NOTES TO THE **FINANCIAL STATEMENTS**

(For the Fiscal Years Ended September 30, 2019 and 2018).

The General Services Administration (GSA) was created by the Federal Property and Administrative Services Act of 1949, as amended. Congress enacted this legislation to provide the Federal Government an economic and efficient system for the procurement and supply of personal property and nonpersonal services, the utilization of available property, the disposal of surplus property and records management.

The Administrator of GSA, appointed by the President of the United States with the advice and consent of the U.S. Senate, oversees the operations of GSA. GSA carries out its responsibilities through the use of both annual appropriations and revolving funds.

1. Significant Accounting Policies

A. Reporting Entity

GSA presents comparative Consolidated and Consolidating Balance Sheets, Consolidated and Consolidating Statements of Net Cost, Consolidated and Consolidating Statements of Changes in Net Position, and Combined and Combining Statements of Budgetary Resources. The consolidating and combining formats display GSA's two largest components: the FBF and the ASF. All other entities are combined under Other Funds. In accordance with the SFFAS No. 47, Reporting Entity requirement to report disclosure entities and related parties, GSA conducted a thorough review of all our non-Federal relationships across all business lines. GSA concluded we have no relationships requiring disclosure as a consolidation entity, disclosure entity, or related party entity.

The FBF is the primary fund used to record activities of PBS. The ASF is the primary fund used to record activities of FAS.

GSA's accompanying financial statements include the accounts of all funds that have been established and maintained to account for resources under the control of GSA management. The entities included in the Other Funds category are described below, together with a discussion of the different fund types.

Revolving Funds are accounts established by law to finance a continuing cycle of operations with receipts derived from such operations usually available in their entirety for use by the fund without further action by Congress. Both the FBF and the ASF are large revolving funds. The revolving funds in the Other Funds category consist of the following:

- Federal Citizen Services Fund (FCSF)
- Working Capital Fund (WCF)

General Funds are accounts used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. GSA manages 21 General Funds. Six of these General Funds are funded by one year appropriations; seven by no-year appropriations; three by multi-year appropriation one of which cannot incur new obligations; and five are budget clearing accounts that temporarily hold collections until a more appropriate fund can be determined. The General Funds included in the Other Funds category are as follows:

- Allowances and Office Staff for Former Presidents
- Asset Proceeds and Space Management
- Budget Clearing Account – Broker Rebates
- Budget Clearing Account – Proceeds of Sales, Personal Property
- Budget Clearing Account – Real Property
- Budget Clearing Account – Suspense
- Budget Clearing Account – Undistributed Intragovernmental Payments
- Civilian Board of Contract Appeals
- Data Driven Innovation – Executive Office of the President (EOP) Child
- Excess and Surplus Real and Related Personal Property Holding Account
- Expenses, Government-wide Policy
- Expenses, Government-wide Policy – Multi-Year
- Expenses, Presidential Transition
- Pre-Election Presidential Transition
- Information Technology Oversight and Reform - EOP Child
- Expenses, OIG
- OIG – No-Year
- OIG, Recovery Act
- Operating Expenses, GSA
- Real Property Relocation
- Technology Modernization Fund (TMF)

Special and Trust Funds are accounts established for receipts dedicated by law for a specific purpose, but are not generated by a cycle of operations for which there is continuing authority to reuse such receipts. In accordance with FASAB SFFAS No. 43, Funds from Dedicated Collections: Amending Statement of Federal Financial Accounting Standards 27, Identifying and Reporting Earmarked Funds, these Special and Trust Funds are classified as funds from dedicated collections. GSA uses Special Fund receipts to pay certain costs associated with the disposal of surplus real property, for funding of the Transportation Audits program, and to fund the Acquisition Workforce Training program. GSA has one Trust Fund with authority to accept unconditional gifts of property in aid of any project or function within its jurisdiction. GSA's Special and Trust Funds consist of the following:

- Environmental Review Improvement Fund[2]

2 Fund, to date, has yet to receive any dedicated collections.

- Expenses, Disposal of Real and Related Personal Property
- Expenses, Transportation Audits
- Expenses, Acquisition Workforce Training Fund[3]
- Other Receipts, Surplus Real and Related Personal Property
- Receipts of Rent, Leases and Lease Payments for Government-Owned Real Property
- Receipts, Transportation Audits
- Receipts, Acquisition Workforce Training Fund
- Transfers of Surplus Real and Related Personal Property
- Unconditional Gifts of Real, Personal or Other Property

Miscellaneous Receipt and Deposit Funds are considered non-entity accounts since GSA management does not exercise control over how the monies in these accounts can be used. Miscellaneous Receipt Fund accounts hold receipts and accounts receivable resulting from miscellaneous activities of GSA where, by law, such monies may not be deposited into funds under GSA management control. The U.S. Department of the Treasury automatically transfers all cash balances in these receipt accounts to the General Fund of the U.S. Treasury at the end of each fiscal year. Deposit Fund accounts hold monies outside the budget. Accordingly, their transactions do not affect budget surplus or deficit.

These accounts include:

- Deposits received for which GSA is acting as an agent or custodian
- Unidentified remittances
- Monies withheld from payments for goods and services received, and
- Monies whose distribution awaits a legal determination or investigation.

The receipt and deposit funds in the Other Funds category consist of the following:

- Advances Without Orders from Non-Federal Sources
- GSA Child Care Deposits
- Fines, Penalties, and Forfeitures, Not Otherwise Classified
- Forfeitures of Unclaimed Money and Property
- General Fund Proprietary Interest, Not Otherwise Classified
- General Fund Proprietary Receipts, Not Otherwise Classified, All Other
- Other Earnings from Business Operations and Intragovernmental Revolving Funds
- Proceeds from Sale of Surplus Property

3 Fund, to date, has yet to receive any dedicated collections.

- Small Escrow Amounts
- Special and Trust Fund Proprietary Receipts Returned to the General Fund of the U.S. Treasury
- Withheld State and Local Taxes

GSA is able to delegate authority for certain programs and financial operations to other Federal agencies to execute on GSA's behalf. Unique sub-accounts, also known as allocation accounts (child), of GSA funds (parent) are created in the U.S. Treasury to provide for the reporting of obligations and outlays incurred by such other agencies.

Generally, all child allocation account financial activity is reportable in combination with the results of the parent fund, from which the underlying legislative authority, appropriations and budget apportionments are derived.

In addition, other agencies may delegate certain programs and financial operations to GSA to execute on their behalf. The GSA Data Driven Innovation Fund was established in FY 2015 as a child account to the EOP Data Driven Innovation Fund. The amount transferred to this child account supports an initiative to increase tax filings by potentially eligible Earned Income Tax Credit claimants. In accordance with OMB Circular No. A-136, Financial Reporting Requirements, agencies that receive allocation transfers from the EOP are to include such balances in their financial statements.

B. Basis of Accounting and Presentation

The principal financial statements are prepared from the books and records of GSA, in accordance with generally accepted accounting principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB), and OMB Circular No. A-136, in all material respects. FASAB SFFAS No. 34, *The Hierarchy of Generally Accepted Accounting Principles*, including the Application of Standards Issued by the Federal Accounting Standards Board, established the hierarchy of GAAP for Federal financial statements. The Consolidated Statements of Net Cost present the operating results of the FBF, ASF and Other Fund functions, as well as GSA Consolidated operating results as a whole. The Consolidated Balance Sheets present the financial position of GSA using a format segregating intragovernmental balances. The Consolidated Statements of Changes in Net Position display the changes in Cumulative Results of Operations and Unexpended Appropriations. The Combined Statements of Budgetary Resources (CSBR) present the sources, status, and uses of GSA budgetary resources.

Transactions are recorded on both an accrual and budgetary basis. Under the accrual method of accounting, revenues are recognized when earned and expenses are recognized when incurred without regard to receipt or payment of cash. Budgetary accounting principles, on the other hand, are designed to facilitate compliance with legal requirements and controls over the use of Federal funds.

GSA reconciles all intragovernmental fiduciary transaction activity and works with agency partners to reduce significant or material differences reported by other agencies in conformance with U.S. Treasury intragovernmental reporting guidelines and requirements of OMB Circular No. A-136. On the Consolidated Statements of Net Cost, Consolidated Balance Sheets and Consolidated Statements of Changes in Net Position, all significant intra-agency balances and transactions are eliminated in consolidation. On the Consolidated Statements of Net Cost, adjustments are applied to eliminate GSA's intra-fund revenues and expenses. No such eliminations have been made on the CSBR.

On the Consolidating Statements of Net Cost, intra-GSA eliminations of revenue and expenses are displayed separately, and results displayed as FBF, ASF, and Other Funds reflect the full amounts of such balances that flowed through those funds. Certain amounts of expenses eliminated on the Consolidating Statements of Net Cost are imputed costs for which the matching resource is not revenue on this statement, but imputed resources provided by others, displayed on the Consolidating Statements of Changes in Net Position. Accordingly, on the Consolidating Statements of Net Cost, the revenue and expense eliminations do not match. The Consolidating Statements of Changes in Net Position display the offsetting balances between these categories.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. Operating expenses and related accounts payable accruals and estimates are recorded in the period goods or services are received.

Certain prior year balances have been reclassified to conform to the current year presentation.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

C. Revenue Recognition and Appropriations Used

Substantially all revenues reported by GSA funds on the Consolidated Statements of Net Cost are generated from intragovernmental sales of goods and services, with only three percent of revenues earned from non-Federal customers for the years ended September 30, 2019, and 2018. Expenses are primarily incurred with non-Federal entities supplying the underlying goods and services being provided to GSA and its Federal customers. Each revolving fund has established rate-setting processes governed by the laws authorizing its activities. In most cases, the rates charged are intended to cover the full cost that GSA funds will pay for such goods and services and to provide capital maintenance. In accordance with the governing laws, rates are generally not designed to recover imputed costs not borne by GSA, but covered by other funds or entities of the U.S. Government, such as for post-employment and other inter-entity costs. As the amount of services provided to non-Federal customers is generally insignificant, maintaining separate rate structures for these customers to recover imputed costs is not warranted.

