

# Farm Recordkeeping Tools



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Hi, I'm Damona Doye. Extension Economist and in this segment, I want to highlight a few tools that may be useful to you in better tracking your income and expenses, assets and liabilities as well as production records. Yes, recordkeeping may be a chore, but just like feeding cows, if you have the right tools, it's much less painful. I'm going to focus primarily on financial management tools but will also point you to resources for cow/calf and crop production records.

## What features do you require?

### Business Analysis

- Financial statements
  - Historical
  - Projected
- Spending plan (budget)
- Break-even analysis
- Marketing plan
- Investment analysis
- Risk assessment
- Ability to track costs and returns for projects that span multiple years
- Enterprise analysis
  - Cow/calf
  - Crop
  - Custom work
  - Partner shares

Start with the end in mind. What is it that you want to get out of your records? If you listened to the other recordkeeping segment (and I hope you did), you know that records can help you be prepared for the unexpected, plan ahead, communicate with business partners and family, filing taxes as well as business analysis. Each of the items listed here may suggest different pieces of information to track or different ways to sort it. Certainly cash income and expenses are critical along with a series of values for assets and debts over time. But they may need to be supplemented by summaries that show you break-even prices or yields so that you know when to pull the trigger in selling a crop. You may want to track income and expenses for different enterprises or activities to know whether they are helping you build net worth over time or you would be better off choosing to drop one in favor of expanding another. Perhaps you should be buying replacement heifers rather than raising them or having someone custom harvest rather than do it your self.

## Financial record keeping alternatives

- Specialized software for agriculture
- Spreadsheets
- QuickBooks
- Quicken
  - [agecon.okstate.edu/quicken/](http://agecon.okstate.edu/quicken/)
- Hand record books
  - [agecon.okstate.edu/farmbook/](http://agecon.okstate.edu/farmbook/)
  - [Pods.dasnr.okstate.edu](http://Pods.dasnr.okstate.edu), search for E-823

Computerized recordkeeping systems are an alternative to hand-kept systems and are especially useful for sorting and summarizing data. Although using a computer may not reduce the amount of time spent keeping records, it may make time more productive and will certainly enhance the value of records for decision support.

Specialized software for agriculture is available but generally costly with fewer features than tools such as QuickBooks or Quicken. I discourage anyone from developing a spreadsheet when there are much more powerful tools available at low cost. QuickBooks is designed for small business; Quicken is designed for personal finance. Producers who need a payroll system plus the ability to invoice and maintain accounts payable and receivable will want to use QuickBooks; however, family living features and investment tracking are lacking in QuickBooks. Both allow you to record, sort and summarize cash income and expenses in many useful ways. I have a fact sheet and video that go into more detail on the differences.

Farmers can get pre-formatted record books or ledgers to keep books by hand. For smaller or less complex businesses, a hand-kept record book may be the most sufficient. The record book is simply updated periodically as checks are written and receipts are deposited. Two alternatives are offered by the OSU Cooperative Extension Service and can be found online.

**The Oklahoma  
Farm Family Account Book**

A record-keeping system  
for making better decisions,  
verifying income and expenses  
and completing tax forms

E-823

Oklahoma Cooperative Extension Service  
Division of Agricultural Science and Natural Resources  
Oklahoma State University

<http://pods.dasnr.okstate.edu/>, search for E-823 or records

The Oklahoma Farm Family Account Book, sometimes referred to as the “old blue book” is designed for families to keep a record of financial transactions of the farm and provide the necessary information for reporting taxes on a cash basis. Summarization and analysis pages are also offered to adequately measure the progress of the farm business. This Extension publication is available online at [osufacts.okstate.edu](http://osufacts.okstate.edu).

# Oklahoma Farm and Ranch Account Book

[www.agecon.okstate.edu/farmbook/](http://www.agecon.okstate.edu/farmbook/)

The Oklahoma **Farm and Ranch Account Book** is designed to be a comprehensive, easy to use, hand kept record-keeping system. To allow you to build a customized book that matches your needs, links to individual pages may be accessed by clicking on the Table of Contents tab at left. **Pages are designed for legal sized paper (8 1/2" x 14")**. If you prefer, you can download the complete account book by sections.

- [Section A - Current Year Records](#)
- [Section B - Summarization and Analysis](#)
- [Section C - Multi Year Records](#)

		Month <u>Jan</u>	Year <u>200X</u>	<b>RECEIPTS</b>					
L i n e	D e t	Details Of Transaction			Sale of Livestock & Other Items Bought For Resale	Raised Market Livestock & Livestock Products (calves, d			
		Amount Received	From Whom Received	Item, Units, Weight, Price, etc.		Hogs			
1	2	10,500	00	Farmer's Supply	Wheat 3000 bu. @ 3.50				
2	5	8,530	50	Co. Grain & Feed	Soybeans 1410 bu @ 6.05				
3	9	33,670	25	ABC Packers, Inc.	42 steers 1075# @ 75.25	33,670	25	(reported net of selling expenses)	
4	10	1,012	10	Deep Rock Energy	Gas Royalty				
5	15	620	05	XYZ Lvst. Auction	1 cull cow (raised)				
6	17	2,970	50	CCC	Milo Def. Pymt.				
7	20	150	00	Andy Handy	75 Posts @ 2.00				
8	22	24,000	00	F&M Nat'l Bank	Feeder Cattle Loan @ 11%				
9	25	400	00	Farmer's Coop	Patronage Div. 100 Cash-300 Deferred				
10	28	9,900	00	Uncle Rich					
11	30	9,975	95	XYZ Lvst. Auction			9,975	95	
12	31	1,125	00	John Farmer					

