Required Supplementary Information (Unaudited)

Deferred Maintenance and Repairs

The U.S. General Services Administration (GSA) reports deferred maintenance and repairs (DM&R) consistent with the definition in SFFAS 42, Deferred Maintenance and Repairs: Amending Statements of Federal Financial Accounting Standards 6, 14, 29, and 32 which states "Deferred maintenance and repairs (DM&R) are maintenance and repairs that were not performed when they should have been or were scheduled to be and which are put off or delayed for a future period." Maintenance and repairs are activities directed toward keeping fixed assets in an acceptable condition. Activities include preventive maintenance; replacement of parts, systems, or components; and other activities needed to preserve or maintain assets. Maintenance and repairs, as distinguished from capital improvements, exclude activities directed towards expanding the capacity of an asset or otherwise upgrading it to serve needs different from, or significantly greater than, its current use.

In accordance with SFFAS No. 42, GSA has disclosable DM&R related to its inventory of buildings under the jurisdiction, custody or control of the Public Buildings Service. GSA utilizes a Building Assessment Tool (BAT) to determine the total amount of repairs and alterations (R&A) needed to correct major components or system deficiencies in federally owned buildings (and certain leased buildings where GSA has responsibility for R&A). While the overall methodology has not changed since the prior year, the FY 2023 BAT survey has been updated to improve the accuracy of the maintenance liabilities identified, and the accuracy of the cost estimating.

The BAT is a 39[12] section survey that provides a biennial assessment of the physical conditions of each building's basic structure and systems and provides an overall assessment of GSA's building inventory. Building assessments electronically document building conditions, with approximately half of GSA's building inventory being surveyed each year. Buildings included in the assessment could be capitalized general property, plant and equipment (PP&E), fully depreciated general PP&E, or non-capitalized general PP&E leased buildings. GSA requires a building assessment for every federally-owned, leased, or delegated asset controlled by GSA that meets all the following criteria:

- GSA has R&A responsibility;
- The asset maintains an "active" or "excess" status; and
- The asset has a real property type of "building" or "structure."

Per SFFAS 6, there are three categories of PP&E: (1) general PP&E; (2) heritage assets; and (3) stewardship land. GSA does not have stewardship land; all land held is used to meet operational mission and reported under General PP&E. Further, all historic buildings are considered multi-use heritage assets and in accordance with SFFAS 29 are also reported as General PP&E. All assets meeting the above criteria are included in the BAT analysis.

GSA uses survey results to develop a multi-year plan for all R&A projects, not just those associated with DM&R, and prioritizes those projects using the established weights within each of the following categories:

- Fire, life, health, and environmental;
- Physical security;
- Serviceability;

[12] The FY 2023 BAT survey was enhanced by adding two new sections for building automation and fire and life safety systems and consolidated two smaller and similar sections for a net increase of one section.

- Special emphasis programs; or
- Tenant space alterations.

Data collected through the survey is used to support GSA’s overall building assessment, workload planning, and budgeting needs, and is not designed to specifically capture data that would be defined as DM&R. However, subsets of the workload planning directly result from conditions classified as DM&R. GSA has determined, from analysis of data in the BAT, that when applying certain criteria, results can be used to provide a reasonable estimate to meet the Federal Accounting Standards Advisory Board DM&R reporting requirements. At the end of fiscal years 2023 and 2022, based on the analysis of the BAT results, GSA estimated the total cost of DM&R to be approximately $4.6 billion for FY 2023 and $3.1 billion for FY 2022, for activities categorized as work needing to be performed immediately to restore or maintain acceptable conditions within the building inventory. The rise in DM&R from the previous fiscal year is attributed to several factors, including the continued improvements of the BAT survey data collected, the previously categorized out-year maintenance and repair that could not be addressed due to funding limitations, and the increases in material and labor costs.

GSA measures the condition of its inventory of buildings by using an industry accepted metric called the Facility Condition Index (FCI). The FCI is the ratio between total deferred repair and alteration needs and the functional replacement value of an asset (i.e., repair needs divided by the asset’s replacement value). Based on the end of FY 2023 BAT data, approximately 63 percent of GSA’s inventory, according to square footage, is considered in “Good Condition,” with an FCI of 10 percent or less. There has been no significant change in reporting methodology in deferred maintenance and repairs from prior years.

