Kansas Case Farm for Dec. 9th FINPACK training

Before you start, **make sure you have version 5.7 software**. Some of us got caught without the updated version. Please contact me if you have questions or problems: [robinreid@ksu.edu](mailto:robinreid@ksu.edu) or 785-532-0964.

1. Start FINPACK and go to Help + About FINPACK to check your version.

If you are running any version that starts with 5.7, you can stop here (you already have the new version).

2. If not, capture your FINPACK Serial Number form the Help + About FINPACK page. You will need this to install the upgrade.

3. Go to <http://www.cffm.umn.edu/out/fpsetup.exe>

4. Save the FPSetup.exe file to your computer, then run the update to reinstall the software

5. Once you have installed, you will be prompted to Register (make sure you do so).

**CASH FLOW FARMS**

Bill and Betty Cash have called your office and are worried about their farm financials. They heard that you can help evaluate their current position and look at alternatives to keep their farm in operation.

Your assignment is to complete a market value Balance Sheet for their projected position on December 1, 2015. You also need to make 2016 Budgets for all of their farming enterprises. They brought you all of the information they have, but for some numbers you will have to do some estimation. Use information on the AgManager website: <http://www.agmanager.info/finpack/> or other sources to come up with educated values.

*Hint-There will be no “correct” answer if the number is not given to you. We will go over the balance sheet and budgets at the beginning of the training and agree on a value.*

Here is the information they brought to you:

Bill & Betty Cash

Cash Flow Farms

123 Outback Road

Minneapolis, KS 66666

785-333-4567

* Current checking account balance: $3,624
* $3,500 worth of anhydrous was applied for 2016
* They planted 200 acres of wheat to be harvested in 2016. Their crop insurance guarantee is 60% coverage with an APH of 45 bushels and $5.22 RMA price
* They are currently storing 8,400 bushels of corn, 100 bales of alfalfa weighing about 1800 pounds each (fair-good quality), and 800 tons of corn silage. They will use these to feed to their cattle or sell if not needed.
* Their 2,000 bushels of 2015 soybeans are commercially stored at the local elevator, which is currently paying $8.50 for soybeans and $3.70 for corn.
* Bill just purchased 300 steers currently weighing an average of 550 pounds for $230 per cwt. He plans to background them for 9 months.
* You asked for a list of machinery and equipment so Betty, being the organized one of the family, made a list. Bill kindly added what he believed the equipment was worth.

JD 8300 2001 $80,000

JD 7020 2005 $90,000

JD 4020 1972 $12,000

JD Loader 2003 $5,500

JD 9650 Combine 2001 $65,000

JD Flex head 2001 $15,000

JD Corn head 2000 $12,000

Spray Coupe 2001 $55,000

Max Emerge 12 Row Planter 2001 $35,000

Auger 8 X 70 $4,500

Tempte trailer 1999 $15,000

Great Plains notill drill 1998 $15,000

IH 30’ disc 1995 $5,500

Vermeer BRB 1995 $5,000

JD hay rake 1990 $1,500

NH Swather 12’ 1992 $4,000

Krause FC 24’ $2,500

Misc. Shop tools $4,000

Supplies $2,000

Cattle equipment $5,000

Farm Vehicles:

Volvo Semi Tractor 1999 $12,000

Freightliner w/22’ bed 1998 $12,500

Dodge 4x4 pickup 2006 $18,000

Dodge 4x4 PU w/flatbed 2000 $8,000

* Bill and Betty own 160 acres at their Home Place that are good tillable crop acres which they believe to be worth $3,500 an acre. Their South Farm has another 160 tillable acres that is not as good of quality, maybe valued at $2,250. They also own 320 acres of pasture which they are not sure how to value.
* Besides the farm, Bill and Betty estimate they have $15,000 in household furnishings, drive a personal vehicle worth $12,000, have a life insurance cash value of $3,000, and $20,000 in their retirement account.
* When you ask if they have any outstanding bills, Betty states the co-op just sent them a bill for $3,000 worth of cattle feed and Bill admits that he owns John Deere Financial $2,800 for a tractor repair. They also estimate they will have $5,500 is Federal and State taxes to pay.
* Operating Loans are financed at First National Bank. The Cash’s have an operating loan for their crop enterprises and a separate one for the cattle endeavors.
  + The cattle loan has a $255,000 balance at a 5.5% interest rate. They are required to pay interest and renew their line of credit in September. Their last payment on the loan was November 1st.
  + The crop loan is currently at $87,000 and is charged a 6.5% interest rate. They last made a payment on August 3rd. They are required to pay interest and renew their line of credit in July.
* For machinery & equipment, First National Bank financed an $185,000 loan that will be paid off in 2019. The make one payment each year on December 31st of $43,620 and are charged 5.75% interest.
* John Deere Credit financed part of a combine purchase for $52,000 that will be paid off in 2019. Payments are due in February and August (made on the 3rd), with 6.9% interest. Annual Principle and Interest total $12,474.
  + A Flex-head was also financed by John Deere Credit for $8,500 with 3.9% interest. Payments will be made in February and August (made of the 3rd) as well and the loan will be paid off in 2017. Annual Principle and Interest total $4,845.
* First National Bank loaned Bill and Betty $55,000 for cows with a 6.0% interest rate. This will be paid off in 2021. One payment a year is due on December 30th of $20,179.
* Farm Credit Services finances their land. The principle balance was $315,000 with a 5.25% interest rate. Payment is due in January of $30,272. Accrued interest is $13,819. Final year of the loan is 2037.
* You ask Bill and Betty if they have any debt not included in farm expenses.
  + They have a dental bill for $2,500
  + Current credit card debt is $5,500
  + Their personal vehicle has an “Auto Loan” initially for $6,500 with a 5.9% interest rate. They make monthly payments on it of $287.75 and will be done paying it off in 2017.

