

# Revenue vs. Negative Expenses

## New Process Regarding Revenue on E&G, State Line Appropriations, and Overhead

The Controller's Office is implementing a new process effective July 1, 2020. The E&G, State Line Appropriations, and Overhead funding should not be co-mingled with any other types of revenue. Using negative expense to record revenue on E&G (fund type 12), Overhead (fund type 13), and State Line Appropriation (fund type 21) funds will no longer be allowed. Any revenue on these fund types should be recorded as revenue in a fund type 18 index.

The following list includes typical revenue sources that have been recorded as negative expense in the past and now should be recorded in fund type 18 instead.

- Surplus sales revenue
- On campus expenditure revenue
- Departmental sales revenue

## Reimbursement of Expenses vs. Revenue

There is some confusion as to when a deposit should be recorded as a reimbursement of expense or actual revenue. Here are some examples of each type of transaction.

Deposits that are considered reimbursement of expense and should be a credit to a 7xxxxx account code

- An item was returned to the store because it was broken or not needed
- When a rebate is given after purchase

Deposits that are revenue and should be recorded as a credit to a 5xxxxx account code.

- Sales of tangible items are considered revenue. There are always expenses incurred in order to create and sell these tangible items and these expenses are considered cost of goods sold. Examples of sales that have cost of goods sold are t-shirt sales and book sales.
- Membership dues and registration fees. The fees and dues will be used to cover the expense of putting on an event, workshop, or group activity, but the initial collection of the money is recorded as revenue.
- Surplus sales should also be recorded in revenue account codes. Every item sold at surplus sales was purchased at some point in the past, usually in a prior fiscal year. When an item is taken to surplus and gets sold, the transaction is treated as a new sale and should be booked as revenue. This is never a reimbursement of the original purchase.