GENERAL SERVICES ADMINISTRATION
Washington, DC 20405

CFO 4260.2A
March 5, 2020

GSA ORDER

SUBJECT: Chief Financial Officer (CFO) Manual, Volume 2, Financial Reporting Requirements

1. Purpose. This Manual issues and transmits the revised CFO Manual, Volume 2, Financial Reporting Requirements.

2. Cancellation. This Manual cancels and supersedes CFO P 4260.2 CFO Manual, Volume 2, Financial Reporting Requirements, dated March 6, 2012 and CFO-IL-18-1, General Services Administration Implementation of Statement of Federal Financial Accounting Standard (SFFAS) 47, *Reporting Entity*, dated September 19, 2018.

3. Applicability. The provisions of the Manual apply to all organizations within GSA.

4. Nature of Revision. CFO 4260.2A incorporates requirements of new and revised accounting standards issued by the Federal Accounting Standards Advisory Board (FASAB), and updates for changes in procedures and systems used in the financial reporting process.

5. Signature.

/S/_____
GERARD BADORREK
Chief Financial Officer
Office of the Chief Financial Officer

CFO MANUAL, VOLUME 2

FINANCIAL REPORTING REQUIREMENTS

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CHAPTER 1. INTRODUCTION

1. Purpose. This volume contains financial reporting requirements for the General Services Administration (GSA). The financial reports required by statute, the Government Accountability Office (GAO), Department of the Treasury (Treasury), and the Office of Management and Budget (OMB) are listed and described herein. Pegasys is the GSA core financial accounting system of record and the primary source for financial reports. In the Office of the Chief Financial Officer (OCFO), the Office of Financial Management (BG) generates external financial reports using Pegasys trial balances, Treasury crosswalks, and other supplemental accounting information.

2. Reporting Objectives. The objective of financial reporting is to provide management with timely and accurate financial information for making sound business strategic decisions. Financial information is also used to integrate planning, budgeting and performance; to comply with the reporting requirements of the President, Congress, Treasury, and OMB; and to provide information to the general public. The four objectives of GSA financial reporting are:

a. Budgetary Integrity. Financial reporting provides information to help determine:

(1) How budgetary resources are obtained and used in accordance with the legal authorization;

(2) The status of budgetary resources; and

(3) How use of budgetary resources relates to program operations, costs, and whether information on the status of budgetary resources is consistent with other accounting information on assets and liabilities.

b. Operating Performance. Assists users of the financial statements in evaluating the efforts, costs, and accomplishments of GSA; the manner in which these efforts and accomplishments have been financed; and the management of assets and liabilities.

c. Stewardship. Assists users of the financial statements in assessing the financial impact of GSA operations and investments for the period and how, as a result, the financial condition has changed and may change in the future.

d. Systems and Control. Assists users of the financial statements in understanding whether financial management systems and internal accounting and administrative controls are adequate to ensure that:

(1) Transactions are executed in accordance with budgetary and financial laws and other requirements, are consistent with the purposes authorized, and are recorded in accordance with Federal accounting standards;

(2) Assets are properly safeguarded to deter fraud, waste, and abuse; and

(3) Performance measurement information is adequately supported.

3. General Ledger Account Structure.

a. GSA uses the United States Standard General Ledger (USSGL), as prescribed in the Treasury Financial Manual (TFM), to record financial transactions in Pegasys. The general ledger accounts used in Pegasys provide information necessary to account for assets, liabilities, equity, income, and expenses. The general ledger is the main source for preparing GSA financial reports. The general ledger accounts and uniform procedures for account coding can be found in the OCFO Accounting Classification Codes website, along with details regarding the key data elements required on financial transactions to support financial reporting.

b. Worksheet Adjustments (WSAs) are often necessary to accurately report general ledger account balances in the financial statements when balances in Pegasys are incomplete or contain inaccuracies. Specific reasons for WSAs include, but are not limited to: recording transactions caused by timing differences; correcting transactions in a hold status on error reports; reclassifying financial reporting attributes; and to correct errors identified in reconciliations and data analysis. Requirements and controls regarding WSAs are issued in GSA Order CFO 4210.2, GSA Policy on Worksheet Adjustments.

4. Reporting Entity.

a. SFFAS 47 guides Federal agencies in determining what organizations are required to be included in published annual financial statements, whether such organizations are considered “consolidation entities,” “disclosure entities,” or related parties, and defines footnotes required to explain the organizations included in the Agency Financial Reports (AFRs). “Component reporting entity” is a term used broadly to refer to a reporting entity within a larger reporting entity. Examples of component reporting entities include organizations such as executive departments, independent agencies, government corporations, legislative agencies, and Federal courts. Component reporting entities would also include sub-components (those components included in the AFR of a larger component reporting entity) that may themselves prepare AFRs. GSA is an example of a component reporting entity, required under the Chief Financial Officers Act (CFO Act) of 1990 to provide annual financial reports covering the activities of the agency. Within GSA, examples of sub-component entities are the Federal Buildings Fund (FBF) and Acquisition Services Fund (ASF), for which GSA creates stand-alone financial statements, included in the AFR to further present the activities of major programs operated within these funds. An annual review is conducted to confirm subcomponents reportable in GSA’s AFR and determine if any other entities (consolidated, disclosure, or related parties) meet the requirements for inclusion in that report.

b. In determining organizations subject to inclusion in GSA's financial reporting, the level of risks placed on, or accruement of rewards to the Federal Government will determine whether an outside organization is considered a consolidation entity or a disclosure entity. External organizations may be included in reporting where GSA has "control with risk of loss or expectation of benefit." This control is the power to impose will on and/or govern the financial and/or operating policies of another organization with the potential that GSA may become obligated to provide financial support or assume financial obligations or to obtain financial resources or nonfinancial benefits. Consolidation and disclosure entities are further defined as follows:

(1) Consolidation entity is an organization that should be consolidated in the financial statements. Generally, an organization is considered a consolidation entity if, based on an assessment of the following characteristics as a whole, the organization:

(a) Is financed through taxes and other non-exchange revenues;

(b) Is governed by the Congress and/or the President;

(c) Imposes or may impose risks and rewards to the Federal Government; or

(d) Provides goods and services on a non-market basis.

