

QUICK REFERENCE GUIDE DEFINITIONS – MOVING CASH BETWEEN FUNDS

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Interfund Loan

Oregon law provides authority for interfund borrowing under the terms of [ORS 293.210 to 293.225](#). Interfund borrowings will be evidenced by a formal borrowing agreement that must be signed by the agency head (and/or appropriate governing board or commission member, if appropriate), the agency's chief financial officer (or like position), and the Oregon State Treasury. Under state laws, loans exceeding one fixed year must be authorized by Council.

Definition:

One fund loans money to another fund with a requirement for repayment. It creates an interfund receivables (*due from*) in the lending fund and interfund payables (*due to*) in the borrowing fund. Interfund loans are reported only on the balance sheet, GAAP basis and the operating statement for budget basis. Loans due within one year should be classified as short-term and loans due beyond a year should be classified as long-term. If repayment is not expected in a reasonable amount of time (not really a loan, but a subsidy), the amount that is not expected to be repaid should be reported as a transfer rather than as a loan. Transfers are treated similar to revenue (in the receiving fund) and an expenditure (in the paying fund) and are reported in the income statement.

Example:

1. Record Payment of Interfund Short-term Loan

Resolution 36935 authorized a temporary operating loan immediately from various funds to provide interim funding to cover lags in federal, state and other grant reimbursement. This example will describe the accounting procedure to record the temporary operating loan from the Environmental Remediation Fund (608000) to the Grants Fund (217000) in the not-to-exceed amount of \$295,000 with a repayment schedule of principal and accrued interest due by June 30, 2013 as authorized by the ordinance

Procedure:

The following journal entries are recommended. Using this method will ensure elimination of interfund activities, which will be necessary for GAAP and State reporting.

- ❖ This entry records two basis of accounting, the budgetary basis and the GAAP basis:
 - a. **Budgetary Basis:**
 - Lender: Debits Internal loan remittance (GL account 580100)
 - Borrower: Credits internal loan proceeds (GL account 451500)
 - b. **GAAP Basis:**
 - Lender: Debits (Short-term loan) internal loan receivable (GL account 150100)
 - Credits: *internal loan exp offset-Non budgetary* (GL account 598600)

Borrower: Debits, *internal loan rev offset- Non budgetary* (GL account 598650)
 Credits: (Short-term loan) *internal loans payable* (GL account 247100)

Sample JE record the transfer of the loan

Display Document: Data Entry View

Display Currency General Ledger View

Data Entry View

Document Number	3100924293	Company Code	COP1	Fiscal Year	2016
Document Date	04/26/2016	Posting Date	04/26/2016	Period	10
Reference		Cross-Comp.No.			
Currency	USD	Texts exist	<input type="checkbox"/>	Ledger Group	

Item	D	PK	S	Account	Description	Amount in LC	Cost Center	Order	WBS ...	Functional Area	Fund	BusA	Grant
1	S	40		580100	Int loan remittances	295,000.00	ESBS000008			PUASFI000000000BE	609000	ES00	NOT-RELEVANT
2	S	40		150100	Internal loans rec	295,000.00					608000	ES00	NOT-RELEVANT
3	H	50		598600	Int loanExpOffset-NB	295,000.00-	ESBS000008			PUASFI000000000BE	608000	ES00	NOT-RELEVANT
4	S	40		598650	Int loanRevOffset-NB	295,000.00	MFFM000004			LAFPBE000000000GL	217000	MF00	NOT-RELEVANT
5	H	50		247100	Internal loans pybl	295,000.00-					217000	MF00	NOT-RELEVANT
6	H	50		451500	Int loan proceeds	295,000.00-	MFFM000004			LAFPBE000000000GL	217000	MF00	NOT-RELEVANT

Note: The movement of cash associated with this transaction is done in the background after the JE is posted. Pooled cash associated with sub-fund 608000 will be reduced (credited) by \$295,000 and Fund 217000 will receive (debited) \$295,000.

