NOTES TO THE FINANCIAL STATEMENTS

For the Fiscal Years Ended September 30, 2009 and 2008

GSA was created by the U.S. Federal Property and Administrative Services Act of 1949, as amended. Congress enacted this legislation to provide for the federal government an economic and efficient system for the procurement and operation of buildings, procurement and distribution of general supplies, acquisition and management of a motor vehicle fleet, management of automated data processing resources, and management of telecommunications programs.

The Administrator of General Services, 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 operation of several appropriated and revolving funds.

1. SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

For its principal financial statements, GSA uses consolidating and combining formats to display its two largest components: the Federal Buildings Fund (FBF) and the Acquisition Services Fund (ASF). All other funds have been combined under Other Funds.

The FBF is the primary fund used to record activities of the Public Buildings Service (PBS). The ASF, created by law in FY 2007 from the merging of GSA's former Information Technology Fund and General Supply Fund, is the primary fund used to record activities of the Federal Acquisition Service (FAS).

GSA's accompanying financial statements include the accounts of all funds which 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. 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 16 General Fund accounts of which five are funded by current year appropriations, two by no-year appropriations, three by multi-year appropriations, and six which cannot incur new obligations. The General Funds included in the Other Funds category are as follows:

- Allowances and Office Staff for Former Presidents
- 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
- Energy-Efficient Federal Motor Vehicle Fleet Procurement – Recovery Act
- Excess and Surplus Real and Related Personal Property Holding Account
- Expenses, Electronic Government Fund
- Expenses, Presidential Transition
- Government-Wide Policy – Recovery Act
- Office of Inspector General (OIG)
- Office of Inspector General – Recovery Act
- Operating Expenses, GSA
- Operating Expenses, Government-Wide Policy
- Real Property Relocation

Special Funds are accounts established for receipts earmarked 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 Federal Accounting Standards Advisory Board (FASAB) Statements of Federal Financial Accounting Standards (SFFAS) No. 27, *Identifying and Reporting Earmarked Funds*, these Special Funds are classified as earmarked funds. Although immaterial, earmarked fund balances are displayed in Note 2-B. 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's Special Funds consist of the following:

- Expenses, Disposal of Real and Related Personal Property
- Expenses, Transportation Audits
- Expenses, Acquisition Workforce Training Fund
- Operating Expenses, Disposal of Real and Related Personal Property
- 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
- Transfer of Surplus Real and Related Personal Property

Miscellaneous Receipt and Deposit Fund accounts are considered non-entity funds 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 (U.S. Treasury) automatically transfers all cash balances in these receipt accounts to general funds 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 (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. The receipt and deposit funds in the Other Funds category consist of the following:

- Advances Without Orders from Non-Federal Sources
- Employees' Payroll Allotment Account, U.S. Savings Bonds
- 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
- Reserve for Purchase Contract Projects
- Small Escrow Amounts
- Unconditional Gifts of Real, Personal or Other Property
- Withheld State and Local Taxes

In the FBF, Electronic Government Fund, Allowances and Staff for Former Presidents Fund, and Real Property Relocation Fund, GSA has delegated certain program and financial operations of a portion of these funds to other federal agencies to execute on GSA's behalf. Unique sub-accounts, also known as allocation accounts (child), of GSA's 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. GSA has allocation accounts in this regard with the following federal entities: the U.S. Departments of Treasury, Defense, Commerce, Homeland Security, and Interior; the U.S. Office of Personnel Management (OPM); and the U.S. Small Business Administration.

B. Basis of Accounting

The principal financial statements are prepared from the books and records of GSA, in accordance with generally accepted accounting principles (GAAP) as promulgated by FASAB, and Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*, 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. These formats are considerably different from business-type formats. The Consolidating Statements of Net Cost present the operating results of the FBF, ASF and Other Funds, as well as GSA Consolidated operating results as a whole. The Consolidating Balance Sheets present the financial position of GSA using a format clearly segregating intragovernmental balances. The Consolidating Statements of Changes in Net Position display the changes in equity accounts. The Combining Statements of Budgetary Resources (CSBR) present the sources, status and uses of GSA's budgetary resources.

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 A-136.

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

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 have been eliminated in consolidation. No such eliminations have been made on the CSBR. 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.

C. Revenue Recognition and Appropriations Used

Substantially all revenues reported by GSA's funds on the Consolidating Statements of Net Cost are generated from intragovernmental sales of goods and services. GSA earns 96 percent of revenues from other federal customers. Expenses are primarily incurred with non-federal entities supplying the underlying goods and services being provided to GSA's federal customers, with only four percent of operating expenses resulting from purchases from federal agencies. Each 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 to provide 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. Revenues from non-federal entities make up an immaterial portion of GSA's total sales. Accordingly, where not otherwise governed by law, unique rates for non-federal customers have generally not been established.

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 with customers, as space and services are provided. Generally, agencies housed in government-owned buildings are billed for space at rent based upon commercial rates for comparable space. Agencies housed in buildings leased by GSA are generally billed at rates to recover GSA's 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. Revenue under nonrecurring reimbursable building repairs and alterations (R&A) projects is recognized under the percentage-of-completion method.