Generally, Revolving Fund and reimbursable General Fund revenue is recognized when goods have been delivered or services rendered.

In the FBF, rent revenues are earned based on occupancy agreements (OA) with customers, as space and services are provided. Generally, agencies housed in Government-owned buildings are billed based upon commercial rates for comparable space. Agencies housed in buildings leased by GSA are generally billed at rates to recover the cost of that space. In some instances, special rates are arranged in accordance with congressional guidance or other authorized purposes. Most agencies using funding from Trust Funds have rent rates set to recover full cost. For revenue under non-recurring reimbursable building R&A projects, GSA charges customers actual cost, and as a result, revenues are generally earned to match costs incurred.

In the ASF, GSS revenues are recognized when goods are provided to customers. In the TTL portfolio, vehicle acquisition revenues are recognized when goods are provided. Vehicle leasing revenues are recognized based on rental arrangements over the period vehicles are dispatched. AAS revenues are recognized when goods or services are provided, and fee revenues in the GSA Schedules programs are earned based on estimated and actual usage of GSA contracting vehicles by other agencies. The Schedules programs generated $202 million in fees, constituting one percent of ASF revenues in FY 2019, and $179 million in fees, one percent of ASF revenues, in FY 2018. Information Technology revenues are earned when goods or services are provided or as reimbursable project costs are incurred. Telecommunications service revenues are generally recognized based on customer usage or on fixed line rates.

The WCF charges fees based on a fee schedule established through an annual rate setting process performed collaboratively with our customers. The rate-setting process is generally designed to provide revenues sufficient to match the spending that will be incurred for the goods, services, and resources provided to customers. The rate-setting process also provides information to customers to assist in their resource management.

Non-Exchange Revenues are recognized on an accrual basis on the Consolidated Statements of Changes in Net Position for sales of surplus real property, reimbursements due from the audit of payments to transportation carriers, and other miscellaneous items resulting from GSA operations where ultimate collections must be deposited in miscellaneous receipt accounts of the U.S. Treasury.

Appropriations for General Fund activities are recorded as a financing source on the Consolidated Statements of Changes in Net Position when expended. Unexpended appropriations are reported as an element of Net Position on the Consolidated Balance Sheets.

D. Fund Balance with Treasury (See Note 2)

This total represents all unexpended balances for GSA accounts with the U.S Treasury. Substantially all balances of FBwT are available to GSA management to execute the authorities provided by its funds. In the following instances, authorities limit use of collections to dedicated purposes.

GSA acts as a disposal agent for surplus Federal real and personal property. In some cases, public law entitles the owning agency to the sales proceeds, net of disposal expenses incurred by GSA. Proceeds from the disposal of equipment are generally retained by GSA to replace equipment. Under GSA legislative authorities, the gross proceeds from some sales are deposited in GSA Special Fund receipt accounts and recorded as Non-Exchange Revenues in the Consolidated Statements of Changes in Net Position. A portion of these proceeds is subsequently transferred to a Special Fund to finance expenses incurred in disposing of surplus real property. The remainder is periodically accumulated and transferred, by law, to the Land and Water Conservation Fund administered by the U.S. Department of the Interior (DOI).

E. Property and Equipment (See Note 6)

Generally, property and equipment purchases of $10,000 or more, having a useful life of two or more years, are capitalized and valued at cost. Property and equipment transferred to GSA from other Federal agencies on the date GSA was established is stated at the transfer value, which approximates historical cost. Subsequent thereto, equipment transferred to GSA is stated at net book value and surplus real and related personal property transferred to GSA is stated at the lower of net book value or appraised value.

Expenditures for major additions, replacements and alterations to real property of $50,000 or more are capitalized. Normal repair and maintenance costs are expensed as incurred. The cost of R&A and leasehold improvements performed by GSA, but financed by other agencies, is not capitalized in GSA financial statements as such amounts are transferred to the other agencies upon completion of the project. The majority of all land, buildings and leasehold improvements are leased to other Federal agencies under short-term cancelable agreements.

Depreciation and amortization of property and equipment are calculated on a straight-line basis over their initial or remaining useful lives. Leasehold Improvements are amortized over the lesser of their useful lives, generally five years, or the unexpired lease term. It is GSA policy to reclassify capitalized costs of construction in process into the Buildings accounts upon project completion. Buildings acquired through purchase, construction, or under capital lease agreements are depreciated over 30 years. Major and minor building renovation projects carry estimated useful lives of 20 years and 10 years, respectively.

Most of the assets comprising Other Equipment are used internally by GSA and are depreciated over periods generally ranging from three to 10 years.

GSA maintains a fleet of Motor Vehicles for rental to other Federal agencies to meet their operational needs, with monthly billings rendered to recover program costs. The various vehicle types are depreciated over a general range of four to 12 years.

In accordance with FASAB SFFAS No. 10, Accounting for Internal Use Software, capitalization of software development costs incurred for systems having a useful life of two years or more is required. With implementation of this standard, GSA adopted minimum dollar thresholds per system that would be required before capitalization would be warranted. For the FBF, this minimum threshold is $1 million. For all other funds, it is $250,000. Once completed, software applications are depreciated over an estimated useful life determined on a case-by-case basis, ranging from three to ten years. Capitalized software is reported as an element of Other Equipment on the Consolidated Balance Sheets.

F. Annual, Sick and Other Types of Leave

Annual leave liability is accrued as it is earned and the accrual is reduced as leave is taken. Each year the balance in the accrued annual leave account is adjusted to reflect current pay rates.

Sick leave and other types of non-vested leave are expensed as taken.

2. Fund Balance with Treasury (FBwT)

A. Reconciliation to U.S. Treasury

There were no material differences between amounts reported by GSA and those reported to the U.S. Treasury as of September 30, 2019, and 2018.

B. Relationship to the Budget

In accordance with SFFAS No. 1, Accounting for Selected Assets and Liabilities, the following information is provided to further identify amounts in FBwT as of September 30, 2019, and 2018, against which obligations have been made, and for unobligated balances, to identify amounts available for future expenditures and those only available to liquidate prior obligations. In the FBF, amounts of FBwT shown below as Unobligated Balance – Unavailable include a combination of balances recorded as Resources Temporarily Unavailable and Unobligated Balance Not Available. Also, in two instances, the portion of FBwT presented below as unobligated balances will not equal related amounts reported on the CSBR. In the FBF, the CSBR unobligated balances include resources associated with borrowing authority for which actual funds have not yet been realized. In the Other Funds group, the schedule below includes Non-Budgetary FBwT held in Special Receipt, Clearing, and Deposit Funds, which are not reportable for purposes of the CSBR. The following schedule presents elements of the FBwT:

2B. Fund Balance with Treasury *(Dollars in Millions)*

	Obligated Balance, Net[1]	Unobligated Balance Available	Unobligated Balance Unavailable	Non-Budgetary FBwT	Total
2019					
FBF	**$172**	**$4,916**	**$6,817**	**$—**	**$11,905**
ASF	**(167)**	**936**	**374**	**—**	**1,143**
Other Funds	**333**	**173**	**183**	**138**	**827**
Total	**$338**	**$6,025**	**$7,374**	**$138**	**$13,875**
2018					
FBF	$47	$4,411	$6,240	$—	$10,698
ASF	(89)	573	362	—	846
Other Funds	301	171	155	157	784
Total	$259	$5,155	$6,757	$157	$12,328

1 Negative amounts in Obligated Net Balance are the result of Uncollected Customer Payments exceeding Unpaid Obligations.

C. Availability of Funds

Included in GSA's FBwT are dedicated collections from Special Receipt Funds that may be transferred to either the U.S. Treasury, or the Land and Water Conservation Fund (see Note 1-D). These amounts, related to the Transportation Audits program and surplus real property disposals, are subject to transfer upon GSA's annual determination of the costs incurred by these programs. The FBwT in these funds totaled $101 and $107 million at September 30, 2019, and 2018, respectively, of which $12 and $20 million, respectively, were recorded as liabilities in the Consolidated Balance Sheets. In FY 2019 and FY 2018, $1 and $2 million, respectively, of unused funds from expired appropriations were returned to the U.S. Treasury as of September 30. Such balances are excluded from the amount reported as FBwT in accordance with U.S. Treasury guidelines. A portion of FBwT also includes amounts where authority to incur new obligations has expired, but the funds are available to liquidate residual obligations that originated when the funds were available. Such expired balances totaled $53 million and $48 million at September 30, 2019, and 2018, respectively. The FBF has balances that are temporarily not available in accordance with annual appropriation acts that limit the amount of reimbursable resources that are available for spending each year. Such amounts totaled $6.3 billion and $5.6 billion at September 30, 2019, and 2018, respectively and will not be available for expenditure except as authorized in future appropriation acts.

Under ASF legislative authorities, GSA is permitted to retain earnings to ensure the fund has sufficient resources to support operations in association with a cost and capital plan as approved by the Administrator of GSA. The ASF returned zero funds to the U.S. Treasury in FY 2018. The ASF Cumulative Results of Operations at the end of FY 2019 is expected to return $7 million to the U.S. Treasury. These activities are in accordance with the cost and capital plan to meet program needs. Cumulative Results of Operations in the ASF have been used for activities such as to cover discontinued operations and investments in Government-wide software applications to include the System for Award Management (SAM) and the Common Acquisition Platform.

3. Non-entity Assets

As of September 30, 2019, and 2018, certain amounts reported on the Consolidated Balance Sheets are elements of Budget Clearing, Deposit, and Miscellaneous Receipt Funds, which are not available to management for use in ongoing operations and are classified as non-entity assets (see Note 1-A). The only substantial balances of non-entity assets were Fund Balance with Treasury, which totaled $36 million and $50 million, as of September 30, 2019, and 2018, respectively.