(2) Disclosure entity is an organization that may receive limited or no funding from general tax revenues. Congress and/or the President have less direct involvement in decision-making (governance) than in consolidation entities. Limited risks and rewards fall to the Federal Government. Disclosure entities may provide the same or similar goods and services that consolidation entities do, but are more likely to provide them on a market basis. Disclosure entities may include but are not limited to:

(a) Quasi-governmental and/or financially independent entities;

(b) Organizations in receiverships and conservatorships; and

(c) Organizations owned or controlled through Federal Government intervention actions.

c. Related parties are individuals or entities where an existing relationship provides either GSA or the other party the ability to exercise significant influence over the other party's policy decisions. For Federal financial reporting, related parties requiring disclosure exclude intra-governmental relationships between GSA and any other Federal entity. Generally, related parties also exclude relationships with any person who is a full-time Federal employee, entities owned or managed by full-time Federal employees, or foreign governments or special interest groups, though

significant relationships may require disclosure if it would be misleading to exclude information about such relationships.

d. Biannually, a data call from BG's Accounting and Financial Reporting Division (BGA) will be distributed to all Service and Staff Offices (SSOs) within GSA to review their relationships with non-GSA parties to evaluate potential reporting disclosures required by SFFAS 47. SSOs must submit required documentation supporting their evaluation to BGA.

e. The BGA staff will review all SSO submissions and gather additional details, as warranted, to determine if identified relationships are relevant and meet materiality thresholds for consideration in reporting or disclosure and submit recommendations to the BGA Director for review and approval.

f. Additional details regarding the analysis of relationships reportable under SFFAS 47, required documentation and evaluation tools can be found on the OCFO Financial Guidance Page.

5. Reporting/Funding Structure. GSA uses consolidating and combining formats to display its two largest components, the FBF and ASF. All other funds are combined and labeled as Other Funds. GSA's major funds and fund types are described below. A complete list of all GSA funds is available in the OCFO Accounting Classification Codes website.

a. Revolving fund accounts are established by Congress to conduct continuing cycles of activity, in which the fund charges for sale of products or services and uses the proceeds to finance its spending, usually without requirement for annual appropriations.

(1) FBF (40 United States Code (U.S.C.) § 592) is the primary fund used to record and report the financial activities of real property management and related activities of the Public Buildings Service (PBS). PBS provides space and services for Federal agencies in a relationship similar to that of landlord and tenant. The FBF real property management and related activities include: operation, maintenance, and repair of federally-owned buildings; leasing of privately-owned buildings; and the construction of Federal buildings, courthouses, and land ports of entry.

(2) ASF (40 U.S.C. § 321) is the primary fund used to record and report the financial activities related to the procurement of personal property, personal services related to information technology (IT) services, and non-personal services by the Federal Acquisition Service (FAS). FAS acquires goods and services from commercial vendors on behalf of other Federal agencies. The ASF activities include the acquisition of: IT solutions; telecommunications products and services; professional services; travel and transportation services, motor vehicles, and supplies and equipment for Federal agencies.

(3) Working Capital Fund (WCF) (40 U.S.C. § 3173) is the primary fund used to record and report financial activity for administrative support services performed in support of GSA functions, other Federal agencies, Commissions, Boards, and non-Federal organizations. All expenses of the WCF are recovered through reimbursable funding from internal and external customers for services provided. WCF retains a portion of cumulative results to finance certain operations.

(4) Federal Citizen Services Fund (FCSF) (40 U.S.C. § 323) is primarily financed from annual appropriations to pay for the salaries and expenses of the Office of Products and Programs (OPP), of the Technology Transformation Services (TTS) within FAS. Reimbursements from Federal agencies pay for the direct costs of information services OPP provides on their behalf. Funds are also used to record the dissemination of Federal Government information to the public and other related activities. FCSF also receives funding from payments from private entities for services rendered, and gifts from the public. FCSF retains funds to finance future operations, subject to appropriation by Congress.

b. General fund accounts are used to record financial transactions arising under congressional appropriations or other authorizations to spend general revenues. Also known as appropriated funds, GSA has multiple distinct appropriated accounts for activities such as GSA Operating Expenses, the Office of Government-wide Policy, and the Office of the Inspector General. Budget Clearing funds are also categorized as General fund accounts.

c. Special fund accounts are established for collection of receipts authorized to be spent by law for a specific purpose. GSA uses special fund receipts to pay certain costs associated with the disposal of surplus real property, fund the Transportation Audits program and Federal Acquisition Institute.

d. Miscellaneous receipt and deposit fund accounts are considered non-entity funds since GSA management does not exercise control over how monies in these accounts can be used. These accounts include:

(1) Deposits received for which GSA is acting as an agent or custodian;

(2) Unidentified remittances;

(3) Monies withheld from payments for goods and services received; and

(4) Monies whose distribution awaits a legal determination or investigation.

e. Trust fund accounts are established by law for receipts or offsetting receipts authorized for specific purposes and expenditure of these receipts. GSA management has control over how monies in this account can be used without further congressional action.

CHAPTER 2. EXTERNAL REPORTING REQUIREMENTS

1. Statutory Authority. The policies and procedures in this volume are issued pursuant to the following public laws (Pub. L.), regulations, and guidelines:

a. Antideficiency Act (ADA) (31 U.S.C. § 1341). This act established rules for controlling the obligation of funds as well as penalties (31 U.S.C. §§ 1349a, 1359, 1518, and 1519) for over-obligating funds. The act prohibits incurring obligations or making expenditures (outlays) in advance of or in excess of amounts available in appropriations or apportionments. The ADA prohibits the government from incurring an obligation under a contract that is not fully funded.

b. Reports Consolidation Act of 2000 (31 U.S.C. § 3516). This act gives OMB the authority to combine financial reports for the President and Congress that contain performance and accountability information. This act authorizes the head of an executive agency to adjust the frequency and due dates of, and consolidate into an annual report to the President, the Director of OMB, and Congress, any statutorily required reports (including financial and performance management reports) described in this act.

c. Federal Financial Management Improvement Act of 1996 (FFMIA) (Pub. L. 104-208). This act requires agencies to implement and maintain systems that substantially comply with:

(1) Federal accounting standards,

(2) The USSGL at the transaction level, and

(3) Federal financial management systems requirements.

