877	2	22,675	-
Proceeds from lease receivables	-	-	-	-	344	-
Insurance claims recoveries	-	-	69	-	1,554	-
Principal payments	(2,819)	-	(3,254)	(60)	(55,776)	-
Interest paid	(327)	-	(174)	(3)	(4,733)	-
Net cash provided by (used for) capital and related financing activities	(6,243)	(70)	(27,939)	(166)	(46,438)	-
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received	-	9,817	-	-	14,403	8,908
Net cash provided by (used for) investing activities	-	9,817	-	-	14,403	8,908
Net increase (decrease) in cash and cash equivalents	(15,031)	32,410	5,162	557	33,930	11,196
Cash and cash equivalents, July 1, restated	89,186	261,674	59,419	883	358,351	283,347
Cash and cash equivalents, June 30	\$ 74,155	\$ 294,084	\$ 64,581	\$ 1,440	\$ 392,281	\$ 294,543
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities						
Operating income (loss)	\$ (23,359)	\$ (52,451)	\$ (898)	\$ 353	\$ (13,896)	\$ (1,182)
Adjustment to reconcile operating income (loss) to net cash from operating activities:						
Depreciation and amortization	11,660	1	20,508	380	55,454	-
Loss on disposal of capital assets	-	-	(2,428)	(2)	-	-
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources:						
Decrease (increase) in receivables	12	(90)	(35)	(12)	1	(2,151)
Decrease (increase) in due from other funds	285	-	(10)	-	(512)	-
Decrease (increase) in due from component units	-	(34)	(14)	(3)	-	-
Decrease (increase) in inventories	74	-	-	(243)	-	-
Decrease (increase) in prepaids	-	-	(7)	-	-	-
Decrease (increase) in net pension assets	17,080	-	161	413	-	-
Decrease (increase) in deferred outflows of resources	(7,482)	-	(273)	(161)	-	-
Increase (decrease) in accounts payable	29,707	68,687	4,406	482	4,779	1,919
Increase (decrease) in due to other funds	(4)	-	-	-	-	4
Increase (decrease) in due to component units	-	(250)	-	-	-	81
Increase (decrease) in deferred inflows of resources	(57,803)	-	(608)	(1,415)	(421)	-
Increase (decrease) in unearned revenue	-	-	-	-	-	3,333
Total adjustments	(6,471)	68,314	21,700	(561)	59,301	3,186
Net cash provided by (used for) operating activities	\$ (29,830)	\$ 15,863	\$ 20,802	\$ (208)	\$ 45,405	\$ 2,004
Schedule of noncash investing, capital, and financing activities						
Contributions of capital assets	\$ 38	\$ -	\$ 1,815	\$ -	\$ 48	\$ -
Capital assets disposed of by transfer	-	-	-	-	(114)	-
Capital assets acquired by transfer	114	-	-	-	-	-
Right-to-use assets acquired	13,768	-	12,903	-	32,035	-
Right-to-use assets retired	-	-	(1,468)	-	(6,480)	-
Amortization of bond premium	-	-	-	-	1,836	-
Amortization of bond discount	-	-	-	-	22	-
Total noncash capital and related financing activities	\$ 13,920	\$ -	\$ 13,250	\$ -	\$ 27,347	\$ -

To: SBC Staff
From: Michael Winston, Director, DGS Office of Financial Management
Date: February 1, 2024
Subject: FY23 FRF Variance Analysis

J. Michael Winston
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Michael Winston
Date: 2024.01.31 22:27:57
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Operational Activities –

For the fiscal year ending June 30, 2023, the Facilities Revolving Fund (FRF) had operating revenues and transfers-in of state appropriations totaling \$174.2M and total program expenditures of \$155.2M, resulting in overall net revenue of \$18.9M. Net revenue is added to FRF Reserves at the end of each fiscal year and held until appropriated for further use.

Highlights for FY23

- Operational revenues increased compared to FY22. Rent revenue collected from tenants increased by 3.5% (\$4.8M) because of a slight net increase in billable square feet. Changes in the portfolio include a reduction in billable square footage from Alternative Workplace Solutions implementation in Davy Crocket and the Tennessee Tower. However, there was an increase in square footage in warehousing space for the Tennessee Emergency Management Agency (TEMA) in Nashville. Interest earnings increased dramatically in FY23 due to higher interest rates. The large reserve appropriation was primarily to recognize the high-interest revenues. The remaining revenues primarily include reimbursements from TEMA for COVID-19 costs.
- 50101 – Operations, Maintenance, and Support expense increased by 7% (\$4.5M) from FY22. A large portion of this increase can be attributed to tenant-requested alterations beyond the typical scope of FRF's normal operational maintenance. FRF is reimbursed these costs from the agencies requesting the alterations. The remainder of the increase was due to utilities. Normal operations, maintenance, and support costs remained flat from the previous year.
- 50103 – Contract rent expense increased by 6.9% (\$3.2M) primarily due to new leased space for TEMA in Nashville and a new Department of Correction day reporting center in Chattanooga. Some other leases increased square footage, or their cost have increased.
- 50105 – Total debt service expense increased by 33.4% (\$4.7M). This increase is primarily due to the issuance of debt in FY2022.