4. Accounts and Notes Receivable, Net

Substantially all accounts receivable are from other Federal agencies, with only 3.5 percent and 4.6 percent due from non-Federal customers as of September 30, 2019, and 2018, respectively. Unbilled accounts receivable result from the delivery of goods or performance of services for which bills have not yet been rendered. Additionally, TMF transfers to other Federal Agencies are recorded as accounts receivable, as legislation requires transferred funds to be repaid to the TMF. Allowances for doubtful accounts are recorded using aging methodologies based on analysis of historical collections and write-offs. As of September 30, 2019, and 2018, accumulated unrecognized interest on all notes deemed uncollectible totaled $240 million and $212 million, respectively. A summary of Accounts Receivable as of September 30, 2019, and 2018, is as follows:

4. Accounts Receivable *(Dollars in Millions)*

	FBF		ASF		Other Funds		Less: Intra-GSA Eliminations		GSA Consolidated Totals	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Accounts Receivable -billed	**$117**	$190	**$98**	$161	**$10**	$20	**$—**	$—	**$225**	$371
Accounts Receivable -unbilled	**322**	313	**3,078**	2,469	**43**	13	**48**	38	**3,395**	2,757
Allowance for Doubtful Accounts	**(4)**	(6)	**(2)**	(3)	**(2)**	(3)	**—**	—	**(8)**	(12)
Total Accounts Receivable, Net	**$435**	$497	**$3,174**	$2,627	**$51**	$30	**$48**	$38	**$3,612**	$3,116

5. Other Assets

As of September 30, 2019, and 2018, Other Assets were comprised of the following balances:

5. Other Assets *(Dollars in Millions)*

	FBF		ASF		Other Funds		GSA CONSOLIDATED TOTALS	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Surplus Property Held for Sale	**$36**	$36	**$19**	$22	**$—**	$—	**$55**	$58
Intangible Assets	**—**	—	**15**	19	**—**	—	**15**	19
Miscellaneous	**3**	12	**—**	3	**—**	—	**3**	15
Total Other Assets	**$39**	$48	**$34**	$44	**$—**	$—	**$73**	$92

6. Property and Equipment, Net

A. Summary of Balances

Balances in GSA Property and Equipment accounts subject to depreciation as of September 30, 2019, and 2018, are summarized below:

6A. Property and Equipment *(Dollars in Millions)*

	2019			2018		
	Cost	**Accumulated Depreciation**	**Net book Value**	Cost	Accumulated Depreciation	Net book Value
Buildings:						
FBF	**$49,136**	**$29,450**	**$19,686**	$47,518	$27,791	$19,727
Leasehold Improvements:						
FBF	**272**	**250**	**22**	269	242	27
ASF	**14**	**9**	**5**	33	27	6
Other Funds	**4**	**3**	**1**	4	2	2
Total Leasehold Improvements	**290**	**262**	**28**	306	271	35
Motor Vehicles:						
ASF	**6,200**	**2,254**	**3,946**	6,022	2,119	3,903
Other Equipment:						
FBF	**140**	**126**	**14**	167	149	18
ASF	**189**	**148**	**41**	387	352	35
Other Funds	**174**	**158**	**16**	168	148	20
Total Other Equipment	**503**	**432**	**71**	722	649	73
Total, Depreciable Property & Equipment	**$56,129**	**$32,398**	**$23,731**	$54,568	$30,830	$23,738

B. Environmental and Disposal Liabilities

Environmental and Disposal Liabilities represent cleanup costs associated with removing, containing, and disposing of (1) hazardous waste from property; (2) material and property that consists of hazardous waste at permanent or temporary closure, or shutdown of associated plant, property and equipment (PP&E) (i.e. asset retirement and equipment disposal); or (3) asbestos. Cleanup costs may include characterization, decontamination, decommissioning, restoration, monitoring, closure, post closure, future surveys, studies and assessments on the environmental site. Cleanup costs also may include compensation and benefits of human resources devoting a significant amount of time directly to the remediation effort.

In accordance with guidance issued by FASAB, SFFAS No. 5, Accounting for Liabilities of the Federal Government and SFFAS No. 6, Accounting for Property, Plant, and Equipment, Federal Financial Accounting and Auditing Technical Release No. 2, Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government, GSA is required to recognize a liability for environmental related cleanup costs resulting from past transactions or events and when a future outflow or other sacrifice of resources is probable and reasonably estimable. GSA's FBF assesses the likelihood of required cleanup for PP&E, including land acquired for or in connection with other PP&E, used in providing goods or services. If the likelihood of required cleanup is probable and the cost can be reasonably estimated, a liability is recorded in the financial statements, if the likelihood is probable but not reasonably estimated or reasonably possible, the costs of cleanup are disclosed in the notes to the financial statements; and if the likelihood is remote, no liability or estimate is recorded or disclosed.

Environmental related cleanup costs include liabilities covered by current budgetary resources and liabilities not covered by current budgetary resources known as future funded expenses.

Cleanup of such hazards is governed by various Federal and state laws. The laws most applicable to GSA are the Comprehensive Environmental Response Compensation and Liability Act of 1980, the Asbestos Hazard Emergency Response Act, and the Resource Conservation and Recovery Act. Various state, local laws and regulations are also applicable.

GSA's FBF recognized $1.781 billion and $1.871 billion for Environmental and Disposal Liabilities as of September 30, 2019, and 2018, respectively, for properties currently in GSA's inventory. Included in this balance are the current estimates for potential future cleanup costs associated with: release of hazardous substances (into the environment) at properties where GSA is legally responsible for cleanup; asbestos liabilities (e.g., abatement); and non-asbestos liabilities (e.g., lead abatement) associated with PP&E at asset retirement or disposal (dollars in millions).

6B. Environmental and Disposal Liabilities *(Dollars in Millions)*

	2019	2018
Environmental Liabilities (external releases to the environment)	**$133**	$148
Asbestos Liabilities	**1,379**	1,458
PP&E: Non-asbestos Liabilities	**269**	265
Total Environmental and Disposal Liabilities (amortized)[1]	**$1,781**	$1,871

1 *Does not include non-GSA assets which are included on the Balance Sheet*

C. Environmental Liabilities: External Releases to the Environment

PBS reported a total estimated environmental liability (releases to the environment) of $133 million for FY 2019. This is a decrease from $148 million reported in FY 2018. The decrease is attributable to remediation efforts along with cost re-estimations for environmental services (e.g., remediation activities) and adjustments to the scope of services for projects managed by PBS. PBS' environmental remediation projects range from the cleanup of hazardous substances (chemical solvents, toxic metals, polychlorinated biphenyls) and petroleum released into the soil and groundwater to complex, long-term remediation of former Department of Defense sites (munitions manufacturing and stockpile centers). GSA's PBS does not have any sites identified as probable but not reasonably estimable regarding cleanup costs. As of September 30, 2019 and 2018, GSA's FBF had $20.8 million and $21.3 million, respectively, for 'reasonably possible' cleanup costs.

D. Asbestos Liabilities

In accordance with FASAB Technical Bulletin 2006-1, Recognition and Measurement of Asbestos-Related Cleanup Costs, the focus is to recognize an unfunded liability and related expenses for asbestos related cleanup costs where it is both probable and reasonably estimable for Federal entities that own tangible property, plant and equipment containing asbestos.

GSA's methodology for developing estimated future asbestos liability involved selection of asbestos abatement survey reports performed by third party contractors, independent from GSA, to develop an average cost factor. The average cost factor from these asbestos survey reports is applied to GSA's total square feet of applicable inventory in order to determine the total estimated asbestos liability.

In accordance with Technical Bulletin 2006-1, GSA recognizes cleanup costs, over the estimated life of the underlying assets. The building useful life of 30 years is used for purposes of recognizing and amortizing the long term estimated asbestos cleanup costs. During FY 2019, changes to GSA's total estimated liability consisted of cost re-estimates, inflation and amortization of remaining future year costs.

The amortized asbestos related liabilities reported for FY 2019 are $1.4 billion which is a decrease from FY 2018 of $1.5 billion. The unamortized asbestos liabilities for FY 2019 compared to FY 2018 are $8.4 million and $10.3 million, respectively.

E. Property, Plant & Equipment: Non-asbestos Liabilities

Non-Asbestos Liabilities GSA reports cleanup costs associated with PP&E that consist of removal of hazardous waste at asset retirement or related to equipment disposal in the financial statements under PP&E - non-asbestos liabilities. GSA's methodology for estimating non-asbestos related liabilities captures the cost of remediating certain hazards, such as, but not limited to, lead based paint and polychlorinated biphenyls.

GSA's methodology uses actual cost data from major renovation projects and cost estimates from independent third party environmental surveys, to develop average cost factors for PP&E non-asbestos remediation. These average cost factors are applied to GSA's total square feet of applicable inventory in order to determine the total estimated non-asbestos liability. For FY 2019, the amortized PP&E non-asbestos related liabilities are $269 million compared to FY 2018 of $265 million. The increase is due to changes in non-asbestos liability cost factors based upon updated project and building surveys' cost estimate data. The unamortized PP&E non-asbestos liabilities for FY 2019 compared to FY 2018 are $42.2 million and $43.6 million, respectively.

F. Heritage Assets

The average age of GSA buildings is 49 years old; therefore, many buildings have historical, cultural and/or architectural significance. While GSA uses these buildings to meet the office space and other needs of the Federal Government, maintaining and preserving these historical elements is a significant priority. In accordance with FASAB SFFAS No. 29, Heritage Assets and Stewardship Land, these buildings meet the definition of Multi-use Heritage Assets, and are reportable within Property and Equipment on the Consolidated Balance Sheets. Deferred maintenance and repairs related to GSA's heritage assets are separately disclosed in the required supplementary information.

GSA defines its Historic Buildings as those buildings that are either listed on the National Register of Historic Places, have formally been determined eligible, or appear to meet eligibility criteria to be listed. In FY 2019 GSA has 413 buildings on the National Register, up from 411 at the end of FY 2018, of which 74 are designated as National Historic Landmarks. An additional 92 buildings are potentially eligible for listing on the National Register, but have not gone through the formal listing process. Under the National Historic Preservation Act, GSA is required to give these buildings special consideration, including first preference for Federal use and rehabilitation in accordance with standards established by the DOI.

