



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 entities to expense Stewardship Land during the period in which the acquisition cost was incurred and to disclose specialized information- such as the relationship between Stewardship Land and the entity's mission, the entity's Stewardship Land policies, major categories of use, and physical units of Stewardship Land.

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

Issued in 2021 and fully effective beginning FY26, 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 From FY23-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,
 - Operational, and/or
 - Commercial Use;
- Report estimated acres of Land held for disposal or exchange; and
- Continue reporting Temporary Land rights and certain Land Improvements 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 derecognized 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 their service lives. (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 prepare 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. While donations of cash and other resources are generally recognized as a nonexchange revenue, no revenue is recognized for donations of general PP&E land, permanent land rights, and stewardship PP&E is. “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 7, Par. 259) Although financial statement recognition is not required, entities must still disclose acreage of donated land in accordance with SFFAS 59.

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) 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 land’s book value is zero, the entire sales price will be recognized as a gain. The book value is considered zero if (a) the asset is PP&E that is fully depreciated or written-off, or (b) 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)

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, or 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 guidance below 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, land rights, or land improvement 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 with subject matter experts 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>	
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 Capitalized 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

Appropriation & Allotment for Land Purchases

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
<u>Budgetary Entry</u> 411900 Other Appropriations Realized 445000 Unapportioned – Unexpired Authority	1,500,000	1,500,000	A104
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 310100 (G) Unexpended Appropriations – Appropriations Received	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
<u>Budgetary Entry</u> 445000 Unapportioned – Unexpired Authority 451000 Apportionments	1,500,000	1,500,000	A116
<u>Proprietary Entry</u> None			
3. The federal entity records the allotment of authority.			
	Debit	Credit	TC
<u>Budgetary Entry</u> 451000 Apportionments 461000 Allotments – Realized Resources	1,500,000	1,500,000	A120
<u>Proprietary Entry</u> None			

FY26 Land Acquisitions and Sale

<p>4. The federal entity enters into an order with a non-federal vendor 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.</p>			
	Debit	Credit	TC
<p><u>Budgetary Entry</u> 461000 Allotments – Realized Resources 480100 Undelivered Orders – Obligations, Unpaid</p>	1,000,000	1,000,000	B306
<p><u>Proprietary Entry</u> None</p>			

<p>5. The federal entity acquires the 1,000-acre property from the non-federal vendor 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)</p> <p>In addition, the land contains 2 storage buildings that the entity intends to demolish to clear and 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. (SFFAS 59, Par. 4c)</p> <p>[\$900,000 purchase price of land + \$100,000 cost to prepare land for intended use = \$1,000,000 expense.]</p>			
	Debit	Credit	TC
<p><u>Budgetary Entry</u> 480100 Undelivered Orders – Obligations, Unpaid 490100 Delivered Orders – Obligations, Unpaid</p>	1,000,000	1,000,000	B402
<p><u>Proprietary Entry</u> 690000 (N) Non-Production Costs¹ 211000 (N) Accounts Payable</p>	1,000,000	1,000,000	B402
<p>310700 Unexpended Appropriations – Used – Accrued 570000 Expended Appropriations – Used – Accrued</p>	1,000,000	1,000,000	B134

¹ This example assumes the purchase of land is not linked to the production of goods or services. If a land purchase is linked to the production of goods and/or services, and can be assigned to specific programs, federal entities should record the expense to SGL 610000 (N) Operating Expenses/Program Costs.

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6. The federal entity enters into an order with a non-federal vendor 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 <u>Proprietary Entry</u> None	200,000	200,000	B306

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 <u>Proprietary Entry</u> 171300 Temporary Land Rights 211000 (N) Accounts Payable 310700 Unexpended Appropriations – Used – Accrued 570000 Expended Appropriations – Used – Accrued	200,000 200,000 200,000	200,000 200,000 200,000	B402 B402 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 pavement for existing roads on the conservation land; The pavement is 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 land access and general operations; the pavement has 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 pavement for the land acreage; The pavement is separately identifiable, used in general operations, and produces long term benefits over its useful life. 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> 880200 (N) Purchases of Property, Plant, and Equipment 880100 (N) Offset for Purchases of Assets	300,000	300,000	G120

