Distribute General Revenue and Expenses

Document #:	3077	**Product:**	CenterPoint® Accounting for Agriculture

Overhead expenses are those production and non-production costs not readily traceable to specific profit centers or production center details. Although overhead expenses are not directly related to any specific area of your business, they do play a part in the profitability of each area. Account distributions can be used to automate the process of expensing overhead to profit centers or production center details.

Expenses can be distributed by percentage, by acre or by head, and can be distributed at the time the expenses are entered or later when you know exactly how they should be distributed. A distribution can be setup that distributes all overhead expenses or distributions can be setup for various scenarios (for example, distribute utility costs to the various entities of the business). Distributions can also be used to distribute unallocated revenue, such as a government ag payment.
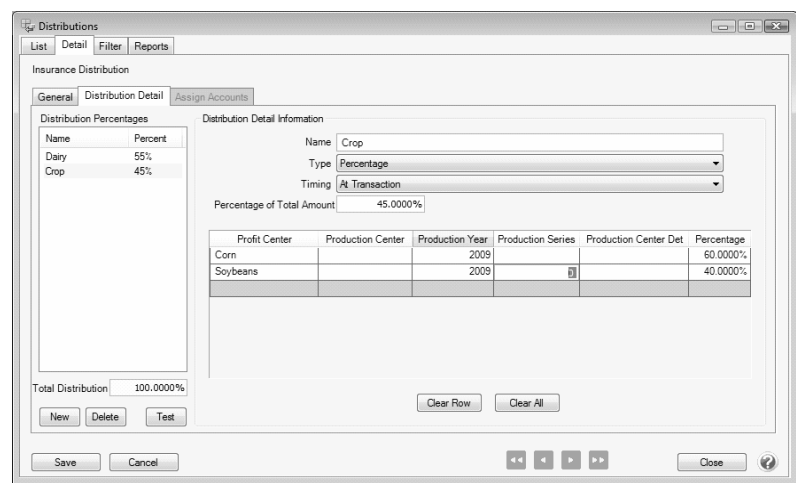
> **EXAMPLE:** Overhead expenses, such as insurance expense, will be distributed to all profit centers based on each profit center's percent of total gross revenue. In our example, dairy is 55% of the operation. Crop is 45% with two crops of corn (60%) and soybeans (40%).
>
> If the insurance bill is $1,000:
>
> $550 insurance expense would be allocated to dairy
>
> $270 insurance expense would be allocated to corn
>
> $180 insurance expense would be allocated to soybeans

Step A: Create an Account Distribution

Step B: Assign Accounts to the Distribution

Step C: Test the Distribution (optional)

Step D: Apply Distributions (only if distribution in Step A was setup with the *apply later* timing option)

Step A - Create an Account Distribution

Last Updated 1/30/2023

1. Select **Setup** > **Accounts** > **Distribution**.
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 The **Active** check box will automatically be selected, clear the check box if this distribution is no longer active.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 Dairy.

7. Select the appropriate Type. **Percentage** will allow you to distribute based on a percentage of an amount. **Per Acre** and **Per Head** will allow you to distribute based on the number of acres or head assigned to the production detail.

8. Select the appropriate **Timing** option. Choose between:
   » **Later**: This option should not be used for distributing Payroll expenses.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.

   > Note: If you are changing the timing for an existing distribution, an *Are you sure you want to change the distribution timing?* message will display to inform you that the timing selection affects the account activity included in Processes > Periodic > Apply Distributions and affects editing a general journal transaction that used this distribution. Click Yes to continue or No to cancel the change to the timing for the existing distribution.

9. Enter the **Percentage of Total Amount** for this portion of the distribution. In this example, 55% of general overhead expense is allocated to dairy and 45% to crops.

> Note: For information on distributing per head or acre, please review the Distribute General Expenses & Revenue by Acre or Distribute General Expenses & Revenue Head documents.

10. In the grid, select the appropriate **Profit Center** or production center details (**Profit Center, Production Center, Production Year**, etc.) for this portion of the distribution.
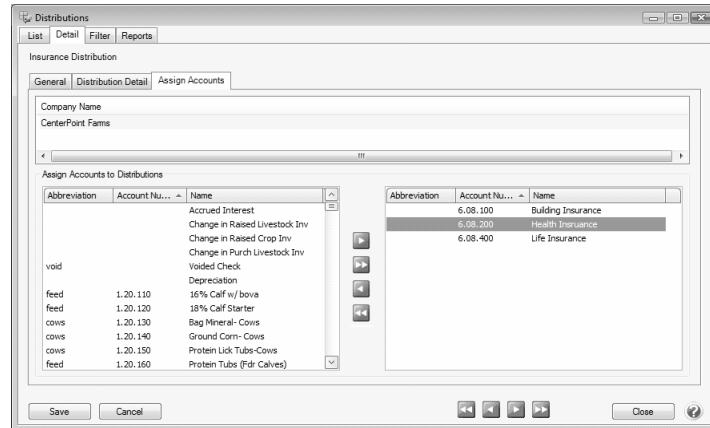
> Note: If you have chosen Later as your Timing method, the grid can be left empty until you know what will be planted where.

