



SFFAS 59 LAND GUIDANCE:

LAND TRANSACTIONS

PURCHASE & SALE OF LAND & LAND RIGHTS

LAND IMPROVEMENTS

DONATIONS OF LAND

EFFECTIVE FISCAL YEAR 2026

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U.S. DEPARTMENT OF THE TREASURY

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Background

Historically, SFFAS 6 and other federal accounting guidance required the capitalization of the historical cost of General Property, Plant, and Equipment (G-PP&E) Land. In addition, standards required the expensing of Stewardship Land for the period in which the acquisition cost was incurred and disclosures on the relationship between Stewardship Land and the entity's mission, the entity's Stewardship Land polices, major categories of use, and physical units of Stewardship Land.

During a research project, FASAB determined that the vast holdings and uses of federal land (Over 600 million acres in 2024) could not be adequately reported through financial measurements. Specifically, limitations inherent in fair value measurements such as passage of time and inflation make historical cost less relevant to users (i.e., Land purchased centuries ago with a historical cost not adjusted for inflation.) FASAB concluded that reporting estimated acreage rather than historical cost would increase transparency, comparability, consistency, and reliability of land information, while significantly minimizing any cost burdens of monetary measurements of recognizing Land on the Balance Sheet.

SFFAS 59, *Accounting and Reporting of Government Land*, requires federal entities to:

- Derecognize G-PP&E Land and Permanent Land Rights from the Balance Sheet effective FY26;
- Reference a Balance Sheet note to disclose estimate acreage of G-PP&E Land and Permanent Land Rights without an asset dollar amount (RSI through FY25 and a Basic Disclosure beginning in FY26);
- Disclose estimated acreage of G-PP&E Land, Permanent Land Rights, and Stewardship Land using three predominant use subcategories
 - Conservation and preservation land,
 - Operational land, and/or
 - Commercial use land;
- Report estimated acres of Land held for disposal or exchange; and
- Continue reporting Temporary Land rights and certain capitalized Improvements to Land on the Balance Sheet.

Land Rights

- Permanent Land rights (such as easements or rights-of-way) are for an unspecified period of time or unlimited duration. These should be de-recognized from the Balance Sheet effective FY26, with future acquisitions reported as an expense.
- Temporary Land Rights are those land rights that are for a specified period of time or limited duration and have a definite useful service life. Temporary land rights remain on the Balance Sheet, should continue to be capitalized when acquired, and should be depreciated or amortized over that time period. (SFFAS 59, Par. 4d)

Future Acquisitions of Land

The cost of acquiring General PP&E Land and Permanent Land Rights will be recognized as an expense on the entity's Statement of Net Cost in the period in which the cost is incurred. The cost shall include all expenses incurred to the land and/or permanent land rights for intended usage. In some cases, land may be acquired along with existing structures. If the structure is to be used in operations, the amount related to the structure should be

estimated and capitalized as PP&E, while the amount related to the land should only be expensed. If acquisition of the structure is immaterial/incidental to the acquisition of the land, and the structure is not intended to be used in operations, the cost of the entire acquisition may be expensed. (SFFAS 59, Par. 4c)

Future Donations of Land to the Federal Government

Donations are contributions to the Government, i.e., voluntary gifts of resources to a Government entity by a non-Federal entity. The donation of cash, other financial resources, or nonfinancial resources (except general PP&E land, permanent land rights, and stewardship property, plant, and equipment) is therefore a nonexchange revenue.

Nonexchange revenue guidance does not apply to donations of assets that are expensed rather than capitalized. “These include general PP&E Land and Permanent Land Rights, Stewardship PP&E, Heritage assets, and Stewardship Land. Such PP&E is expensed if purchased, but no amount is recognized if it is received as a donation. Correspondingly, no revenue is recognized for such donations.” (SFFAS 59, Pars. 13b-13c) When PP&E is donated to the Government, no amount is recognized as a cost. Since the donation of such PP&E does not affect the net cost or net position of the recipient entity, it is not a revenue, a gain, or an other financing source.