Example:

2. Record Payment of Interfund Long Term Loan

The following describes the accounting procedure to record a 10-year loan of \$3.5 million interfund capital loans from City Fleet (702000), Facilities (701000) and Technology Services (706000) Funds operating to the General Fund (100000) for reimbursement to the Water Bureau of expenditures for acquisition, construction and renovation of certain assets per R36976. Repayment of the loan will include accrued interest at the rate of return on moneys invested in City of Portland's investment pool. The initial transfer will be \$1,596,037. City Fleet and Facilities will be each be responsible for 35.71% and Technology Services 28.57%.

Procedure:

The following journal entries are recommended. Using this method will ensure elimination of interfund activities, which will be necessary for GAAP and State reporting.

- ❖ This entry reports the interfund loan balances in two categories: short-term and long-term.
- ❖ This entry records two basis of accounting, the budgetary basis and THE GAAP basis:
 - a. **Budgetary Basis:**
 - Lender: Debits Internal loan remittance (GL account 580100)
 - Borrower: Credits internal loan proceeds (GL account 451500)
 - b. **GAAP Basis:**
 - Lender: Debits (Short-term loan) internal loan receivable (GL account 150100) **or**
Debits (Long-term loan) *internal loan receivable-unrestr LT* (GL account 181105)
 - Credits: *internal loan exp offset-Non budgetary* (GL account 598600)
 - Borrower: Debits, *internal loan rev offset- Non budgetary* (GL account 598650)
 - Credits: (Short-term loan) *internal loans payable* (GL account 247100)

Year-end adjustment:

- Debit: *internal loans payable –LT* (GL account 267025)
- Credit: (Short-term loan) internal loans payable (GL account 247100)

Please ensure that short-term term payment matches with the corresponding payment for the next fiscal year.

Sample JE record the transfer of the loan

Display Document: Data Entry View

Display Currency General Ledger View

Data Entry View

Document Number: 3100924284 Company Code: COP1 Fiscal Year: 2016
 Document Date: 04/01/2016 Posting Date: 04/01/2016 Period: 10
 Reference: Cross-Comp.No.: Currency: USD Texts exist: Ledger Group:

Item	D	PK	S	Account	Description	Amount in LC	Cost Center	Order	WBS...	Functional Area	Fund	BusA	Grant
1	S	40		150100	Internal loans rec	97,251.00				LAF AAS00000000GL	701000	MF01	NOT-RELEVANT
2	S	40		181105	Int loans rcvbl - LT	472,762.00					701000	MF01	NOT-RELEVANT
3	S	40		580100	Int loan remittances	570,013.00	MFOP000040			LAF AAS00000000GL	701000	MF01	NOT-RELEVANT
4	H	50		598600	Int loanExpOffset-NB	570,013.00-	MFOP000040			LAF AAS00000000GL	701000	MF01	NOT-RELEVANT
5	S	40		150100	Internal loans rec	97,251.00					702000	MF02	NOT-RELEVANT
6	S	40		181105	Int loans rcvbl - LT	472,762.00					702000	MF02	NOT-RELEVANT
7	S	40		580100	Int loan remittances	570,013.00	MFOP000014			LAFLAQ00000000GL	702000	MF02	NOT-RELEVANT
8	H	50		598600	Int loanExpOffset-NB	570,013.00-	MFOP000014			LAFLAQ00000000GL	702000	MF02	NOT-RELEVANT
9	S	40		150100	Internal loans rec	77,800.00					706000	MF06	NOT-RELEVANT
10	S	40		181105	Int loans rcvbl - LT	378,211.00					706000	MF06	NOT-RELEVANT
11	S	40		580100	Int loan remittances	456,011.00	MFTS000001			LAASAM00000000GL	706000	MF06	NOT-RELEVANT
12	H	50		598600	Int loanExpOffset-NB	456,011.00-	MFTS000001			LAASAM00000000GL	706000	MF06	NOT-RELEVANT
13	S	40		598650	Int loanRevOffset-NB	1,596,037.00	MFFM000004			LAFPBE00000000GL	100000	MF00	NOT-RELEVANT
14	H	50		247100	Internal loans pybl	272,302.00-					100000	MF00	NOT-RELEVANT
15	H	50		267025	Int loans pybl - LT	1,323,735.00-					100000	MF00	NOT-RELEVANT
16	H	50		451500	Int loan proceeds	1,596,037.00-	MFFM000004			LAFPBE00000000GL	100000	MF00	NOT-RELEVANT

Note: The movement of cash associated with this transaction is done in the background after the JE is posted. Pooled cash associated with Funds 701000, 702000, and 706000 will be reduced (credited) and pooled cash associated with the General Fund 100000 will receive (debited) cash.