- In the ASF, Global Supply revenues are recognized as goods are provided to customers. Vehicle acquisition revenues are recognized when goods are provided. Vehicle leasing revenues are recognized based on rental arrangements over the period vehicles are dispatched. Commercial Acquisitions revenues are recognized when goods are provided, and fee revenues in the GSA Schedules programs are earned based on estimated and actual usage of GSA's contracting vehicles by other agencies. The Schedules programs generated $284 million in fees, constituting three percent of ASF revenues in FY 2009, and $286 million, three percent of ASF revenues, in FY 2008. Professional Services revenues are recognized when goods and services are provided. Telecommunications service revenues are generally recognized based on customer usage or on fixed line rates. Information Technology (IT) Solutions revenues are earned when goods or services are provided or as reimbursable project costs are incurred.

- In the WCF, revenues are generally recognized as general management and administrative services are provided to the service components of GSA and to external customers. Such WCF revenues are earned in accordance with agreements that recover the direct cost and an allocation of indirect costs from the components of GSA receiving those services.

Non-Exchange Revenues are recognized on an accrual basis on the Consolidating 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's operations where ultimate collections must be deposited in miscellaneous receipt accounts of the U.S. Treasury. Non-Exchange Revenues are reported net of associated bad debt expense on uncollectible accounts.

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.

D. Fund Balance with Treasury

This total represents all unexpended balances for GSA's accounts with the U.S. Treasury. Amounts in Fund Balance with Treasury are based on the balances reported on the books of the U.S. Treasury, as the official record of the federal government. Adjustments are only made to those amounts when significant differences are identified.

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's legislative authorities, the gross proceeds from some sales are deposited in GSA's Special Fund receipt accounts and recorded as Non-Exchange Revenues in the Consolidating 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 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. Inventories

Inventories held for sale to other federal agencies consist primarily of ASF inventories valued at historical cost, generally determined on a moving average basis. The recorded values are adjusted for the results of physical inventories taken periodically in accordance with a cyclical counting plan. In the ASF, $7.1 million of the balances in inventories held for sale are excess inventories. Excess inventories are defined as those exceeding the economic retention limit (i.e., the number of units of stock which may be held in inventory without incurring excessive carrying costs). Excess inventories are generally transferred to another federal agency, sold, or donated to state or local governments.

In the FBF, inventory balances consist of operating supplies and materials that will be consumed in operations. In accordance with FASAB SFFAS No. 3, *Accounting for Inventory and Related Property*, as balances of these supplies are immaterial and in the hands of end users for use in normal operations, they are accounted for using the purchases method. Amounts on hand at the end of the reporting period are valued at market for presentation on the Consolidating Balance Sheets.

F. Property and Equipment (See Note 5)

Generally, property and equipment purchases and additions of $10,000 or more, and 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's 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 cancellable 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. Buildings capitalized by the FBF at its inception in 1974 were assigned remaining useful lives of 30 years. Prior to 1974, no depreciation was recorded by GSA. It is GSA policy to capitalize construction costs in the Land and Buildings accounts upon project completion. Buildings acquired under capital lease agreements are also depreciated over 30 years. Major and minor building renovation projects carry estimated useful lives of 20 years and 10 years, respectively.

Telecommunications and Automated Data Processing (ADP) Equipment are used in operations to perform services for other federal agencies for which billings are rendered. Most of the assets comprising Other Equipment are used internally by GSA. Telecommunications and ADP Equipment, and Other Equipment categories are depreciated over periods generally ranging from three to 10 years.

Motor Vehicles are generally depreciated over 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 10 years. Capitalized software is reported as an element of Other Equipment on the Consolidating Balance Sheets.

G. Annual, Sick and Other Types of Leave

Annual leave liability is accrued as it is earned and the accrual is relieved 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 nonvested leave are expensed as taken.

2. FUND BALANCE WITH TREASURY

A. Reconciliation to U.S. Treasury

There were only negligible differences between amounts reported by GSA and those reported to the U.S. Treasury as of September 30, 2009 and 2008.

B. Balances by Fund Type

GSA's most significant amounts in Fund Balance with Treasury are found in its revolving funds such as the FBF and ASF. Within the Other Funds category, Special Receipt, and Special and Trust Expenditure Funds are classified as earmarked funds in accordance with FASAB SFFAS No. 27. The fund balances in the Other Funds category contains amounts in the following fund types (dollars in millions):

	2009	2008
Revolving Funds	**$ 256**	$ 234
Appropriated and General Funds	**205**	128
Special Receipt Funds	**120**	118
Special and Trust Expenditure Funds	**43**	45
Deposit Funds	**54**	55
Total Other Funds	**$ 678**	$ 580

C. Relationship to the Budget

In accordance with FASAB SFFAS No. 1, *Accounting for Selected Assets and Liabilities*, the following information is provided to further identify amounts in Fund Balance with Treasury as of September 30, 2009 and 2008, 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. Unobligated balances presented below will not equal related amounts reported on the CSBR. In the FBF, the CSBR includes balances associated with borrowing authority for which actual funds have not yet been realized (see Note 6). In the Other Funds group, the schedule below includes unavailable unobligated balances of Special Receipt and Deposit Funds, shown above in Note 2-B, which are not reportable for purposes of the CSBR. The following schedule presents elements of the Fund Balance with Treasury (dollars in millions):

	Obligated Balance, Net	Unobligated Balance Available	Unobligated Balance Unavailable	Total
2009				
FBF	$ 1,800	$ 8,760	$ 1,104	$ 11,664
ASF	(326)	1,293	5	972
Others	241	57	380	678
Total	$ 1,715	$ 10,110	$ 1,489	$ 13,314
2008				
FBF	$ 1,088	$ 4,035	$ 642	$ 5,765
ASF	(537)	1,216	41	720
Others	183	59	338	580
Total	$ 734	$ 5,310	$ 1,021	$ 7,065

A portion of Fund Balance with Treasury also includes amounts where authority to incur new obligations has expired, but are available to liquidate residual obligations that originated when the funds were available. Such expired balances totaled $49 million and $46 million at September 30, 2009 and 2008, 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 $604 million and $288 million at September 30, 2009 and 2008, respectively, and will not be available for expenditure except as authorized in future appropriation acts.

