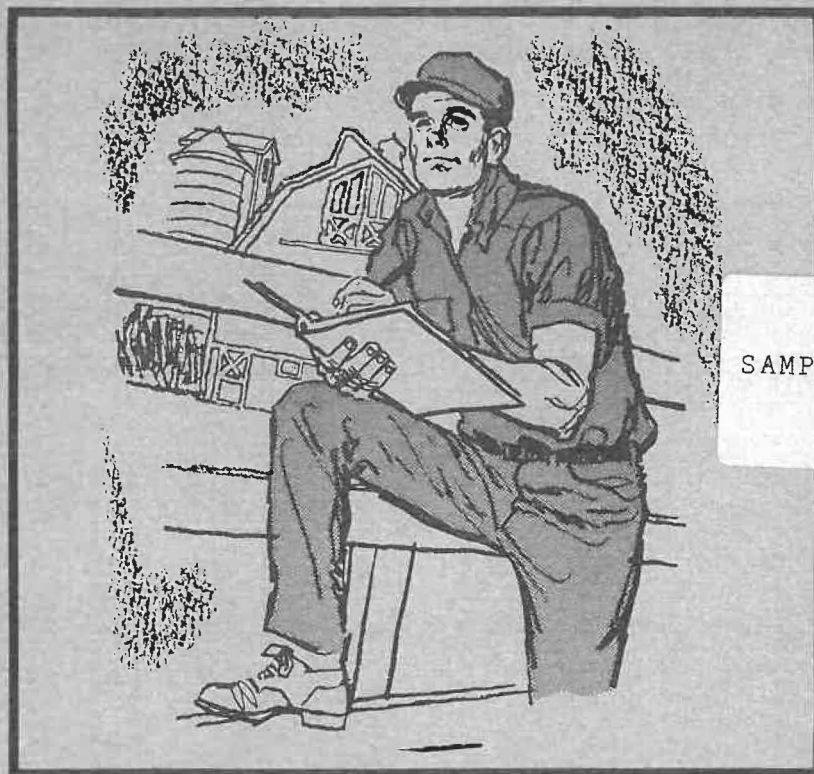


RECORD KEEPING HELPERS FOR FARMERS



SAMPLE DO NOT TAKE

***TO ASSIST FARM MANAGERS
IN KEEPING ACCURATE AND
UNIFORM ACCOUNTS FOR
FARM AND HOME BUSINESS
ANALYSIS***

Prepared by Adult Agriculture Teachers of Minnesota at the Mankato Vocational Conference
August 15 - 17, 1972

TO ENROLLEES IN THE MINNESOTA FARM AND HOME BUSINESS ANALYSIS

This booklet has been prepared for the sole purpose of helping you and your family keep more accurate and uniform farm accounts. Complete and uniform records produce accurate averages which help make the correct decisions that are necessary to successful farm management.

Farm records should be uniform from one year to the next and as much like other records used in the averages as your individuality will permit. Your farm management instructor asks that you use the suggestions outlined in this book if they do not conflict radically with your present record system.

May every undertaking in your farm business be successful and may you reach the financial goals you have set on time or ahead of time.

Your Adult Agriculture Instructor

LIVESTOCK

1. Feed Supplied for Son or Daughter's Livestock

- Report as a Crop Sold and as Labor Expense

2. Feed Carryover at the End of the Year

- Inventoried and allocated to the proper livestock enterprise the following year

3. Inventoried Purchased Feeds at End of the Year and Fed the Following Year

- If paid for, record as feed bought and inventory on p. 30-31, Crop Feed and Seed Inventory
- If not paid for and handled as a loan, enter as feed purchased, money borrowed and inventory on p. 54 as a closing inventory liability

4. Commission and Marketing Charges Entered Along with Trucking

- Change the heading on one column for marketing commissions on each livestock sale page and transfer it yearly to p. 40
- Make each entry on p. 40 Custom Work Hired

