

# FARM MANAGEMENT

By John Defassio

## What Good Farm Records Can Do

Last month in my article I discussed the decision making process and introduced a useful tool called FINPACK. But just as a combine can not operate without a head, FINPACK can't work without Farm Records.



Farm Records are as important as any tool to farm management. Let's look at what a good farm record system can do. A farm record system is used to report, diagnose and plan. In addition the system should be easy to maintain and provide useful information in a timely manor.

## SAVE \$10,000!!!

I assume that every farmer keeps some form of farm records. After all the federal government requires that a farmer keep the information needed to figure income, deductions, credits, and financial reports. If a farmer fails to keep adequate records, he is subject to a fine not to exceed \$10,000.00. The federal government encourages you to keep records.

## HELP ESTABLISH CREDIT!!!

Any farmer having an outstanding loan or attempting to borrow additional funds must provide the lender with some form of report. Farm records enables the lender to determine how much risk a farm operation can handle. The lender also needs to know the repayment ability of a farm operation. Many lenders are now requiring a regular monthly report to monitor the loan and the farm business. Due to this type of reporting the farm records must be completed on a timely basis.

There are a variety of financial arrangements which may require accurate reports, such as: profit sharing arrangements, share cropping, employee incentive plans, lease arrangements, partnerships, corporations and the list continues. Accurate reports can be very helpful in settling estates and participating in government programs.

## IDENTIFY STRENGTHS AND WEAKNESSES!!!

These same farm records can be a useful diagnostic tool. From these records a farmer can pin point problems and identify opportunities which can lead to more profit. In order to diagnose an operation, comparisons are drawn from previous year's performances to budgets and goals.

## HELP PLAN FOR THE FUTURE!!!

Coupled with budgeting practices, the farm records provide a basis to build models of what your farm operation could be. Budget-

ing allows the farmer to see on paper the results of various alternatives. Although budgeting is not the answer to all farm management problems, it can certainly save a great deal of time and money by avoiding false starts.

Reasonable budgets can not be formulated without detailed farm records. The planning done with historical data is done with caution. Predicting the future is not possible even with the best of records. But, information about an operation's past performance is necessary to describe the unique situation of that operation. Inferences about production costs and yields can be drawn from historical data that will most likely occur. Using this data with other available data can give a good idea about what may happen in the future, but, there are never any guaranties.

If our only concern wre to satisfy the government, a very simple system would be all that is needed. But as we demand more productivity from our farm, we must increase the amount of data gathered. When more data is handled, controls must be added to the system to insure its accuracy. As the demand for accurate information increases, the complexity of the record keeping system increases. There are many simple systems which can provide the information needed but may lack controls for accuracy.

## YOU CAN KEEP

**GOOD FARM RECORDS!!!**  
Farmers can choose from a number of record keeping alternatives or choose to create their own. Record books are offered by cooperative extension offices, banks and production credit associations. A wide variety of printed farm record keeping forms are commercially available from stationery and office supply firms. In addition, many service firms offer record keeping in addition to other services such as tax preparation and financial statement preparation.

The farmer must be able to use the farm records in making business decisions. Any one can gather and record the necessary information, but the data must contain accurate and detailed information in order to properly classify that information. A farmer should work closely with the record keeper in order to assure the accuracy of the final data.

## START WITH GOALS!!!

Farm record systems may vary with the goals of the farm operator, but all good systems must take into account depreciation, liabilities, farm inventories and cash receipts and expenditures. In order to select or create a good farm record system the operator must apply individual goals and understand farm management information needs. For more information about good records contact your county extension office.

# END OF SEASON CLEARANCE ON USED TRACTORS



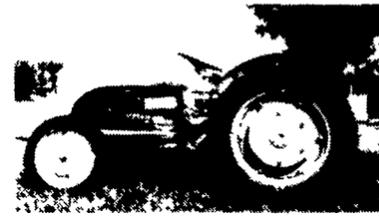
Jacobsen 16 HP w/Mower



Several Ford 11 HP Lawn Tractors w/Mowers



Ford 14 HP LGT w/Mower & Blade



Ford 9N, Runs Well



Ford CL45 Skid Loader



Ford 555 Tractor Loader Backhoe w/Cab



Ford 641 w/Power Steering, Loader - 3 Pt. Hitch & PTO



Ford 961 Gas w/Loader



Ford 9600 w/Cab



IH Ind. 2404 w/2000 Loader



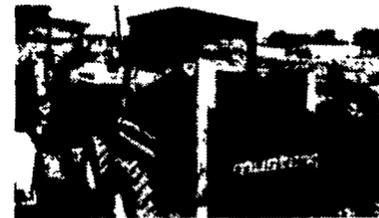
IH 2404, Low Center of Gravity



Farmall Super C w/Cultivator & Sickle Bar



Case Model VAC w/Sickle Bar Mower



Mustang 442, Low Hours Mustang 552, Low Hours



Demonstrator New Holland LB 620 w/Extend-a-Hoe



John Deere 410 TLB, Good Shape.

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