Under ASF legislative authorities, GSA is allowed to retain earnings to ensure the fund has sufficient resources to support operations in association with a cost and capital planning process as approved by the Administrator of GSA. At the end of FY 2009 and 2008, management determined that all earnings will be retained in accordance with this process.

D. Availability of Funds

In GSA's earmarked Special Receipt Funds, included in balances of Fund Balance with Treasury, are certain amounts 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, Acquisition Workforce Training program and surplus real property disposals, are subject to transfer subsequent to GSA's determination of the internal working capital needs of these programs. Such amounts totaled $120 million and $118 million at September 30, 2009 and 2008, respectively, of which $43 million and $46 million, respectively, were recorded as liabilities in the Consolidating Balance Sheets.

In FYs 2009 and 2008, $0.7 million and $0.2 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 Fund Balance with Treasury in accordance with U.S. Treasury guidelines.

3. NON-ENTITY ASSETS

As of September 30, 2009 and 2008, certain amounts reported on the Consolidating Balance Sheets are not available to management for use in ongoing operations and are classified as Non-entity assets (see Note 1-A). These balances consisted of $86 million and $70 million, respectively in Fund Balance with Treasury.

4. ACCOUNTS RECEIVABLE, NET

Substantially, all accounts receivable are from other federal agencies. Unbilled accounts receivable result from the delivery of goods, or performance of services for which bills have not yet been rendered. Allowances for doubtful accounts are recorded using aging methodologies based on analysis of historical collections and write-offs.

A summary of Accounts Receivable is as follows (dollars in millions):

	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		LESS: INTRA-GSA ELIMINATIONS		GSA CONSOLIDATED TOTALS	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Accounts Receivable - Billed	$ 132	$ 143	$ 100	$ 108	$ 36	$ 35	$ -	$ -	$ 268	$ 286
Accounts Receivable - Unbilled	369	288	1,156	1,209	7	5	45	28	1,487	1,474
Allowance for Doubtful Accounts	(14)	(17)	(3)	(2)	(5)	(4)	-	-	(22)	(23)
Total Accounts Receivable, Net	$ 487	$ 414	$ 1,253	$ 1,315	$ 38	$ 36	$ 45	$ 28	$ 1,733	$ 1,737

5. PROPERTY AND EQUIPMENT, NET

A. Summary of Balances

Balances in GSA's Property and Equipment accounts subject to depreciation as of September 30, 2009 and 2008, are summarized below (dollars in millions):

	2009			2008		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Buildings	$ 31,019	$ 15,599	$ 15,420	$ 29,110	$ 14,502	$ 14,608
Leasehold Improvements	289	219	70	286	210	76
Telecom and ADP Equipment	93	91	2	93	90	3
Motor Vehicles	4,466	1,416	3,050	4,268	1,324	2,944
Other Equipment	431	304	127	383	244	139
Total	$ 36,298	$ 17,629	$ 18,669	$ 34,140	$ 16,370	$ 17,770

B. Cleanup Costs

In GSA's FBF, certain properties contain environmental hazards that will ultimately need to be removed and/or require containment mechanisms to prevent health risks to the public. 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 Clean Air Act, and the Resource Conservation and Recovery Act.

In accordance with FASAB SFFAS No. 5 and 6, *Accounting for Liabilities of the Federal Government* and *Accounting for Property, Plant, and Equipment*, respectively, and interpretive guidance in Federal Financial Accounting and Auditing Technical Release No. 2, *Determining Probable and Reasonably Estimable for Environmental Liabilities in the Federal Government,* issued by the FASAB Accounting and Auditing Policy Committee, if an agency is required by law to clean up such hazard, the estimated amount of cleanup cost must be reported in the financial statements.

Accordingly, GSA recognized liabilities totaling $103 million for Environmental and Disposals costs in both FYs 2009 and 2008, for properties currently in GSA's property inventory. In instances where no reasonable estimate of the cost to clean up a particular site could be made, GSA recognized the estimated costs for related environmental studies as is prescribed in the guidance noted above. Management has estimated an additional $19 million and $15 million as of September 30, 2009, and 2008, respectively, of potential cleanup costs where it is only possible that GSA could incur additional costs. In some instances, GSA has been named as a party in certain environmental cases where the subject property is no longer in the GSA or federal property inventory. GSA's liability for such cases is further discussed in Note 10.

C. Heritage Assets

With an average age of GSA's buildings being over 46 years old, 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 Consolidating Balance Sheets.

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. GSA has 301 buildings on the National Register, up from 293 at the end of FY 2008, of which 107 are designated as National Historical Landmarks. An additional 182 buildings are potentially eligible for listing on the National Register, but have not gone through the formal determination 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.

6. INTRAGOVERNMENTAL DEBT

A. Lease Purchase Debt

Starting in FY 1991, GSA entered into several agreements to fund the purchase of land and construction of buildings under the FBF lease purchase authority. Under these agreements, the FBF borrows monies (as advance payments) through the Federal Financing Bank (FFB) or executes lease-to-own contracts to finance the lease purchases. Mortgage loans and construction advances held by the FFB are due at various dates from June 28, 2021, through August 1, 2035, at interest rates ranging from 2.578 percent to 8.561 percent. The program authorizes total expenditures of $1,945 million for 11 projects. In FYs 2009 and 2008, the FFB made advance payments on behalf of GSA totaling $5 million and $8 million, respectively. As of September 30, 2009 and 2008, $37 million and $42 million, respectively, of borrowing authority under the lease purchase program remained available for additional advance payments.

