

# RIT Finance Matters

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## Capital Equipment

### Definition of Capital Equipment

Capital equipment is defined as an article of nonexpendable, tangible personal property with a useful life of more than one year and an acquisition cost (including freight and installation charges) of at least \$1,500. RIT also capitalizes software with a cost of \$100,000 or more. *All capital equipment is recorded as an asset on the general ledger at the time it's purchased using object code 16200.*

The primary responsibility for safeguarding RIT's assets lies with Property Control, a unit within the Accounting/Financial Reporting group of the Controller's Office. However, departments across the Institute can assist in this important area by following a few simple guidelines developed by Property Control. Refer to the Controller's Office web page for guideline to follow when purchasing capital equipment:  
[http://finweb.rit.edu/controller/forms/Capital\\_Equipment\\_Guidelines.pdf](http://finweb.rit.edu/controller/forms/Capital_Equipment_Guidelines.pdf).

### Upcoming Physical Inventory

In addition to the guidelines for purchasing capital equipment, the Controller's Office is responsible for coordination of the annual capital equipment physical inventory. Information about the inventory was mailed to RIT managers and department contacts during the week of March 15<sup>th</sup>. To enhance the accuracy and completeness of RIT's financial statements, all departments have been asked to complete their inventories and to return information to the Property Control Office by May 21<sup>st</sup>. If you have any questions about the physical inventory process, call Janie McGrath-Briggs, Fixed Asset Analyst, at ext. 5-4933 (e-mail: [jfmcto@rit.edu](mailto:jfmcto@rit.edu)).

## Employee Self Service Corner

### Payroll Direct Deposit – Adding a New Account

#### What is a “pre-note”?

In order to set up direct deposit to a new bank account, you must first open the account with your financial institution. When the next payroll is run, the Payroll Office will submit a zero dollar transaction to your financial institution as a test. This “prenote” is a prenotification to the financial institution of the transaction to verify new bank account information before actual funds are transmitted. When viewing your payslip online, you will see the new account on your payslip with a zero dollar figure to indicate that the prenote process has occurred. Once this prenote process has been completed, the actual deposit will be made to your bank account during the next payroll period.

### Frequently Asked Questions about Employee Self Service

For a complete list of Self Service frequently asked questions and responses, please visit the Customer Support web page at:

[http://finweb.rit.edu/customersupport/emp\\_self\\_serve\\_faq.html](http://finweb.rit.edu/customersupport/emp_self_serve_faq.html)

## **Encumbrances**

### **What are Encumbrances?**

RIT's fiscal year end is just around the corner. One way to prepare for year-end is to review your department's encumbrances. ***Encumbrances are reservations of funds for future expenditures.*** Encumbrances are created automatically by the system when a requisition (later on a Purchase Order) is created. The account number used on the requisition will be the same account number that will reflect the encumbrance amount on your department or project statement. The encumbrance will give you a better picture of your budget because, by reserving the amount of funds specified on the requisition, it will remind you that those funds are no longer available for your department's use (e.g., because they have been put aside for an expenditure that has been committed to). The following example will provide a step- by- step illustration of the encumbrance process.

- You are asked to process a requisition to purchase a computer for \$1,700 for your department. Once you enter the requisition into Oracle, the system takes \$1,700 from your "Available Balance" on the 24-digit account that you specified and automatically creates an encumbrance for the same amount. When Accounting pays the invoice, the encumbrance will be reversed and an expense of \$1,700 will be reflected in the "Actual" and "YTD Actual" columns on your capital equipment statement.

Sometimes, discrepancies in the amount billed, or other factors may complicate this process and possibly prevent the encumbrance from clearing completely.

### **What's the best way to reconcile open encumbrances?**

If, after printing your department or project statements, there are amounts in the "Encumbrance" column, print an "Encumbrance Detail Report" (EDC – see instructions below). Compare the encumbrance amounts of both reports. If they match and you recognize the Purchase Order (PO) number in the EDC, then it's likely the information is correct. If they don't match, one possible reason is that there is an amount on the PO that was never used and it's still encumbered. If that is the case, call Purchasing (ext. 5-2107) and ask them to "finally close the PO". **If you have questions about reconciling encumbrances, call David Castro at ext. 5-2237.**

### **Tips for Running the Encumbrance Detail Report:**

Run the Encumbrance Detail Report after you have run your department statement or other Oracle reports and you notice that there are amounts in the Encumbrance column. Here is an example of how to complete the Parameter screen when requesting an Encumbrance Detail Report:

To get to the **Parameters** screen, log into Oracle through your **Report & Inquiry** responsibility. Double click on **Reports**. When the next window appears click on the Ok button, selecting **Single Request**. Within the **Submit Request** screen type **enc** in the name field and press the Tab key. Select **Encumbrance Detail Report** from the list and click on the **OK** button.

Oracle Applications - RITCTL - RIT PRODUCTION (QC-S)

File Edit View Folder Tools Window Help

ORACLE

Submit Request

Run this Request...

Name: **Encumbrance Detail Report**

Parameters:

Language: **American English**

At these Times...

Run the Job: **As Soon as Possible**

Upon Completion...

☒ Save all

Notify:

Print to: **prcto04**

Help (E)

Parameters

Title:

Accounts From: **01.15100.84000.00.84200.00000**

To: **01.15100.84000.00.84200.00000**

Cost Centers From:

To:

Encumbrance Dates From:

To: **31-DEC-2003**

Document Type:

Vendors From:

To:

Dynamic Precision Option: **2** -9,999,990.00

OK Cancel Clear Help

Record: 1/1

List of Valu...