Future Sales of Land by the Federal Government

When “the book value is zero (a) if the asset is PP&E that is fully depreciated or written-off or (b) if the asset is General PP&E Land, Permanent Land Rights, or Stewardship PP&E, for which the entire cost is expensed when the asset is purchased, the entire sales price is a gain if the book value of the asset is zero.” (SFFAS 59, Par. 13d)

Transfers of Land Between Federal Entities

PP&E types that are expensed (i.e., General PP&E Land, Permanent Land Rights, and Stewardship PP&E) may be transferred from one federal entity to another. If the asset was classified as either General PP&E Land, Permanent Land Rights, and Stewardship PP&E in its entirety by both the transferring entity and the recipient entity, the transfer does not affect the net cost of operations or net position of either entity and therefore in such a case it is not a revenue, a gain or loss, or other financing source. (SFFAS 59, Par. 13g)

Disclaimer

The below guidance is intended to serve as a reference only based on a finite number of underlying assumptions. It is in no way intended to provide comprehensive posting logic for every land or land rights activity. Agencies should have a thorough understanding of SFFAS 59, and related guidance, and apply other factors for financial statement disclosures. As stated above, agency management must exercise professional judgement and collaborate within their agency to reach determinations of land activities on a case-by-case basis, before establishing accounting treatment.

Budgetary and/or legal staff should ascertain the applicability of certain budgetary accounting terms from OMB Circular No. A-11.

Entity management should document these decisions and incorporate them into management’s existing OMB Circular No. A-123, “Management's Responsibility for Enterprise Risk Management and Internal Control,” Appendix A, procedures.

Listing of USSGL Accounts Used in This Scenario:

Account Number	Account Title
<u>Budgetary</u>	
406000	Anticipated Collections From Non-Federal Sources
411900	Other Appropriations Realized
420100	Total Actual Resources, Collected
426600	Other Actual Business-Type Collections From Non-Federal Sources
445000	Unapportioned - Unexpired Authority
451000	Apportionments
461000	Allotments – Realized Resources
480100	Undelivered Orders - Obligations, Unpaid
490100	Delivered Orders - Obligations, Unpaid
490200	Delivered Orders - Obligations, Paid
<u>Proprietary</u>	
101000 (G)	Fund Balance With Treasury
171200	Capitalized Improvements to Land
171300	Temporary Land Rights
171800	Accumulated Depreciation on Temporary Land Rights
171900	Accumulated Depreciation on Capital Improvements to Land
211000 (N)	Accounts Payable
310100 (G)	Unexpended Appropriations – Appropriations Received
310700 (G)	Unexpended Appropriations – Used – Accrued
310710 (G)	Unexpended Appropriations – Used – Disbursed
331000	Cumulative Results of Operations
570000 (G)	Expended Appropriations – Used – Accrued
570010 (G)	Expended Appropriations – Used – Disbursed
690000 (N)	Non-Production Costs
671000 (N)	Depreciation, Amortization, and Depletion
711000 (N)	Gains on Disposition of Assets - Other
880100 (N)	Offset for Purchases of Assets
880200 (N)	Purchases of Property, Plant, and Equipment
880400 (N)	Purchases of Assets - Other

Land Transactions

1. The federal entity records the enactment of appropriations of \$1,500,000 for the purchase of land, maintenance, and land-related improvements.			
	Debit	Credit	TC
<p><u>Budgetary Entry</u> 411900 Other Appropriations Realized 445000 Unapportioned – Unexpired Authority</p> <p><u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations – Appropriations Received</p>	1,500,000	1,500,000	A104
2. The federal entity records budget authority apportioned by the Office of Management and Budget and available for allotment.			
	Debit	Credit	TC
<p><u>Budgetary Entry</u> 445000 Unapportioned – Unexpired Authority 451000 Apportionments</p> <p><u>Proprietary Entry</u> None</p>	1,500,000	1,500,000	A116
3. The federal entity records the allotment of authority.			
	Debit	Credit	TC
<p><u>Budgetary Entry</u> 451000 Apportionments 461000 Allotments – Realized Resources</p> <p><u>Proprietary Entry</u> None</p>	1,500,000	1,500,000	A120

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4. The federal entity enters into an order for the purchase of 1,000 acres of conservation land, and records undelivered orders without an advance for the purchase amount of \$900,000. As part of the order, the entity includes \$100,000 of demolition costs to prepare the land for its intended use. The land acreage is for conservation and preservation and not related to stewardship land.