Resources to retire debt are obtained from annual revenues generated by the FBF. Aggregate debt maturities are as follows (dollars in millions): 2010 - $50; 2011 - $54; 2012 - $57; 2013 - $61; 2014 - $66; 2015 and beyond - $1,100.

B. Pennsylvania Avenue Debt

The former Pennsylvania Avenue Development Corporation (PADC) originally received authority to borrow from the FFB to finance construction of the Ronald Reagan Building (RRB) in Washington, D.C., with a project budget of $738 million. Effective March 31, 1996, the PADC was dissolved, with portions of its functions, assets and liabilities being transferred to GSA, including the RRB.

Subsequent legislation consolidated GSA's portion of these assets and liabilities into the FBF, in which the cost and associated debt for the RRB is now recorded. Mortgage loans for the RRB are due November 2, 2026, at interest rates ranging from 4.004 percent to 8.323 percent.

No additional amounts are anticipated to be borrowed under this authority.

Aggregate maturities on debt related to the RRB are as follows (dollars in millions): 2010 - $20; 2011 - $21; 2012 - $23; 2013 - $25; 2014 - $27; 2015 and beyond - $553.

C. Schedules of Debt Arrangements

GSA's outstanding debt arrangements in the FBF at September 30, 2009, and 2008, were as follows (dollars in millions):

	2009	2008
Lease Purchase Debt	**$ 1,388**	$ 1,430
Pennsylvania Avenue Debt	**649**	668
Total GSA Debt	**$ 2,037**	$ 2,098

7. WORKERS' COMPENSATION BENEFITS

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered 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. 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' compensation, and medical and miscellaneous costs for approved compensation cases. The present value of these estimates at the end of FY 2009 was calculated by DOL using a discount rate of 4.223 percent for FY 2009, and 4.715 percent for FY 2010 and thereafter. At the end of FY 2008, the discount rate used was 4.368 percent for FY 2008, and 4.770 percent for FY 2009 and thereafter. At September 30, 2009 and 2008, GSA's actuarial liability totaled $136 million and $164 million, respectively.

8. LEASING ARRANGEMENTS

As of September 30, 2009, GSA was committed to various non-cancellable operating leases primarily covering administrative office space and storage facilities maintained by the FBF. Many of these leases contain escalation clauses tied to inflationary and tax increases, and renewal options. GSA also uses a small volume of operating leases of vehicles in the ASF to fill demand when sufficient owned vehicles are not available. The following are schedules of future minimum rental payments required under leases that have initial or remaining non-cancellable terms in excess of one year, and under capital leases together with the present value of the future minimum lease payments (dollars in millions):

OPERATING LEASES	
FISCAL YEAR	**TOTAL**
2010	$ 4,572
2011	3,749
2012	3,243
2013	2,722
2014	2,250
2015 and thereafter	8,296
Total future minimum lease payments	$ 24,832

CAPITAL LEASES	
FISCAL YEAR	**FBF**
2010	$ 31
2011	32
2012	32
2013	31
2014	31
2015 and thereafter	209
Total future minimum lease payments	366
Less: Amounts representing-	
Interest	116
Executory Costs	2
Total obligations under capital leases	$ 248

Substantially all leased space maintained by the FBF is sublet to other federal agencies at rent charges to recover GSA's cost of that space. The majority of agreements covering the sublease arrangements allow customer agencies to terminate the sublease at any time. In those cases GSA believes the subleases will continue without interruption. In some instances agreements with customers include non-cancellation clauses. The following is a schedule of future minimum rentals due GSA under such non-cancellable leases (dollars in millions):

OPERATING LEASE RENTALS	
FISCAL YEAR	**TOTAL**
2010	$ 495
2011	431
2012	380
2013	339
2014	284
2015 and thereafter	1,684
Total future minimum lease rentals	$ 3,613

Rental income under subleasing agreements and related reimbursable arrangements approximated $5.8 billion and $5.3 billion for the FYs ended September 30, 2009 and 2008, respectively. Rent expense under all operating leases, including short-term non-cancellable leases, was approximately $5 billion and $4.6 billion in FYs 2009 and 2008, respectively. The Consolidating Balance Sheets as of September 30, 2009 and 2008, include capital lease assets of $363 million and $359 million, respectively, for buildings. Aggregate accumulated amortization on such structures totaled $163 million and $152 million in those years, 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, 2009 and 2008, amounts reported on the Consolidating Balance Sheets as Other Intragovernmental Liabilities and Other Liabilities, which are substantially all long-term in nature, consisted of the following (dollars in millions):

