

**Farm Business Management**

**PD-2022-08-01**

**Suggested Chart of Accounts for Computer Accounting**

Jason Karszes & Lauren Augello

This is a minimum chart of accounts recommended to have for management reasons and will meet most of the needs for analysis, IRS, and banking. If you want to keep some other information, or a different breakout, please add more categories as you see fit. It is easier to add categories back together at the end of the year than it is to break out different items from a single category. *Items indented under account titles are suggested subcategories.*

**Income**

<b>Account Title</b>	<b>Items to be included</b>
Ag Program Payments	FSA payments, cost sharing, CFAP, etc.
Calf Sales	Sale of bull & heifer calves <sup>1</sup> (calves sold close to birth)
Capital Sales <sup>2</sup> <ul style="list-style-type: none"> <li>Real estate</li> <li>Machinery</li> <li>Co-op equity</li> </ul>	Capital assets sold <ul style="list-style-type: none"> <li>Gravel, lumber, land, buildings, housing</li> <li>Machinery &amp; equipment</li> <li>Equity redeemed for cash</li> </ul>
Cull Cows <ul style="list-style-type: none"> <li>Purchased animals sold</li> <li>Home grown animals sold</li> </ul>	Cull cow sales <sup>1</sup> and heifers raised and sold before calving
Crop Sales	Sales of farm crops, crop insurance proceeds, etc.
Custom Machine Work	Custom machine work
Refunds <ul style="list-style-type: none"> <li>Workman's comp</li> <li>Gas tax refunds</li> </ul>	All refunds <ul style="list-style-type: none"> <li>Workman's compensation refund</li> <li>State &amp; federal gas tax refunds</li> </ul>
Milk Sold <ul style="list-style-type: none"> <li>Butterfat<sup>3</sup></li> <li>Protein<sup>3</sup></li> <li>Other solids<sup>3</sup></li> <li>Producer price differential (PPD)</li> <li>Quality</li> <li>Volume</li> <li>Compact payment</li> <li>Patronage dividend</li> <li>Other</li> </ul>	Milk - Gross sales or sum of all the subcategories <ul style="list-style-type: none"> <li>Butterfat, total amount</li> <li>Protein, total amount</li> <li>Other solids, total amount</li> <li>PPD, total amount (Net out location adjustment)</li> <li>Quality, total amount</li> <li>Volume, total amount</li> <li>Total compact payment<sup>2</sup></li> <li>Earnings paid to the farm from the milk co-op, cash and non-cash</li> <li>Other milk payments, total amount</li> </ul>

<sup>1</sup> If your accounting software has a feature to keep track of quantities, please use this feature so that can total amounts for the year. Otherwise please place in the memo field the amount for pounds of components and milk sold, calves sold, cows sold, and animals purchased because these numbers are used at the end of the year for analysis purposes.

<sup>2</sup> If using balance sheet accounts within an accounting system, then these categories are not needed.

<sup>3</sup> If your accounting system allows, record the pounds of components separately along with the total pounds of milk for the pay period. If your accounting system does not allow units to be kept within the system, please keep these amounts recorded in some other manner so that they can be totaled at the end of the year.

- Futures/contracts
- Net received from futures, contracts, MPP/DMC/other government milk payments

Non-Farm Income	Non-farm income, spouse's job
Other Farm Income <ul style="list-style-type: none"> <li>• Custom work, other</li> <li>• Insurance proceeds</li> <li>• Misc. farm income</li> <li>• Patronage refunds</li> </ul>	Various other farm income <ul style="list-style-type: none"> <li>• Income for custom work outside of custom machine hire</li> <li>• Insurance proceeds, note in memo field what insurance income is for</li> <li>• Maple syrup sales, director fees, gas &amp; oil royalties</li> <li>• Patronage refunds from co-ops, not including milk patronage</li> </ul>

