2019 Closeout Manual & FINPACK Software Updates
Closeout Manual Updates
Market Facilitation Program

• Whole Farm
  • Enter as: Other Government Payment

• Crop Enterprise Analysis
  • Enter as: Other Income
  • Do not enter / co-mingle with ARC/PLC payments received
  • Allocate evenly per acre to all eligible crops

• Livestock Enterprise Analysis
  • Enter as: Government Payment
Market Facilitation Program

• **Potential Round 2 & 3 Payments** – those announced late in the year and not received by year end
  
  • Enter as: **Account Receivable on Balance Sheet**

  • Assign to: **Correct enterprise(s) in FINAN**
    • Include this account receivable amount in the enterprise allocation
Government Payment Types

Chart of Account Type: 

• Crop Government Payments
• Livestock Government Payments
• Conservation Govt Payment
• CRP Payments
• Other Government Payments
• CCC Market Loan Gain

Example:

ARC/PLC payments
DMC payments
EQIP/CSP payments
CRP payments
MFP payments
CCC Market Loan gains & LDP’s
Truck Expenses

• Farm Trucks
  • Split expenses when possible – repairs, fuel, tabs (misc. expense)
  • If not possible, use judgement. Include as repairs or misc. expense

• Semi / Grain Trucks
  • Consider related expenses Hauling and Trucking expenses (fuel, repairs, etc)

• Non-Farm / Over the Road Trucking
  • Do not include this non-farm income or expense in the farm analysis
  • Include as Personal Business Income
  • If desired, complete a Value-Added Enterprise to analyze
Labor Hours

• Operator Hours
  • Crop farm 2000 hours
  • Diversified crop/livestock farm 2500 hours
  • Intensive livestock operation 3000 hours

• Unpaid (family) labor hours
  • Include not only main operator on farm, but all family members that help (spouse, kids, etc)

• Review allocation between crop and livestock enterprises
  • Is this accurate?
Labor Hours

• Recommended Guides:
  • 1 FTE = 2400 hours
  • 1.2 million lbs of milk per FTE or 50 cows per FTE

<table>
<thead>
<tr>
<th></th>
<th>Average</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
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<tr>
<td>Corn</td>
<td>2.75</td>
<td>2.87</td>
<td>2.83</td>
<td>2.72</td>
<td>2.73</td>
<td>2.61</td>
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<tr>
<td>Soybeans</td>
<td>1.68</td>
<td>1.71</td>
<td>1.7</td>
<td>1.69</td>
<td>1.68</td>
<td>1.61</td>
</tr>
<tr>
<td>Alfalfa hay</td>
<td>4.09</td>
<td>4.59</td>
<td>4.02</td>
<td>4.01</td>
<td>3.83</td>
<td>4.01</td>
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<tr>
<td>Corn silage</td>
<td>4.41</td>
<td>4.56</td>
<td>4.53</td>
<td>4.34</td>
<td>4.15</td>
<td>4.11</td>
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<td>Sugar beets</td>
<td>5.22</td>
<td>5.48</td>
<td>5.05</td>
<td>5.25</td>
<td>5.33</td>
<td>5.01</td>
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<tr>
<td>Dairy 100 – 200 cows</td>
<td>34.71</td>
<td>37.46</td>
<td>35.18</td>
<td>35.05</td>
<td>32.95</td>
<td>33.07</td>
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<tr>
<td>Dairy 200 – 500 cows</td>
<td>40.76</td>
<td>40.35</td>
<td>41.24</td>
<td>41.72</td>
<td>40.45</td>
<td>40.03</td>
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<tr>
<td>Dairy &gt; 500 cows</td>
<td>44.93</td>
<td>42.24</td>
<td>45.34</td>
<td>45.37</td>
<td>48.45</td>
<td>42.85</td>
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## Special Sorts