	FBF	ASF	OTHERS	LESS: INTRA-GSA ELIMINATION	TOTAL GSA
2009					
Other Intragovernmental Liabilities:					
Workers' Compensation Due to DOL	**$ 21**	**$ 8**	**$ 3**	**$ -**	**$ 32**
Deposits Held in Suspense	**-**	**-**	**31**	**-**	**31**
Earnings Payable to Treasury	**-**	**-**	**31**	**-**	**31**
Payments Due to the Judgement Fund (Note 10)	**335**	**-**	**-**	**-**	**335**
Total	**$ 356**	**$ 8**	**$ 65**	**$ -**	**$ 429**
Other Liabilities:					
Contingencies	**$ 17**	**$ -**	**$ -**	**$ -**	**$ 17**
Installment Purchase Liabilities	**167**	**-**	**-**	**-**	**167**
Pensions for Former Presidents	**-**	**-**	**8**	**-**	**8**
Unamortized Rent Abatments	**186**	**-**	**-**	**-**	**186**
Deferred Revenues/Advances from the Public	**2**	**1**	**13**	**-**	**16**
Total	**$ 372**	**$ 1**	**$ 21**	**$ -**	**$ 394**
2008					
Other Intragovernmental Liabilities:					
Workers' Compensation Due to DOL	$ 22	$ 8	$ 4	$ -	$ 34
Deposits Held in Suspense	-	-	14	1	13
Earnings Payable to Treasury	-	-	47	-	47
Payments Due to the Judgement Fund (Note 10)	308	-	-	-	308
Total	$ 330	$ 8	$ 65	$ 1	$ 402
Other Liabilities:					
Contingencies	$ 20	$ -	$ -	$ -	$ 20
Installment Purchase Liabilities	144	-	-	-	144
Pensions for Former Presidents	-	-	7	-	7
Unamortized Rent Abatments	155	-	-	-	155
Deferred Revenues/Advances from the Public	6	1	-	-	7
Total	$ 325	$ 1	$ 7	$ -	$ 333

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, 2009 and 2008, were as follows (dollars in millions):

	2009	2008
FBF	**$ 3,850**	$ 2,677
ASF	**3,243**	2,711
Other Funds	**181**	149
Total Undelivered Orders	**$ 7,274**	$ 5,537

In fiscal year 2007, GSA awarded eight contracts for world-wide telecommunications and network services (Networx Universal and Networx Enterprise) to replace the previous FTS2001 contracts, and to provide voice, wireless, IP, satellite, and related telecommunications services for the federal community. These contracts are primarily funded through the ASF Integrated Technology Services portfolio. The contracts provide minimum revenue guarantees totaling $575 million, of which $535 million remained outstanding as of September 30, 2009. Given the value of services GSA estimates it will procure through these contracts, management considers the risk of not meeting the minimum revenue guarantees to be remote.

B. Contingencies

GSA is a party in various administrative proceedings, legal actions, environmental suits and claims brought by or against it. 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. 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's Judgment Fund, as discussed below.

- As of September 30, 2009 and 2008, GSA recorded liabilities in total of $98 million and $102 million, respectively, for pending and threatened legal matters for which, in the opinion of GSA management and legal counsel, GSA funds will probably incur losses. Of these amounts, $82 million and $83 million, respectively, relate to environmental claims. Environmental claims are included in Environmental and Disposal Liabilities, and the balance of probable contingent liabilities are reported within Other Liabilities on the Consolidating Balance Sheets.

  In addition, GSA had another $97 million and $112 million in contingencies at September 30, 2009 and 2008, respectively, where it is reasonably possible, but not probable, that GSA funds will incur some cost. Accordingly, no balances have been recorded in the financial statements for these contingencies.

  In most cases, legal matters which directly involve GSA relate to contractual arrangements GSA has entered into either for property and 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 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.

- In many cases, tort and environmental claims are administered and resolved by the U.S. Department of Justice (DOJ), and any amounts necessary for resolution are obtained from a special Judgment Fund maintained by the U.S. Treasury. 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. In accordance with this interpretation, GSA reported $5 million and $2 million in FYs 2009 and 2008, respectively, of Environmental and Disposals and Other Liabilities for contingencies which will require funding exclusively through the Judgment Fund. Of those amounts, approximately $4 million and $2 million result from several environmental cases outstanding at the end of FYs 2009 and 2008, respectively, where GSA has been named as a potentially responsible party. Environmental costs are 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*.

Additional contingencies subject to ultimate funding from the Judgment Fund where the risk of loss is reasonably possible, but not probable, ranged from $240 million to $3.6 billion at September 30, 2009 and ranged from $199 million to $3.6 billion at September 30, 2008.

The recognition of claims to be funded through the Judgment Fund on GSA's Consolidating Statements of Net Cost and Consolidating 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. Further, for most environmental claims, 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.

Amounts paid from the Judgment Fund on behalf of GSA were $37 million and $108 million in FYs 2009 and 2008, respectively. Of these amounts, $27 million and $40 million, respectively, related to claims filed under the Contract Disputes Act for which payments have been or will be made to reimburse the Judgment Fund by the GSA funds liable under the contracts in dispute. The balance of claims paid on behalf of GSA does not require reimbursement to the Judgment Fund.

11. UNFUNDED LIABILITIES

As of September 30, 2009 and 2008, budgetary resources were not yet available to fund certain liabilities reported on the Consolidating 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 Consolidating Balance Sheets that are not covered by budgetary resources consists of the following (dollars in millions):

	2009	2008
Intragovernmental Debt	**$ 11**	$ 20
Other Intragovernmental Liabilities	**429**	402
Obligations Under Capital Lease	**228**	241
Workers' Compensation Actuarial Liabilities	**136**	164
Environmental and Disposal	**107**	105
Annual Leave Liability	**104**	97
Other Liabilities	**378**	326
Total Liabilities Not Covered By Budgetary Resources	**$ 1,393**	$ 1,355

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 Consolidating Balance Sheets under the caption 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; and 3) the portion of 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 2010 President's Budget, which contains FY 2008 financial statement results. The FY 2011 President's Budget, containing FY 2009 actual results is expected to be released in February 2010 on OMB's Web site. The portion of the President's Budget relating specifically to GSA can be found in the appendix of that report. Balances submitted to the U.S. Treasury constitute the basis for reporting of actual results in the President's Budget.

