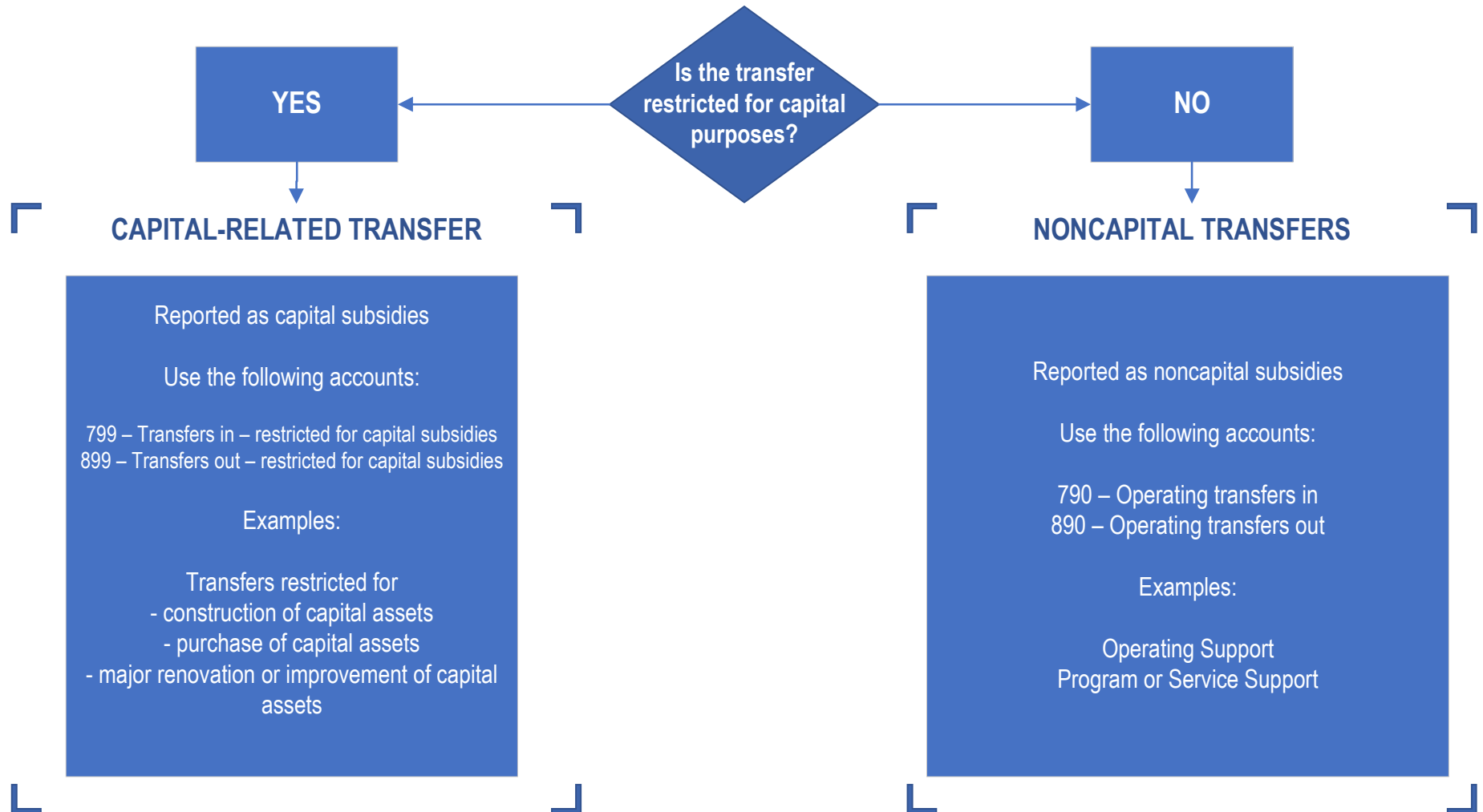


Proprietary Funds Only

Classifying Interfund Transfers

Step 1: Determine whether the transfer is restricted for capital purposes

⚠ This guidance applies only to **NONRECIPROCAL** interfund activity (transfers).¹ ⚠



¹ GASB Statement No. 34 Paragraph 112, as amended, identifies two categories and four subcategories of interfund activity:

- A) Reciprocal interfund activity is the internal counterpart to exchange and exchange like transactions. There are two types of reciprocal interfund activity:
 - 1) Interfund loans
 - 2) Interfund services provided and used
- B) Nonreciprocal interfund activity is the internal counterpart to nonexchange transactions. There are two types of nonreciprocal interfund activity:
 - 1) Interfund transfers
 - 2) Interfund reimbursements