




University  
Comptroller's Office

Marcia R. Wood  
University Comptroller

To: Mark Craig, USC Cancer Center

From: Marcia R. Wood, University Comptroller 

Date: April 27, 2004

Subject: Income and Expense Deferral to FY 2004-2005

At the end of each fiscal year (June 30th), there are many questions regarding income and expense deferrals. The following outlines the current university policies and procedures for obtaining approval for deferrals.

In determining whether or not income and/or expense should be deferred, timing is the most important element to consider. Income received prior to June 30, 2004 that directly relates to activities on or after July 1, 2004 must be deferred to the next fiscal year. Likewise, expenses paid on or before June 30, 2004 for activities on or after July 1, 2004 must also be deferred to next fiscal year.

Specific details and procedures for deferrals are described below:

#### **EXPENSE DEFERRALS (OTHER THAN PAYROLL)**

Payment in the current fiscal year for activities which occur after June 30, 2004, such as conferences/seminars, travel, summer sessions, etc. must be deferred.

Payment for equipment that will not be delivered before June 30, 2004 **must** be deferred and expensed in the new fiscal year. Therefore, if you intend to purchase equipment with current year funds, the equipment must be delivered on or before June 30, 2004.

Expense deferrals (other than payroll) are handled by the Office of Financial Administration and Performance. Bring the Purchase Order or Check Request and **all** backup to University Gardens Building, Suite #203 for approval. The Purchase Order or Check Request should clearly state the reason the expense should be deferred and the account number/object code to be charged in the new fiscal year.

Please allow at least one day for your deferral request to be reviewed and approved. Once the deferral has been approved, the request must be presented to Purchasing or Accounts Payable for processing. Purchase orders for FY2005 maintenance agreements and blanket orders need not be sent to our office for approval, they should be forwarded to Purchasing directly.

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## PAYROLL EXPENSE DEFERRALS

Payroll deferrals only apply to full-time or part-time **faculty** and **teaching assistants** who are engaged in instructional activities for any **2004 Summer Session Program**. Payroll expenses for faculty engaged in research activities, administrative or clerical staff, or student workers are **not** eligible to be deferred and **must** be expensed as they are incurred (even if their efforts are associated with Summer Session activities).

Payroll for **Summer Session Programs** scheduled for the month of May and June may be deferred to the following fiscal year. The procedures for deferring payroll expense are as follows:

Use PF.PS.FUND.S to input funding line using the appropriate departmental account and one of the following object codes:

Full-Time faculty (overload)	11211
Summer Administrative Stipends	11231
Part-Time or non-tenure track faculty	11261
Teaching Assistants	14611

2. Use appropriate start and end dates.

For the months of May and June, the Payroll System will automatically charge any payroll expense with these object codes to a special university deferred payroll account, for ASR purposes. Payroll expenses deferred in May and/or June will be JV'd to the appropriate departmental account in July or August 2004. Beginning on July 1, 2004, payroll expenses with these object codes will be charged directly to the departmental account (as stated on the funding line).

If payroll expenses are deferred **ASR's will not agree with Labor Distribution Reports**. Labor distribution reports will reflect the actual payments made to the employee. Because the expense was deferred, the ASR will not reflect the charges until the next fiscal year.

If it is determined that a deferred payroll expense should have been paid in the current fiscal year, corrected funding lines must be input for each employee **no later than 5:00 pm on June 19, 2004**. If May payroll expense was charged to an inappropriate object code, expense transfers must be received in University Payroll Services by no later than June 14, 2004. Remember that the special Summer Session object codes listed above are for expense deferral only. To charge Summer Session payroll to the current fiscal year, you must use the appropriate regular session object codes.

## INCOME DEFERRALS

Income received on or before June 30, 2004 may be deferred to next fiscal year if the income is related to an event scheduled after June 30, 2004. Collection of Pre-paid conference fees is a good example of income that could be deferred.

Income deferrals are handled through Financial System Administration. Bring the check(s), with a brief written explanation of why the income should be deferred, to Karen Mitsuuchi, University Gardens Building, Suite #205. Your request should include the departmental account number/object code to credit in the new fiscal year. After obtaining approval, deposits are to be taken to the Cashier's office and deposited in the usual manner.

## **INTERDEPARTMENTAL INCOME AND EXPENSE DEFERRALS**

Deferrals of interdepartmental income and expense are left to the discretion of the departments involved. If service departments are willing to accept a 2004-2005 requisition before July 1, 2004, they are responsible for ensuring that the billing occurs in the correct fiscal year.

Travel purchases made through USC designated travel agencies in FY 2003/2004 for travel in FY 2004/2005 will no longer require a deferral. These purchases will be deferred according to the schedule below:

### **AIRLINE TICKET PURCHASES**

<b>Purchase Date</b>	<b>Departure Date</b>	<b>Fiscal Year Posting</b>
On or before June 24, 2004	June 25 to June 30, 2004	2003/2004
On or before June 24, 2004	On or after July 1, 2004	2004/2005
On or after June 25, 2004	On or after June 25, 2004	2004/2005

Expense reports where an expense was incurred before June 30, 2004 for a trip/event after July 1, 2004 will no longer require the need to obtain a deferral from the Comptroller's Office. Our office will coordinate with Disbursement Control to verify and approve the deferred expense to ensure that the proper fiscal year is expensed.

If you have any questions, please call Financial Administration and Performance at 821-1900.