5. Hogs Born Alive or Dead

- All fully developed pigs (dead or alive) should be counted as born

6. To Get a Weanling Pig and Finishing Breakdown of a Complete Hog Enterprise

- Beginning Inventory; keep weaning and finishing hogs separately
 - Enter weanling pigs, sows and boars on p. 16, col. 6-11 and the monthly check col. 22, line 1
 - Enter finishing hogs on p. 12 or 13 or 14 or 15, col. 1-10 and monthly livestock check col. 2, line 1
- Sale of weanling pigs
 - Enter as a sale all pigs (1) pigs sold for cash, enter as market animals sold p. 17, col. 9-16; (2) pigs retained for finishing operation. Enter on monthly livestock check p. 16, line 6, col. 22-33 and enter as a transfer of weanling pigs to finishing hogs with weights, numbers, and values. (Use any column not used on p. 17 or make up your own sheets)

- Enter same number, weights and value as purchased or transferred in to feeders purchased p. 13, 14, 15, col. 23-31 and the monthly livestock check, line 2 or 3, col. 2-13
- Retaining gilts from finishing unit to breeding herd
 - Enter as weanling transferred out, p. 13, 14 or 15 and col. 14-22 with value per unit, a transfer in to the breeding herd (be sure to note numbers, weights and values)
- Feed purchased
 - Feed must be kept separately for breeding herd and weanling pigs and finishing hogs on p. 32-36
- Miscellaneous Livestock Expense p. 24-25 must be kept separate for breeding herd and weanling pigs and the finishing hogs

7. Leased Livestock, Livestock Equipment, etc. with no Option to Buy

-- Cows

- Enter beginning inventory p. 5, col. 8, 9 and 11 and the number in monthly livestock check line 1, col. 7
- Leased during year - enter on p. 4, col. 19, 22 and 23 or 24 and in monthly check line 2, col. 7-18
- If they leave the herd during the year, enter on p. 5, col. 17-20 and 21 or 22
- If on hand at end of year, enter on p. 5, col. 12-14 and 16
- Lease payments made; enter on p. 4, col. 19-23 Dairy Cows Bought

-- Sows

- Enter beginning inventory, number and value on p. 16, col. 6-9 and 10 or 11, and in monthly livestock check, line 1, col. 22
- Leased during year, enter as bought, p. 16, col. 34-39 & 40 or 41
- If sold by "landlord" to "operator" (a) enter as a sale by landlord p. 17, col. 1-6 and 8, (b) as a purchase by operator, p. 16, col. 34-40
- Enter ending inventory on p. 16, line 1, col. 33
- Lease payment (pigs returned in lieu of sow)
 - Enter as market animals sold p. 17, col. 9-15
 - Cash lease payment, enter as hogs bought, p. 16 col. 34 & 35 and 39 & 40

-- Equipment leases

--- Short term leases (one season only)

---- Enter as Repair & Upkeep of Equipment

--- Long term lease (several years involved and large amounts of money involved)

---- Enter as Repair of Upkeep of Equipment

8. Sale of Dairy Herd

-- Auction expense is entered as Miscellaneous Livestock Expense

9. Income and Expense for Rented Sires

-- Enter income under the sales category of the appropriate enterprise

-- Expense items should be entered as Miscellaneous Livestock Expense

10. Interest on Feeder Cattle, Hogs and Lambs

-- Enter in Payment of Debt, Interest column, work in by hand on the return with the farmer

11. How to Handle a "Heifer Raising Plan" in the Account Book

-- The "Heifer Raising Plan" is probably analyzed more correctly in the Other Dairy Cattle section of the analysis rather than among feeder animals

HEIFER RAISING PLAN Account Book Procedure

A problem arises when two farmers want printout information that is meaningful to both of them, that is, the farmer who is raising the calves for pay and the one who owns the heifers. An example of a "heifer raising agreement" is as follows: The owner agrees to pay a farmer 30¢ per pound for raising his heifer calves from birth to springing heifer age. Owner gives the farmer \$10/month/head until the heifers are to be taken back to the owners farm. The farmer raising the calves furnishes all feed, vet expense, breeding fees, etc. At the time heifers are brought back, both parties settle up for the difference left to pay for raising the calves.

