Evaluating Operating and Nonoperating Revenues and Other Inflows

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Step 1

Has the GASB provided guidance?

Has the GASB said how the revenue or inflow should be reported?

- Appropriations from another government
- Pell grants
- Health insurance payments
- Interest revenue and lease revenue from leases
- PILOTs
- Research grants
- Grants to be used for student scholarships
- Taxes imposed by a business-type entity
- Passenger facility charges

*Pending

Report as instructed by the GASB

Go to Step 2

= NO

= YES

Step 2

Is it one of the four existing types of nonoperating?

Is the revenue or inflow one of the following?

- Contribution to permanent or term endowment
- Financing related
- From the disposal of capital assets or inventory
- Investment income

Go to Step 3

Go to Step 4

Step 3

Does the principal ongoing operations exception apply?

Is the revenue or inflow from a transaction that constitutes the fund's or government's principal ongoing operation?

Report as operating

Report as nonoperating

Step 4

Is it a subsidy?

Subsidy criterion 1: Are goods or services provided in return for the inflow?

Subsidy criterion 2: Does the inflow directly or indirectly keep current or future fees lower than they otherwise would be?

Report as operating

Is it a transfer in?

Report as subsidy

Report as operating

Evaluating Operating and Nonoperating Expenses and Other Outflows

Step 1

Has the GASB provided guidance?

Has the GASB said how the expense or outflow should be reported?

- YES → **Report as instructed by the GASB**
- NO → **Go to Step 2**

Step 2

Is it one of the four existing types of nonoperating?

Is the expense or outflow one of the following?

- Contribution to permanent or term endowment
- Financing related
- From the disposal of capital assets or inventory
- Investment income

- YES → **Go to Step 3**
- NO → **Go to Step 4**

Step 3

Does the principal ongoing operations exception apply?

Is the expense or outflow from a transaction that constitutes the fund's or government's principal ongoing operation?

- YES → **Report as operating**
- NO → **Report as nonoperating**

Step 4

Is it a subsidy?

Subsidy criterion 1: Are goods or services received in return for the outflow?

- YES → **Report as operating**
- NO → **Subsidy criterion 2: Is the outflow recoverable through current or future pricing policies?**
  - YES → **Report as subsidy**
  - NO → **Is it a transfer out?**
    - YES → **Report as subsidy**
    - NO → **Report as operating**

= NO

= YES

†This is not a CPA firm.

*Assurance, attest, and audit services provided by Carr, Riggs & Ingram, L.L.C.