COMPTROLLER'S MEMORANDUM 1997-26

TO: Heads of Departments

SUBJECT: Accounting for Revenue Refunds and Expenditure Reimbursements

Effective July 1, 1997, the comptroller's policies on the accounting treatment for revenue refunds and expenditure reimbursements have been revised. The following describes the old and new policies.

Revenue Refunds:
Old policy: Current-year refund: Reflect as a reduction to revenue.
Prior-year refund: Reflect as a charge to a current fiscal year appropriation.

New policy: Current-year refund: Reflect as a reduction to revenue.
Prior-year refund: Reflect as a reduction to revenue. The amount refunded however should not exceed the total revenues collected in the current fiscal year. Refund in excess of revenues collected must be charged to a current fiscal year appropriation.

Expenditure Reimbursements:
Old policy: Current-year reimbursement: Reflect as a reduction to expenditure (all funds).
Prior-year reimbursement: Reflect as revenue for non-CIP funds. Reflect as a reduction to expenditure for CIP funds.

New policy: Current-year reimbursement: Reflect as a reduction to expenditure (all funds).
Prior-year reimbursement: Reflect as revenue for non-CIP funds whose related appropriation has lapsed. Reflect as a reduction to expenditure for non-CIP funds whose related appropriation has not lapsed and for CIP funds.

Should there be any questions, please call Wayne Horie of our Accounting Division at 586-0599.

SAM CALLEJO
Comptroller