GSA also has a collection of artworks with historical significance, maintained for display in Federal buildings to increase the cultural and aesthetic quality of the buildings for visitors and workers.

7. Workers' Compensation Benefits

The Federal Employees' Compensation Act (FECA) provides wage replacement and medical cost protection to covered Federal civilian employees injured on the job, incurred a work-related occupational disease, or beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. The FECA program is administered by the U.S. Department of Labor (DOL), which initially pays valid claims and subsequently seeks reimbursement from the Federal agencies employing the claimants. DOL provides the actuarial liability for claims outstanding at the end of each fiscal year. This liability includes the estimated future costs of death benefits, workers' wage replacement, and medical and miscellaneous costs for approved compensation cases.

The present value of these estimates at the end of FY 2019 and FY 2018 were calculated by DOL using the following discount rates:

7. Discount Rates

	2019		2018	
Type of Benefits	**Year 1**	**Year 2 and thereafter**	Year 1	Year 2 and thereafter
Wage Benefits	**2.61%**	**2.61%**	2.72%	2.72%
Medical Benefits	**2.35%**	**2.35%**	2.38%	2.38%

At September 30, 2019, and 2018, GSA's actuarial liability totaled $116 million and $112 million, respectively. As reported in Note 9, the Workers Compensation accrued liability at September 30, 2019, and 2018, totaled $24 million and $24 million, respectively.

8. Leasing Arrangements

As of September 30, 2019, GSA was committed to various non-cancelable operating leases covering office space and warehouse storage facilities maintained by the FBF. Many of these leases contain escalation clauses tied to inflation, tax increases, and renewal options. The following are schedules of future minimum rental payments required under leases that have initial or remaining non-cancelable terms in excess of one year, and under capital leases together with the present value of the future minimum lease payments. For the present value of future minimum lease payments under capital leases, $3 million is already covered by budget authority while $48 million will have funding made available in the year the payment is due (dollars in millions):

8A. Future Minimum Rental Payments *(Dollars in Millions)*

OPERATING LEASES		CAPITAL LEASES	
FISCAL YEAR	FBF	FISCAL YEAR	FBF
2020	$3,837	2020	$27
2021	3,253	2021	22
2022	2,614	2022	4
2023	2,188	2023	—
2024	1,867	2024	—
2025 and thereafter	8,231	2025 and thereafter	—
Total future minimum lease payments	**$21,990**	**Total future minimum lease payments**	**$53**
		Less: Amounts representing	
		Interest	3
		Executory Costs	—
		Total obligations under capital leases	**$50**

Substantially all leased and owned space maintained by the FBF is sublet to other Federal agencies at rent charges to recover GSA's cost of that space, or commercial equivalent charges. The majority of agreements covering these arrangements allow customer agencies to terminate the agreement with four months' notice, any time after the first 16 months of the agreement term. In some instances, agreements with customers may include non-cancellation clauses or restricted clauses that limit the ability to cancel prior to the agreement's expiration date.

Customer agencies may also enter into a supplemental occupancy agreement with the GSA's Furniture and Information Technology (FIT) program. This program assists customers with right-sizing their operations to improve space utilization, reduce the real estate footprint, and increase workplace efficiency while minimizing initial capital investments for items such as furniture and information technology equipment. Base terms generally have a duration of 60 months for furniture and 36 months for IT equipment. GSA believes that these agreements will also continue without interruption. The following is a schedule displaying the future minimum rental revenues due to GSA for all non-cancelable and restricted clause agreements with terms in excess of one year:

8B. Future Minimum Rental Payments *(Dollars in Millions)*

OPERATING LEASE REVENUES			
Fiscal Year	**FBF**	**ASF**	**Total**
2020	$1,775	$4	**$1,779**
2021	1,389	3	**1,392**
2022	1,158	2	**1,160**
2023	1,042	1	**1,043**
2024	945	—	**945**
2025 and thereafter	6,102	—	**6,102**
Total future minimum lease receipts	**$12,411**	**$10**	**$12,421**

For four of GSA's buildings, the rental agreements with the customer include transfer of building ownership at the end of the rental term. FIT currently has five agreements where the furniture and IT equipment may transfer to the customer agency at the end of the agreement term. The remaining minimum rental payments due from these agreements are as follows:

8C. Future Minimum Rental Payments *(Dollars in Millions)*

DIRECT FINANCING LEASE REVENUES			
Fiscal Year	**FBF**	**ASF**	**Total**
2020	$8	$1	**$9**
2021	4	1	**5**
2022	4	—	**4**
2023	3	—	**3**
2024	3	—	**3**
2025 and thereafter	14	—	**14**
Total future minimum receipts	**$36**	**$2**	**$38**

Rental income under subleasing agreements and related reimbursable arrangements for tenant improvements and above standard service requirements approximated $6.6 billion and $6.4 billion for the years ended September 30, 2019, and 2018, respectively. The vast majority of the rental income in FY 2019 comes from Federal sources while only $26 million is from outleases to non-Federal entities. Rent expense under all operating leases, including short-term non-cancelable leases, was approximately $5.8 billion for both years ended September 30, 2019, and 2018. Of the $5.8 billion in FY 2019 rent expense, only $23 million was paid to other Federal agency lessees with the remaining expense being paid to non-Federal entities. The Consolidated Balance Sheets as of September 30, 2019, and 2018, include capital lease assets of $363 million and $383 million for buildings, respectively and accumulated amortization on such structures of $343 million and $330 million, respectively. For substantially all of its leased property, GSA expects that in the normal course of business such leases will be either renewed or replaced in accordance with the needs of its customer agencies.

9. Other Liabilities

As of September 30, 2019 and 2018, the amounts reported on the Consolidated Balance Sheets as Other Intragovernmental Liabilities and Other Liabilities, are substantially long-term in nature, with the exception of Federal Benefit Withholdings, Salaries and Benefits Payable, and Deposits in Clearing Funds, which are current liabilities. Other Intragovernmental Liabilities and Other Liabilities consisted of the following:

9. Other Intragovernmental Liabilities and Other Liabilities *(Dollars in Millions)*

	FBF		ASF		Other Funds		Less: Intra-GSA Eliminations		GSA Consolidated Totals	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
OTHER INTRAGOVERNMENTAL LIABILITIES										
Workers' Compensation Due to DOL	**$14**	$16	**$7**	$5	**$3**	$3	**$—**	$—	**$24**	$24
Federal Benefit Withholdings	**7**	6	**4**	4	**4**	4	**—**	—	**15**	14
Deposits in Clearing Funds	**—**	—	**—**	—	**16**	34	**—**	—	**16**	34
Other	**—**	—	**—**	—	**21**	—	**21**	—	**—**	—
Total Other Intragovernmental Liabilities	**21**	22	**11**	9	**44**	41	**21**	—	**55**	72
OTHER LIABILITIES										
Salaries and Benefits Payable	**24**	21	**16**	14	**15**	12	**—**	—	**55**	47
Deferred Revenues/Advances from the Public	**15**	14	**—**	—	**—**	—	**—**	—	**15**	14
Lease Termination Liability	**—**	—	**5**	8	**—**	—	**—**	—	**5**	8
Contingencies	**3**	1	**—**	—	**—**	—	**—**	—	**3**	1
Pensions for Former Presidents	**—**	—	**—**	—	**10**	13	**—**	—	**10**	13
Total Other Liabilities	**$42**	$36	**$21**	$22	**$25**	$25	**$—**	$—	**$88**	$83

10. Commitments and Contingencies

A. Commitments and Undelivered Orders

In addition to future lease commitments discussed in Note 8, GSA is committed under obligations for goods and services that have been ordered but not yet received (undelivered orders) at fiscal year-end. Aggregate undelivered orders for all GSA activities at September 30, 2019, and 2018, are as follows:

10A. Undelivered Orders *(Dollars in Millions)*

	2019					2018				
Fund	**Federal**	**Non-Federal**	**Paid**	**Unpaid**	**Total**	**Federal**	**Non-Federal**	**Paid**	**Unpaid**	**Total**
FBF	**$148**	**$3,325**	**$122**	**$3,351**	**$3,473**	$190	$3,220	$135	$3,275	$3,410
ASF	**352**	**8,361**	**19**	**8,694**	**8,713**	259	6,975	26	7,208	7,234
Other Funds	**150**	**146**	**—**	**296**	**296**	119	134	1	252	253
Total Undelivered Orders	**$650**	**$11,832**	**$141**	**$12,341**	**$12,482**	$568	$10,329	$162	$10,735	$10,897

B. Contingencies

GSA is a party in various administrative proceedings, legal actions, environmental suits and claims brought by or against the agency. In the opinion of GSA management and legal counsel, the ultimate resolution of these proceedings, actions and claims will not materially affect the financial position or results of operations of GSA, FBF, or ASF, and the Other Funds. Based on the nature of each claim, resources available to liquidate these liabilities may be from GSA funds or, in some instances, are covered by the U.S. Treasury Judgment Fund, as discussed below.

In many cases, legal contingencies that directly involve GSA relate to contractual arrangements GSA entered into either for property or services it has obtained or procured on behalf of other Federal agencies. The costs of administering, litigating and resolving these actions are generally borne by GSA unless it can recover the cost from another Federal agency. Certain legal matters in which GSA may be a named party are administered and, in some instances, litigated by other Federal agencies. Amounts to be paid under any decision, settlement or award pertaining thereto are sometimes funded by those agencies.

Environmental contingencies and most tort claims are administered and resolved by the U.S. Department of Justice, and any amounts necessary for resolution are obtained from the U.S. Treasury Judgment Fund. In accordance with the FASAB's Interpretation No. 2, Accounting for Treasury Judgment Fund Transactions, costs incurred by the Federal Government are to be reported by the agency responsible for incurring the liability, or to which liability has been assigned, regardless of the ultimate source of funding. The cost of environmental contingencies is estimated in accordance with the FASAB Accounting and Auditing Policy Committee's Federal Financial Accounting and Auditing Technical Release No. 2, Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government. For most environmental contingencies, GSA has no managerial responsibility other than as custodian and successor on claims made against former Federal entities, particularly former World War II defense related activities.