In addition, the act requires agency auditors to report whether agency systems comply with FFMIA system requirements. To comply with Federal financial management system requirements, OMB implementation guidance requires that systems meet the requirements of Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, Appendix D.

d. Debt Collection Improvement Act of 1996 (DCIA) (31 U.S.C. § 3701). This act requires proper collection of debts, authorizes the compromise or suspension of some debts, and authorizes the use of certain collection tools that are available in the private sector. The use of electronic payment and offset methods is required. The DCIA requires Treasury and other disbursing officials to offset Federal payments to collect delinquent debts owed to the United States except as prohibited by law or exempted by Treasury. GSA is required to submit an annual report to OMB, due on December 31, on the standards and policies for compromising, writing-down, forgiving, or discharging indebtedness.

e. Government Management Reform Act of 1994 (GMRA) (Pub. L. 103-356). This act expanded the financial statement audit coverage to include department-wide and Governmentwide audited financial statements. The act requires the head of each executive agency to submit audited financial statements to the Director of OMB each fiscal year. The financial statements must reflect the results of operations and cover all accounts and associated activity of each office, bureau, and activity of the agency.

f. Government Performance and Results Act of 1993 (GPRA) (Pub. L. 103-62) as modified by the GPRA Modernization Act of 2010 (Pub. L. 111-352). This act holds Federal agencies accountable for achieving program results and requires them to identify missions, set goals, measure performance, and report on their accomplishments. Each Federal agency must develop and submit a multi-year strategic plan, which contains the agency mission statements and long-term strategic goals. Agencies must also submit annual performance plans, which include performance goals linked to the budget and indicators of how performance will be measured. Annual performance reports, also required under the act, provide information on the extent to which the agency met its annual performance goals.

g. CFO Act (31 U.S.C. § 501). The CFO Act emphasizes strong financial leadership, improved systems of accounting, financial management and internal control, and reliable financial information. The Act established the Deputy Director for Management and the Office of Federal Financial Management in OMB and created CFO positions in major agencies to provide financial management direction. This act requires agency CFOs to develop and maintain an integrated agency accounting and financial management system that complies with applicable accounting principles, standards, and requirements; internal control standards; and requirements of OMB and Treasury. A key element of the Act is the requirement for Federal agencies to produce audited financial statements.

h. Federal Managers Financial Integrity Act of 1982 (FMFIA) (Pub. L. 97-255). This Act amended the Accounting and Auditing Act of 1950 to require ongoing evaluations and reports of the adequacy of systems of internal accounting and administrative control of each executive agency. FMFIA requires agency heads to establish controls that reasonably ensure:

(1) Obligations and costs are in compliance with applicable law;

(2) Funds, property, and other assets are safeguarded against waste, loss, unauthorized use or misappropriation; and

(3) Revenues and expenditures are properly recorded and accounted for within the agency.

OMB Circular A-123 is the primary vehicle for implementing FMFIA in the executive branch. Agencies are also required to report annually on whether the agency accounting system complies with OMB Circular A-123, Appendix D.

2. OMB budgetary Requirements. OMB prescribes the executive budget formulation process in accordance with the Budget and Accounting Act of 1921, as amended. Requirements for budget formulation and budget execution are contained in OMB Circular A-11, *Preparation, Submission and Execution of the Budget*. A-11 also contains guidance on managing physical and financial assets. OMB requires GSA to submit monthly Adjusted Trial Balances, with USSGL and related attributes via the Governmentwide Treasury Account Symbol Adjusted Trial-Balance System (GTAS).

3. Treasury Reporting. Treasury is required by the Budget and Accounting Procedures Act of 1950 (31 U.S.C. Chapter 11) to issue Governmentwide financial reports. Each Federal agency develops and structures its internal accounting system to manage financial transactions. GSA reports to Treasury must conform to the central accounting structure so that Treasury can integrate all agencies' financial activities. The Treasury Bureau of the Fiscal Service issues the TFM to provide policies, procedures, and instructions for Federal departments and agencies, Federal Reserve Banks, and other concerned parties in carrying out their fiscal responsibilities. TFM Volume I, Part 2, Central Accounting and Reporting, is the principal directive for financial accounting and reporting of all receipts and disbursements of the Federal Government. The Federal Account Symbols and Titles (FAST) Book contains all receipts, appropriation, and other fund account symbols and titles assigned by Treasury. Treasury requires GSA to submit the following reports.

a. Classification Transactions and Accountability (CTA). The CTA is a module in Treasury's Central Accounting Reporting System that allows agencies to report classification and reclassification of cash transactions impacting the Fund Balance with Treasury (FBWT) by Treasury Account Symbol, such as payments, collections and IPAC activity. This module replaced the Partial 224 and SF224 reporting processes.

b. GTAS. GTAS is a system used by GSA to report budget execution information and proprietary financial reporting information to the Department of the Treasury. GSA's Adjusted Trial Balance (ATB) for proprietary and budgetary data is submitted simultaneously in one bulk file, per TAS via GTAS. The GTAS Super Master Account File contains the valid GSA TAS balances and attributes used for budgetary and proprietary ATB submissions.

c. Treasury Report on Receivables Due from the Public (TROR). This quarterly management report informs Federal decision makers of the gross book value of receivables owed to Federal agencies and status of the Federal Government's debt portfolio. The TROR is the Treasury mechanism to periodically collect data on the status and condition of the Federal Government non-tax debt portfolio, as required by DCIA. The information contained in the TROR is disseminated to Congress, OMB, agency CFOs, and other official representatives of Federal and state organizations, private sector organizations, and the public. This report contains information on receivables and debt collection activities of GSA non-Federal debt portfolio.