As part of the development of its annual Capital Investment Program Budget Request, GSA prioritizes asset investment dollars that continue to generate the funds required to sustain the owned inventory and support the long-term needs of the Federal Government. To evaluate potential projects, GSA uses a strategic investment strategy that utilizes financial and other strategic metrics to evaluate potential projects’ funding needs and prioritization. These metrics support the portfolio’s transition to a lean and sustainable cost structure by selecting those projects that align with our long-term strategic objectives. PBS’s criteria for selecting projects also considers reducing current and future DM&R significantly. GSA also considers DM&R, among other factors, when evaluating potential candidates for disposition.

Combining Statement of Budgetary Resources

In its principal financial statements, GSA displays balances for the two major funds (the Federal Buildings Fund and the Acquisition Services Fund) while combining all remaining funds into an “Other Funds” group. Within the Other Funds group, the Working Capital Fund (WCF) and Technology Modernization Fund (TMF) make up approximately 74 percent of the total budgetary resources. As these funds are significant components of the total Other Funds budgetary results, below is a schedule showing the activities of WCF, TMF, and Other Funds for the fiscal years ended September 30, 2023, and September 30, 2022.

Combining Statement of Budgetary Resources - Other Funds
(Dollars in Millions)

	OTHER FUNDS EXCLUDING WCF AND TMF		WORKING CAPITAL FUND		TECHNOLOGY MODERNIZATION FUND		OTHER FUNDS TOTAL	
	2023	2022	**2023**	2022	**2023**	2022	**2023**	2022
BUDGETARY RESOURCES								
Unobligated Balance from Prior Year Budget Authority, Net	**$258**	$310	**$219**	$201	**$733**	$867	**$1,210**	$1,378
Appropriations	**342**	291	**6**	4	**50**	—	**398**	295
Spending Authority from Offsetting Collections	**95**	52	**764**	733	**35**	15	**894**	800
Total Budgetary Resources	**695**	653	**989**	938	**818**	882	**2,502**	2,473
STATUS OF BUDGETARY RESOURCES								
New Obligations and Upward Adjustments	**428**	378	**798**	752	**27**	2	**1,253**	1,132
Unobligated Balance, End of Period								
Apportioned, Unexpired Accounts	**117**	75	**47**	36	**540**	831	**704**	942
Unapportioned, Unexpired Accounts	**122**	157	**144**	150	**251**	49	**517**	356
Unexpired Unobligated Balance, End of Period	**239**	232	**191**	186	**791**	880	**1,221**	1,298
Expired Unobligated Balance, End of Period	**28**	43	**—**	—	**—**	—	**28**	43
Unobligated Balance, End of Period, Total	**267**	275	**191**	186	**791**	880	**1,249**	1,341
Total Status of Budgetary Resources	**695**	653	**989**	938	**818**	882	**2,502**	2,473
OUTLAYS, NET								
Net Outlays (Receipts) from Operating Activity	**319**	291	**—**	7	**(9)**	(13)	**310**	285
Distributed Offsetting Receipts	**(109)**	(225)	**—**	—	**—**	—	**(109)**	(225)
Total Net Outlays (Receipts)	**$210**	$66	**$—**	$7	**$(9)**	$(13)	**$201**	$60

Accounting and Reporting on Government Land

In FY 2022, the U.S. General Services Administration (GSA) implemented a new accounting standard, SFFAS 59, *Accounting and Reporting on Government Land*, requiring the disclosure of estimated acres of land classified as General Property, Plant and Equipment, as well as acres held for disposal or exchange to a non-Federal entity.

40 U.S.C. § 581 and 40 U.S.C. § 3304 authorize the acquisition of property or an interest in property by GSA. Through the end of FY 2023, GSA had an estimated 9,000 acres in its custody and control. This acreage supports the agency's mission to design, deliver, and maintain safe, smart, and sustainable workspaces that enable agencies to best serve the American public.

The vast majority of GSA's land and land rights are considered operational, as defined by SFFAS 59 as predominantly used for general or administrative purposes. Current uses include: office space, public-facing facilities, courthouses, warehouses, laboratories, border stations, antennas, water towers, and storage facilities.

The following table shows land controlled by GSA's Public Buildings Service and subcategorized by predominant use:

	Commercial	Conservation and Preservation	Operational	Total Estimated Acreage
Start of FY 2022	18	—	8,759	8,777
End of FY 2022/ Start of FY 2023	18	—	8,660	8,678
End of FY 2023	15	—	8,511	8,526
Held for Disposal or Exchange -End of FY 2022	—	—	141	141
Held for Disposal or Exchange - End of FY 2023	—	—	789	789

SFFAS 59 mandates the continued capitalization of land asset balances at their historical cost on the consolidated balance sheet for FY 2023 and GSA is in compliance with the standard.