Differences between the CSBR and the President's Budget can be due to adjustments identified by GSA during the preparation of the CSBR, which occurred after the U.S. Treasury's deadline for reporting of fund balances and budget execution results. Such adjustments to the balances reported to the U.S. Treasury were made on the CSBR to more fully reflect the activity for the fiscal year ended, and for balances as of September 30, 2008.

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). However, as the CSBR is being developed, items may be identified that require adjustment to the data originally submitted on the SF 133s, which would create differences between the CSBR and the President's Budget. Generally, such items are identified after the deadlines for reporting to the U.S. Treasury, and reflect reclassifications of balances to report the proper status of obligations or budgetary resources.

For FY 2008, significant differences were due to adjustments recorded in the FBF, based on statistical sampling techniques which were not sufficiently detailed for SF 133 reporting. Also in the FBF, variations between OMB requirements for SF 133 reporting versus requirements for reporting of the CSBR created imbalances when comparing these reports.

Additional reconciling differences are caused by the presentation style of the President's Budget, which excludes Budgetary Resources, Obligations Incurred and Unobligated Balances in expired annual funds, as well as offsetting collections, which are required for reporting on the CSBR.

In some instances OMB may require additional changes to actual reported results for pending or known changes in legislation that affect future presentations. Small rounding differences also exist due to differences in display of the CSBR versus the President's Budget.

Below are two schedules highlighting the most significant comparable amounts reported in the FY 2008 CSBR and FY 2010 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.

	FBF		ASF		OTHERS		TOTAL		
	CSBR	PRESIDENT'S BUDGET	CSBR	PRESIDENT'S BUDGET	CSBR	PRESIDENT'S BUDGET	CSBR	PRESIDENT'S BUDGET	DIFFERENCE
Budgetary Resources	$14,443	$ 14,132	$11,192	$ 11,191	$ 929	$ 882	**$26,564**	**$ 26,205**	**$ 359**
Obligations Incurred	9,735	9,529	9,935	9,935	719	715	**20,389**	**20,179**	**210**
Unobligated Balances	4,708	4,603	1,257	1,256	210	169	**6,175**	**6,028**	**147**
Balance of Obligations	1,100	1,204	(537)	(536)	183	180	**746**	**848**	**(102)**
Outlays	78	78	61	61	203	225	**342**	**364**	**(22)**

	BUDGETARY RESOURCES	OBLIGATIONS INCURRED	UNOBLIGATED BALANCE	OBLIGATED BALANCE	NET OUTLAYS
Combined Statement of Budgetary Resources	$ 26,564	$ 20,389	$ 6,175	$ 746	$ 342
Expired Funds, Not Reflected in the Budget	(49)	(3)	(46)	-	-
Amounts Cancelled in Other Funds, Not Reflected in the Budget	5	-	5	-	-
Differences in the FBF due to variances in reporting methods	(310)	(205)	(105)	105	-
Offsetting Receipts Not Reflected in the Budget	-	-	-	-	21
Rounding	(5)	(2)	(1)	(3)	1
Budget of the U.S. Government	$ 26,205	$ 20,179	$ 6,028	$ 848	$ 364

13. COMBINING STATEMENTS OF BUDGETARY RESOURCES

The CSBR presents GSA’s budgetary results in accordance with reporting requirements prescribed in OMB Circular A-11, *Preparation, Submission, and Execution of the Budget*, which identifies budgetary resources available for spending, the status of those resources, and the relationship between obligated balances and outlays (see Note 12). 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.

Balances reported on the CSBR as Prior Year Recoveries generally reflect the downward adjustment of obligations that originated in prior fiscal years which have been cancelled or reduced in the current fiscal year. These balances may also include the effect of adjustments caused when an obligation is modified to change the applicable program, or budget activity. In managing and controlling spending in GSA's funds on a fund-by-fund basis, unique budget control levels (such as programs, budget activities or projects) are established. These levels are based on legislative limitations, OMB apportionment limitations, as well as management-defined allotment control limitations, in order to track and monitor amounts available for spending and obligations incurred against such amounts, as is required under the Antideficiency Act. When an obligation from a prior year is modified to change the budget control level of an obligation, a Prior Year Recovery would be credited to the level that was initially charged, and Obligations Incurred would be charged to the new level. While there may be no net change to total obligations in a particular fund, offsetting balances from the upward and downward adjustments would be reported on the corresponding lines of the CSBR.

The basis of the CSBR is data reported to the U.S. Treasury on the SF 133s. However, as the CSBR is being developed, items may be identified that require adjustment to the data originally submitted on the SF 133s. Generally, such items are identified after the deadlines for reporting to the U.S. Treasury, and reflect reclassifications of balances to reflect the proper status of obligations or budgetary resources. For FY 2008, significant differences between the CSBR and SF133 were due to the effect of adjustments made to the CSBR based on statistical samples used to validate balances reportable as Undelivered Orders and Delivered Orders in the FBF. Projections of such adjustments were based on extrapolations of aggregate amounts which could not readily be determined to the detailed levels that are required to accompany SF 133 reporting. This impacted the beginning balances used for the FY 2009 CSBR and the reporting of changes in those balances for the fiscal year.