Account Book Procedure - In Owners Account Book

1. As calves are taken to the operators place to be raised they are transferred out of other dairy cattle into another livestock enterprise (one farmer isn't using such as beef breeding cattle). When they are brought back to the place they are transferred into other dairy cattle again.
2. At beginning and end of year the cattle are inventoried at dairy market value under operators column, under beef breeding herd if this is the enterprise being used. NOTE: When entering information on data sheet No. 1, do not put livestock number information at bottom of sheet, only the inventory and transfer information at top of sheet. If numbers are left out it will not add to the farmers work units.
3. Enter cost of raising heifers under custom work hired. (Or divide total cost 60% for feed bought and 40% for custom work hired).

Account Book Procedure - In Operators Account Book

1. If operator has animals belonging to the owner either at beginning or end of the year, inventory them under other dairy cattle under landlords column. Use dairy market value.
2. As animals are brought onto the farm and taken back to the owner they are handled as purchased and sold by the landlord in the landlords column. Example: Heifer calf comes in at 100 lbs. and a value of \$75. Heifer goes out at 1300 lbs. minus initial weight of 100 lbs. or 1200 lbs. @30¢ lb. = \$360 (this is what the operator gets for raising the animal). Operator shows the sale of heifer under landlords column at \$435 (\$375 + \$75)
3. The operators own income from the heifer comes in monthly at the rate of \$10/head/month from the owner plus any difference to be paid when heifer is brought back to farm as springing heifer. This income at the end of year is divided between feed sold and miscellaneous farm income, and entered as such. Example: \$1000 income from raising calves would be divided \$600 feed sold and \$400 miscellaneous farm income. A corresponding figure is entered in landlords expense side as \$600 for feed bought and \$400 custom work hired.

Needless to say, these records are kept out of averages at the Center.

12. Complete Analysis of Large Poultry Enterprise

-- Net income method

- Keep a record of expense and income in another book and record the net income received as one figure on p. 53. Income from Work off the Farm at the end of the year. Depreciable items should be a part of the special record so not to influence allocation of building costs to other enterprises

-- Complete record method

- Record information available from company records on p. 20-21 and p. 24, 25 and p. 32-36. Include depreciable items in regular depreciation schedule

C R O P S

1. Entries for Sealed Grain

- If handled as income when the crop is sealed
 - Enter quantity and value as Crop Sold on p. 37
 - Enter the over run under Crop Inventory, p. 30
 - At the time of sale, interest and fees should be entered as interest paid, p. 54. If fees are listed separately, enter these on p. 39 as Miscellaneous Crop Expense
 - When the crop is sold and the loan paid off, enter over run as Crops Sold, p. 37
 - If crop is bought back to be fed, enter quantity and value (ASC figures as Feed Bought p. 34-36)
- If handled as a liability item
 - Record ASC dollars received as Money Borrowed on p. 54
 - Enter value on p. 54 as End of Year Inventory of liabilities
 - Enter full quantity of crop on Crop Inventory, p. 30
 - Enter payment of loan as payment on debts and interest, p. 54
 - Crop may be sold or fed without affecting the above steps

2. Refund on Seed Corn or Chemicals

- If already entered as a Crop Expense, enter on the same page and label as a Refund (-\$50.00)

3. Seed Corn and Chemicals Purchased in the Fall or not used during current crop year

- This should be treated the same as fall applied fertilizer

4. Gas & Electricity Expense for Crop Drying and Custom Drying

- Farm crop drying
 - If metered service, enter the costs on p. 39 under other crop expense and allocate to the appropriate crop

-- Custom crop drying

- Allocate share of custom drying in a separate column on p. 39 headed "Custom Drying or Miscellaneous"