Probable Contingencies are pending and threatened legal matters for which, in the opinion of GSA management and legal counsel, a loss is likely, and the amount of the loss can be estimated. These matters arise in the course of carrying out GSA programs and operations, including contracting actions, operating carbon-fueled vehicles, owning and leasing buildings and facilities for other Federal agencies and related claims. These contingencies are accrued in GSA's financial records.

GSA also has contingencies where the likelihood of loss is more than a remote chance, but less than likely to occur and those are deemed reasonably possible. Reasonably possible involve a wide variety of allegations and claims. Accordingly, no balances have been recorded in the financial statements for these contingencies.

The accrued and potential contingencies as of September 30, 2019 and 2018, are summarized in the table below:

10B. Accrued and Possible Contingencies *(Dollars in Millions)*

2019	Accrued Liabilities	Estimated Range of Loss	
		Lower End	Upper End
Legal Contingencies:			
Probable - FBF	**$3**	**$3**	**$4**
Probable - Other Funds	—	—	**1**
Total Probable	**$3**	**$3**	**$5**
Reasonably Possible - ASF		**$2**	**$13**
Reasonably Possible - FBF		**73**	**250**
Reasonably Possible - Other Funds		**10**	**67**
Total Reasonably Possible		**$85**	**$330**
Environmental Contingencies:			
Probable - Other Funds	**$5**	**$5**	**$5**
Reasonably Possible - Other Funds		**$40**	**$181**
2018			
Legal Contingencies:			
Probable - FBF	$1	$1	$1
Reasonably Possible - ASF		1	2
Reasonably Possible - FBF		82	290
Reasonably Possible - Other Funds		—	29
Total Reasonably Possible		$83	$321
Environmental Contingencies:			
Probable - Other Funds	$136	$136	$137
Reasonably Possible - Other Funds		$125	$246

C. U.S. Treasury Judgment Fund

In 1956, Congress enacted the Judgment Fund as a permanent, indefinite appropriation for the payment of claims that did not have another source of funding. This resulted in prompter payments that reduced the interest that accrued against the Government between the claim judgment and the claim payment.

The recognition of claims to be funded solely through the Judgment Fund on GSA Consolidated Statements of Net Cost and Consolidated Balance Sheets is, in effect, recognition of these liabilities against the Federal Government as a whole, and should not be interpreted as claims against the assets or resources of any GSA fund, nor will any future resources of GSA be required to liquidate any resulting losses.

Amounts paid from the Judgment Fund on behalf of GSA, regardless of ultimate funding, were as follows:

10C. Judgment Fund Payments *(Dollars in Millions)*

Fund	**2019**	2018
FBF	**$12**	$5
Other Funds	**101**	8
Total Judgment Fund Payments	**$113**	$13

Of these amounts, most significant balances are related to the Contract Disputes Act and Environmental and Disposal claims. GSA is not required to reimburse the Judgment Fund except for Judgment Fund payments related to claims arising under the Contract Disputes Act and the Notification and Federal Employee Anti-Discrimination and Retaliation Act.

11. Liabilities Not Covered By Budgetary Resources

As of September 30, 2019 and 2018, budgetary resources were not yet available to fund certain liabilities reported on the Consolidated Balance Sheets. For such liabilities, most are long-term in nature where funding is generally made available in the year payments are due or anticipated. The portion of liabilities reported on the Consolidated Balance Sheets that are not covered by budgetary resources consists of the following:

11. Liabilities Not Covered By Budgetary Resources *(Dollars in Millions)*

	FBF		ASF		Other Funds		Less: Intra-GSA Eliminations		GSA Consolidated Totals	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Judgment Fund Liability	**$507**	$495	**$—**	$—	**$—**	$—	**$—**	$—	**$507**	$495
Deferred Revenues and Advances - Federal	**655**	696	**7**	9	**—**	—	**—**	—	**662**	705
Other Intragovernmental Liabilities	**14**	16	**7**	5	**24**	3	**21**	—	**24**	24
Total Intragovernmental Liabilities Not Covered by Budgetary Resources	**1,176**	1,207	**14**	14	**24**	3	**21**	—	**1,193**	1,224
Environmental and Disposal	**1,781**	1,871	**—**	—	**5**	136	**—**	—	**1,786**	2,007
Capital Lease and Installment Purchase Liability	**708**	679	**—**	—	**—**	—	**—**	—	**708**	679
Workers' Compensation Actuarial Liabilities	**67**	74	**37**	24	**12**	14	**—**	—	**116**	112
Annual Leave Liability	**49**	48	**34**	33	**30**	29	**—**	—	**113**	110
Other Liabilities	**3**	1	**5**	8	**10**	13	**—**	—	**18**	22
Total Non-Intragovernmental Liabilities Not Covered by Budgetary Resources	**2,608**	2,673	**76**	65	**57**	192	**—**	—	**2,741**	2,930
Total Liabilities Not Covered By Budgetary Resources	**3,784**	3,880	**90**	79	**81**	195	**21**	—	**3,934**	4,154
Total Liabilities Covered By Budgetary Resources	**1,077**	1,019	**2,801**	2,210	**101**	111	**27**	38	**3,952**	3,302
Total Liabilities Not Requiring Budgetary Resources	**536**	490	**—**	—	**51**	80	**—**	—	**587**	570
Total Liabilities	**$5,397**	$5,389	**$2,891**	$2,289	**$233**	$386	**$48**	$38	**$8,473**	$8,026

Certain balances, while also unfunded by definition (as no budgetary resources have been applied), will be liquidated from resources outside of the traditional budgeting process and require no further congressional action to do so. Such balances include: 1) amounts reported in the Consolidated Balance Sheets under the captions Unamortized Rent Abatement Liability and Deposit Fund Liability; 2) the portion of amounts included in Other Intragovernmental Liabilities shown as Deposits Held in Suspense and Earnings Payable to Treasury in Note 9; 3) the portion of amounts included in Amounts Owed to the General Fund shown as custodial collections; and 4) substantially all amounts included in Other Liabilities shown as Deferred Revenues/ Advances From the Public in Note 9.

12. Reconciliation to the President's Budget

In accordance with FASAB SFFAS No. 7, Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting, if there are differences between amounts reported in these financial statements versus those reported in the most recent Budget of the United States Government (President's Budget), they must be disclosed. With the President's Budget generally released in February each year, the most current comparable data is the FY 2020 President's Budget, which contains FY 2018 financial statement results. The FY 2021 President's Budget, containing FY 2019 actual results is expected to be released February 3, 2020 on OMB's website. The portion of the President's Budget relating specifically to GSA can be found in the appendix of that document. Balances submitted to the U.S. Treasury constitute the basis for reporting of actual results in the President's Budget. The basis of the President's Budget and the CSBR is data reported to the U.S. Treasury on the Reports on Budget Execution and Budgetary Resources (SF 133s). Reconciling differences are caused by the presentation style of the President's Budget, which excludes Budgetary Resources and New Obligations and Upward Adjustments in expired annual funds, as well as offsetting collections, which are required for reporting on the CSBR. Small rounding differences may also exist between the CSBR and the President's Budget due to an alternative rounding methodology used by GSA.

The following two schedules highlight the most significant comparable amounts reported in the FY 2018 CSBR and FY 2020 President's Budget (dollars in millions). The first schedule shows the total differences where the CSBR contains balances greater or (less) than amounts reported in the President's Budget by fund. Following this is a second schedule displaying the components of each difference at the combined level.

GSA's Congressional Justification submission includes available and unavailable budgetary resources. In the CSBR and FBF SBR, the total budgetary resources of $33.6 billion and $16.1 billion as of September 30, 2018, respectively, represent budgetary resources net of FBF's unavailable budgetary resources of $5.6 billion. For GSA's reconciliation between the CSBR and the President's Budget, we added back FBF's unavailable resources to the Budgetary Resources amounts reported under the FBF CSBR column in the first chart and the CSBR row in the second chart.

12. Total Differences - CSBR Compared to President's Budget by Fund *(Dollars in Millions)*

	FBF		ASF		OTHER FUNDS		GSA CONSOLIDATED TOTALS		
	CSBR	Pres. Budget	CSBR	Pres. Budget	CSBR	Pres. Budget	CSBR	Pres. Budget	Difference
Budgetary Resources	$21,660	$21,651	$16,196	$16,196	$1,306	$1,266	$39,162	$39,113	$49
New Obligations and Upward Adjustments	10,982	10,983	15,260	15,260	981	979	27,223	27,222	1
Net Outlays from Operating Activities	(875)	(876)	95	94	279	281	(501)	(501)	—
Distributed Offsetting Receipts	—	—	—	—	(89)	$—	(89)	—	(89)

12. Components of each difference all funds combined *(Dollars in Millions)*

	Budgetary Resources	New Obligations and Upward Adjustments	Net Outlays from Operating Activities	Distributed Offsetting Receipts
Combined Statement of Budgetary Resources	$39,162	$27,223	($501)	($89)
Expired Funds, Not Reflected in the Budget	(49)	—	—	—
Offsetting Receipts, Not Reflected in the Budget	—	—	—	89
Other	—	(1)	—	—
Budget of the U.S. Government	$39,113	$27,222	($501)	$—

13. Combined Statements of Budgetary Resources

The CSBR presents GSA budgetary results in accordance with reporting requirements prescribed in OMB Circular A-11, Preparation, Submission, and Execution of the Budget. In consolidated reporting by OMB and the U.S. Treasury, for the U.S. Government as a whole, substantially all of GSA's program operations and operating results are categorized as general government functions. There were no significant differences between the balances used to prepare the CSBR and the SF-133s in FY 2019 or FY 2018.