	Debit	Credit	TC
<u>Budgetary Entry</u> 461000 Allotments – Realized Resources 480100 Undelivered Orders – Obligations, Unpaid	1,000,000	1,000,000	B306
<u>Proprietary Entry</u> None			

5. The federal entity acquires the 1,000 acres of land and accrues a liability for payment. Per SFFAS 59, “The cost of acquiring general PP&E land and permanent land rights shall be recognized on the statement of net cost for the period in which the cost is incurred.” (SFFAS 59, Par. 4c)

In addition, the land contains 2 storage buildings that the entity intends to demolish and clear to prepare the land for its intended use of conservation and preservation. The \$100,000 demolition and debris removal costs are included in the cost of the order. Per SFFAS 59, the total cost includes all expenses to prepare the land for its intended use of conservation and preservation. (SFFAS 59, Par. 4c)

[\$900,000 purchase price of land + \$100,000 cost to prepare land for intended use = \$1,000,000 expense.]

	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490100 Delivered Orders – Obligations, Unpaid	1,000,000	1,000,000	B402
<u>Proprietary Entry</u> 690000 (N) Non-Production Costs 211000(N) Accounts Payable	1,000,000	1,000,000	B402
310700 Unexpended Appropriations – Used – Accrued 570000 Expended Appropriations – Used – Accrued	1,000,000	1,000,000	B134

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6. The federal entity enters into an order for the purchase of temporary land rights and records an undelivered order without an advance for the purchase amount of \$200,000. The federal entity needs to obtain an easement to achieve the intended use of the property; the easement contains a 10-year duration with a useful service life of 10 years.

	Debit	Credit	TC
<u>Budgetary Entry</u> 461000 Allotments – Realized Resources 480100 Undelivered Orders – Obligations, Unpaid	200,000	200,000	B306
<u>Proprietary Entry</u> None			

7a. The entity classifies the rights as temporary land rights since they have a limited duration. The federal entity acquires the easement and recognizes the purchase as a capitalized asset at the purchase price of \$200,000. Per SFFAS 59, temporary land rights are “recognized as an asset on the balance sheet and recorded at cost. Although the measurement basis for valuing general PP&E remains historical cost, reasonable estimates may be used to establish the historical cost of general PP&E” (SFFAS 59, Par. 4b)

	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490100 Delivered Orders – Obligations, Unpaid	200,000	200,000	B402
<u>Proprietary Entry</u> 171300 Temporary Land Rights 211000(N) Accounts Payable	200,000	200,000	B402
310700 Unexpended Appropriations – Used – Accrued 570000 Expended Appropriations – Used – Accrued	200,000	200,000	B134

7b. As part of the purchase of temporary land rights, the federal entity records activity for current-year purchases of PP&E.

	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 880200(N) Purchases of Property, Plant, and Equipment 880100(N) Offset for Purchases of Assets	200,000	200,000	G120

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8. The federal entity enters into an order for the purchase of paved roads for the conservation land, the roads are determined to be separately identifiable from the land acreage. The entity records an undelivered order without an advance for the purchase amount of \$300,000. The federal entity needs the paved roads for general operations; the roads have a 10-year duration with a useful service life of 10 years.			
	Debit	Credit	TC
<u>Budgetary Entry</u> 461000 Allotments – Realized Resources 480100 Undelivered Orders – Obligations, Unpaid	300,000	300,000	B306
<u>Proprietary Entry</u> None			
9a. The federal entity purchases paved roads for the land acreage; The roads are separately identifiable, used in general operations, and require routine maintenance/repairs. Per SFFAS 6, “the paved and gravel roads are general PP&E because they are operational and the period-by-period cost is essential for assessing operating performance. The cost of pavement or gravel would be capitalized and depreciated.” (SFFAS 6, Par. 232)			
	Debit	Credit	TC
<u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490100 Delivered Orders – Obligations, Unpaid	300,000	300,000	B402
<u>Proprietary Entry</u> 171200 Capitalized Improvements to Land 211000(N) Accounts Payable	300,000	300,000	B402
310700 Unexpended Appropriations – Used – Accrued 570000 Expended Appropriations – Used – Accrued	300,000	300,000	B134
9b. As part of the purchase of separately identifiable paved roads used in general operations, the federal entity records current-year purchases of PP&E.			
	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 880400(N) Purchases of Assets - Other 880100(N) Offset for Purchases of Assets	300,000	300,000	G124

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10. In FY26, the entity’s management makes a decision to sell 5 acres of land that was originally acquired in 1970. The acreage was de-recognized from the Balance Sheet during SFFAS 59 implementation at the start of FY26, has a \$0 book value, and contains no other dwellings, land rights, or capitalized improvements. The federal entity and a non-federal partner agree to a sales price of \$150,000 for the acreage and the sales transaction closes in FY26. The entire sales price of \$150,000 is recognized as a gain in the FY26 reporting period.