5. Charges for Custom Application of Fertilizer and Chemicals

- Enter application charge as Custom Work Hired and allocate to the appropriate crop
- Fall application of fertilizer should be entered under Custom Work Hired and allocated to Closing Inventory of Crop, Feed and Seed, p. 31. Be sure to pick up the opening inventory the following year and allocate to the appropriate crop but not in col. 5, 6 or 7, p. 38
- Enter the amount paid for the fertilizer and chemical as Crop Expense on p. 38 and allocate to the appropriate crop

6. Fall Application of Fertilizer (whether applied or purchased for next year)

- Enter as Fertilizer Bought p. 38 only is col. 5 and 7. Do not allocate to specific crops. Inventory in Ending Inventory on p. 31. Next year enter as Beginning Inventory on p. 31. Transfer to p. 38 "Fertilizer Bought" and allocate to specific crops in cols. 8 to 13 only. Do not enter in cols. 5, 6 and 7
- If purchased on a check note, enter as above plus
 - Enter check note on p. 54 as Money Borrowed
 - Check note should also appear on Ending Inventory p. 54 and be carried to Beginning Inventory p. 54 in the next record book
 - When paid, enter as Paid on Debt, p. 54
 - If not paid for (on account with spring billing)
 - Enter as money borrowed

7. Gas Expense for Crop Drying and Irrigation

- Enter on p. 39 under Other Crop Expense and allocate to the proper crop

8. Crediting the Oat Crop with the Value of Raised Straw

- Value the baled straw and subtract baling costs to get a net value
- Add the net value of the straw to the value of the oat crop
- Divide this amount by the total bushels of oats produced and record the per bushel value on the computer sheet, or
- Omit straw from price calculation. Enter by hand in Table 10; crop analysis in space provided

9. Value on Oat Silage

- If the farmer feels the value of oat silage is not high enough, he may use his own value

10. Legume Seed Costs Spread Over the Rotation

- Should be listed as an expense in the year seeded. Cannot be allocated unless a crop is produced

11. Standing Hay is Purchased

- When standing hay is purchased, the purchase should be pro-rated as to the portion of total crop harvested. This should be entered under rented land on p. 29. The expense can then be entered as cash rent on p. 51

12. Sunflowers Raised on Government Ground

- On p. 29, Crop Data, subtract sunflower acres from total diverted acres and report as two entries (1) Diverted Acres, and (2) Sunflowers Produced
- On p. 37, report income separately in the same two categories
- On p. 38, 39 and 40, the same categories for costs

13. Expenses and Receipts for Hail Insurance

- Hail insurance expense should be allocated on p. 39 of Other Crop Expense
- Hail insurance income should be reported on p. 37 under Crop Income and as a crop sale with yield equivalent. Must also be included in production on p. 29

14. Reimbursement for ASCS Practices

- Enter reimbursement on p. 53 as miscellaneous farm income

15. Two Crops Raised on Same Ground in One Year

- First crop; enter the same as any other crop, p. 29 Sales & Expenses, p. 38 and 39
- Second crop; calculate production on that field and add it to the production on that same crop on the other fields (p. 29, col. 4 & 6)
- Reduce acres of first crop by a normal yield of second crop

16. Shortages and Over-runs of CCC Crops

- Shortages; enter as Miscellaneous Farm Expense
- Over-runs; enter as "Crops Sold" p. 37 in the year of occurrence; Enter dollars and no bushels if not on earlier inventory

17. Hedging of Crop & Livestock Sales

- Determine whether a farmer is hedging a sale or speculating
- Hedging costs should be entered on the appropriate crop or livestock pages
- Speculation costs should be handled under investments made this year
- Any amounts over and above the farm production of any enterprise should be regarded as speculation

18. Purchase of Crops in Field

- Enter as Feed Bought on p. 32-36
 - If not fed, inventory at end of year
- Quantity should be determined when harvested and be recorded in all of above areas that are affected
- Inventory of standing crops
 - Estimate the value and quantity as accurately as possible and enter as Ending Inventory p. 30-31 and on p. 29
 - Carryover to Beginning Inventory p. 30-31 of next year