4. Department of Commerce Requirements. The Department of Commerce has issued Directives through Executive Order 12013 of October 7, 1977, requiring a quarterly report on international transactions, assets, and liabilities for compiling reports on balance of payments, international investments, and foreign grants and credits. All transactions involving the transfer of goods and services to foreign entities are included on the International Transactions of the Federal Government (SF 13). This includes all cash and non-cash transactions and programs classified as Government grants and credits. BGA consolidates the foreign fleet purchases and maintenance, foreign travel and any other foreign payments and submits the consolidated SF 13 to the Department of Commerce.

CHAPTER 3. GSA FINANCIAL REPORTS

1. Overview.

a. The OCFO prepares and submits GSA's AFRs and Interim Financial Statements. The AFR produced at the end of each fiscal year, containing consolidated financial statements is distributed to the President, Congress, and made available to the general public. The AFRs are prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the FASAB and OMB Circular A-136, *Financial Reporting Requirements*. SFFAS 34*, The Hierarchy of Generally Accepted Accounting Principles, Including the Application of Standards Issued by the Financial Accounting Standards Board,* establishes the hierarchy of GAAP for Federal financial statements. To ensure the consistent application throughout GSA, the OCFO provides clarification, technical guidance, implementation guidance, or other information to GSA offices as needed. All questions regarding financial reporting or underlying accounting policies or procedures should be submitted to OCFO. The OCFO shall determine if informal or formal requests should be made to FASAB or the Accounting and Auditing Policy Committee for an interpretation, clarification, technical guidance, implementation guidance or other information. All potential AFR reporting issues shall be submitted through BG.

b. To meet the objectives of Federal financial reporting, FASAB Statements of Federal Financial Accounting Concepts 1 - 6 require that reporting entities issue a financial report that includes the following:

- Management's Discussion and Analysis
- Balance Sheet
- Statement of Net Cost
- Statement of Changes in Net Position
- Statement of Budgetary Resources
- Accompanying Footnotes
- Required Supplementary Information (RSI)
- Other Accompanying Information

c. Guidance for development of financial reporting is included in:

(1) OMB Circular A-123. This Circular defines management's responsibilities for enterprise risk management (ERM) and internal control. The Circular provides implementation guidance to Federal managers to improve accountability and effectiveness of Federal programs as well as mission support operations through implementation of ERM practices and by establishing, maintaining, and assessing internal control effectiveness. The Circular emphasizes the need to integrate and coordinate risk management and strong and effective internal control into existing business activities and as an integral part of managing an agency.

(2) OMB Circular A-136. This Circular establishes a central point of reference for all Federal financial reporting guidance for Federal entities that are required to submit audited financial statements, interim financial statements, and a Performance and Accountability Report or an Agency Financial Report (AFR) and Annual Performance Report (APR) under the CFO Act of 1990.

(3) OMB Annual Bulletins, Audit Requirements for Federal Financial Statements. This Bulletin series, updated each year, establishes minimum requirements for audits of Federal financial statements.

2. Agency Financial Report. BGA produces GSA's AFR pursuant to OMB Circular A-136. The AFR provides financial information that enables the President, Congress, and the general public to assess the financial performance of GSA relative to its mission. Circular A-136 requires agencies to submit this report to OMB, Congress, Treasury, and GAO no later than 45 days after the end of the fiscal year.

3. Annual Performance Report. The APR is required by the GPRA Modernization Act and provides information on actual performance and progress in achieving goals in its strategic plan and performance budget. The OCFO's Office of Budget and Office of Analytics, Performance and Improvement prepare an APR for each fiscal year, with submission to the President and Congress as a component of the Congressional Budget Justification in February each year. There is no prescribed format for preparing the APR, with OMB Circular A-11 containing guidance regarding required content.

4. Summary of Performance and Financial Information or Citizens Report. This optional annual report provides key information from the AFR and APR and presents a summary of GSA performance and financial information. This summary includes the most important performance and financial information in a brief, user-friendly format that is easily understood by a reader with little technical background in these areas.

5. Principal Financial Statements. The principal financial statements include the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and footnote disclosures.

a. Balance Sheet. The Consolidated Balance Sheet presents a picture of GSA financial status as of a specific time, amounts of future economic benefits owned or managed (assets), amounts owed (liabilities), and amounts which comprise the difference (net position). GSA highlights important information on accounts that is useful to the reader.

(1) Asset Accounts. Assets are tangible or intangible items owned or managed by GSA which have probable economic benefits. GSA assets include Federal buildings, motor vehicles, office equipment, cash balances which are held in Treasury, and debts owed to GSA from Federal and non-Federal entities, primarily for sales transactions or rent that was not collected.

(2) Liability Accounts. Liabilities are probable future outflow or other sacrifice of resources as a result of past transactions or events. GSA liabilities are primarily amounts owed to commercial vendors but not yet paid (accounts payable), and amounts owed to other Federal entities (intragovernmental debt).

(3) Net Position Accounts. Net position is equal to cumulative results of operations plus unexpended appropriations.

(a) Cumulative results of operations are the combination of the net result of operations since inception plus the cumulative amount of prior-period adjustments. This includes the cumulative amount of revenues, expenses, gains, losses, donations and transfers of assets in and out without reimbursement. Activity impacting the balances of Cumulative results of operations is reflected on the Consolidated Statement of Changes in Net Position.