As a result of these conditions, the following differences existed between the CSBR and SF133s of the FBF for FY 2009 due to increases (decreases) to the CSBR (dollars in millions):

Unobligated Balance, Net - Beginning	$	105
Prior Year Recoveries	$	111
Obligated Balance - Beginning	$	105

14. CONSOLIDATING STATEMENTS OF CHANGES IN NET POSITION

A. Cumulative Results of Operations

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, by congressional rescissions, and by 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).

GSA's 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 Consolidating Balance Sheets include immaterial balances of earmarked funds as defined in FASAB SFFAS No. 27. As further discussed in Notes 1 and 2, earmarked balances are those reported in GSA's Special Funds, within the Other Funds display on the Consolidating Balance Sheets.

B. Unexpended Appropriations

Unexpended Appropriations consist of unobligated balances and undelivered orders, net of unfilled customer orders in funds that receive appropriations.

Undelivered orders are orders placed by GSA with vendors for goods and services that have not been received. Unfilled customer orders are reimbursable orders placed with GSA by other agencies, other GSA funds, or from the public, where GSA has yet to provide the good or service requested. At September 30, 2009 and 2008, balances reported as unexpended appropriations were as follows (dollars in millions):

	FBF	OTHER FUNDS	TOTAL GSA
2009			
Unobligated Balances:			
Available	$ 4,316	$ 31	$ 4,347
Unavailable	-	36	36
Undelivered Orders	1,332	80	1,412
Unfilled Customer Orders	-	(3)	(3)
Total Unexpended Appropriations	$ 5,648	$ 144	$ 5,792
2008			
Unobligated Balances:			
Available	$ -	$ 18	$ 18
Unavailable	182	36	218
Undelivered Orders	-	54	54
Unfilled Customer Orders	-	(10)	(10)
Total Unexpended Appropriations	$ 182	$ 98	$ 280

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 with respect to accumulated plan benefits or the unfunded pension liability relative to its employees. Reporting such amounts is the direct responsibility of OPM. Reporting of health care benefits for retired employees is also the direct responsibility of OPM.

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 Consolidating Statements of Net Cost. While these costs will ultimately be funded out of direct appropriations made to OPM and do not require funding by GSA activities, they are an element of government-wide costs incurred as a result of GSA's operations.

B. Civil Service Retirement System

At the end of FY 2009, 22.4 percent (down from 25.6 percent in FY 2008) 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 amounted to $20 million in both FYs 2009 and 2008.

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 prior to January 1, 1984, elected to either join FERS and Social Security or remain in CSRS. As of September 30, 2009, 77.0 percent (up from 73.9 percent in FY 2008) of GSA's employees were covered under FERS. One of the primary differences between FERS and CSRS is that FERS offers automatic and matching contributions into the federal government's Thrift Savings Plan (TSP) for each employee. Under CSRS, employees can invest up to 10 percent of their base pay in the TSP. Employees under FERS can invest up to 15 percent of base pay, plus GSA will automatically contribute one percent of base pay and then match employee contributions up to an additional four percent of base pay. During FYs 2009 and 2008, GSA (employer) contributions to FERS (24.9 percent of base pay for law enforcement employees and 11.2 percent for all others) totaled $87 million and $79 million, respectively. Additional GSA contributions to the TSP totaled $33 million and $31 million in FYs 2009 and 2008, respectively.

D. Social Security System

GSA also makes matching contributions to the U.S. Social Security Administration (SSA) under the Federal Insurance Contributions Act (FICA). For employees covered by FERS, GSA contributed matching amounts of 6.2 percent of gross pay (up to $106,800 in calendar year 2009, and $102,000 in calendar year 2008) to SSA's Old-Age, Survivors, and Disability Insurance (OASDI) program in calendar year 2009. Additionally, GSA makes matching contributions for all employees of 1.45 percent of gross pay to the Medicare Hospital Insurance program in calendar year 2009. In FYs 2009 and 2008, 0.6 percent and 0.5 percent, respectively, of GSA's employees are covered exclusively by these programs. Payments to these programs in FYs 2009 and 2008, amounted to $64 million and $59 million, respectively.

E. Schedule of Unfunded Benefit Costs

Amounts recorded in FYs 2009 and 2008, in accordance with FASAB SFFAS No. 5 for imputed post-employment benefits were as follows (dollars in millions):

	PENSION BENEFITS	HEALTH/LIFE INSURANCE	TOTAL
2009			
FBF	**$ 12**	**$ 31**	**$ 43**
ASF	**10**	**17**	**27**
Other Funds	**7**	**12**	**19**
Total	**$ 29**	**$ 60**	**$ 89**
2008			
FBF	$ 13	$ 29	$ 42
ASF	11	16	27
Other Funds	7	11	18
Total	$ 31	$ 56	$ 87

16. RECONCILIATION OF NET COSTS OF OPERATIONS TO BUDGET

The recognition of earning reimbursable budgetary resources and spending budgetary resources on the CSBR generally has a direct or causal relationship to revenues and expenses recognized on the Consolidating Statements of Net Cost. The reconciliation schedules below bridge the gap between these sources and uses of budgetary resources with the operating results reported on the Consolidating Statements of Net Cost for the fiscal years ending on September 30, 2009 and 2008 (dollars in millions):