Capital Activities –

For the fiscal year ending June 30, 2023, FRF received capital funding from donations totaling \$1.6M, sold \$22.7M worth of real estate, and collected \$400k in insurance proceeds. Capital project expenses totaled \$10.7M, resulting in an overall net surplus of \$14M. Funding for capital projects is appropriated to a specific budget year; however, actual project expenditures are spread over a multi-year design and construction period. Unspent capital project

appropriations are accrued to FRF Reserves as an obligated amount until the project is completed and the funds are expended. The net increase for FY23 is largely the result of proceeds from the sale of real estate.

Highlights for FY23

- The State received \$22.7M for the sale of FRF properties that included 88 Hermitage in Nashville, the old Tennessee Highway Patrol (THP) headquarters in Knoxville, and an office in Dyersburg. These funds are restricted for use on capital outlay.
- The State received a donation of \$1.63M for the construction of the new State Museum.
- FY23 construction and renovation costs were primarily from projects approved in prior years. Capital project expenses typically span multiple fiscal years. The largest expenditures for FY23 are for projects at the Tennessee Tower, Davy Crockett Tower, and the Andrew Jackson Building.

Unobligated FRF Reserve Balance –

The unobligated FRF Reserve balance on July 1, 2023, as reported by F&A, was \$141.5M.

I would be glad to address any questions you may have about the three-year budget to actual comparison. If you have a question about the FY23 FRF Annual Report, I will assist to the degree I can, or I will consult with the report preparer, DGS Central Accounting Office (F&A).

You may contact me by email at Michael.Winston@tn.gov or call me at 615-806-0521.

**Facilities Revolving Fund (FRF)
Revenues and Expenditures
Budget to Actual Comparison (3 Years)**

Account	As of June 30, 2021		As of June 30, 2022		As of June 30, 2023	
	Final FY21 Authorized Budget	Actual 7/1/2020 to 6/30/2021	Final FY22 Authorized Budget	Actual 7/1/2021 to 6/30/2022	Final FY23 Authorized Budget	Actual 7/1/2023 to 6/30/2023
Operational Activity						
Revenues:						
Note #1 FRF Rent Billing		141,865,000		136,972,000		141,791,000
Note #2 Reimbursement of Tenant Alterations		3,213,000		3,445,000		4,944,000
Note #3 Post Mortem		112,000		296,000		407,000
Note #4 Interest Earnings		250,000		801,000		14,212,000
Note #5 Other		4,809,000		2,256,000		522,000
Sub-Total Revenue		150,250,000		143,770,000		161,876,000
Note #6 Operating Transfer In		13,066,000		12,302,000		12,302,000
Note #7 Reserve Funds Appropriated for Use		250,000		1,235,000		-
Total Available		163,316,000		156,072,000		174,178,000
						(6,383,000)
Expenditures:						
Department of General Services:						
50101						
Operations, Maintenance, and Support		37,112,000		39,854,000		39,886,000
Tenant Alterations Billable		2,749,000		3,136,000		4,843,000
Utilities		18,742,000		20,535,000		23,263,000
50102		58,603,000		66,369,000		67,992,000
Operational and Major Maintenance		2,417,000		3,914,000		4,505,000
Tenant Alterations Billable		215,000		112,000		96,000
50103		2,632,000		4,349,000		4,601,000
Contract Rent		47,542,000		46,040,000		49,220,000
Tenant Alterations Billable		86,000		197,000		120,000
Post Mortem		292,000		296,000		407,000
Management and Support		8,339,000		8,634,000		9,562,000
Operations and Maintenance		1,942,000		2,587,000		4,392,000
Debt Service:		58,201,000		57,754,000		63,701,000
50105		13,299,000		13,349,000		16,266,000
Bond Principal		4,592,000		789,000		2,672,000
Commercial Paper Interest		144,000		57,000		-
Bond Issue Cost		-		-		-
Total Debt Service Expenditures		18,035,000		14,195,000		18,938,000
						(19,174,000)
Total Expenditures		137,471,000		139,500,000		155,232,000
						(25,329,000)
Operational Net Revenues (Rev. less Exp.)		25,845,000		16,572,000		18,946,000
						-
Capital Activity						
Funding Sources:						
Revenue						
Note #13 Sale of Real Estate		-		34,983,000		22,656,000
Note #14 Revenue - Donation		8,644,000		2,640,000		1,625,000
Note #15 Revenue - Proceeds from Insurance		-		-		395,000
Note #16 Transfers In		-		-		-
Note #17 Reserve Funds Appropriated for Use		60,949,000		21,811,000		10,924,000
Total		60,949,000		37,623,000		10,924,000
SBC/Capital Projects Management:						
50104						
Note #18 Construction and Renovation		60,949,000		21,760,000		10,720,000
Total		60,949,000		21,760,000		10,720,000
						(204,000)
Capital Net Revenues (Rev. less Exp.)		(52,305,000)		15,863,000		13,956,000
						-
Combined Net Revenues		(26,460,000)		32,435,000		32,902,000
						-