## Expenses

Account Title	Items To Be Included
Auto/Truck	Farm auto/truck repair, insurance expenses
Breeding Costs <ul style="list-style-type: none"> <li>• Breeding fees</li> <li>• Breeding supplies</li> </ul>	Breeding fees & supplies <ul style="list-style-type: none"> <li>• Breeding fees</li> <li>• Semen &amp; supplies</li> </ul>
Capital Purchases <sup>4</sup> <ul style="list-style-type: none"> <li>• Dairy cattle</li> <li>• Machinery-equipment</li> <li>• Land-buildings</li> <li>• Co-op equity</li> </ul>	Capital purchases <ul style="list-style-type: none"> <li>• Dairy cows purchased<sup>1</sup></li> <li>• Machinery &amp; equipment</li> <li>• Land &amp; building improvements and purchases.</li> <li>• Equity purchase</li> </ul>
Crop Expenses <sup>5</sup> <ul style="list-style-type: none"> <li>• Spray &amp; chemicals</li> <li>• Fertilizer &amp; lime</li> <li>• Seeds &amp; plants</li> <li>• Other</li> <li>• Crop consulting professional fees</li> </ul>	Total crop expenses <ul style="list-style-type: none"> <li>• Spray &amp; chemicals</li> <li>• Fertilizer &amp; lime</li> <li>• Seeds &amp; plants</li> <li>• Soil testing, other crop input costs</li> <li>• Professional fees associated with crop production</li> </ul>
Custom Machinery Hire, Rent & Lease	Mach rent & hire, tillage hire, backhoe work, combining, chopping. Equipment rental and formal equipment lease payments
Family Expenses <ul style="list-style-type: none"> <li>• Insurance-health</li> <li>• Insurance-life</li> <li>• Household</li> <li>• Utilities</li> </ul>	All Family Expenses <ul style="list-style-type: none"> <li>• Family health insurance</li> <li>• Family life insurance</li> <li>• Family household expenses</li> <li>• Family portion of utility expenses</li> </ul>
Feed Purchased <sup>6</sup> <ul style="list-style-type: none"> <li>• Dairy grain</li> <li>• Forages</li> <li>• Minerals</li> <li>• Non-dairy feed</li> </ul>	Feeds purchased <ul style="list-style-type: none"> <li>• Dairy grain &amp; conc. for all animals, minerals, and silage inoculants</li> <li>• Purchased hay &amp; silage</li> <li>• Purchased minerals</li> <li>• Non-dairy feed (pig/chicken feed, etc.)</li> </ul>
Freight & Truck	Freight & trucking for livestock
Gas, Fuel, and Oil	Gas, fuel, oil, and grease for non-milking equipment
Insurance	Farm and crop insurance, fire, liability

<sup>4</sup> If using balance sheet accounts within accounting system, then these categories are not needed.

<sup>5</sup> May also break crop categories between crops, i.e., hay & corn.

<sup>6</sup> May split purchases between commodity and/or milk cow/dry cow/heifer.

**Interest<sup>7</sup>**

- Interest - capital
- Interest - other

**Total interest**

- Bank & Farm Credit interest
- Interest expenses on Open accounts

**Labor Expenses**

- Gross wages-employees
- FICA
- Education & training
- Workman's comp
- Health insurance
- Unemployment insurance
- Benefits

**Total labor expenses**

- Expenses from payroll
- Employer share of FICA and other payroll expenses
- Employee training costs
- Workers comp Insurance
- Employee health insurance expense
- Unemployment insurance
- Other labor costs, housing, fuel, car, uniforms, etc.

**Miscellaneous Expenses**

- Management consulting
- Legal
- Accounting
- Education & training, owner
- Travel
- Publications
- Office supplies
- Disposal
- Maple production expenses
- Clothing

**All other expenses**

- Business consulting fees
- Legal fees
- Accountant fees, tax planning
- Meetings & conferences
- Travel costs for owner
- Trade journals & newsletters
- Computer & paper supplies, etc.
- Garbage disposal costs
- Maple syrup supplies
- Work clothes & boots

**Milk Marketing Expenses**

- ADA
- Co-op dues & other milk marketing expenses
- Hauling
- Commission

**Milk marketing expenses**

- Milk promotion fee
- Milk co-op dues, market feed, balancing charges, other milk mkt expenses
- Milk hauling and stop charges
- Futures market brokerage fees and commissions

**Milking Supplies**

Milking supplies, towels, dips, soaps, acids, vacuum pump oil (items used daily)

**Other Livestock Expenses**

- DHIA
- Bedding
- Dairy supplies
- Heifer boarding
- Registration costs

**Other livestock expenses**

- Milk production records expense
- Purchased bedding expenses
- Dairy supplies, ear tags, non-vet items
- Heifer boarding expense
- Registration papers for breed associations

**Principal Paid<sup>8</sup>****Principal paid on all loans****Rent**

- Land rent
- Building rent
- Building lease payments

**Total rent expenses**

- Rent for land
- Rent for buildings
- Payments on leased facilities

**Repairs**

- Building
- Machinery
- Parlor
  
- Shop supplies

**Repairs & maintenance**

- Land & building repairs, ag bags, plastic for covering silos
- Machinery & equipment repairs
- Milking parlor maintenance, hoses, preventive maintenance, all repairs, service calls, things that last longer than a year.
- Bolts, welding rods, small tools, etc.

**Taxes****Farm taxes, school & property**

<sup>7</sup> May record interest by each lender/vendor

<sup>8</sup> Most computer accounting software has liability accounts that track loan payments and is the preferred method to keep track of loan balances. If your software has this feature, then this category is not needed. If not, please use this category to track how much principal you have paid to all lenders by lender.

#### Utilities

- Telephone
- Electric
- Water
- Natural gas/propane/heating oil

#### Total utilities

- Farm telephone
- Farm electric expense
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- Costs of natural gas, propane, heating oil used for heat.

#### Vet & Med

- Vet service
- Vet consulting
- Medicine
- Hoof trimming

#### Vet & medicine

- Vet services, stop charges, hourly fees, routine fees
- Vet consulting, not routine vet work
- Medicine, breeding hormones, and supplies
- Hoof trimming expense, foot bath supplies, etc.