(b) Unexpended appropriations consist of unspent amounts of funding provided in appropriation acts. Increases in these balances are recorded when appropriations are enacted that provide new sources of funding (normally FBWT), generally provided via Treasury warrants or transfers from other appropriated fund accounts. Decreases are recognized when these amounts are spent for goods and services received, or amounts are transferred to other Federal fund accounts. Activity impacting balances of unexpended appropriations is reflected on the Consolidated Statement of Changes in Net Position.

b. Statement of Net Cost. The Statement of Net Cost presents the cost (net of any earned revenue), by major responsibility segment, of operating the FBF, ASF, and other operating funds. Net cost of operation is the gross cost incurred less any exchange revenue earned.

c. Statement of Changes in Net Position. The Statement of Changes in Net Position displays changes in GSA equity accounts. It reports the flow of resources in and out of a fund in an accounting period. The purpose of the Statement of Changes in Net Position is to show how net costs were financed in the period and other changes in net results of operations for the period. It also presents the increase or decrease in unexpended appropriations. Net position is affected by changes to its two components − Cumulative Results of Operations and Unexpended Appropriations.

d. Statement of Budgetary Resources. This statement presents budgetary resources available to GSA, status of those resources, and relationship between obligated balances and outlays. Information on this statement is reconciled to the budget execution information separately reported to Treasury and OMB on the Reports on Budget Execution and Budgetary Resources, SF 133s to ensure the integrity of financial information presented. The Statement of Budgetary Resources is aggregated to reflect all activities of GSA for the year covered by the financial statement.

(1) Budgetary resources include new budget authority, unobligated balances at the beginning of the period and transfers in and out during the period, spending authority from offsetting collections, recoveries of prior-year unpaid obligations, and any adjustments to these resources.

(2) Status of budgetary resources consists of obligations incurred, unobligated balances at the end of the period that remain available, and unobligated balances at the end of the period that are unavailable, except to adjust or liquidate prior-year obligations. The total amount displayed for the status of budgetary resources equals the total budgetary resources available to GSA as of the reporting date.

(3) Net outlays consist of disbursements net of offsetting collections and offsetting receipts.

e. Notes to the Financial Statements. The notes provide details on information presented in the financial statements. It is essential that the notes to the financial statements furnish meaningful and clear information that can be understood by the average reader. In most instances, notes should contain the information necessary for full disclosure of both years of the comparative statements. Notes are prepared for all significant changes in fund equity accounts in the reporting period. Refer to specific FASAB standards for requirements governing note disclosure.

(1) 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 have been combined under Other Funds. All of the individual funds contained in GSA's Consolidated Financial Statements are disclosed in this note.

(2) Basis of Accounting and Presentation.

(a) GSA prepares its principal financial statements from the accounting books of record in accordance with Federal GAAP. The financial statements are prepared and presented in accordance with OMB Circular A-136.

(b) GSA reconciles all intragovernmental fiduciary transaction activity to reduce significant or material differences reported by other agencies. On the Consolidating Statements of Net Cost, Consolidating Balance Sheets, and Consolidating Statements of Changes in Net Position, all significant intra-agency balances and transactions are eliminated in consolidation. All significant intra-fund balances are eliminated at the individual fund level prior to consolidation.

(c) 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 in the reporting

period. Actual results may differ from those estimates. GSA records operating expenses and related accounts payable accruals and estimates in the period that goods or services are received.

(3) Revenue Recognition and Appropriations Used. Substantially all revenues reported by GSA funds on the Consolidating Statements of Net Cost (CSNC) are generated from intragovernmental sales of goods and services. Programs with significant revenues from non-Federal sources are disclosed in this note. Expenses are primarily incurred with non-Federal entities supplying the underlying goods and services. Revolving fund and reimbursable General fund revenue is recognized when goods have been delivered or services rendered. This note further discloses the basis for revenue recognition applied to the major programs and business lines.

(a) FBF rent revenues are earned based on occupancy agreements with customers. FBF expenses are primarily the cost of contracts awarded to commercial vendors for the construction of new Federal buildings; repairs, utilities, cleaning, and other maintenance of GSA-owned Federal buildings; and lease and related payments to commercial landlords for space leased by GSA for Federal agencies.

(b) ASF revenues are recognized when goods or services are provided to customers. ASF expenses are primarily the cost of contracts awarded to commercial vendors to provide goods and services to Federal agencies, or to FAS to receive and distribute to Federal agencies.

(c) WCF revenues are generally recognized as general management and administrative services are provided to the Services and Staff Offices (SSO) components of GSA and to external customers. WCF revenues are earned in accordance with the agreements that recover the direct cost and an allocation of indirect costs from the components of GSA and external customers receiving those services.

(d) Non-exchange revenues are recognized on an accrual basis for:

1. Sales of surplus real property,

2. Reimbursements due from the audit of payments to transportation carriers,

3. Fees collected for Acquisition Workforce Training Fund, and

4. Other miscellaneous items resulting from GSA operations where ultimate collections must be deposited in miscellaneous receipt accounts of Treasury.

Note: Non-exchange revenues are reported net of uncollectible accounts.

(e) Appropriations for general fund and special fund activities are recorded as a financing source on the Consolidating Statements of Changes in Net Position

when expended. Unexpended appropriations are reported as an element of Net Position on the Consolidating Balance Sheets.

(4) Significant Accounting Policies. At Management's discretion, additional significant accounting policies associated with specific line items or balances presented in the financial statements may warrant aggregation into one disclosure or may be separately discussed as individual footnotes.

(a) FBWT.

1. The FBWT represents all unexpended balances for GSA accounts with Treasury. Amounts in FBWT are based on the balances reported on the books of Treasury, as the official record of the Federal Government. Adjustments are made to those amounts when errors are identified, and any significant known errors in amounts on the books of Treasury must be discussed with Treasury and OMB prior to reporting. FBWT is reported for all Treasury fund types including trust funds, special funds, revolving funds, general funds, and other funds awaiting determination of the proper accounting disposition (i.e., clearing and suspense accounts).

2. Material differences between amounts reported by GSA and amounts reported to the US Treasury must be disclosed.

3. The total of the entity's FBWT, as reflected in the entity's general ledger and represented by unobligated and obligated balances is disclosed. Unobligated and obligated balances presented in this section may not equal related amounts reported on the Combined Statements of Budgetary Resources because unobligated and obligated balances reported on the Combining Statements of Budgetary Resources (CSBR) are supported by FBWT as well as other budgetary resources that do not affect FBWT (e.g., contract and borrowing authority and budgetary receivables).