13. Adjustments to Unobligated Balances Brought Forward *(Dollars in Millions)*

	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		GSA COMBINED TOTALS	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018
Prior Year Total Unobligated Balance, End of Period	**$5,096**	$4,746	**$936**	$615	**$325**	$221	**$6,357**	$5,582
Adjustments to Unobligated Balance Brought Forward								
Unobligated Balance transferred to other accounts	**—**	(1)	**—**	—	**(23)**	(1)	**(23)**	(2)
Unobligated Balance transferred from other accounts	**—**	1	**—**	—	**21**	—	**21**	1
Adjustment of Unobligated Balance Brought Forward, October 1	**—**	15	**—**	—	**(7)**	—	**(7)**	15
Recoveries of Prior Year Obligations	**105**	129	**451**	390	**15**	31	**571**	550
Other Changes in Unobligated Balance	**10**	6	**—**	2	**(2)**	(4)	**8**	4
Total Adjustments to Unobligated Balance Brought Forward	**115**	150	**451**	392	**4**	26	**570**	568
Unobligated Balance from Prior Year Budget Authority, Net	**$5,211**	$4,896	**$1,387**	$1,007	**$329**	$247	**$6,927**	$6,150

14. Consolidated Statements of Changes in Net Position

Cumulative results of operations for Revolving Funds include the net cost of operations since their inception, reduced by funds returned to the U.S. Treasury, congressional rescissions, and transfers to other Federal agencies, in addition to balances representing invested capital. Invested capital includes amounts provided to fund certain GSA assets, principally land, buildings, construction in process, and equipment, as well as appropriated capital provided as the corpus of a fund (generally to meet operating working capital needs).

The FBF, ASF, WCF and FCSF have legislative authority to retain portions of their cumulative results for specific purposes. The FBF retains cumulative results to finance future operations and construction, subject to appropriation by Congress. In the ASF, such cumulative results are retained to cover the cost of replacing the motor vehicle fleet and supply inventory as well as to provide financing for major systems acquisitions and improvements, contract conversion costs, major contingencies, and to maintain sufficient working capital. The WCF retains cumulative results to finance future systems improvements and certain operations. The FCSF retains cumulative results to finance future operations, subject to appropriation by Congress.

Cumulative Results of Operations on the Consolidated Balance Sheets include balances of funds from dedicated collections as defined in FASAB SFFAS No. 43, which totaled $149 million and $138 million as of September 30, 2019, and 2018, respectively. As further discussed in Notes 1 and 2, balances of funds from dedicated collections are those reported in GSA's Special Funds[4] and Trust Funds, within the Other Funds display on the Consolidated Balance Sheets.

15. Employee Benefit Plans

A. Background

Although GSA funds a portion of pension benefits for its employees under the Civil Service Retirement System (CSRS) and the Federal Employees Retirement System (FERS), and makes the necessary payroll withholdings, GSA is not required to disclose the assets of the systems or the actuarial data related to accumulated plan benefits or the unfunded pension liability relative to its employees. Reporting the amounts of health care benefits for current and retired employees is the direct responsibility of the Office of Personnel Management (OPM). Further information regarding the Federal retirement plans, details of accumulated benefits, liabilities, background on agency employer contributions, employee contributions, and other financial contributions can be found on the OPM website.

In accordance with FASAB SFFAS No. 5, GSA recognizes the normal cost of pension programs and the normal cost of other post-employment health and life insurance benefits, as defined in that standard, on the Consolidated Statements of Net Cost. While contributions of GSA and participating employees to OPM do cover a significant portion of the normal cost of retirement benefits, the contribution rates defined in law do not cover the full normal cost of those retirement benefits. To achieve the recognition of the full normal cost required by SFFAS No. 5, GSA records the combination of funded cost for agency contributions, and imputed cost for the portion of normal costs not covered by contributions. GSA's imputed costs relate to business-type activities, employee benefits, and claims to be settled by the Treasury Judgment Fund. However, unreimbursed costs of goods and services other than those identified above are not included in our financial statements. Amounts recognized as normal cost related to contributions, as well as imputed costs are further provided below.

4 GSA's Environmental Review Improvement Fund, while a special fund, to date, has yet to receive any dedicated collections.

B. Civil Service Retirement System

At the end of FY 2019, 3.7 percent (down from 4.7 percent in FY 2018) of GSA employees were covered by the CSRS, a defined benefit plan. Total GSA (employer) contributions (7.5 percent of base pay for law enforcement employees, and 7.0 percent for all others) to CSRS for all employees were as follows:

15B. Total Employer Contributions to Civil Service Retirement System *(Dollars in Millions)*

	2019	2018
FBF	**$2**	$2
ASF	**1**	1
Other Funds	**1**	1
Total Employer Contributions	**$4**	$4

C. Federal Employees Retirement System

On January 1, 1987, the FERS, a mixed system of defined benefit and defined contribution plans, went into effect pursuant to Public Law 99-335. Employees hired after December 31, 1983, were automatically covered by FERS and Social Security while employees hired before January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. As of September 30, 2019, 96.1 percent (up from 95.2 percent in FY 2018) of GSA employees were covered under FERS. One of the primary differences between the systems is that FERS offers automatic and matching contributions into the Federal Government's Thrift Savings Plan (TSP) for each employee. All employees could invest up to $19,000 and $18,500 in their TSP account in calendar years 2019 and 2018, respectively. In addition, for FERS employees, GSA automatically contributes one percent of base pay and matches employee contributions up to an additional four percent of base pay. For calendar years 2019 and 2018, total contributions made on behalf of an employee could not exceed $56,000 and $55,000, respectively. For FY 2019 and FY 2018, the GSA (employer) contributions to FERS (30.1 percent of base pay for law enforcement employees and 13.7 percent for all others) were as follows:

Additional GSA contributions to the TSP were as follows:

15C. Total Employer Contributions to Federal Employees Retirement System
Automatic *(Dollars in Millions)*

	2019	2018
FBF	**$69**	$68
ASF	**45**	43
Other Funds	**42**	41
Total Employer Contributions	**$156**	$152

15C. Additional GSA Contributions to Thrift Savings Plan
Matching contributions *(Dollars in Millions)*

	2019	2018
FBF	**$23**	$23
ASF	**15**	14
Other Funds	**14**	13
Total Employer Contributions	**$52**	$50

D. Social Security System

GSA also makes matching contributions for programs of the Social Security Administration (SSA) under the Federal Insurance Contributions Act. For employees covered by FERS, GSA contributed 6.2 percent of gross pay (up to $132,900 and $128,400 in calendar years 2019 and 2018, respectively) to SSA's Old-Age, Survivors, and Disability Insurance Program in both calendar years 2019 and 2018. Additionally, GSA makes matching contributions for all employees of 1.45 percent of gross pay to the Medicare Hospital Insurance program in both calendar years 2019 and 2018. In FY 2019 and 2018, 0.2 percent and 0.1 percent, respectively, of GSA employees are covered exclusively by these programs. Payments to these programs were as follows:

15D. Total Employer Contributions - Social Security System *(Dollars in Millions)*

	2019	2018
FBF	**$38**	$38
ASF	**26**	23
Other Funds	**22**	22
Total Employer Contributions	**$86**	$83

E. Schedule of Unfunded Benefit Costs

Amounts recorded in FYs 2019 and 2018, in accordance with FASAB SFFAS No. 5, for imputed post-employment benefits were as follows:

15E. Imputed cost for Post-Employment Benefits *(Dollars in Millions)*

	PENSION BENEFITS	**HEALTH/LIFE INSURANCE**	**TOTAL**
2019			
FBF	**$14**	**$32**	**$46**
ASF	**11**	**19**	**30**
Other Funds	**10**	**17**	**27**
Total Unfunded Benefit Costs	**$35**	**$68**	**$103**
2018			
FBF	$13	$32	$45
ASF	9	18	27
Other Funds	8	17	25
Total Unfunded Benefit Costs	$30	$67	$97

16. Budget and Accrual Reconciliation

In accordance with requirements of FASAB SFFAS 53, Budget and Accrual Reconciliation, the schedule below displays financial components associated with differences in amounts reported as the Net Revenues (Cost) from Operations reported on the Consolidated Statements of Net Cost and amounts reported as Total Net Outlays on the CSBR. Budgetary accounting is used for planning and control purposes, with Net Outlays consisting of the receipt and use of cash, both key elements in reporting the Federal deficit. Financial accounting is intended to provide a picture of the Government's financial operations and financial position, presenting information on an accrual basis of accounting. The accrual basis includes information about costs arising from the acquisition and consumption of assets, other goods and services and the incurrence of liabilities, as well as recognition of certain revenues and associated receivable balances. The reconciliation bridges the balances reported as net outlays, presented on a budgetary basis focused on the disbursement and collection of funds, and the net cost, presented on an accrual basis. The reconciliation further assures integrity of relationships between budgetary and financial accounting. The schedule displays outlay balances comparable to the CSBR, with Net Outlays from Operating Activity based on amounts reported to Treasury on SF 133's, with additions for Distributed Offsetting Receipts to produce Total Net Outlays.

