Year-end Procedures
Is the Information Reasonable?

One of the most important characteristics of a good manager is to know when the information presented is reasonable. Once the “Daily Grind” is complete, including checking through the unclassified column and reconciling the notes, it is time to complete the allocations and transfers. However, unless you want to go through the process several times, you must check the information to be assured it is reasonable.

Tips for “reasonable” check:

If there is income in a particular class, there should also be expenses like seed, fertilizer, vet medicine, feed, etc.

If there are expenses in a class there should be income or an explanation of why there is not (production cycle not complete, crop failure, weaned calves moved into preconditioning or stocker phase of production.)

If you can’t find income on a particular enterprise (and you know you sold something), check other bank accounts (savings or personal account). Also, you may have taken income directly to pay a note down. The loan reconciliation should show the latter scenario.