The Oklahoma Farm and Ranch Account Book is designed to be a comprehensive, easy to use, manual record-keeping system that allows whole farm and enterprise accounting. Sections include farm receipts and expenses, assets and liabilities, credit and hired labor, production records, financial statements, and family living. A customized book can be built and printed on legal sized paper for individual needs at [agecon.okstate.edu/farmbook](http://agecon.okstate.edu/farmbook).

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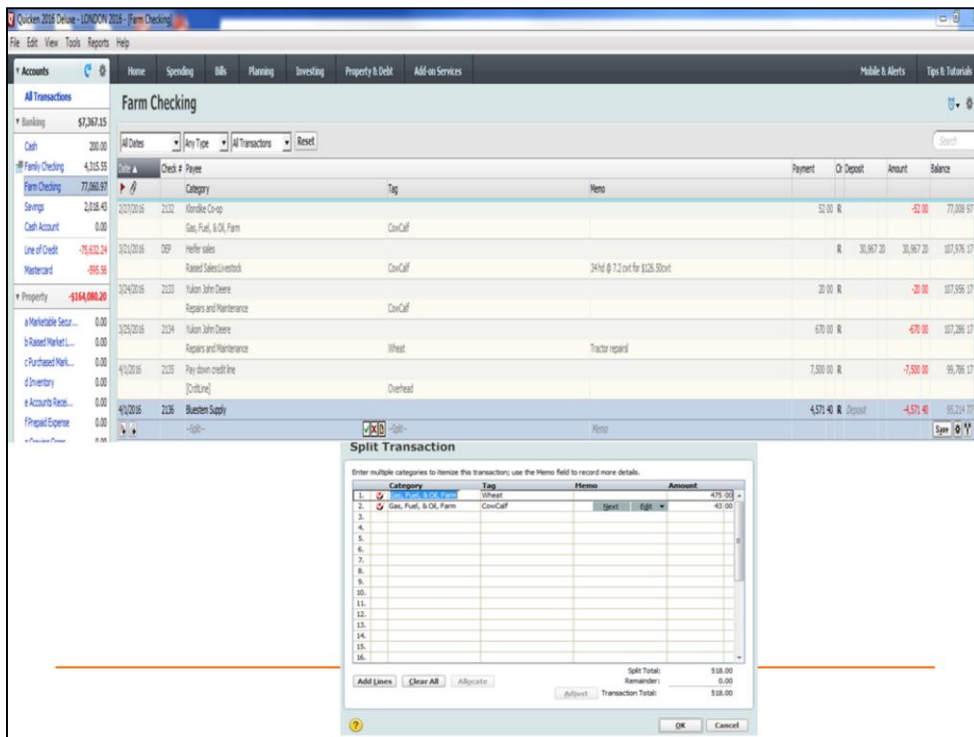
## Software tools

### **Quicken**

- Cash accounting
- Easier for novices to use
- Better cash flow report features
- Investment features
- Approximately \$75 for Deluxe and up

### **QuickBooks**

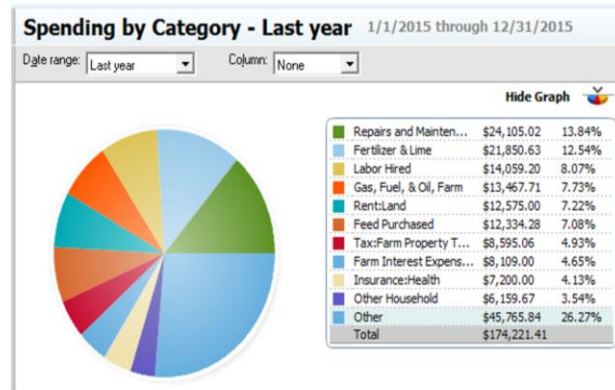
- Double entry, accrual accounting
  - Invoicing, accounts payable and receivable
  - Preferred by some accountants
  - \$230 and up
-



This slide shows the check register in Quicken. Accounts are listed at the left. With transactions, you can record not only the payee and the amount but also a category, tag and memo to further identify the transaction. The category is the type of income and expense while the tag is independent of the category. We recommend using it for different enterprises such as wheat and cow/calf so that you get a better handle on profit and loss centers. The bottom screen capture shows how you can split transactions to identify the different components, here gas/fuel/oil is split between wheat and cow/calf.

