

# GASB 103 FAQs

## GASB 103 | Financial Reporting Model Improvements

- FAQ 1. How is the amortization of deferred inflows for leases reported on the statement of revenues, expenses, and changes in fund net position?**

*Answer:*

Lease revenue resulting from the amortization of deferred inflows should be reported as operating income in the statement of revenue, expenses, and changes in fund net position. (GASBIG 2025-4.4) However, cash receipts from lease payments should be reported in the lessor's statement of cash flows consistent with how the underlying asset is classified on the statement of net position, that is, as an investing or capital and related financing activity. (GASB Codification Section 2450 Cash Flows Statements .707.16)

- FAQ 2. If a transaction is reported as part of operating income in the statement of revenues, expenses, and changes in fund net position and in a cash flow statement category other than operating activities, what additional information should be presented?**

*Answer:*

If a transaction is reported as part of operating income in the statement of revenues, expenses, and changes in fund net position and in a cash flow statement category other than operating activities, the transaction also should be presented as a reconciling item in the reconciliation of operating income to net cash flow from operating activities. (GASBIG 2025-1 Q4.1)

- FAQ 3. How does GASB 103 impact the major fund determination?**

*Answer:*

GASB 103 impacts the major fund calculation when considering transfers and unusual or infrequent items. GASB 103 impacts the guidance for considering transfers through updating paragraph .729-24 of GASB Codification Section 2200 *Annual Comprehensive Financial Report* as follows:

In the governmental fund operating statements, transfers in and transfers out are not included in the major fund calculation (revenues and expenditures) and do not affect the major funds determination because they are reported as other financing sources (uses). In the proprietary fund operating statements, transfers in and transfers out are reported as nonoperating revenues and expenses and, therefore, do affect the major funds determination.

GASB 103 impacts the guidance for unusual or infrequent items in the major fund determination through updating footnote 30 of GASB Codification Section 2200 *Annual*

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*Comprehensive Financial Report* to exclude unusual or infrequent items from the major fund calculation.

**FAQ 4. How does GASB 103 impact the reporting of Pell Grants?**

*Answer:*

GASB 103 impacts the guidance for reporting Pell Grants through updating GASB Codification Section N50 *Nonexchange Transactions* to indicate recipient governments that report their activities in a proprietary fund should report Pell Grants as operating revenues. However, for cash flow purposes, Pell grants are considered noncapital financing activities.

Pell grants are portable, meaning the money follows the student to any eligible college, university or vocational school.

**FAQ 5. Does GASB 103 impact the financial reporting of per pupil funding for Community Schools?**

*Answer:*

Per pupil funding received by community schools has certain similarities to Pell grants referenced above. This per pupil funding is portable, meaning the funding follows the student rather than being permanently awarded to the school district of residence. Based on this funding mechanism, it is reasonable to consider community school per pupil funding reported as part of a proprietary operation part of the ongoing operations of the Community School and report this funding as an operating revenue, similar to Pell grants. See also USAS Manual FAQs Question Z.5 for discussion the fund type/category related to community schools.