11. Repeat steps 4-8 to identify each disbursement breakdown in the distribution. The **Total Distribution** field on the left will keep a running total of all details included in the distribution.
12. Click **Save**.

Step B - 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.
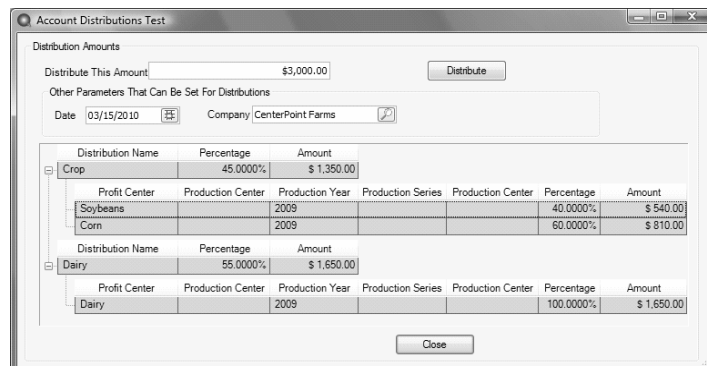

4. Once all appropriate accounts for this distribution have been selected, click **Save**.
5. You can verify the distributions you have assigned to accounts by printing any of the Chart of Accounts reports found in Reports > Reports > Setup Lists > Accounts > Chart of Accounts, Chart of Accounts with Levels or Chart of Accounts by Distribution.

Step C - 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**.

Red Wing Software • support@redwingsoftware.com • www.redwingsoftware.com • 800-732-9464

Page 3 of 5

This documentation is for informational purposes only. For specific accounting guidance, please contact your accountant.

Last Updated 1/30/2023

Step D - Apply Distribution (only if distribution in Step A was setup with the *apply later* timing option)
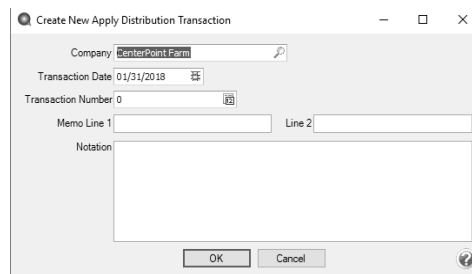
If you have chosen **Later** as the timing option on a distribution (step A6 above), there is an additional processing step that manually distributes the dollars. We recommend being consistent on the frequency and time you run Apply Distribution, such as at the end of each month.

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

P r e r e q u i s i t e
If the profit centeror production center details breakdown in the Distribution Details screen were left blank in Step A8, they must be defined prior to processing Apply Distribution transactions.

1. Select **Processes > Periodic > Apply Distributions**.
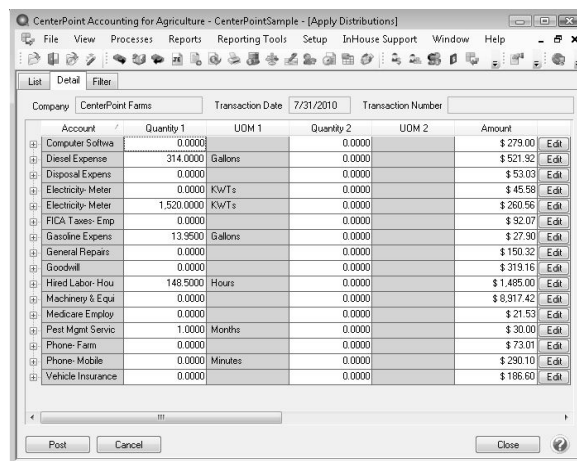2. Click **Create New**.

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 *Maintaining Sequence Numbers* 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**.

Red Wing Software • support@redwingsoftware.com • www.redwingsoftware.com • 800-732-9464
Page 4 of 5

This documentation is for informational purposes only. For specific accounting guidance, please contact your accountant.
Last Updated 1/30/2023

9. If you wish to change the distribution amounts before posting, click **Edit** at the right of the transaction.
10. Click **Post** to complete the process.
11. From the List tab, you can perform the following actions on a posted transaction:

» **Edit a posted transaction:** Select the posted transaction, click **Edit**, change the transaction, click **OK**, and then click **Post**. The distribution transaction recalculates using the same date, company, transaction number, and notation.

» **Delete a posted transaction:** Select the posted transactions, click **Delete**, click **Yes**. All distribution transactions for the company and date will be reversed.

11. 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).

> *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.*