Next you want to help them budget their farm enterprises for 2016:

The Cash’s do all their own field work and harvesting. All acres are dryland. Use FSA prices to establish long-range price estimates. Purchase feed prices are normally slightly more. Labor hours are: Corn, Corn Silage, Wheat, and Soybeans = 2, Alfalfa = 3, Pasture = .1

They currently have wheat growing with an APH of 45 bushels. Seed cost around $18 per acre, fertilizer $75 per acre, chemicals $13 per acre, and crop insurance $9 per acre. They have a share arrangement with one of their landlords where they share expenses on fertilizer and chemicals, and receive 66% of all income.

Their corn yield has typically been 135 bushels per acre. Seed for 2016 is estimated at $65 per acre, fertilizer $105, and crop insurance $12. Bill anticipates doing a burn-down, pre-emergence, and post-emergence herbicides. He can’t seem to find records of what the chemical cost last year. Corn silage is raised with the same inputs and has historically produced 15 tons per acre.

Soybeans have an APH of 40 bushels per acre. Seed looks to be about $65 per acre next year and herbicide/insecticide estimated at $45 per acre. Bill will apply 28 pounds of phosphorus and 500 pounds of lime per acre. Crop insurance is $16 per acre.

Some of their soybean and corn acreage is share-rented with all expenses and income shared at 50%.

Alfalfa has been established on owned acreage but you know you should spread the establishment costs over a 5-year time frame (useful life of the stand). Bill has been getting an average of 233 bales a year from the 60 acre field, which weigh around 1800 pounds. To establish alfalfa, Bill believes it cost him $40.00 is seed. He applies 12 pounds of phosphate per year for every ton per acre harvested, which totals $28.56 per acre. With the lime and other nutrients to establish the stand, fertilizer costs per year total $38.00. He also has insecticide custom sprayed every year which costs $22.00 in chemical per acre and $6.00 per acre to apply.

The Cash’s conservatively spot spray their native pasture and figure it costs about 50 cents per acre and takes them an hour for every 10 acres.

Bill and Betty expect to sell their backgrounded calves when then reach 900 pounds (hopefully in 9 months at $170 per cwt), after purchasing them at 450 pounds for $240.00 per cwt. They figure they will use 55 pounds of Beef Grower Mineral and 20 pounds of salt per head over the feeding period. The co-op bill shows mineral at $0.38 per pound and salt at $0.07 per pound. The Cash’s also purchase Dried Distillers Grains and feed 580 pounds per head over the feeding period for $0.0775 per pound. The ration will change as the calves grow, but they are estimated to consume at total of .66 tons of hay, 1.65 tons of corn silage, and 3 acres of pasture. The calves came vaccinated already, so veterinary expenses are estimated at only $22 per head, but Bill is still anticipating a 2.5% death loss. Marketing the feeders through the salebarn should cost $15 per head with transportation and Bill figures another $5.00 is miscellaneous supplies. Labor hours are estimated at 3 per head.

All calves are sold in the fall from Bill & Betty’s cowherd. Past records indicate a 90% weaning percentage at 550 pounds. Calves are typically 8 months old when they are sold and Bill hopes to get $225 per cwt next fall. Five-teen percent of the cows are culled every year and weight around 1000 pounds. Cull cows have been running .90 per pound recently. All feed is raised for the cowherd. Salt and mineral are purchased for around $35 per head per year. Bulls have been purchased for $4,000 and should have a $2,000 salvage value after 3 years. There are 6 bulls for the 88 cows. Veterinary expenses have been $35 per cow per year. The total salebarn expenses last year were $1,936 for calves and cull cows. Replacement heifers are purchased to replace the cull cows at the same rate and cost $2,100 each. Miscellaneous other costs are typically $15 per cow. Hay is fed at 2.4 tons per year, corn 112 pounds, and 8 acres of pasture. Labor hours are estimated at 8 per head.