19. Recording Yields Under Various Methods of Harvesting

- Choice A--Convert to one standard form; all in hay, haylage or silage.
Refer to "Crop Storage Capacity Handbook" for conversion factors.
All quantities must be in tons (not bales, pounds, etc.)
- Divide acres to allocate share as a full crop to each method of handling.
Note: this is usually not as accurate as "A" for recording

20. To Get Accurate Measurements of Crop Yields

- Use bushel weights
- Moisture corrections
- Field measurements
- Crop and feed checks
- Wagon or hopper measurements and numbers

21. Crops Left in the Field

- They should be inventoried at in the field values.
Note: Machinery expense will be affected by this practice.
Reduce ending value by the estimated cost of harvesting

22. Farms Rented on Crop Share Basis

- Account for landlord's share of expenses and for
the landlord's share of the income from that crop

23. Cleaning of Drainage Ditches

- Enter in Repair and Upkeep of Farm Real Estate, p. 41
or amortize an extensive job

BUILDINGS & EQUIPMENT

1. Establishment of Windbreaks, Ditches and Terraces

- Enter expense of establishing windbreaks, ditches and terraces on p. 42-43 as Real Estate Bought. Any reimbursement should be entered as Miscellaneous Farm Income

2. Building Rental Expenses

- Enter as building repair and upkeep

3. Allocation of Electrical Expenses for Large Enterprises

- Have the electric company install a separate meter
- Estimate the use as this varies with individual situation

4. Change from a Leasing Situation to Ownership of the Same Property

- List the purchase by the operator on p. 42 and 43 and establish a new basis for depreciation purposes
- Items in the depreciation schedule on p. 14 landlord column should be sold on p. 43
- If money is borrowed, enter under liabilities on p. 54

5. Entries Necessary When a Landlord Owned House is Sold and Becomes the Personal Residence of the Buyer

- Landlord sells the house and enters the transaction on p. 42 and enters the amount in col. 29-31
- Buyer enters purchase on p. 42 and 43 and records the amount in col. 5, 6, and 9. Also make the necessary changes in the depreciation schedule by removing the house from the landlord's farm ending inventory and placing it on the schedule for the operator's house on p. 16

6. Down Payment is Made on a Farm with Possession the Following Year

- Enter the down payment or earnest money as an investment on p. 55
- Enter the amount of down payment in col. 3, p. 55 as an inventory of non-farm assets at the end of the year
- On January 1 of the following year, enter this amount in col. 2, p. 55
- On the date of possession or effective contract date, enter full purchase price of farm (including the down payment) as Real Estate Bought, p. 42

7. House Rent and Upkeep for Hired Labor's House if Rented from a Third Party

-- Show as Repair and Upkeep of farm real estate

8. Sale of Land for Road Building

-- Reduce land value in the depreciation schedule based on acres sold

-- List the sale of a capital asset on p. 43

-- Seller may wish to handle this differently for income tax purposes

9. Expenses in Connection with Buying Real Estate for Farm Expansion and as a Non-Farm Business Investment

-- Enter the description and value of real estate on p. 42 and 43 listing each item separately (land, buildings, fences, house, etc.). Enter each item on the depreciation schedule at the end of the year. Enter liabilities at the end of the year as money borrowed and liabilities ending inventory

-- Non-farm business investment. Enter on p. 55 under Investments This Year

10. Inherited Land

-- Show as a purchase of land on p. 42 at appraised value

-- Show it as a gift in non-farm income

CREDIT-TAXES-INSURANCE

1. Stock Purchased Required by PCA Loans

- Enter as Investments This Year, p. 55 and as an ending inventory of Non-Farm Assets on p. 55
- If the money was borrowed, be sure this amount is included under Money Borrowed on p. 54 and inventoried under Ending Inventory of Liabilities, if not repaid by year's end
- If PCA stock has been paid up and remains with the PCA, be sure to continue to inventory it under Non-Farm Assets on p. 55