16. FY 2019 Budget and Accrual Reconciliation *(Dollars in Millions)*

	Federal Buildings Fund			Acquisition Services Fund			Other Funds			Less: Intra-GSA Eliminations			GSA Consolidated		
	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total
Net Cost of Operations	$—	$—	($524)	$—	$—	($220)	$—	$—	$247	($39)	$—	($39)	$—	$—	($536)
Components of Net Cost Not Part of the Budget Outlays															
Property, Plant, and Equipment Depreciation	—	(1,681)	(1,681)	—	(591)	(591)	—	(11)	(11)	—	—	—	—	(2,283)	(2,283)
Property, Plant and Equipment Disposal & Reevaluation	—	—	—	—	(223	(223)	—	—	—	—	—	—	—	(223)	(223)
Increase/(Decrease) in Assets:	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accounts Receivables	(60)	(1)	(61)	533	(10)	523	—	—	—	—	—	—	473	(11)	462
Loans Receivable		(1)	(1)		—	—	—	—	—	—	—	—	—	(1)	(1)
Other Asset - Regulatory Assets	101	(134)	(33)	(7)	(4)	(11)	(1)	—	(1)	—	—	—	93	(138)	(45)
(Increase)/Decrease in Liabilities															
Accounts Payable	(9)	(54)	(63)	32	(598)	(566)	9	(4)	5	—	—	—	32	(656)	(624)
Salaries and Benefits	(1)	(2)	(3)	(1)	(2)	(3)	—	(2)	(2)				(2)	(6)	(8)
Environmental and Disposal Liabilities	—	90	90	—	—	—	—	131	131	—	—	—	—	221	221
Other Liabilities (Unfunded leave, Unfunded FECA, Actuarial FECA)	34	7	41	(2)	(11)	(13)	—	1	1	—	—	—	32	(3)	29

16. FY 2019 Budget and Accrual Reconciliation *(Dollars in Millions)*

	Federal Buildings Fund			Acquisition Services Fund			Other Funds			Less: Intra-GSA Eliminations			GSA Consolidated		
	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total	Intra-governmental	With the Public	Total
Other Financing Sources:															
Imputed Financing Provided by Others	(65)	—	(65)	(46)	—	(46)	(129)	—	(129)	39	—	39	(201)	—	(201)
Components of Budget Outlays Not Part of Net Cost:															
Acquisition of Capital Assets	—	1,302	1,302	844	3	847	—	6	6	—	—	—	844	1,311	2,155
Acquisition of Inventory			—	—	1	1	—	—	(38)	—	—	—	—	1	1
Other	—	1	1	—	(2)	(2)	—	—	—	—	—	—	—	(1)	(1)
Net Outlays from Operating Activity			(997)	—	—	(304)	—	—	247	—	—	—	—	—	(1,054)
Distributed Offsetting Receipts	—	—	—	—	—	—	—	—	(38)	—	—	—	—	—	(38)
Total Net Outlays	**$—**	**$—**	**($997)**	**$—**	**$—**	**($304)**	**$247**	**$—**	**$209**	**$—**	**$—**	**$—**	**$—**	**($1)**	**($1,092)**

17. Net Cost by Responsibility Segment

OMB Circular A-136, Financial Reporting Requirements, requires that the presentation aligns with the goals and outcomes identified in the agency's strategic plan. The strategic goals presented in GSA's Consolidated Statements of Net Cost are derived from the missions of the agency's two largest service organizations: PBS, which manages the FBF, and FAS, which manages the ASF. PBS manages building operations by overseeing the design, construction, leasing, and maintenance of Government-owned and leased facilities. Responsibility segments include the Government-owned and Leased Building segments. FAS is organized into five main business portfolios: GSS, TTL, IT, AAS, and PSHC. FAS provides acquisition services by leveraging the buying power of the Federal Government to obtain best values. The GSA agency-wide strategic plan goals of providing cost savings to customers, increasing operational efficiency, and delivering excellent customer service are embedded in the missions of its service organizations. Revenues and expenses not associated with PBS or FAS are reported as Working Capital and General Programs. Eliminations of intra-agency activity are recorded against the organization providing the goods or services, displayed in the "ELIM" column.
The following tables present the FY 2019 and FY 2018 net operating results by strategic goal for each responsibility segment.

17. For the Year Ended September 30, 2019

FY 2019 Net Cost by Responsibility Segment Schedule *(Dollars in Millions)*

For the Year Ended September 30, 2019 (Dollars in Millions)	FBF - Owned	FBF - Leased	ASF - GSS	ASF - TTL	ASF - IT	ASF - AAS	ASF - PSHC	ASF - Other	WCF	GENERAL FUNDS	GSA COMBINED	ELIM	GSA CONSOLIDATED
Manage Building Operations													
Earned Revenues	$5,234	$6,622	$—	$—	$—	$—	$—	$—	$—	$—	$11,856	$71	$11,785
Less: Operating Expenses	4,626	6,706	—	—	—	—	—	—	—	—	11,332	91	11,241
Net Revenues from (Cost of) Operations	608	(84)	—	—	—	—	—	—	—	—	524	(20)	544
Provide Acquisition Services													
Earned Revenues	—	—	1,291	2,177	1,770	9,193	96	131	—	—	14,658	184	14,474
Less: Operating Expenses	—	—	1,287	1,951	1,760	9,152	92	196	—	—	14,438	201	14,237
Net Revenues from (Cost of) Continuing Operations	—	—	4	226	10	41	4	(65)	—	—	220	(17)	237
Working Capital and General Programs													
Earned Revenues	—	—	—	—	—	—	—	—	678	39	717	673	44
Less: Operating Expenses	—	—	—	—	—	—	—	—	689	275	964	675	289
Net Revenues from (Cost of) Operations	—	—	—	—	—	—	—	—	(11)	(236)	(247)	(2)	(245)
GSA Consolidated Net Results													
Earned Revenues	5,234	6,622	1,291	2,177	1,770	9,193	96	131	678	39	27,231	928	26,303
Less: Operating Expenses	4,626	6,706	1,287	1,951	1,760	9,152	92	196	689	275	26,734	967	25,767
Net Revenues from (Cost of) GSA Operations	$608	($84)	$4	$226	$10	$41	$4	($65)	($11)	($236)	$497	($39)	$536

FY 2018 Net Cost by Responsibility Segment Schedule *(Dollars in Millions)*

For the Year Ended September 30, 2019 (Dollars in Millions)													
	FBF - Owned	FBF - Leased	ASF - GSS	ASF - TTL	ASF - IT	ASF - AAS	ASF - PSHC	ASF - Other	WCF	GENERAL FUNDS	GSA COMBINED	ELIM	GSA CONSOLIDATED
Manage Building Operations													
Earned Revenues	$5,261	$6,420	$—	$—	$—	$—	$—	$—	$—	$—	$11,856	$71	$11,785
Less: Operating Expenses	4,611	6,420	—	—	—	—	—	—	—	—	11,332	91	11,241
Net Revenues from (Cost of) Operations	650	—	—	—	—	—	—	—	—	—	524	(20)	544
Provide Acquisition Services													
Earned Revenues	—	—	1,300	2,060	1,786	7,043	87	113	—	—	12,389	195	12,194
Less: Operating Expenses	—	—	1,292	1,885	1,815	7,021	87	202	—	—	12,302	210	12,092
Net Revenues from (Cost of) Continuing Operations	—	—	8	175	(29)	22	—	(89)	—	—	87	(15)	102
Working Capital and General Programs													
Earned Revenues	—	—	—	—	—	—	—	—	657	37	694	655	39
Less: Operating Expenses	—	—	—	—	—	—	—	—	704	349	1,053	657	396
Net Revenues from (Cost of) Operations	—	—	—	—	—	—	—	—	(47)	(312	(359)	(2)	(357)
GSA Consolidated Net Results													
Earned Revenues	5,261	6,420	1,300	2,060	1,786	7,043	87	113	657	37	24,764	921	23,843
Less: Operating Expenses	4,611	6,420	1,292	1,885	1,815	7,021	87	202	704	349	24,386	957	23,429
Net Revenues from (Cost of) GSA Operations	$650	$—	$8	$175	($29)	$22	$—	($89)	($47)	($312)	$378	($36)	$414

18. Reclassification of Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for FR Compilation Process

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows GSA's financial statements and GSA's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

The term "Non-Federal" is used in this note to refer to Federal Government amounts that result from transactions with Non-Federal entities. These include transactions with individuals, businesses, non-profit entities, and State, local, and foreign governments.

18. Reclassification of GSA's Balance Sheet for the Federal Financial Report *(Dollars in Millions)*

FY 2019 GSA Balance Sheet		Line Items Used to Prepare FY 2019 Government-wide Balance Sheet	
Financial Statement Line	**Amount**	**Reclassified Financial Statement Line**	**Amount**
ASSETS		**ASSETS**	
Intragovernmental Assets:			
Fund Balance with Treasury	$13,875	Fund Balance With Treasury	$13,875
Accounts Receivable - Federal, Net	3,487	Accounts Receivable	3,487
Capital Lease Payments Receivable	38	Accounts Receivable	38
Unamortized Deferred Charges and Prepayments	109	Accounts Receivable	109
Prepaid Expenses and Advances - Federal	122	Advances to Others and Prepayments	122
Total Intragovernmental Assets	17,631	Total Federal Assets	17,631
Accounts Receivable - Non-Federal, Net	125	Accounts and Taxes Receivable, Net	124
		Loans Receivable, Net	1
Other Assets	73	Other Assets	73
Property and Equipment:			
Buildings	49,136	Property, Plant, and Equipment, Net	49,136
Leasehold Improvements	290	Property, Plant, and Equipment, Net	290
Motor Vehicles	6,200	Property, Plant, and Equipment, Net	6,200
Equipment and Other Property	503	Property, Plant, and Equipment, Net	503
Less: Accumulated Depreciation and Amortization	(32,398)	Property, Plant, and Equipment, Net	(32,398)
Subtotal	23,731		
Land	1,719	Property, Plant, and Equipment, Net	1,719
Construction in Process and Software in Development	1,402	Property, Plant, and Equipment, Net	1,402
Total Property and Equipment, Net	26,852	Total Property, Plant, and Equipment, Net	26,852
TOTAL ASSETS	**$44,681**	**TOTAL ASSETS**	**$44,681**