<OSC>

As shown in the image above, the **account number** field and the **Encumbrance Date** (only the “to” date) are the only fields required to request this report. After you complete these fields, click on the OK button and submit /print the report.

## What’s New in Accounting?

### Changes to Account Numbers on Capital Equipment Statements

Effective March 1, 2004 the 24 digit account combinations used for non-capitalized expenses on your capital equipment project accounts (i.e., 84000 - equipment less than \$1,500) changed. All expense account combinations will now include the same Functional Expense Category (FEC) as the one used for your department’s operating account. This change is intended to streamline the preparation of external financial statements and in addition, to eliminate the confusion that has arisen from using FEC “00” with expense object codes on capital equipment accounts.

- Here’s an example for a 24 digit account combination for a \$1,400 printer that you are charging to your department’s operating account:

01 . 63100 . 84000 . 10 . 00000 . 00000

- Here's an example of the account number to use when purchasing the printer from your department's capital equipment project account:

01 . 63100 . 84000 . **10** . 84200 . 00000 (note that the FEC = 10)

When an expenditure is for capital equipment (equipment greater than >\$1,500), please continue to use asset object code 16200 with a FEC of "00" in the account combination.

- Here's an example of the account number to use when purchasing capital equipment:

01 . 63100 . 16200 . 00 . 84200 . 00000

Accounting disabled all expense account combinations for Project 84200 with a "00" FEC effective March 1, 2004. Accounting also set up new account combinations, using your department's FEC. Please begin to use the new accounts for all purchases (including purchase requisitions and procurement card purchases) beginning on March 1<sup>st</sup>.

Contact David Castro, GL/AP Customer Support Specialist at ext. 5-2237, if you have any questions about this change.

### **Accounting for Gifts-in-Kind**

RIT often receives gifts of equipment, software, printed materials, supplies, etc. from donors. These non-cash donations of materials or long-lived assets are referred to as gifts-in-kind. For financial reporting purposes, gifts-in-kind are recorded on the general ledger by Development as "gift income" and as a "gift-in-kind expense".

In order for departments to have access to gift-in-kind information, effective April 1<sup>st</sup> Development will begin to record gift-in-kind income and expenses on the general ledger account of the department that received the gift. In the past this information was recorded on a General Institute account. This change will be effective for all gifts-in-kind received during fiscal year 2004.

Watch for more information about this change in the Accounting March Closing memo.

### **Oracle Refereshers**

#### **How to Set Up your Oracle Default Printer**

The list of networked printers for printing Oracle reports is quite long and the name of your printer may not be easy to recognize in the List of Values. You may set up your networked printer in Oracle so that your printer's name defaults and you don't have to select it from the list of values.

Below are step-by-step instructions:

1. In the Navigator screen double click on the "Other" menu option, and then on "Profile".

2. Under the "View" menu click on "Query By Example", and then click on "Enter".
3. In the "Profile Name" field type "Pri%".
4. Under the "View" menu click on "Query By Example", and then click on "Run".
5. Place the cursor in the "User Value" field of the "printer" profile row.
6. Click on the "List of Values" icon on the tool bar, and select your Printer's name from the list.
7. Click on the "Save" icon on the tool bar to save the settings.

### **Oracle Reprint Function**

A common question from Oracle users is "How can I go back and print a report that has completed, but was not submitted to print?" The answer to this question is the "Reprint Function". Below are step-by-step instructions for reprinting Oracle reports:

1. Once the report you submitted has completed, make a note of the request id number.
2. From the "Navigator" screen click on the "View" menu, and then on "Requests"
3. In the "Find Requests" screen click on "Find" to select the "All My Requests" option.
4. Find the request id for the report you want to reprint, and place the cursor in that row.
5. Under the "Tools" menu select "Reprint".
6. The "Reprint Options" screen will open. Select the number of copies and the printer, and click "OK".
7. Click on the "Refresh Data" button to view the progress of the reprint request.

### **General Ledger Object Codes**

Chances are that you have come across an Oracle account segment that you are unable to decipher. Don't be frustrated! Each Oracle general ledger account numbers consist of five segments (pieces), and for some of the segments (i.e., Department, Object, and Project), there are hundreds of numbers that have been created in the general ledger. The good news is that there is an easy way to find out more about these account segments. Visit the Controller's Office web page for information about the Chart of Accounts:

<http://finweb.rit.edu/controller/accountno.html>.

Click on the segment that you need information about (see the next page to view the sample screen). For the purpose of this example, we have selected "Object" and entered object code 75000. You can also enter a description. Click on the **Search** button. If that particular object code or description exists in the Oracle chart of accounts, a list matching the search criteria will display on the page. You can copy the information on the list and paste it into Word for future reference. If you need help using this tool call David Castro at extension 52237.

## Segment Value Listings

The new accounting number, stored in an accounting flexfield in the Oracle database, is comprised of twenty-four digits and divided into six segments as listed below. To see a report listing the values for each segment, click on the segment name.

Segment	Digits	Entries
<u>Entity</u>	2	4
<u>Department</u>	5	950
<u>Object</u>	5	1376
<u>Expense Category</u>	2	16
<u>Project</u>	5	2747
<u>Academic Discipline Code</u>	5	2

## Object Account Number Structures

You can either enter the **Object Number** in the *To From* fields or you can search for an Object by typing the **Object Name** in the *Object Name* field. Wildcards are accepted in the **Object Name** field. *The wildcard is the standard Oracle wildcard '%'*

From Object:

To Object:

Object Name:

## Search Results

Search returned 1 results.

Object	Description
75000	PROFESSIONAL FEES