2. Government Assistance on Building to Control Pollution

- Reported on p. 53 as Miscellaneous Farm Income (that portion the government is funding). Total cost should appear on p. 42 and be depreciated

3. Interest Expense on Crops and Machinery

- All interest expense should be recorded on p. 54

4. Expenses and Income from Fire and Wind Insurance

- Expenses; enter on p. 52 under General Farm Expense
- Income; enter as listed on the depreciation schedule as a building and equipment sold on p. 43. Stored grain or livestock sold. On depreciable property this may involve partial sales and basis adjustment

5. Credit for Exchange or Traded Work

- If the exchange is even, let them offset each other
- If the exchange is other than labor, handle it on an allocated basis

6. Income for Custom Work Off the Farm

- This is work done off the farm by farm equipment and farm labor
- Enter income on p. 53, Income for Work Off the Farm and indicate the nature of the work done so proper work units can be calculated
- If not paid by the end of the year, enter as accounts receivable on p. 55, Inventory of Non-Farm Assets and to Non-Farm Income when paid

7. Special Work Clothes with Breed Names or Company Names on them
 - Enter on p. 24 and 25 if they can be allocated to livestock enterprises
 - Enter on p. 39 if they can be allocated to crops
 - Enter on p. 52 if it is of a General Farm Expense nature
 - Include only items which cannot be worn on non-business occasions
8. Legal and Charter Fees for a Farm Partnership or Corporation
 - Enter as General Farm Expense, p. 52. Sizeable amounts should be amortized over 60 months
9. Gifts to the Family in the Form of Depreciable Property
 - If the gifts are farm items from within the family, they should be handled as any other purchase
 - Non-farm gifts are recorded as other non-farm income
10. Record Sales Tax on a Depreciable Item as an Expense for Year of Purchase
 - Cross out any unused column on p. 42. Label this "sales tax"
Enter sales tax for each item. Total this at the end of the year and transfer the total to "Repairs" for those items as expenses against them
11. Tax Deductible Educational Expenses Incurred by the Operator
 - Farm related (analysis fees, short course fees, etc.) record in General Farm Expense, p. 52
 - Not Farm Related; record under possible tax deductions p. 57
12. Self Employment Plans (Keough)
 - Keough bill payments should be entered on p. 56 as investments made this year
 - The cost of the protection should be added to the ending inventory of non-farm assets at the end of the year

13. Premiums on Term Life Insurance Used to Protect a Mortgage

-- Enter as an Investment this year. This is a personal non-farm expense

14. Stored Grain Income

-- Miscellaneous Farm Income, p. 53

15. Commodity Credit Loans Bought Back for Livestock Feed & Speculative Purposes

-- Show as a repayment of the loan on p. 54

-- Maintain in the inventory until fed or sold

16. Balance the Liabilities Page

-- Check the accuracy by the following formula:

p. 54	column 13		column 14
plus	<u>column 3</u>	Plus	<u>column 6 & 10</u>

Total

equal

Total

If these totals are equal, the page balance

-- If it does not balance, enter all new current unpaid bills in col. 3
Be sure these same items are entered in col. 14

-- If it does not balance, check to see if all items from col. 13
that have been paid are entered in col. 6 & 10

-- If it still doesn't balance, repeat the above steps for each item

INVENTORY OF C.C.C. STORED GRAINS

	<u>GRAIN SEALED</u>	<u>YEAR PRODUCED</u>	<u>YEAR SEALED</u>	<u>LOCATION OF STORAGE</u>	<u>MEASURED BUSHELS</u>	<u>SEALED BUSHELS</u>	<u>VALUE OF CONTRACT</u>	<u>ESTIMATED OVER-RUN BU.</u>	<u>VALUE OVER-RUN</u>	<u>ACTUAL BUSHELS</u>
1.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
2.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
3.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
4.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
5.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
6.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
7.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
8.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
9.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
10.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
11.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
12.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
13.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
14.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
15.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
16.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
17.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
18.	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____