4. Non-budgetary FBWT unavailable receipt accounts, clearing accounts, etc., that do not have budget authority and non-budgetary FBWT recognized on the Balance Sheet (e.g., non-fiduciary deposit funds) are included in the FBWT footnote. Separate FBWT that represents unobligated balances into available and unavailable amounts. Certain unobligated balances may be restricted to future use and are not apportioned for current use; any such restrictions must be explained.

(b) Non Entity Assets. Disclose intragovernmental non-entity assets separately from other non-entity assets. Provide other information needed to understand the nature of the non-entity assets. See SFFAS 1, *Accounting for Selected Assets and Liabilities*, for further information.

(c) Accounts and Notes Receivable. Disclose gross receivables, the method used to estimate the allowance for uncollectible accounts, and the net amount

due. The disclosure schedule should present major categories to identify the status of receivables, such as Billed, Unbilled and Allowances.

(d) Other Assets.

1. Other assets are those whose individual amounts are not sufficiently material to present as separate lines on the face of the Balance Sheet, and are presented as an aggregate total. This disclosure requires a list and description of the major components of these other assets. Provide other information needed to understand the nature of the other assets.

2. FASAB SFFAS 3, *Accounting for Inventory and Related Property*, requires that inventory held for future sale and operating supplies and materials be disclosed in the footnotes. GSA inventories consist of ASF inventories valued at historical cost, generally determined on a moving average basis. If inventory balances become materially significant, they should be disclosed in a footnote.

(e) Property, Plant, and Equipment (PP&E).

1. Valuation. The valuation policies of the major property and equipment items are disclosed by footnote along with the basis of depreciation methods employed. An analysis of property and equipment account changes is also presented by footnote to provide further disclosure for other non-current assets. The general capitalization policies to be disclosed are found in Chapters 9 and 10 of CFO 4260.1, Chief Financial Officer Manual Volume 1, and Chapter 2 of CFO 4260.3, Chief Financial Officer Manual Volume 3.

2. Summary of Balances. Provide a breakout of Cost, Accumulated Depreciation and Net Book Value of all major PP&E categories by Fund.

3. Environmental and Disposal Liabilities. Disclose environmental and disposal liabilities in accordance with FASAB SFFAS 5, *Accounting for Liabilities of the Federal Government*; SFFAS 6, *Accounting for Property, Plant, and Equipment*; and Technical Release (TR) 2, *Determining Probable and Reasonably Possible for Environmental Liabilities in the Federal Government*. For environmental hazards resulting from ongoing operations, include the:

- Sources of cleanup requirements,
- Method for assigning estimated total cleanup costs to current operating periods,
- Unrecognized portion of estimated total cleanup cost associated with general PP&E,
- Material changes in total estimated cleanup costs due to changes in laws, technology or plans, and the portion of the change in estimates that relates to prior period operations, and
- Nature of estimates and information regarding possible changes due to inflation, deflation, technology, or applicable laws and regulations.

a. Environmental Liabilities. External releases to the environment that disclose the total estimated environmental liability not related to asbestos and non-asbestos balances. Provide an explanation for the increase or decrease from the previous year as well as examples of the types of clean up.

b. Asbestos Liabilities. FASAB Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs* requires all Federal entities that own tangible PP&E that contain asbestos to disclose liabilities related to friable and nonfriable asbestos cleanup costs deemed probable, but not reasonably estimable consistent with SFFAS 5, SFFAS 6, and TR 2.

c. Non-Asbestos Environmental Liabilities. Disclose the total clean up costs for environmental liability related to non-asbestos balances. Provide an explanation for the increase or decrease from the previous year as well as examples of types of clean up. Provide methodology for estimating the liability.

4. Heritage Assets. Many GSA 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 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 Consolidating Balance Sheets. GSA defines its historic buildings as those buildings that are listed in the National Register of Historic Places, have formally been determined eligible, or are documented to meet eligibility criteria.

(f) Workers Compensation Benefits. This liability includes estimated future costs of death benefits, workers' compensation, and medical and miscellaneous costs for approved compensation cases. The Federal Employees' Compensation Act, administered by the Department of Labor (DOL), provides income and medical cost protection to cover Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. DOL initially pays valid claims and subsequently seeks reimbursement from Federal agencies employing the claimants. DOL provides the actuarial liability for each agency to record liabilities for claims outstanding at the end of each fiscal year, and applicable information regarding factors use for actuarial projections. The projected liability recorded and discount rates are disclosed in this note.

(g) Leasing Arrangements.

1. Operating Lease Disclosure. This discloses Federal and non-Federal leases separately in the current year; prior year amounts do not need to be disclosed separately. Provides information that discloses the agency's operating lease commitments including the major asset categories and associated lease terms (including renewal options, escalation clauses, contingent rentals, restrictions

imposed by lease agreements, and the lease period). Includes future lease payments by major asset category for all noncancelable leases with terms longer than one year. Disclosure of future payments for all noncancelable leases is mandatory. Disclosure of future payments for cancellable leases is optional. If management makes the determination to disclose future payments for cancellable leases, they should disclose them separately from future payments for non-cancelable leases. Includes projected future lease revenues by major asset category for all capital and non-cancelable operating leases with terms longer than one year. Disclosure of future receipts for cancelable leases is optional. If management makes the determination to disclose projected future receipts for cancelable leases, they should disclose them separately from projected future receipts for non-cancelable leases.

2. Capital Lease Disclosure. This discloses Federal and non-Federal leases separately in the current year; prior year amounts do not need to be disclosed separately. Includes the gross assets under capital lease by major asset category and the related total accumulated amortization. Provides information that discloses the agency's funding commitments including the major asset categories and associated lease terms, including renewal options, escalation clauses, and contingent rental restrictions imposed by lease agreements, and the amortization period. Includes future lease payments by major asset category for all capital leases with terms longer than one year. Shows deductions for imputed interest and executory costs. Separately discloses the portions of the capital lease liability covered by budgetary resources and not covered by budgetary resources. See Appendix B, Budgetary Treatment of Lease-Purchases and Leases of Capital Assets of OMB Circular A-11 for additional guidance, but note a difference in terminology: the term capital leases as used in Note 18 includes both capital leases and lease purchases as those terms are used in Circular A-11. Under Circular A-11, capital leases entered into in FY 1992 and later are required to be fully funded in the first year of the lease. Includes projected future lease revenues by major asset category for all capital and non-cancelable operating leases with terms longer than one year. Disclosure of future receipts for cancelable leases is optional. If management makes the decision to disclose projected future receipts for cancelable leases, management should disclose them separately from projected future receipts for non-cancelable leases.