	FEDERAL BUILDINGS FUND		ACQUISITION SERVICES FUND		OTHER FUNDS		LESS: INTRA-GSA ELIMINATIONS		GSA CONSOLIDATED TOTALS	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
RESOURCES USED TO FINANCE ACTIVITIES										
Obligations Incurred	**$ 11,635**	$ 9,735	**$ 10,740**	$ 9,935	**$ 1,047**	$ 719	**$ -**	$ -	**$ 23,422**	$ 20,389
Less: Spending Authority From Offsetting Collections and Adjustments	**(10,681)**	(9,661)	**(10,780)**	(10,022)	**(511)**	(480)	**-**	-	**(21,972)**	(20,163)
Financing Imputed for Cost Subsidies	**66**	61	**49**	41	**31**	86	**40**	35	**106**	153
Other	**-**	7	**5**	(16)	**(4)**	(18)	**-**	-	**1**	(27)
Total Resources Used to Finance Activities	**1,020**	142	**14**	(62)	**563**	307	**40**	35	**1,557**	352
RESOURCES USED THAT ARE NOT PART OF THE NET COST OF OPERATIONS										
(Increase)/Decrease in Goods and Services Ordered But Not Yet Received	**(1,173)**	(153)	**(532)**	(139)	**(32)**	-	**-**	-	**(1,737)**	(292)
Increase/(Decrease) in Unfilled Customer Orders	**572**	210	**390**	168	**(10)**	(9)	**-**	-	**952**	369
Costs Capitalized on the Balance Sheet	**(1,963)**	(1,855)	**(830)**	(836)	**(280)**	(11)	**-**	-	**(3,073)**	(2,702)
Financing Sources Funding Prior Year Costs	**(21)**	(28)	**6**	3	**(156)**	(4)	**-**	-	**(171)**	(29)
Other	**1**	-	**(4)**	(9)	**151**	17	**-**	-	**148**	8
Total Resources Used That Are Not Part of the Net Cost of Operations	**(2,584)**	(1,826)	**(970)**	(813)	**(327)**	(7)	**-**	-	**(3,881)**	(2,646)
COSTS FINANCED BY RESOURCES RECEIVED IN PRIOR PERIODS										
Depreciation and Amortization	**1,152**	1,047	**457**	432	**13**	12	**-**	-	**1,622**	1,491
Net Book Value of Property Sold	**-**	4	**271**	281	**-**	-	**-**	-	**271**	285
Other	**9**	29	**-**	(1)	**-**	-	**-**	-	**9**	28
Total Costs Financed by Resources Received in Prior Periods	**1,161**	1,080	**728**	712	**13**	12	**-**	-	**1,902**	1,804
COSTS REQUIRING RESOURCES IN FUTURE PERIODS										
Unfunded Capitalized Costs	**-**	47	**-**	-	**-**	-	**-**	-	**-**	47
Unfunded Current Expenses	**33**	6	**(3)**	1	**-**	(22)	**-**	-	**30**	(15)
Total Costs Requiring Resources in Future Periods	**33**	53	**(3)**	1	**-**	(22)	**-**	-	**30**	32
Net (Revenues From) Cost of Operations	**$ (370)**	$ (551)	**$ (231)**	$ (162)	**$ 249**	$ 290	**$ 40**	$ 35	**$ (392)**	$ (458)

17. AMERICAN RECOVERY AND REINVESTMENT ACT

The American Recovery and Reinvestment Act (Recovery Act) of 2009 provided significant additional resources to GSA in FY 2009. Primarily, these resources come from direct appropriations provided in the Recovery Act, as well as an increased volume of reimbursable agreements as GSA programs provide procurement assistance to other organizations and agencies to help them expedite implementation of their Recovery Act responsibilities. While the execution of most activities follows standard federal accounting treatment, some of the activities required in the Recovery Act are unique. GSA's Recovery Act program to procure and distribute energy efficient motor vehicles to federal agencies involved procurement of new vehicles in exchange for an agency's old or less efficient vehicles. GSA's acquisitions of new vehicles are initially classified as Other Assets on the Consolidating Balance Sheets, and then are recognized as being transferred to the designated agencies when the exchange of vehicles occurs. The transfers-out are reflected on the Consolidating Statements of Net Position. When GSA sells the old vehicles, proceeds are retained as a reimbursement to the applicable fund, providing resources that may be used for additional vehicles. This activity, included in the Other Funds category on those statements, included new vehicles received totaling $268 million, of which $160 million of vehicles have been transferred to the designated agency recipients, and $108 million are held by GSA and included in Other Assets on the Consolidating Balance Sheets as of September, 30 2009.

REQUIRED SUPPLEMENTARY INFORMATION

DEFERRED MAINTENANCE

As of the end of FY 2009, GSA had no material amounts of deferred maintenance cost to report. GSA administers the Building Maintenance Management program that, on an ongoing basis, maintains the Building Class inventory in acceptable condition, as defined by GSA management. GSA utilizes a condition assessment survey methodology, applied at the overall portfolio level, for determining reportable levels of deferred maintenance. Under this methodology, GSA defines "acceptable condition" and "acceptable level of service" in terms of certain National Performance Measures, formulated under the provisions of the Government Performance and Results Act (GPRA) of 1993.

GSA expenses normal repair and maintenance costs as incurred. GSA has no substantive backlog of deferred maintenance costs as defined by FASAB SFFAS No. 6, *Accounting for Property, Plant, and Equipment*, which is intended to report only maintenance items that would be expensed through the normal course of business. While maintenance projects are generally not deferred, the average building in the GSA inventory is 46 years old, and only 30 percent of these buildings have had extensive modernization due to funding limitations. This has led to a large inventory of capital R&A work items, of which approximately $5 billion has not yet been addressed by an ongoing PBS R&A project. This backlog is related to capitalizable improvements and modernization, and thus not considered deferred maintenance in accordance with SFFAS No. 6. For FY 2010, GSA has requested new obligational authority of approximately $496 million for the R&A program.