Unobligated FRF Reserve (furnished by F&A Budget)

as of July 1, 2021 104,842,619
as of July 1, 2022 143,787,282
as of July 1, 2023 141,496,229

Note #1	FRF Rent Billing	Billable square feet (SF) in FY21 was 7,699,171. Billable SF in FY22 was 7,421,268. Billable SF in FY23 was 7,455,331. Based on June FRF Billing Reports - Billable Square Footage Reconciliation. FY22 decrease in billable square footage due to space changes in owned and leased buildings such as vacancy in the old Library & Archives building, disposal of owned properties in Nashville, and a reduction in leased space in Memphis. FY23 net increase in billable square footage largely due to the addition of TEMA warehouse space in Nashville.
Note #2	Reimbursement of Tenant Alterations	Tenant alterations revenue is received from agencies for the performance of maintenance/repair services considered to be reimbursable. Tenant alterations vary year to year in quantity and cost.
Note #3	Post Mortem	Reimbursement revenue received from Health at two (2) Post Mortem locations, Nashville and Memphis.
Note #4	Interest Earnings	Funds appropriated for capital projects accrue interest until the funds are spent. FY22 and FY23 increase due to higher interest rate returns.
Note #5	Other Revenue	FY21 primarily includes Covid costs reimbursements from TEMA. FY22 includes the operation of the Ballpark, sale of flags, and TVA rebates and includes Covid costs reimbursements from TEMA. FY23 includes the operation of the Ballpark, settlement funds from a fire at the John Sevier Building, and Covid costs reimbursements.
Note #6	Operating Transfer In	State appropriations received to fund operations.
Note #7	Reserve Funds Appropriated for Use	Budget entry made by F&A to recognize excess interest revenue received. See Note #4. For FY21, \$250,000 was allotted to 50105 to recognize interest. For FY22, there was an allotment to process expenses for water damage at TPAC in the amount of \$432k in 50102 and \$802k to recognize interest in 50105. For FY23, \$1.5M was allotted to 50101 to recognize accruals, \$1M to 50102 for maintenance needs, and \$14.2M to 50105 to recognize interest earned.
Note #8	Tenant Alterations Billable	Expenses associated with maintenance/repair services that are considered to be outside the scope of FRF's normal operational maintenance.
Note #9	Contract Rent	Expenses for paying landlords for leased space. Recent increase due to increasing market lease rate, especially in Middle TN. Also attributed to an increase in replacement leases as a result of ending holdover leases. FY21 expense was moderated by the purchase of 310 Great Circle, formerly a leased location. FY22 reduction in contract rent cost largely attributable to a reduction in leased space in Memphis. FY23 net increase in contract rent costs largely due to the addition of TEMA warehouse space in Nashville and increasing lease rates.
Note #10	Post Mortem	Expenses related to Post Mortem facilities. See Note #3.
Note #11	Management and Support	Expenses associated with management and administrative overhead.
Note #12	Operations and Maintenance	Lease related expenses occurring outside the scope of the rent agreement (Contract Rent). Primarily this is for furniture expense for new or updated office space.
Note #13	Land and Building Sale Proceeds	FY21: No sale proceeds were received. FY22: Sales proceeds were received for the sale of 900 and 1000 2nd Avenue in Nashville (\$32.5M), TPS Hardison Complex Building (\$2.1M), and the RS Gass property (\$358k). FY23: Sales proceeds were received for the sale of 88 Hermitage in Nashville (\$20.3M), the old THP Headquarters in Knoxville (\$2.11M), and an office in Dyersburg (\$245.7k). Real estate proceeds are restricted for capital outlay.
Note #14	Revenue - Donation	FY21: \$5.25M donation from State Museum Foundation for new museum. \$3.4M for Library and Archives Parking Garage (earned portion of \$5M from Metro Nashville as part of the ballpark deal). FY22: \$2.64M donation from State Museum Foundation for new museum. FY23: \$1.63M donation from State Museum Foundation for new museum.
Note #15	Revenue - Proceeds from Insurance	Insurance proceeds for tornado damage to the Tennessee State Museum Roof from the March 2020 storms.
Note #16	Capital Project Transfer In	Approved capital projects for FY23 (\$709M) funded eight capital improvement projects included the Multi-Agency Law Enforcement Training Academy, Legislative Plaza renovations, and new Highway Patrol district headquarters in Chattanooga, Cookeville, Fall Branch, and Memphis. Maintenance projects included Elevator Replacement at Andrew Jackson, Ellington Ag Porter Lab Mechanical Replacement, and state Capitol Window and Roof repairs.
Note #17	Reserve Funds Appropriated for Use	Reserve funds appropriated for use on capital projects.
Note #18	Construction and Renovation	Capital project expenses typically span multiple fiscal years. Largest expenditures for FY23 are for projects at the Tennessee Tower, Davy Crockett Tower, and the Andrew Jackson building.