(h) Other Liabilities.

1. Other Liabilities are those whose individual amounts are not sufficiently material to present as separate lines on the face of the Balance Sheet and are presented as an aggregate total. This disclosure requires a list and description of the major components of these other liabilities and provides other information needed to understand the nature of the liabilities. The disclosure should include information to clarify the current vs long-term nature of the liabilities. Generally, the Other Liabilities reported on the Consolidating Balance Sheets are substantially all long-term in nature, with the exception of Federal benefit withholdings and salaries and benefits payable, which are current liabilities. Unamortized rent abatements represent amounts related to periods of free rent, rent holidays, rent concessions, and step rent in operating leases for buildings, which are amortized over lease terms to achieve

cost recognition on a straight-line basis. Installment purchase liabilities are associated with energy improvement projects in buildings, where legislative authorities provide for financing of project costs when savings in annual energy usage costs exceed amortized project costs.

2. 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.

(i) Commitments and Contingencies.

1. Commitments and Undelivered Orders. Commitments are an administrative reservation of funds in anticipation of their obligation. GSA obligates funds for goods and services that have been ordered but not yet received (undelivered orders). In accordance with OMB Circular A-136, disclosures of undelivered orders should include amounts broken out between Federal versus non-Federal, and paid versus unpaid.

2. Contingencies. In accordance with FASAB SFFAS 5, Contingencies should be disclosed where any of the conditions for liability recognition are not met, and there is at least a reasonable possibility that a loss or an additional loss may have been incurred. Schedules are presented to disclose aggregate balances reportable as total probable and possible liabilities, and to identify amounts covered or not covered by GSA resources.

3. Judgement Fund.

a. In many cases, tort and environmental claims are administered and resolved by the Department of Justice and any amounts necessary for resolution are obtained from a special Judgment Fund maintained by Treasury. In accordance with the FASAB Interpretation of Federal Financial Accounting Standards 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.

b. The recognition of claims to be funded through the Judgment Fund on GSA's CSNC and Balance Sheets demonstrate a liability against the Federal Government as a whole and should not be interpreted as claims against the assets or resources of any GSA fund. Further, for most environmental claims, GSA has no managerial responsibility other than as custodian and successor on claims made against former Federal entities. Annual amounts paid from Judgment Fund resources on behalf of GSA Funds are disclosed.

(j) Liabilities Not Covered by Budgetary Resources. This disclosure presents a schedule of liabilities where budgetary resources are not yet available, budgetary obligations are not yet recordable in accordance with appropriations law, or

amounts where budgetary resources are not required for settlement of the liability. Disclosures include intragovernmental liabilities not covered by budgetary resources separately from other liabilities not covered by budgetary resources, and provide other information needed to understand the nature of liabilities not covered by budgetary resources.

(k) Reconciliation to the President's Budget. In accordance with FASAB SFFAS 7, *Accounting for Revenue and Other Financing Sources and Concepts for Reconciling Budgetary and Financial Accounting*, differences between the amounts reported in GSA financial statements and those reported in the most recent President's Budget must be disclosed. Differences between the CSBR and the President's Budget can be caused by adjustments identified by GSA in the preparation of the CSBR, which occur after Treasury deadlines for reporting of fund balances and budget execution results. Such adjustments to the balances reported to Treasury are made on the CSBR to fully reflect the activity for the fiscal year end.

(l) CSBR. The CSBR present GSA budgetary results in accordance with the reporting requirements prescribed in OMB Circular A-11 which identifies budgetary resources available for spending, the status of those resources, and the relationship between obligated balances and outlays. Disclosures must identify the categories of government functions that GSA budgetary balances will be included with in consolidated reporting by OMB and Treasury, for the U.S. Government as a whole. In most of GSA's history, substantially all of GSA program operations and operating results are categorized as general government functions. As the CSBR is highly summarized, disclosures may be provided to display breakouts of significant sub-components of line items.

(m) Consolidating Statement of Changes in Net Position (CSCNP). The CSCNP reports the changes in net position in the reporting period. Net position is affected by changes to its two components: cumulative results of operations and unexpended appropriations.

Balances related to cumulative results of operations are discussed in disclosures to identify limitations and authorities that allow retaining of earnings from year-to-year. GSA ASF and WCF funds have legislative authority to retain portions of their cumulative results for specific purposes. GSA FBF and FCSF retain cumulative results to finance future operations, subject to appropriation by Congress. In accordance with SFFAS 43, *Funds From Dedicated Collections*, this disclosure also provides the amount of cumulative results that are the result of dedicated collections.

(n) Employee Benefit Plans. GSA has employees covered under the Civil Service Retirement System, the Federal Employees Retirement System, and Social Security System pension programs. GSA recognizes the normal cost of pension programs and the normal cost of other post-employment health and life insurance benefits. In accordance with SFFAS 5, GSA presents a schedule of imputed post-employment benefits in the footnotes. The imputed amount is the difference between

amounts provided by employer and employee contributions and the total cost of the benefit for the year.