<table>
<thead>
<tr>
<th>Additions</th>
<th>Removvals</th>
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<tbody>
<tr>
<td>Whole Farm:</td>
<td>Crop Enterprise Analysis:</td>
</tr>
<tr>
<td>• MN Water Quality Certified</td>
<td>• Glyphosate resistant weeds</td>
</tr>
<tr>
<td>Crop Enterprise Analysis:</td>
<td>• Flexible cash rent</td>
</tr>
<tr>
<td>• Cover crop</td>
<td>• Combine 3(^{rd}) &amp; 4(^{th}) year cont. crop to 3+</td>
</tr>
<tr>
<td>• Grown with cover crop</td>
<td></td>
</tr>
<tr>
<td>• CSP/EQIP/Conservation practices</td>
<td>Livestock Enterprise Analysis:</td>
</tr>
<tr>
<td>• Ethanol corn variety (Ex: Enogen)</td>
<td>• BST</td>
</tr>
<tr>
<td>Livestock Enterprise Analysis:</td>
<td>• Feeding DDG’s</td>
</tr>
<tr>
<td>• DMC – 1 year sign up</td>
<td>• TMR</td>
</tr>
<tr>
<td>• DMC – 5 year sign up</td>
<td></td>
</tr>
</tbody>
</table>
Crop Enterprise Analysis
Prevented Plant Acres

- **Whole Farm**
  - Enter as: *Crop Insurance Income*

- **Crop Enterprise Analysis**
  - Use: *Prevented Planting* Crop type
  - Enter income as: *Crop Insurance Income* or as the *Yield with a value of $1*
  - MFP Payment? Enter as *Other Crop Income*
  - Cover Crop harvested? 2 Options:
    1. Use *Detailed Production Entry* to include the harvested cover crop. Keep all related expenses in Prevent Plant column.
    2. Enter as a *separate crop enterprise*. Code as double crop. Split expenses accordingly.
<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>Crop</td>
<td>Prevented planting</td>
</tr>
<tr>
<td>Acres owned</td>
<td>100</td>
</tr>
<tr>
<td>Acres cash rented</td>
<td></td>
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<tr>
<td>Acres share rented</td>
<td></td>
</tr>
<tr>
<td>Your Share (%)</td>
<td></td>
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<tr>
<td><strong>Total production (your share)</strong></td>
<td>136,800</td>
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<tr>
<td>Value per unit</td>
<td></td>
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<tr>
<td>Total product value</td>
<td>8,000</td>
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<tr>
<td>Hedging gain or loss</td>
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<tr>
<td><strong>Crop insurance income</strong></td>
<td>29,500</td>
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<tr>
<td>LDP income</td>
<td></td>
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<tr>
<td><strong>Crop government payments</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Other income</strong></td>
<td>1,500</td>
</tr>
</tbody>
</table>

Detail: Secondary products - Prevented planting

<table>
<thead>
<tr>
<th>Product</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prevented planting</td>
<td>Hay, Small Grain</td>
</tr>
<tr>
<td>Production</td>
<td>200</td>
</tr>
<tr>
<td>Value per unit</td>
<td>40.00</td>
</tr>
<tr>
<td>Total value</td>
<td>8,000.00</td>
</tr>
</tbody>
</table>
Cover Crops

• Two types of cover crops
  1. For agronomic / soil nutrient enhancement
  2. For harvest

• Cover crop type dictates how it’s handled in the analysis.
Cover Crops — agronomic / soil nutrient enhancement

• Balance Sheet
  • Accumulate expenses as Growing Crop, with Cover Crop expense category

• FINAN
  • Enter additional cash expenses as Cover Crop expense
  • Allocate Cover Crop Expenses to the field/acreage in the current year or subsequent years, per the operator’s discretion.
  • Tag the production crop with “Grown with Cover Crop” special sort
  • Consider increasing overhead allocations for crops including cover crops
  • No longer “Cover Crop, Agronomic” crop type available
Cover Crops — for harvest

• Balance Sheet
  • Accumulate expenses as Growing Crop or as Prepaid Expenses. Use the actual expense – seed, fertilizer, etc., *not the cover crop expense category.*

• FINAN
  • Enter cover crop as a normal crop – rye, etc
    • Crop type may be Cover Crop, Grazing. Production unit is aum’s.
  • Use Double Crop crop type to keep total acres accurate
  • Enter expenses like you would for any crop
  • Select the Cover Crop special sort.