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10. In FY26, the entity's management enters into a sales agreement 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 and has a \$0 book value. The land contains no other dwellings, land rights, or capitalized improvements.² The federal entity and a non-federal corporation agree to a sales price of \$150,000 for the acreage and the sales transaction closes in FY26. Thus, 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 445000 Unapportioned - Unexpired Authority ³	150,000	150,000	C626
<u>Proprietary Entry</u> 101000 (G) Fund Balance With Treasury 711000 (N) Gains on Disposition of Assets - Other	150,000	150,000	C626

11. The federal entity receives an unsolicited donation of 50 acres of land, which the entity determines will 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 ⁴			Ref. C164

² The book value(s) of other dwellings, land rights, or capitalized improvements on Land acreage sold would impact the total book value at sale and the associated gain/loss on disposition. In the example of Transaction #10, there are no dwellings, land rights, or capitalized improvements, and the book value of land acreage is \$0.

³ This particular example assumes the sale of land was unanticipated and no anticipated collections were previously recorded. If anticipated, SGL 406000 would be credited within Transaction #10, and other appropriate entries (i.e., TC A123 for anticipated authority) would be recorded.

⁴ While no budgetary or proprietary entries are required per SFFAS 59 & SFFAS 7 guidance, entities should consider the need for additional disclosure(s) of land/permanent land rights/stewardship PP&E donated to the government within the respective accounting period.

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12. In FY26, the federal entity records the depreciation expense on temporary land rights. The purchase price/historical cost of the temporary land rights was \$200,000, and the rights have a 10-year duration with a useful service life of 10 years. Therefore, the annual depreciation expense over 10 years is \$20,000.

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)

	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 671000 (N) Depreciation, Amortization, and Depletion 171800 Accumulated Depreciation on Temporary Land Rights	20,000	20,000	E120

13. In FY26, the federal entity records the depreciation expense on capitalized land improvements. The paved roads have a purchase price/historical cost of \$300,000 and a 10-year useful life. Therefore, the annual depreciation expense over 10 years is \$30,000.

	Debit	Credit	TC
<u>Budgetary Entry</u> None			
<u>Proprietary Entry</u> 671000 (N) Depreciation, Amortization, and Depletion 171900 Accumulated Depreciation on Capitalized Improvements to Land	30,000	30,000	E120

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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 (N) Accounts Payable	1,500,000		B110
101000 (G) 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			
411900	Other Appropriations Realized	1,500,000	-
426600	Other Actual Business-Type Collections From Non-Federal Sources	150,000	-
445000	Unapportioned Authority	-	150,000
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	300,000	-
171300	Temporary Land Rights	200,000	-
171800	Accumulated Depreciation on Temporary Land Rights	-	20,000
171900	Accumulated Depreciation on Capitalized Improvements to Land	-	30,000
211000 (N)	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	500,000	-
Total		3,700,000	3,700,000

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Closing Entries

15. The federal entity records the closing of expenses, revenue, and gains to cumulative results of operations. In addition, the federal entity closes fiscal-year activities to unexpended appropriations.			
	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	
310100 (G) Unexpended Appropriations – Appropriations Received	1,500,000		F342
310000 Unexpended Appropriations - Cumulative		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 411900 Other Appropriations Realized 426600 Other Actual Business-Type Collections From Non-Federal Sources <u>Proprietary Entry</u> None	1,650,000	1,500,000 150,000	F302

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 880200 (N) Purchases of Property, Plant, and Equipment	500,000	500,000	F370

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POST-CLOSING TRIAL BALANCE			
Account	Description	Debit	Credit
Budgetary			
420100	Total Actual Resources, Collected	150,000	-
445000	Unapportioned - Unexpired Authority	-	150,000
Total		150,000	150,000
Proprietary			
101000 (G)	Fund Balance With Treasury	150,000	-
171200	Capitalized Improvements to Land	300,000	-
171300	Temporary Land Rights	200,000	-
171800	Accumulated Depreciation on Temporary Land Rights	-	20,000
171900	Accumulated Depreciation on Capitalized Improvements to Land	-	30,000
331000	Cumulative Results of Operations	-	600,000
Total		650,000	650,000