Example:

3. Record Partial Repayment of Interfund Loan Including Interest

In keeping with the details above, this example records a partial repayment of \$136,491, including interest in interfund loan per R36976.

Procedure:

a. Budgetary Basis:

Lender: Credits internal loan proceeds (GL account 451500)

Borrower: Debits Internal loan remittance (GL account 580100)

b. GAAP Basis:

Lender: Debits: *internal loan Rev Offset- NB* (GL account 598650)

Credits Internal loan receivable (GL account 150100)

Credits Interest income (GL account 454100)

Borrower: Debits, Interest (GL account 555100)

Debits, *Internal loans payable* (GL account 247100)

Credits, *internal loan rev offset- Non budgetary* (GL account 598650)

Credits, *Internal loans payable –LT* (GL account 267025)

Display Document: Data Entry View													
Display Currency General Ledger View													
Data Entry View													
Document Number	3100924285		Company Code	COP1		Fiscal Year	2016						
Document Date	05/05/2016		Posting Date	05/05/2016		Period	11						
Reference			Cross-Comp.No.										
Currency	USD		Texts exist	<input type="checkbox"/>		Ledger Group							
Item	D	PK	S	Account	Description	Amount in LC	Cost Center	Order	WBS...	Functional Area	Fund	BusA	Grant
1	S	40		598650	Int loanRevOffset-NB	48,747.00	MFOP000040			LAFAS00000000GL	701000	MF01	NOT-RELEVANT
2	H	50		451500	Int loan proceeds	48,747.00	MFOP000040			LAFAS00000000GL	701000	MF01	NOT-RELEVANT
3	H	50		454100	Interest Income	2,608.00	MFOP000040			LAFAS00000000GL	701000	MF01	NOT-RELEVANT
4	H	50		150100	Internal loans rec	48,747.00	MFOP000040			LAFAS00000000GL	701000	MF01	NOT-RELEVANT
5	S	40		598650	Int loanRevOffset-NB	48,747.00	MFOP000014			LAFLAQ00000000GL	702000	MF02	NOT-RELEVANT
6	H	50		451500	Int loan proceeds	48,747.00	MFOP000014			LAFLAQ00000000GL	702000	MF02	NOT-RELEVANT
7	H	50		454100	Interest Income	2,608.00	MFOP000014			LAFLAQ00000000GL	702000	MF02	NOT-RELEVANT
8	H	50		150100	Internal loans rec	48,747.00				702000	MF02	NOT-RELEVANT	
9	S	40		598650	Int loanRevOffset-NB	38,977.00	MFTS000001			LAASAM00000000GL	706000	MF06	NOT-RELEVANT
10	H	50		451500	Int loan proceeds	38,977.00	MFTS000001			LAASAM00000000GL	706000	MF06	NOT-RELEVANT
11	H	50		454100	Interest Income	2,086.00	MFTS000001			LAASAM00000000GL	706000	MF06	NOT-RELEVANT
12	H	50		150100	Internal loans rec	38,997.00				706000	MF06	NOT-RELEVANT	
13	S	40		555100	Interest	7,302.00	MFFM000004			LAFPBE00000000GL	100000	MF00	NOT-RELEVANT
14	S	40		580100	Int loan remittances	136,491.00	MFFM000004			LAFPBE00000000GL	100000	MF00	NOT-RELEVANT
15	S	40		247100	Internal loans pybl	136,491.00				100000	MF00	NOT-RELEVANT	
16	H	50		598650	Int loanRevOffset-NB	136,491.00	MFFM000004			LAFPBE00000000GL	100000	MF00	NOT-RELEVANT

Note: The movement of cash associated with this transaction is done in the background after the JE is posted. Pooled cash associated with Funds 701000, 702000, and 706000 will receive (debited) cash and pooled cash associated with General Fund 100000 will be reduced (credited).