• No longer a Cover Crop, Forage crop type – this has been renamed Cover Crop, Grazing.
EQIP Cost Share Payments – for Capital Investments

• **FINAN**
  • Enter total cost as *Capital Purchase*. The cost-share portion is entered as a *Capital Sale*.
  • No income or expense is included in the enterprise analysis

• **Ending Balance Sheet**
  • The *cost value* of the asset should reflect the *net* of the total purchase less the government cost-share payment
  • The *market value* should reflect the *full* market value of the asset
EQIP Cost Share Payments – for Production Practices

• Whole Farm
  • Enter income as Conservation Govt Payment

• Enterprise Analysis
  • Enter the income as Other Income

• These funds were received for conservation practices on the farm that offset current year operating expenses
Hay

- **Generic Hay crop** - only use on balance sheet and in budgets for projections
  - Ok because the Crop and Feed Check in FINAN calculates a Hay Equivalent Balance

- **In FINAN** - use the specific hay type
  - Hay, alfalfa
  - Hay, mixed
  - Hay, grass
  - Hay, small grain
  - Hay, clover

- **Haylage, Baleage, etc** - Convert to dry hay and use one of the above crops
Custom Work Enterprises

• Custom work enterprises should not have the following expenses allocated to them:
  • Real estate taxes
  • Long term interest

• Enter custom work enterprises on Rented acres in the crop analysis.
Overhead Expense Allocations

• **When to decrease** the standard allocation:
  • *Custom work* - custom harvest or other custom operations for the crop
    • Consider impact of custom work and adjust accordingly – Ex. Is the farm providing fuel or is that part of the custom operation?
  • *Double crop acres* – acres should only get hit for real estate taxes and long term interest once
  • Other unusual production situations that decreased power / time to the acres

• **When to increase** the standard allocation:
  • *Cover crop* grown on acres.
  • Other unusual production situations that increased power / time to the acres
Crop List Updates

• Added crop types:
  • Hemp, fiber (tons)
  • Hemp, seed (lbs.)
  • Sweetcorn, organic
  • Edible beans, organic

• Proper units:
  • Peas, field – must have a production unit of bushels. Convert lbs/cwts to bu.
  • Edible bean crop types – must have a production unit of hundredweights (cwt)
Standard Allocation Factor Updates

<table>
<thead>
<tr>
<th>Crop</th>
<th>Previous</th>
<th>Revised</th>
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<tbody>
<tr>
<td>Corn Silage</td>
<td>60</td>
<td>70</td>
</tr>
<tr>
<td>Hay, Grass</td>
<td>30</td>
<td>40</td>
</tr>
<tr>
<td>Hay, Mixed</td>
<td>40</td>
<td>60</td>
</tr>
<tr>
<td>Hay</td>
<td></td>
<td>60</td>
</tr>
<tr>
<td>Peas – Field &amp; Processing</td>
<td></td>
<td>30</td>
</tr>
<tr>
<td>Prevented Planting</td>
<td></td>
<td>20</td>
</tr>
<tr>
<td>Sweetcorn</td>
<td>50</td>
<td>35</td>
</tr>
</tbody>
</table>

**NOTE**
- Hay, Alfalfa hay, and Mixed - based on 3 cuttings
- Hay, Grass - based on 2 cuttings
- Recommend reducing custom harvested crops by 50% - Ex: corn silage = 35
Livestock Enterprise Analysis
Energy Corrected Milk & Other Dairy Updates

