

TelFarm Newsletter

Volume 23, Issue 1

Spring 2023

TelFarm Participation Awards

Congratulations to the following farms for reaching these milestones last year and thank you for working with us!



50 Years—

- Great Lakes Glads, Inc—Bronson

- Themm Bros. Dairy—Charlevoix
- Pleasant View Dairy—Jonesville
- Buchholz Farms—Harbor Beach
- Nelkie Farms, LLC—Tawas City

- Levar Farms, LLC—Midland
- Dick Haven Farm—McBain
- Maple Shade Farm—Mendon
- 25 Years—
- Triple T Farm—Reading

Accurate Production Records Can Benefit Farm Profitability

The start of every growing season begins with a goal of maximizing production. Farm production influences a lot of decisions and outcomes for your farm, whether those outcomes are eventually to replace capital, expand your operation, or build more cash reserves. Your ability to meet those goals depends on how you approach your farm's ability to produce. Even as planters begin to roll, having an accurate record of what was raised before will help you in-season to achieve your farm goals.

Historical success is always your guidepost. You set yield goals that are your basis for in-field decisions. Did you achieve those yield goals? More importantly, did you verify those goals after grain was sold?

There are several factors that affect what we think is stored versus what is actually sold. After years of use, producers tend to think they have a good idea of

how much is in their grain bins. But without a bin measurement, those estimates can be inaccurate. Other factors can include grain moisture, test weight, or other delivery dockage fees. These factors impact whether what you sold matches what you thought you produced and if your yield goals should be reconsidered.

Impacts of Reconciled Production on Farm Profits

Reconciling production is a lot like balancing your checkbook. You want what you raised to match what you were able to sell. Having an accurate accounting of production and sales helps to identify how successful your growing year was. It also helps to identify things you did well and areas you may want to look at more closely. Those areas can include marketing decisions or whether you met production goals.

by: Jonathan LaPorte, MSUE

	Corn	Soybeans
Beginning Inventory	22,706	15,846
Production	37,542	15,135
Purchased	0	0
Total Sources	60,249	30,982
Sales	31,298	15,421
Fed	0	0
Ending Inventory	30,927	16,357
Total Uses	62,225	31,778
Difference	-1,976	-797

Figure 1. Example of corn and soybean production off by 5%

Figure 1 outlines an example farm that raises 250 acres of corn and 350 acres of soybeans. Beginning inventory is grain stored as of 12-31-2021 and will be sold in 2022. Production raised in 2022 is partially sold, but most ends up in inventory on 12-31-2022. That production will be sold in 2023. The farm reported an average of 158 bushels per acre on corn and 45 bushels per acre on soybeans.

Article continued on next page.

Production Records, continued

Corn shows a discrepancy of -1,976 bushels and soybeans -797 bushels. These bushels are equal to about 5% of reported production. The negative discrepancy tells us that our farm is claiming to have used more bushels than it had to work with. This is determined by comparing sources against uses. Sources are any beginning inventories, production raised in a year, and then anything purchased for sale or feed. Uses focus on sales in a year, fed bushels, and what is left over in storage (or receivables).

How impactful is a 5% difference in yield?

	Corn	Soybeans	
Acres	250	350	
Bushels/Acre	158.07	45.52	
5% difference per acre	-7.90	-2.28	
5% difference in bushels	-1976	-797	
Price per bushel	\$6.80	\$14.00	Total
Value of bushels	-\$13,437	-\$11,152	-\$24,589

Figure 2. Example of financial impact of 5% difference in yields

Figure 2 illustrates that our example farm had a projected yield of 158.07 bushels for corn and 45.52 for soybeans. A 5% difference in yield is almost 8 bushels lower for

corn and 2 bushels lower for soybeans. But what about the value of those bushels? The USDA Economic Research Service estimates market year averages for 2022/2023: \$6.80 per bushel for corn and \$14.00 per bushel for soybean. As Figure 2 outlines, a 5% difference in available production can mean significantly reduced sales.

The cost of production is another concern that these records help to address. If production goals were based on 5% more bushels per acre, that means more expense being put out by the farm. How much does that translate to in actual dollars?

Farms that have analyzed their financial records have an idea of that amount using their operating expense ratio. It provides

an estimate of how much is invested in production activities across your whole farm. Our example farm has a ratio of 80% or \$0.80 of every \$1.00 that goes towards costs. In our scenario, they would have spent an estimat-

ed \$19,670 (80% x \$24,588) to reach those yield goals.

As your growing season moves forward, understanding your historical success can help refine your in-season decision making. Can your nutrient and pest management plans be adjusted? Are production extras to maximize yields worth their investment this year? Examples of extras may be seed treatments or fungicide applications. How does weather impact later planting decisions and field establishment goals?

While factors like weather can still impact single season yields, a consistent accounting of production can make planning more affecting. For as challenges arise, verified yield goals will establish production potential. Knowing your farm's potential can mean the difference between choices that raise more costs or help maximize your profits.

For more information on reconciling production and to use a downloadable accuracy check template, visit: <https://www.canr.msu.edu/resources/production-record-accuracy-check-template>.

PcMars How To's

Based on some questions we get frequently and some recent updates to the program, we wanted to cover four areas within PcMars that might be helpful to TelFarm clients.

Best Practices for CDs and Cash Management Accounts

In the current financial climate, we have seen many clients putting money into CDs or utilizing higher interest rate cash management

accounts through their lender. IF you are writing checks out of this new account on a regular basis, it should be set up as a bank account, just like your regular farm checking or savings (contact the TelFarm Center if you need help

with this type of setup). IF you are NOT writing checks on a regular basis (or at all) out of this new account, then it's recommended you handle it as an asset account, set up through the vendor screen.