# Quicken Reports and Graphs

- Cash flow
- Tax schedule
- Transactions
- Account balances
- Comparison
- Filtered
- Memorized
- Balance sheet



The default reports built into Quicken demonstrates the variety of ways information can be summarized with a couple of clicks of the mouse. I personally like the income and expense bar charts and this pie chart showing the top 10 expense categories for our sample file. Graphs often communicate better than tables of numbers and a good software tool makes it easy to create them. Seeing that Repairs and Maintenance are the number one expense and the largest portion of the pie may signal that a new investment may be needed in some machinery or equipment or it may mean that better training is needed for hired help.

The numbers and visuals are telling—the manager has to help with the interpretation and understand how the signal can be used in making a decision.



## Production records

- OSU CR-3279, Cow Calf Production Record Software

- <http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-1926/CR-3279web.pdf>

- OSU CR-2133, Crop and Forage Recordkeeping Software

- <http://pods.dasnr.okstate.edu/docushare/dsweb/Get/Document-3300/CR-2133web15.pdf>

[pods.dasnr.okstate.edu](http://pods.dasnr.okstate.edu)

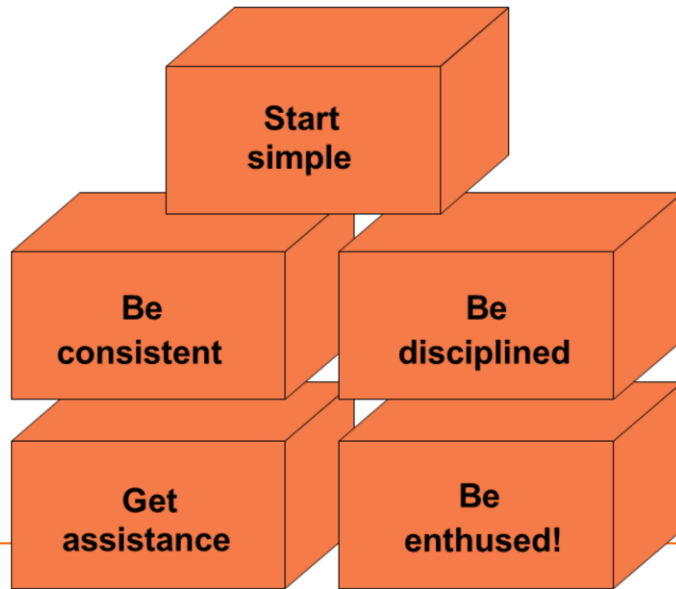
To accommodate request for information about tools for production recordkeeping, we developed these two current reports, which can be downloaded from the [pods.dasnr.okstate.edu](http://pods.dasnr.okstate.edu) website.

Before purchasing a software program, it is important to analyze the value of such a system with regards to making better management decisions. Again, what is it that you want to get out of the system? Start with the end in mind. Are inventory records important? Are summary reports of primary interest? By considering specific record needs, you are better equipped to choose an appropriate software package. You'll want to think about the time required for recordkeeping, what is economically feasible to collect, and what summaries are needed for decision-making. Just because you can keep records on everything doesn't mean you should....

If the cow-calf operator is not currently keeping any records on herd performance, a good starting point may be some basic calf crop records, cow information (if individual identification is used), calving and weaning percentages, inventory numbers, number of females exposed to the bull(s), etc. Seedstock and commercial cow-calf producers have different needs. Also, herd size can influence the degree of detail that a producer is willing or able to assemble on the cattle. Meaningful cow-calf records may be handwritten or computerized. Monthly calendars, journals, and Integrated Resource Management Redbooks are a few examples of handwritten record systems. The choice of programs, features, and cost of software are the "fine-tuning" portion of recordkeeping.

If no records on crop or field performance are currently being kept, a good starting point may be some basic production records. Managers will want to maintain records on variety, planting rates, fertilizer rates, pesticides, fuel consumption, grain, hay, or forage matter produced, etc. for each field to determine prolific or inefficient areas of the operation. Some records, such as Restricted Use Pesticides (RUPs) application, must be maintained according to the 1990 FACT Act

## Some suggestions...



Maintain accurate records

Be consistent in how the measures are developed

Note reasons for “unusual” measures

Summarize and review measures periodically

Measure, then manage!

Ask for help if you need it

## References

- At [osufacts.okstate.edu](http://osufacts.okstate.edu):
  - From Cash Records to Cost of Production, AGEC-242
  - Quicken for Farm and Ranch Financial Records, CR-324
  - Quicken or QuickBooks: What's the Best Choice for Agricultural Producers? AGEC-266
  - Information Systems for Oklahoma Farmers, AGEC-302
  - The Oklahoma Farm Family Account Book, E-823
- [www.agecon.okstate.edu/quicken](http://www.agecon.okstate.edu/quicken)
- [www.agecon.okstate.edu/farmbook](http://www.agecon.okstate.edu/farmbook)

We encourage to you to learn more about recordkeeping by reading other OSU fact sheets and considering purchase of software. Please contact your local Extension office or area agricultural economics specialist if you would like more information or are interested in having a program on this topic in your area.