• In FINAN entry needed in Other Information tab of Livestock Table:
  • Total annual pounds of Fat sold
  • Total annual pounds of Protein sold
  • Number of milker units

• Dairy Enterprise Analysis Output – additional items in Other Information:
  • Lbs of fat & protein per cow (one combine number)
  • Energy corrected milk sold/cow

• Number of milk units will be used for FINBIN Summary & Benchmark reports instead of Barn Capacity.
### 1 - Dairy

<table>
<thead>
<tr>
<th>Enterprise name</th>
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<tbody>
<tr>
<td>Description</td>
<td></td>
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<tr>
<td>Gender</td>
<td></td>
</tr>
<tr>
<td>Contract</td>
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<tr>
<td>Shared</td>
<td>No</td>
</tr>
<tr>
<td>Combine with ent. number</td>
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</tr>
<tr>
<td>Special sorts</td>
<td>DMC 5yr, Free stall, Raise replac</td>
</tr>
<tr>
<td>Delete from summary</td>
<td>No</td>
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</tbody>
</table>

#### Livestock Inventory

| Average number of cows          | 104 |
| Barn capacity                   | 106 |
| Number of milking units         | 4   |
| Total pounds of protein sold    | 70,616 |
| Total pounds of fat sold        | 86,008 |
| Pregnancy rate (%)              | 20  |
| Average somatic cell count (SCC)| 150,000 |
| Average days in milk (DIM)      | 250 |
| Average age at first calving (months)| 23 |
| Average calving interval (months)| 10  |
### Dairy Ent. Analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>Number of cows</th>
<th>Average SCC</th>
<th>Average DIM</th>
<th>Avg. age at first calving (mo)</th>
<th>Pregnancy rate</th>
<th>Avg. calving interval (mo)</th>
<th>Feed cost per day</th>
<th>Feed cost per cwt. of milk</th>
<th>Feed cost per cow</th>
<th>Avg. milk price per cwt</th>
<th>Milk price / feed margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor &amp; management charge</td>
<td>2.63</td>
<td>22.23</td>
<td>23.17</td>
<td>1,742.200</td>
<td>33.7</td>
<td>5.00</td>
<td>2.189.78</td>
<td>17.69</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Total labor hours per unit</td>
<td>14.39</td>
<td>104.0</td>
<td>150,000</td>
<td>250</td>
<td>23.0</td>
<td>10.0</td>
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<td></td>
</tr>
<tr>
<td>Total dir. &amp; ovhd expenses</td>
<td>17.23</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
<td></td>
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<td></td>
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<tr>
<td>With other revenue adjustments</td>
<td>18.03</td>
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<td></td>
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<td></td>
<td></td>
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<tr>
<td>With labor &amp; management</td>
<td>19.13</td>
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<td></td>
<td></td>
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<tr>
<td>Miscellaneous</td>
<td>0.37</td>
<td>82.90</td>
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<td>25520</td>
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<tr>
<td>Net return</td>
<td>-0.34</td>
<td>-75.03</td>
<td>-7803</td>
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<td>Net return over labor &amp; mgmt</td>
<td>1.10</td>
<td>246.38</td>
<td>25520</td>
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<tr>
<td>Est. labor hours per unit</td>
<td>0.16</td>
<td>35.73</td>
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</tbody>
</table>

**Cost of Prod Per Cwt. Of Milk**

- Total direct expenses: 14.39
- Total dir. & ovhd expenses: 17.23
- With other revenue adjustments: 18.03
- With labor & management: 19.13

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**Other Information**

- Milk produced per cow: 22.23
- Energy corrected milk per cow: 23.17
- Lbs of protein & fat per cow: 1,742.200
- Total milk sold: 2,312.050
- Culling percentage: 33.7
- Turnover rate: 33.7
- Cows dead loss percent: 1.9
- Percent of barn capacity: 88.1
- Cows per milking unit: 26

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University of Minnesota
Prepared by: CFFM User
University of Minnesota
Additional Dairy Report Items

• Expanded **Other Information** tab reporting.
  • Avg SCC
  • Avg Preg Rate
  • Avg Days in Milk
  • Avg Calving Interval
  • Avg Age at First Calving

• Now included in all report output.

