Distribute General Revenue and Expenses by Head

Document #:	3079	Product:	CenterPoint® Accounting for Agriculture

Account distributions allow you to distribute financial activity to your production details using current number of head on hand in inventory balances. This document explains how to distribute by head.

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: Livestock Production Center Details must be defined and assigned to the appropriate Account Categories. Select Setup > Profit and Production Centers > Livestock Production Center Details to verify that Production Center Details have been defined. Select Setup > Accounts > Account Categories > Balance Detail tab (for the livestock account category) to verify that the Livestock Production Center Details have been assigned to the livestock account category. The Livestock Production Center Details must be assigned to the Balance Detail of the livestock account category so the program can track and identify the current head on hand.

Step A - Assign the Distribution Factor

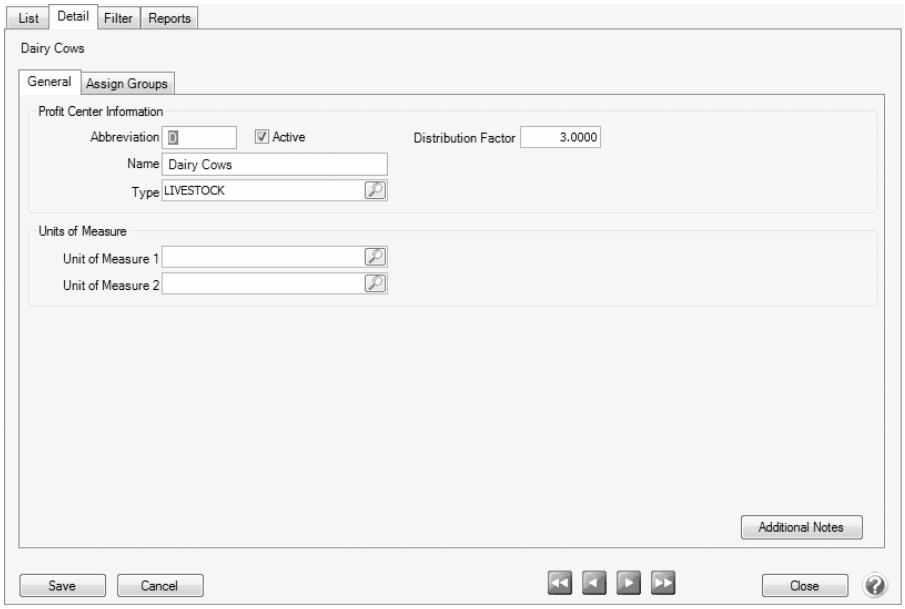
The Distribution Factor provides a way to more accurately assign the expenses by a scale of the average profit center to the other profit centers. The Distribution Factor automatically assigns 1.0. 1.0 represents average; profit centers that cost less than average will have a distribution factor less than 1.0. Those profit centers that cost more than average will be assigned more than 1.0.

Example of how distribution factors are used to distribute dollars: If there are 35 cattle that are assigned a distribution factor of 1, the distribution will use 35 head of cattle. If there are 6 heifers that are assigned a distribution factor of 2, the distribution will use 12 head of heifers (actual head (6) multiplied by the distribution factor (2).

To assign the scaling factor:

1. Select **Setup > Profit and Production Centers > Profit Centers**.
2. Select the **Profit Center**, select the **Detail** tab, and then Enter the **Distribution Factor**.

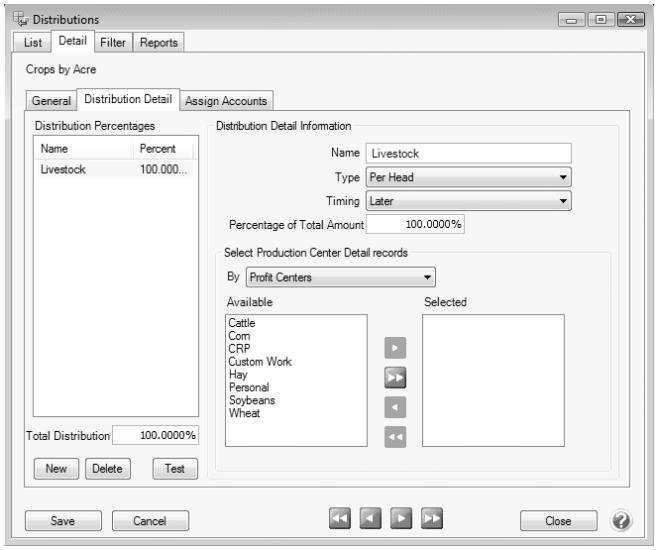
This documentation is for informational purposes only. For specific accounting guidance, please contact your accountant.



3. Click **Save**. Repeat steps 2-5 for each livestock 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 Livestock by Head.
7. Select **Per Head** 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 the distribution is setup how they'll be distributing it.
    - **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.
9. Enter the **Percentage of Total Amount** for this portion of the distribution. 100% can be assigned or distributions can be made for any combination required in your operation. In our example, we had 30% of overhead be distributed by head for various livestock profit centers, and 70% be distributed by acre to livestock profit centers.



10. In the **By** box, select the production center detail records to distribute by either Profit Centers or Production Centers.
11. 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.
12. Repeat step 4-10 for each distribution needed.
13. 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

Note: (Use Step E - Apply Distribution only if thedistribution 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.

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**.
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.