18. Reclassification of GSA's Balance Sheet for the Federal Financial Report *(Dollars in Millions)*

FY 2019 GSA Balance Sheet		Line Items Used to Prepare FY 2019 Government-wide Balance Sheet	
Financial Statement Line	**Amount**	**Reclassified Financial Statement Line**	**Amount**
LIABILITIES AND NET POSITION		**LIABILITIES AND NET POSITION**	
Intragovernmental Liabilities		Intragovernmental Liabilities	
Accounts Payable and Accrued Expenses - Federal	$27	Accounts Payable	$27
Judgment Fund Liability	507	Accounts Payable	507
Deferred Revenues and Advances - Federal	704	Accounts Payable	661
		Advances from Others and Deferred Credits	43
Amounts Owed to the General Fund	16	Liability to the General Fund of the U.S. Gov't for Custodial and Other Non-Entity Assets	16
Other Intragovernmental Liabilities	55	Benefit Program Contributions Payable	35
		Other Liabilities (Without Reciprocals)	20
Total Intragovernmental Liabilities	1,309	Total Federal Liabilities	1,309
Accounts Payable and Accrued Expenses - Non-Federal	3,810	Accounts Payable	3,797
		Other Liabilities	13
Environmental and Disposal Liabilities	1,786	Environmental and Disposal Liabilities	1,786
Capital Lease and Installment Purchase Liability	711	Other Liabilities	711
Unamortized Rent Abatement Liability	521	Other Liabilities	521
Workers' Compensation Actuarial Liability	116	Federal Employee and Veteran Benefits Payable	116
Annual Leave Liability	113	Other Liabilities	113
Deposit Fund Liability	19	Other Liabilities	19
Other Liabilities	88	Federal Employee and Veteran Benefits Payable	14
		Other Liabilities	74
Total Liabilities	**8,473**	**Total Liabilities**	**8,473**
Net Position:			
Unexpended Appropriations	680	Net Position- Funds Other Than Those From Dedicated Collections	680
Cumulative Results of Operations	35,528	Net Position- Funds From Dedicated Collections	153
		Net Position- Funds Other Than Those From Dedicated Collections	35,375
Total Net Position	36,208	Total Net Position	36,208
TOTAL LIABILITIES AND NET POSITION	**$44,681**	**TOTAL LIABILITIES AND NET POSITION**	**$44,681**

18. Reclassification of GSA Statement of Net Cost for the Federal Financial Report *(Dollars in Millions)*

FY 2019 GSA Statement of Net Cost		Line Items Used to Prepare FY 2019 Government-wide Statement of Net Cost	
Financial Statement Line	**Amount**	**Reclassified Financial Statement Line**	**Amount**
GSA Consolidated Net Results		**GSA Consolidated Net Results**	
Earned Revenues	$26,303	Borrowing and Other Interest Revenue (exchange)	$2
		Buy/Sell Revenue (Exchange)	25,549
		Purchase of assets offset[1]	15
		Total Intragovernmental Earned Revenue	25,566
		Non-Federal Earned Revenue	752
		Total Earned Revenue	26,318
Less: Operating Expenses	25,767	Benefit Program Costs	268
		Buy/Sell Costs	1,657
		Imputed Cost	201
		Purchase of assets[1]	15
		Other Expenses (without reciprocals)	86
		Total Intragovernmental Costs	2,227
		Non-Federal Gross Cost	23,555
		Total Gross Costs	25,782
Net Revenues from Operations	**$536**	**Net Revenues from Operations**	**$536**

1 Total revenue and costs will be off by this amount since GSA does not include SGL 880 percent in our SNC.

18. Reclassification of GSA Statement of Net Cost for the Federal Financial Report *(Dollars in Millions)*

FY 2019 GSA Statement of Changes in Net Position		Line Items Used to Prepare FY 2019 Government-wide Statement of Changes in Net Position	
Financial Statement Line	**Amount**	**Reclassified Financial Statement Line**	**Amount**
BEGINNING BALANCE OF NET POSITION:		**BEGINNING BALANCE OF NET POSITION:**	
Unexpended Appropriations	$429	Net Position, Beginning of Period	$429
Cumulative Results of Operations	34,487	Net Position, Beginning of Period	34,487
Net Position Beginning Balance	**34,916**	**Net Position Beginning Balance**	**34,916**
RESULTS OF OPERATIONS:		**RESULTS OF OPERATIONS:**	
Net Revenues From Operations	536	Net Cost of Operations	536
Appropriations Used	258	Appropriations Expended	258
Non-Exchange Revenue	71	Other Non-Budgetary Financing Sources	(3)
		Other Taxes and Receipts	74
Imputed Financing Provided By Others	201	Imputed Financing Sources	201
Transfers of Financing Sources (To) From the U.S. Treasury	(18)	Appropriation of Unavailable Special or Trust Fund Receipts Transfers -Out	7
		Non-Entity Collections Transferred to the General Fund of the U.S. Gov't	(25)
Transfers of Net Assets and Liabilities (To) From Other Federal Agencies	14	Transfers-In Without Reimbursement	15
		Transfers-Out Without Reimbursement	(1)
Other	(21)	Non-Entity Collections Transferred to the General Fund of the U.S. Gov't	(21)
Net Results of Operations	**1,041**	**Net Results of Operations**	**1,041**
CHANGES IN UNEXPENDED APPROPRIATIONS:		**CHANGES IN UNEXPENDED APPROPRIATIONS:**	
Appropriations Received	390	Appropriations Received as Adjusted (Recissions and Other Adjustments)	390
Appropriations Used	(258)	Appropriations Used	(258)
Appropriations Adjustments and Transfers (To) From Other Agencies or Funds	119	Appropriations Received as Adjusted (Recissions and Other Adjustments)	(1)
		Nonexpenditure Transfers-In of Unexpended Appr and Financing Sources	130
		Nonexpenditure Transfers-Out of Unexpended Appr and Financing Sources	(10)
Net Change in Unexpended Appropriations	**251**	**Net Change in Unexpended Appropriations**	**251**
ENDING BALANCE OF NET POSITION:		**ENDING BALANCE OF NET POSITION:**	
Unexpended Appropriations	680	Unexpended Appropriations	680
Cumulative Results of Operations	35,528	Cumulative Results of Operations	35,528
Net Position Ending Balance	**$36,208**	**Net Position Ending Balance**	**$36,208**

19. Public-Private Partnerships (P3s)

SFFAS 49, Public-Private Partnerships, helps achieve the operating performance and budgetary integrity objectives outlined in SFFAC 1, Objectives of Federal Financial Reporting, by making Public-Private Partnerships (P3s) more understandable. This Statement establishes principles to ensure that any necessary disclosures about P3s are presented in AFRs. SFFAS 49 mandates that when arrangements with private entities meet certain characteristics, these arrangements must be disclosed in the AFR.

PBS enters into long-term (greater than 5 years) arrangements (contracts) with private corporations, where: 1) There is a risk-reward relationship; 2) The arrangement results in a long-lived asset; and 3) PBS relies on the P3s partner's determination of the performance or return on investment.

Energy Savings Performance Contracts with Energy-Service Companies

The National Energy Conservation Policy Act, as amended, authorizes Federal agencies to enter into energy savings performance contracts (individually, an ESPC) with energy service contractors (individually, an ESCO) for the purpose of achieving energy savings and other related benefits. This authority is codified at 42 U.S.C. 8287. Agencies enter into these contracts with limited to no up-front capital costs, thereby minimizing the need for Congressional appropriations. The contractor conducts a comprehensive energy audit for the Federal facility and identifies improvements to save energy. In consultation with the agency, the contractor designs and constructs a project that meets the agency's needs and arranges the necessary funding. The contractor guarantees that the improvements will generate energy cost savings sufficient to pay for the project over the term of the contract. The cost of an ESPC project must be covered by the energy, water and related cost savings generated at the project site. The ESPC's cost savings must be verified and documented annually. After the contract ends, any additional cost savings accrue to the agency.

Contractual risk of loss to the Federal Government primarily relates to (a) the contractor's ongoing satisfactory performance throughout the project lifecycle to ensure that the project is successful as designed and (b) the equipment being properly operated and maintained, since the savings calculations are based on the equipment operating as installed and as specified in the contract. With regard to any unforeseen or unanticipated scheduling or technical performance risk, generally, the ESCO is responsible for ensuring that energy savings are met throughout the performance period.

Actual contract payments to ESCOs, post-acceptance, for ESPCs were $90M and $66M for the years ended September 30, 2019 and 2018, respectively. Future estimated contract payments to ESCOs for ESPCs are broken out by interest, principal and yearly expenses:

19. Contract Payments to Energy-Service Companies *(Dollars in Millions)*

PAYMENT TYPE	FISCAL YEAR				
	2020	2021	2022	2023	2024 and thereafter
Interest	$30	$28	$27	$25	$151
Principal Repayment	25	28	31	34	542
Total Post-Acceptance Performance Period Expenses	40	41	42	43	488
Estimated Grand Total	**$95**	**$97**	**$100**	**$102**	**$1,181**

Outleases

Outleasing is an asset-management tool to help maximize Federal revenue generation. It is used when a property is vacant and not needed for current or projected agency purposes. It can also be used to encourage certain activities within or near public buildings, such as food courts, farmers markets, rooftop antennas, and motion picture projects.

GSA has several authorities that it may use to enter into outlease agreements with non-Federal entities. These include 40 U.S.C. 543, which authorizes the disposal of surplus property by lease and other means; 40 U.S.C. 581(h), which authorizes the lease of certain spaces in public buildings for commercial, cultural, educational, or recreational activity; 54 U.S.C. 306121, which authorizes the lease of historic property, if the lease contains provisions that will adequately ensure the preservation of the historic property; and section 412 of the Consolidated Appropriations Act of 2005 (Public Law No. 108-447), which authorizes the conveyance by lease and other means of real and related personal property, or interests therein.

Some of GSA's outlease arrangements are long-term (*i.e.*, greater than 5 years), and entail 1) a risk-reward relationship; 2) a term that encumbers a significant portion of the economic life of the asset; and 3) rent that is based, in part, on a percentage of gross revenues reported by the tenant.

The general risk of loss to the Federal Government is low, but there is risk associated with an uncured tenant default that may result in a lease termination and unexpected vacancy or damage to the property. In this instance, GSA may incur costs to repair any damage to the property or to operate and maintain the property during any period of vacancy.

The outlease agreements generally require the non-Federal entity to assume all of the costs and expenses associated with maintaining and operating the leased property during the term of the agreement.

Agreement amounts due monthly to GSA are shown below for the fixed amounts from Outleases with terms greater than 5 years. The amounts reported below do not include any variable payment portions due to GSA from the business entities sales in outyears, as those are not known.

Actual revenues from Outlease agreements (greater than 5 years) were $19 million for both years ended September 30, 2019 and 2018. Future estimated revenues:

19. Estimated Future Revenue from Outlease agreements *(Dollars in Millions)*

PAYMENT TYPE	FISCAL YEAR				
	2020	2021	2022	2023	2024 and thereafter
REVENUES	$21	$15	$12	$11	$209