(o) Budget and Accrual Reconciliation (BAR). As required by FASAB SFFAS 53, *Budget and Accrual Reconciliation* this schedule displays a reconciliation of net outlays (reported on a budgetary basis in the CSBR) and the net cost of operations which includes the revenues and expenses of GSA activities (reported on the CSNC). The reconciliations shed light on many of the differences between budgetary and financial accounting information. Examples of reconciling items the BAR will identify include, but are not limited to:

1. Transactions which did not result in an outlay but did result in revenues or costs, such as uncollected accounts receivable and unpaid accounts payable;

2. Transactions included in outlays that are not reportable in the CSNC, such as purchases of PP&E; and

3. Transactions recorded as costs but do not result in outlays, such as unfunded and imputed costs.

(p) Net Cost by Responsibility Segment. OMB Circular A-136 requires that the presentation of the CSNC align with the goals and outcomes identified in the agency's strategic plan. The strategic goals presented in GSA's CSNC are derived from the mission 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: General Supplies and Services; Travel, Transportation and Logistics; IT; Assisted Acquisition; Professional Services and Human Capital; and TTS. FAS provides acquisition services by leveraging the buying power of the Federal Government to obtain best values. 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.

(q) Public Private Partnerships. SFFAS 49, *Public-Private Partnerships: Disclosure Requirements*, defines public-private partnerships as "risk-sharing arrangements or transactions with expected lives greater than five years between public and private sector entities" and is effective for FY 2019. Arrangements or transactions that are not excluded by SFFAS 49 paragraph 15 and meet definition in paragraphs 16 through 18 should be assessed against the risk-based characteristics in paragraphs 20 and 21. See SFFAS 49, paragraph 24, for required disclosures.

(r) Disclosure Entities and Related Parties.

1. Under SFFAS 47, agencies must disclose certain information for consolidation entities, disclosure entities and related parties. For each significant disclosure entity and aggregation of disclosure entities, agencies should disclose information to meet the following objectives:

a. The nature of the Government's relationship with the entity or entities,

b. The nature and magnitude of the relevant activity during the period and balances at the end of the period, and

c. A description of financial and non-financial risks, potential benefits, and, if possible, the amount of the Government's exposure to gains or losses from the past or future operations of the disclosure entity or entities.

Agencies with a small number of disclosure entities or no balances from transactions with disclosure entities may report this information in Note 1. Agencies reporting information about future exposures may include this information in their existing note on commitments or contingencies.

2. For a related party (as defined in SFFAS 47, paragraphs 80-89), agencies should disclose the name of the party (or give a description of the parties if there are multiple parties); the nature of the Government's relationship with the party; the percentage of Government ownership interest, if any; financial exposure (potential gain or risk loss), if any, resulting from the relationship; and any other information necessary to explain the potential impact of the relationship on reported financial information.

(s) Subsequent Events. SFFAS 39, *Subsequent Events*, requires disclosure of events or transactions that affect the footnotes that occur subsequent to the end of the reporting period but before the financial report is issued.

(t) Classified Activities. SFFAS 56, *Classified Activities*, permits certain modifications to prevent the disclosure of classified information in an unclassified AFR (such as GSA's AFR). Should any GSA sub-component entity or normally disclosable information be identified as classified or potential classified information, alternative presentation of such information, as allowed by SFFAS 56, must be approved by the BGA Director. SFFAS 56 requires the following statement in the summary of significant accounting policies section of the AFR: "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."

6. Required Supplementary Information. SFFAS 6 was amended by SFFAS 14, *Amendments to Deferred Maintenance Reporting* and SFFAS 40, *Definitional*

Changes Related to Deferred Maintenance and Repairs. SFFAS 14 requires that deferred maintenance information be included as RSI. SFFAS 40 revises maintenance and repair terminology in SFFAS 6, as amended, by modifying the definition of maintenance and by replacing the term deferred maintenance with deferred maintenance and repairs. Deferred maintenance and repairs is maintenance and repair activity not performed when it should have been, but is put off or delayed for a future period. GSA discloses any material amounts of deferred maintenance and repair as appropriate. SFFAS 39 requires disclosure of events or transactions that affect the RSI that occur subsequent to the end of the reporting period but before the financial report is issued.

7. Independent Auditors' Report. The auditor's reports presented in the AFR consist of the transmittal letter from the Inspector General (IG) and the independent auditors' report. The independent auditor submits an audit report to the GSA Administrator and IG, which includes an opinion or disclaimer of an opinion, on whether the financial statements are presented fairly in all material respects in accordance with applicable accounting standards.

8. Other Accompanying Information. The annual financial statements include other accompanying information relating to the IG's assessment of the GSA major management challenges, the GSA management comments on the IG's assessment, Improper Payments Elimination and Recovery Act, debt management and payments management, description of independent and central offices, and a glossary of acronyms and abbreviations.

9. Interim Financial Statements. OMB Circular A-136 requires agencies to submit unaudited interim financial statements to OMB within 21 business days after the end of the third quarter. Interim statements are limited to a Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, footnote and RSI disclosures. An analysis of significant variances in each of the three statements is required to be submitted 45 business days after the end of the third quarter. GSA submits its interim financial statements and variance analysis electronically via the OMB MAX website.

APPENDIX A. ACRONYMS

ADA	Antideficiency Act
AFR	Agency Financial Report
APR	Annual Performance Report
ASF	Acquisition Services Fund
BG	Office of Financial Management
BGA	Accounting and Financial Reporting Division
CARS	Central Accounting Reporting System
CFO	Chief Financial Officer
CTA	Classifications Transactions and Accountability
DCIA	Debt Collection Improvement Act
DOL	Department of Labor
FAS	Federal Acquisition Service
FASAB	Federal Accounting Standards Advisory Board
FAST	Federal Account Symbols and Titles
FBF	Federal Buildings Fund
FCSF	Federal Citizen Services Fund
FFMIA	Federal Financial Management Improvement Act
FMFIA	Federal Managers Financial Integrity Act
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
GSA	General Services Administration
OCFO	Office of the Chief Financial Officer
OMB	Office of Management and Budget
PAR	Performance and Accountability Report
PBS	Public Buildings Service
Pub. L.	Public Law
RSI	Required Supplementary Information
SF	Standard Form
SFFAC	Statement of Federal Financial Accounting Concepts
SFFAS	Statement of Federal Financial Accounting Standard
SSO	Services and Staff Offices
TAS	Treasury Account Symbol
TFM	Treasury Financial Manual
TROR	Treasury Report on Receivables Due from the Public
USC	United States Code
USSGL	United States Standard General Ledger
WCF	Working Capital Fund