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Where Does it Go? Using a Decision Tree to Apply GASB 103 Proprietary Funds - GFOA

GASB Statement No. 103, *Financial Reporting Model Improvements*, represents one of the most significant changes to proprietary fund financial reporting since at least the issuance of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments. A central feature of Statement No. 103 is the refinement of how governments distinguish operating revenues and expenses from nonoperating revenues and expenses, along with the introduction of a formal definition of subsidies, both applicable to proprietary funds.

While the revised definitions are intended to improve consistency and comparability across governments, many practitioners have found implementation challenging, particularly when evaluating complex or nontraditional transactions. During GFOA's recent GASB 103 webinars, participants submitted questions relating to the standard in practice. Most questions involved the proper classification of transactions in accordance with the new requirements.

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Government Finance Officers of America

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Authors: Anne Fritz, CPFO and Michele Mark Levine