** NOW A REQUIRED ENTRY. **
Dairy Enterprise Analysis Clarifications

• **Milk Sales**
  • Enter Gross dollars and all deductions
  • *Net milk check should not be used as total milk revenue*

• **Hauling & Trucking Expense**
  • Includes *only* milk hauling

• **Marketing Expense**
  • Includes:
    • Milk check marketing costs (checkoff, etc)
    • Cull cow hauling & related marketing expenses
Dairy Combined

• Make sure to combine the Dairy and Dairy Replacement Heifer enterprises.
Livestock Feed

• **In Summary reports**, feed types will be combined. Summarized into:
  - Purchased feed
  - Corn
  - Corn Silage
  - Hay

• No change to individual FINAN output.
Livestock Enterprise Output

• Currently, 1 page output in RankEm/FINBIN Summary Reports
  • *Supplies* is the “catch all” category.
  • Smaller expense items are lumped here.

• Now option to have multi-page output
  • Would provide detail of smaller expense items, like Bedding, that are often lumped into Supplies.
Unique Enterprise Situations

• Unique enterprises like embryo sales, bull royalties, milk bottling
  • **Do not** include in *crop or livestock enterprise* analysis
    • These enterprises should reflect “normal” enterprises

• **Include a Value-added enterprise**

• **Income and expenses** from unique farm enterprises **should be** included in *whole farm analysis*.

• **Segregate** income and expenses from crop or livestock analysis. Allocate to “Other” as appropriate.
2019 Points of Emphasis
• Include year born and year started farming for all farm operators.

• Include an enterprise analysis for all farms when possible.

• If unpaid resources provided by a family member – include the value of resources (hired labor, custom hire, machinery lease) with offsetting personal income entry to balance cash.

• Review net worth discrepancies.
  • Causes:
    • Liability discrepancies
    • Beg Value + Purchased – Sold ≠ Ending Value. Often changes in cost value of land.
• **Feed Fed** – include *quantity* and *value*

• **Livestock enterprise reports** – review for *feed efficiency* and *other efficiency* errors.

• **Whole Farm Special Sorts** – tag *Organic, Organic Transition, Specialty Crop, MDA Beginning Farmer Scholarship, Veterans, & MN Water Quality Certified.*

• Enter *detailed family living* information if possible.
• **Custom hire operations** – when a crop is produced using custom hire operations, **adjust allocation factors**. *Custom harvest, recommend a 50% reduction. Use judgement*

• **Dairy hauling and trucking** – should **only** include **milk hauling**. *Use marketing expense for milk & cull cow marketing expenses.*

• **Labor Hours** – special emphasis should be given to getting unpaid family labor hours correct.

• **Review** **special sorts, previous crops, crop production practices**.
FINPACK Annual Update
FINPACK NEW RELEASE

• Available mid-November. Version 6.0.

• *Back up to Vault before installing fall release.* Make sure files *Current* in Vault.

• Update process will make automatic changes to files. *Vault will list files as Check-In after update.*
FINPACK NEW RELEASE

• Available mid-November. Version 6.0.

• **Uniform Set-up Files**
  • Going forward – included as part of update.
  • You will select your State/Region during the install.

• What does this mean?
  • *No longer installing Set Files with each update!*
Enterprise Analysis Training
Enterprise Analysis Training

• Five webinar sessions – Friday mornings 8 am:
  • Jan. 3 Balance sheets
  • Jan. 10 Whole farm analysis
  • Jan. 17 Crop enterprise analysis
  • Jan. 24 Livestock enterprise analysis
  • Jan. 31 Advanced livestock enterprise analysis