PcMars How To's, Continued

To do this, go to the Setup menu at the top and select Vendor List. Then hit “add new” at the bottom. The first thing you want to do is switch it from a regular vendor to loan vendor (seems weird, but stay with me). Then to the right,

click the box for loaned out (asset). At minimum, you'll want to give this new account a unique name, choose a default liability account code (for most of you, this will be 170, other investment) and activate it as a revolving vendor.

See figure 1, which highlights the areas mentioned. Then when you have to record interest income or if you do remove money from this account, you can do so through the revolving/credit transaction screen, like is shown in figure 2.

Figure 1—Vendor Setup Example

Import transactions from bank & credit accounts

For PcMars users that don't write checks and record transactions in real time, you might benefit from importing transactions from your bank and credit accounts. This feature built into PcMars allows you to bring transactions into the program in bulk so you don't have to enter each transaction in its entirety. The process is much more detailed than can be covered in this newsletter, but there is a guide to explain the process on the PcMars website. <https://pcmars.com/wp-content/uploads/2021/02/PcMars-Bank-and-Credit-Import.pdf>

If you have questions on this feature, please call the TelFarm office and we can discuss how this might be a good fit for your operation's bookkeeping.

Then you'll “write a check” from the account that cur-

rently holds the funds (probably your farm checking or savings) and pay to the order of the new asset account you just created. This allows the account to show up on your bank & loan balance report as an asset.

Figure 2—Revolving loan transaction

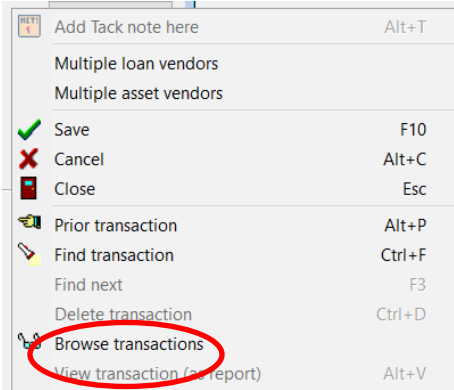
View Transaction as a Report

We recently learned there is a very quick way to view a report specific to one transaction. Bring up the transaction you've completed and want to view (this can be done for any type of transaction) and then right click with your mouse and choose the option “View transaction (as report)”. It will bring up the detail report, selected items menu and you just have to hit preview at the bottom. This quick way could be particularly helpful when doing a journal entry or “zero” deposit and you need to verify that you made the correct entry positive or negative.

PcMars How To's, Continued

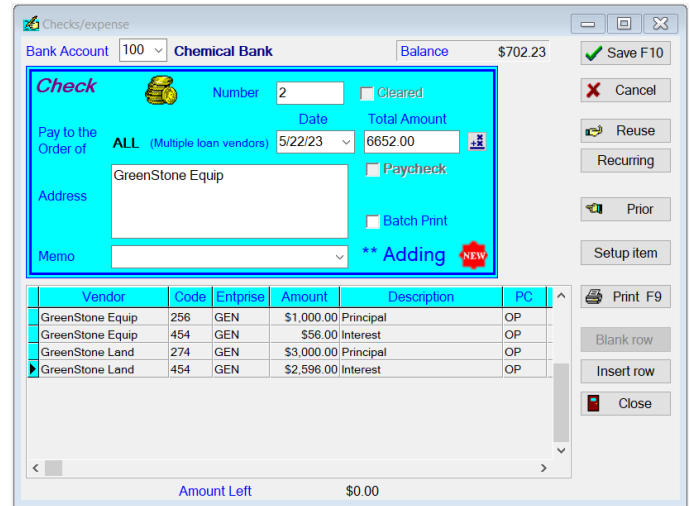
Multiple Loan Vendors

Do you write one check to your lender, but it gets applied to multiple loans? If so, there is an easy way to do this in PcMars, without having to use the same check number in multiple transactions. If you are in the check/expense screen and right click with your mouse, another menu pops up. On that list, near the top, is the multiple loan vendor option.



Make this change first before starting the transaction, because it will delete what you previously entered, if you don't. Once this is selected, you'll see the screen change

and allow you to select any of your loan vendors in the lower section of the check.



This feature does not work for recurring transactions (if you have those set up), but you could reuse these transactions to save time each month. This feature is available in the credit/revolving loan screen as well.

Stan Moore's Retirement

At the end of March, and after 32 years of working with MSU Extension, Stan Moore retired and is now spending more time with his family and helping with various events. One of these events is assisting with hosting of the 2023 National Farm Business Management Conference at Shanty Creek Resort, Bellaire, MI on June 13-15.

Stan started out in Eaton County as the Ag Agent with a Dairy Area of Expertise and then after a few years moved up to Bellaire as the

Antrim County CED and soon added District Dairy Agent responsibilities. The last several years he has skillfully fulfilled the role of District Extension Farm Business Management Educator for the northern counties of the lower peninsula and eastern counties of the upper peninsula. The TelFarm Program has been very grateful for his support and work with the cooperators.

CONGRATULATIONS STAN!

On June 15, Chris Bardenhagen will be assuming the northern District Farm Business Management Educator position. Chris' main office will be in the Leelanau County Extension office, with a satellite office in the Antrim County Extension office. Stan has said he will be available to ride with Chris as he gets his feet on the ground with the TelFarm program support and other duties.



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The TelFarm Center will be closed on Tuesday, July 4th & Monday, September 4th