

ACCOUNTING REFERENCE – INTERFUND BILLING

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Interfund Billings

Definition:

Interfund services provided and used are sales and purchases of goods and services between funds for a price approximating their external exchange value. The fund that performed the services or provided the goods should record the receipt of revenue. The fund that received the services or the goods should record an expense.

Interfund services provided and used are the only interfund transactions for which it is appropriate to recognize revenues and expenditures or expenses in the funds when the transactions are internal to the City of Portland and its blended component units.

- Interfund services provided and used is a type of reciprocal interfund activity
- reciprocal interfund activity is the internal counterpart to exchange and exchange-like transactions

Examples of interfund services provided and used include:

- Internal service fund billing for goods and services
- Regular employer contributions from operating accounts to a pension trust fund
- Regular service charges for utilities, inspection, etc.

Procedure:

The City of Portland records interagency billings between funds or bureau/ business areas as interagency revenues and expenses. The use of interfund/interagency accounts allows agencies to track and report resources as they move from one fund to another or from one agency to another. Interagency transactions that need to be recorded accurately to ensure proper elimination entries are posted at year end for purposes of budget and GAAP reporting.

- Generally, in interfund billing, the revenue side of the transaction is represented by GL account 64xxxx, and the expense side of the transaction is represented by GL account 65xxxx.
- There are **exceptions** to GL accounts 64xxxx and 65xxxx. The Health Fund uses GL account 400xxx to represent revenue and GL account 500xxx to represent expenses.

Example:

CityFleet (702000), an internal service fund, bills Fund 203000 (BDS) and Fund 200000 (PBOT) for parking services. In this example, both Fund 203000 and Fund 200000 will record an expense and Fund 702000 will record revenue.

Sample JE shows Fund 702000 billing for parking services provided. This entry used YC as the Document Type.

 **Display Document: Data Entry View**

  Display Currency  General Ledger View

Data Entry View

Document Number	3602321554	Company Code	COP1	Fiscal Year	2016
Document Date	04/30/2016	Posting Date	04/30/2016	Period	10
Reference		Cross-Comp.No.			
Currency	USD	Texts exist	<input type="checkbox"/>	Ledger Group	



Item	D	PK	S	Account	Description	Amount	LC	Cost Center	Order	WBS elem.	Functional Area	Fund	BusA	Grant	TPBA
1	S	40		651101	R&M services	150.00		DSIS000010			CDCB0000000000GC	203000	DS00	NOT-RELEVANT	MF02
2	H	50		641101	R&M services	150.00		MFOP000010			LAFLMR00000000GL	702000	MF02	NOT-RELEVANT	DS00
3	S	40		651101	R&M services	200.00			8TR000000009		TPASSAIA000000GT	200000	TR00	NOT-RELEVANT	MF02
4	H	50		641522	Desktop Support	200.00		MFOP000010			LAFLMR00000000GL	702000	MF02	NOT-RELEVANT	TR00

Note: The movement of cash associated with this transaction is done in the background after the JE is posted. Pooled cash associated with Funds 203000 and 200000 will be reduced (credited) by \$150 and \$200, respectively and Fund 702000 will receive (debited) \$350.