

Distribute General Revenue and Expenses by Acre

Document #: 3078 Product: CenterPoint® Accounting for Agriculture

Account distributions allow you to distribute financial activity to your production details using the production information stored in the crop production details. This document explains how to distribute by acre.

Step A - Assign the Distribution Factor

Step B - Create an Account Distribution

Step C - Assign Accounts to the Distribution

Step D - Test the Distribution (optional)

Step E - Apply Distribution (only if distribution in Step A was setup with the apply later timing option)

Prerequisite: Each crop production center detail must have the number of acres identified. Select Setup > Profit and Production Centers > Crop Production Center Details to verify or modify the number of acres.



Note: To print a report that shows the transaction activity for your production, select **Reports > Reports > Production Reports > Crop Production Detail Reports > Crop Production by Production Year** and select the crop production details you want to view.

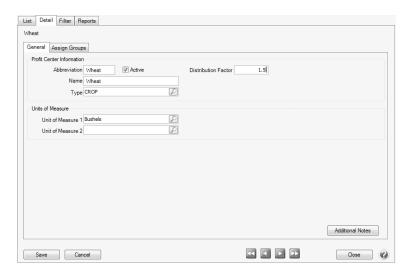
Step A - Assign the Distribution Factor

The Distribution Factor provides a way to more accurately assign the expenses by a scale of one crop to the average crop. The Distribution Factor automatically assigns 1.0. 1.0 represents average; Crops hat cost less than average will be less than 1.0, Crops that cost more than average will be more than 1.0.

Example Calculation of Distribution Acres: If there are 200 acres of wheat and it is assigned a distribution factor of 1.5. The distribution will use 300 for wheat (200 actual acres multiplied by 1.5 (distribution factor).

To assign the scaling factor:

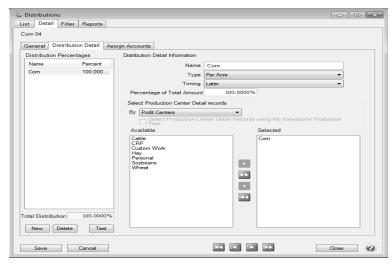
- 1. Select Setup > Profit and Production Centers > Profit Centers.
- 2. Select the **Profit Center**.
- 3. Select the **Detail** tab.
- 4. Enter the **Distribution Factor**.



5. Click **Save**. Repeat steps 2-5 for each crop profit center.

Step B - Create an Account Distribution

- 1. Select Setup > Accounts > Distributions. Click New.
- 2. Enter an Abbreviation (optional), Name and Description to easily identify this account distribution.
- 3. The **Active** check box will automatically be selected, clear the check box if this distribution is no longer active. If the check box is cleared, accounts cannot be assigned on the Assign Accounts tab and if accounts are assigned when the distribution is inactivated, a message displays reminding you that the accounts will be removed when the distribution is saved.
- 4. Select the **Distribution Detail** tab. The Distribution tab will be used to identify how the expenses should be distributed. A distribution can be dispersed to an unlimited number of profit centers or production center details.
- 5. Click **New** in the lower left corner.
- 6. Enter a Name for this portion of the distribution, such as Crops by Acre.
- 7. Select **Per Acre** as the **Type**.
- 8. Select the appropriate **Timing** option. Choose between:
 - Later: This option will record the revenue or expense to the account but won't distribute it to profit centers or production center details until later when the Apply Distributions process is completed (defined in step D below). This option is for those that won't know at the time of purchase how they'll be using it, thus how they'll want it distributed.
 - **At Transaction**: At the time the transaction is entered, it will record the revenue or expense and it will automatically distribute it to the previously defined profit centers or production center details.



Enter the **Percentage of Total Amount** for this portion of the distribution. In this example, 100% of general overhead expense is allocated to Crops by Acre. Distributions can be combinations or more than one distribution detail. For example, you could assign a percentage of the total to livestock and the remainder to be distributed by acres to all the crops. Distributions can be made for any combination required in your operation.

- 9. In the **By** box, select the production center detail records to distribute by either Profit Centers or Production Centers.
- 10. All profit centers/production centers will be displayed on the left in the **Available** section. Use the right arrow to move profit centers/production centers to the right (**Selected**) for this allocation.
- 11. Repeat step 4-10 for each distribution needed.
- 12. Click Save.

Step C - Assign Accounts to the Distribution

- 1. Select Setup > Accounts > Distributions. Highlight the appropriate Distribution and click Edit.
- 2. Select the Assign Accounts tab.
- 3. The **Assign Accounts to Distributions** area will list all accounts not already assigned to other distributions on the left side of the screen. Each account that should use this distribution should be moved to the right side of the screen by double clicking on the account or using the green arrow buttons located between the account lists.
- 4. Once all appropriate accounts for this distribution have been selected, click **Save**.
- 5. You can verify the distributions you have assigned to accounts by printing any of the Chart of Accounts reports found in Reports > Reports > Setup Lists > Chart of Accounts, Chart of Accounts with Levels, or Chart of Accounts by Distribution.

Step D - Test the Distribution (optional)

The Test Distribution step allows you to verify that a distribution has been setup correctly. The test does not actually distribute the amounts, it just displays an example of what would happen if transactions were entered for that amount.

- 1. Select Setup > Accounts > Distributions. Highlight the appropriate Distribution and click Edit.
- 2. Select the Distribution Detail tab and click on Test in the lower left side of the screen.
- 3. Enter an amount in the **Distribute This Amount** field and click **Distribute**.
- 4. The total dollars are allocated based on the distributions defined on the **Distribution Detail** tab.
- 5. Click Close.

Step E - Apply Distribution (only if distribution in Step A was setup with the *apply later* timing option)

If you have chosen **Later** as the timing option on a distribution (step B6 above), there is an additional processing step that manually distributes the dollars. We recommend being consistent on the frequency and time you run Apply Distribution, such as at the end of each month.



Note: If **At Transaction** was selected as the timing option on a distribution, step D is skipped entirely.

Prerequisite

If theprofit center or production center details breakdown in the Distribution Details screen were left blank in Step B8, they must be defined prior to processing Apply Distribution transactions.

- 1. Select Processes > Periodic > Apply Distributions.
- 2. Click Create New.
- 3. In the Company box, enter the company name that the apply distribution transactions should be created for.
- 4. In the **Transaction Date** box, the next "calculated" date to create apply distribution transactions displays. The date is calculated by taking the last date transactions were created and incrementing the date one month. The day of the month will default to the last day of the month, but can be changed.
- 5. In the **Transaction Number** box, enter the transaction number for the apply distribution transactions or click the sequence number icon and select the next available sequence number. See the <u>Maintaining Sequence Numbers</u> topic for more information.
- 6. In the **Memo Line 1** box, enter an optional memo for the transaction. In the **Line 2** box, if the transaction is assigned a name that was setup with a default memo, it will display automatically and can be overridden.
- 7. Enter an optional Notation.
- 8. Click OK.
- 9. If you wish to change the distribution amounts in the Amount column before posting, type over the existing amount. Click **Edit** to add/change/remove account distribution detail lines and recalculate the remaining details (click **Reset** to set the distribution back to the amounts prior to any changes).
- 10. Click **Post** to complete the process.



Hint: Setup a scheduled reminder and CenterPoint will remind you to Apply Distributions on a consistent frequency. View the Scheduled Reminder document for step by step instructions.