Per SFFAS 59, “The entire sales price is a gain if the book value of the asset is zero. The book value is zero (a) if the asset is general PP&E that is fully depreciated or written-off or (b) if the asset is general PP&E land, permanent land rights, or stewardship PP&E, for which the entire cost is expensed when the asset is purchased.” (SFFAS 59, Par. 13d)

	Debit	Credit	TC
<u>Budgetary Entry</u> 426600 Other Actual Business-Type Collections From Non-Federal Sources 406000 Anticipated Collections From Non-Federal Sources	150,000	150,000	C646
<u>Proprietary Entry</u> 101000 Fund Balance With Treasury 711000 (N) Gains on Disposition of Assets - Other	150,000	150,000	C646

11. The federal entity receives an unsolicited donation of 50 acres of land acreage, which the entity determines will also be used for conservation and preservation. The donated land has a market value of \$1,500,000 at the time the property is transferred to the federal government. The donation of land closes within the FY26 reporting period. The federal entity recognizes no asset for the land and recognizes no costs or financing sources.

Per SFFAS 59, “When such PP&E is donated to the Government... no amount is recognized as a cost. Since the donation of such PP&E does not affect the net cost or net position of the recipient entity, it is not a revenue, a gain, or a financing source.” (SFFAS 59, Par. 13h)

	Debit	Credit	TC
<u>Budgetary Entry</u> No entry			
<u>Proprietary Entry</u> No entry			<i>Ref.</i> C164

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<p>12. In FY26, the federal entity records depreciation expense on temporary land rights. The rights have a 10-year duration with a useful service life of 10 years; With a purchase price/historical cost of \$200,000, the annual depreciation expense over 10 years is \$20,000.</p> <p>Per SFFAS 6, “Land rights that are for a specified period of time shall be depreciated or amortized over that time period.” (SFFAS 6, Par. 35, Footnote 42)</p>			
	Debit	Credit	TC
<p><u>Budgetary Entry</u> None</p>			
<p><u>Proprietary Entry</u> 671000 (N) Depreciation, Amortization, and Depletion 171800 Accumulated Depreciation on Temporary Land Rights</p>	20,000	20,000	E120

<p>13. In FY26, the federal entity records depreciation expense on capitalized land improvements. The paved roads have a 10-year useful life; With a purchase price/historical cost of \$300,000, the annual depreciation expense over 10 years is \$30,000.</p>			
	Debit	Credit	TC
<p><u>Budgetary Entry</u> None</p>			
<p><u>Proprietary Entry</u> 671000 (N) Depreciation, Amortization, and Depletion 171900 Accumulated Depreciation on Capitalized Improvements to Land</p>	30,000	30,000	E120

14. In the FY26 reporting period, the federal entity records a disbursement for accrued payable liabilities.			
	Debit	Credit	TC
<u>Budgetary Entry</u>			
490100 Delivered Orders – Obligations, Unpaid	1,500,000		B110
490200 Delivered Orders – Obligations, Paid		1,500,000	
<u>Proprietary Entry</u>			
211000 Accounts Payable	1,500,000		B110
101000 Fund Balance With Treasury		1,500,000	
310710 Unexpended Appropriations – Used – Disbursed	1,500,000		B235
570000 Expended Appropriations – Used – Accrued	1,500,000		
310700 Unexpended Appropriations – Used – Accrued		1,500,000	
570010 Expended Appropriations – Used – Disbursed		1,500,000	

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PRE-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
Budgetary			
406000	Anticipated Collections From Non-Federal Sources	-	150,000
411900	Other Appropriations Realized	1,500,000	-
426600	Other Actual Business-Type Collections From Non-Federal Sources	150,000	-
445000	Unapportioned Authority	-	-
461000	Allotments – Realized Resources	-	-
480100	Undelivered Orders – Obligations, Unpaid	-	-
490100	Delivered Orders – Obligations Unpaid	-	-
490200	Delivered Orders – Obligations, Paid	-	1,500,000
Total		1,650,000	1,650,000
Proprietary			
101000 (G)	Fund Balance With Treasury	150,000	-
171200	Capitalized Improvements to Land	200,000	-
171300	Temporary Land Rights	300,000	-
171800	Accumulated Depreciation on Temporary Land Rights	-	20,000
171900	Accumulated Depreciation on Capitalized Improvements to Land	-	30,000
211000	Accounts Payable	-	-
310100 (G)	Unexpended Appropriations – Appropriations Received	-	1,500,000
310710 (G)	Unexpended Appropriations – Used – Disbursed	1,500,000	-
570010 (G)	Expended Appropriations – Used – Disbursed	-	1,500,000
690000 (N)	Non-Production Costs	1,000,000	-
671000 (N)	Depreciation, Amortization, and Depletion	50,000	-
711000 (N)	Gains on Disposition of Assets - Other	-	150,000
880100 (N)	Offset for Purchases of Assets	-	500,000
880200 (N)	Purchases of Property, Plant, and Equipment	200,000	-
880400 (N)	Purchases of Assets - Other	300,000	-
Total		3,700,000	3,700,000

Closing Entries:

15. The federal entity records the closing of expenses, revenue, and gains to cumulative results of operations.			
	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 331000 Cumulative Results of Operations	1,050,000		F336
690000 (N) Non-Production Costs		1,000,000	
671000 (N) Depreciation, Amortization, and Depletion		50,000	
711000 (N) Gains on Disposition of Assets - Other	150,000		F338
331000 Cumulative Results of Operations		150,000	
570010 Expended Appropriations – Used – Disbursed	1,500,000		F336
331000 Cumulative Results of Operations		1,500,000	
310000 Unexpended Appropriations – Cumulative	1,500,000		F342
310710 Unexpended Appropriations – Used – Disbursed		1,500,000	

16. The federal entity records the closing of paid delivered orders to total actual resources.			
	Debit	Credit	TC
<u>Budgetary Entry</u> 490200 Delivered Orders – Obligations, Paid	1,500,000		F314
420100 Total Actual Resources, Collected		1,500,000	
<u>Proprietary Entry</u> None			

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17. The federal entity records the consolidation of actual net-funded resources.			
	Debit	Credit	TC
<u>Budgetary Entry</u>			
420100 Total Actual Resources, Collected	1,650,000		F302
411900 Other Appropriations Realized		1,500,000	
426600 Other Actual Business-Type Collections From Non-Federal Sources		150,000	
<u>Proprietary Entry</u>			
None			

18. The federal entity records the closing of memorandum accounts for asset purchases.			
	Debit	Credit	TC
<u>Budgetary Entry</u>			
None			
<u>Proprietary Entry</u>			
880100(N) Offset for Purchases of Assets	500,000		F370
880200(N) Purchases of Property, Plant, and Equipment		200,000	
880400(N) Purchases of Assets - Other		300,000	

19. The federal entity records adjustments for resources realized in excess of those anticipated.			
	Debit	Credit	TC
<u>Budgetary Entry</u>			
406000 Anticipated Collections From Non-Federal Sources	150,000		F116
449000 Anticipated Resources - Unapportioned Authority		150,000	
<u>Proprietary Entry</u>			
None			

POST-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
Budgetary			
420100	Total Actual Resources, Collected	150,000	-
449000	Anticipated Resources - Unapportioned Authority	-	150,000
Total		150,000	150,000
Proprietary			
101000 (G)	Fund Balance With Treasury	150,000	-
171200	Capitalized Improvements to Land	200,000	-
171300	Temporary Land Rights	300,000	-
171800	Accumulated Depreciation on Temporary Land Rights	-	20,000
171900	Accumulated Depreciation on Capitalized Improvements to Land	-	30,000
310100 (G)	Unexpended Appropriations – Appropriations Received	-	1,500,000
310000 (G)	Unexpended Appropriations – Cumulative	1,500,000	-
331000	Cumulative Results of Operations	-	600,000
Total		2,150,000	2,150,000