

MESSENGER-INQUIRER

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Farm Update

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AGRICULTURE & NATURAL RESOURCES
EDUCATION

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An Information System

Dr. Steve Isaacs, Extension Professor in the Department of Agricultural Economics wrote the following article on the topic of recordkeeping. The very term conjures up images of stacks of receipts and bills, columns of numbers, and outcomes that will always be unpleasant. If you make money, you have to pay taxes. If you didn't make money, you can't pay your bills. It's no wonder the task gets delayed, put off, or outsourced...but it can't be ignored.

Recordkeeping is often too narrowly defined and restricted to the financial side of the business. Have to file taxes, have to get loans. Both require some of the same information. What did you make (revenue) and what did you spend (expenses)? The questions whose answer is the profit on an income statement and/or a Schedule F. What do you own (assets) and what do you owe (liabilities)? The questions whose answer is the net worth or owner's equity on the balance sheet.

The financial records are important for sure. However, they are only one of three overlapping information subsystems needed to manage the business effectively. Rather than thinking of "records" or "recordkeeping," let's think about "information systems" and financials is just one of them. The Information System consists of Financial, Production, and Legal

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subsystems that are different enough to be thought of separately, but similar enough to have major overlaps. Further, they reside in the larger circle of “everything else you need to know.” Production-the stuff that’s fun. Soil maps and rainfall records. Facility layout and design. Labor efficiency. Input selection. Yields maps. Legal-boring, but important stuff. Contracts. Wills, Deeds. Tax Returns. Loan documents. This is information that usually is developed and used infrequently. But when it’s needed, it’s really important. Legal information needs to be stored securely and easily retrieved. All this important stuff needs to be in a safe and secure place, and more than one person needs to know where that place is. Financial-more than taxes and loans. While the major incentive for good financial records is often the need to file accurate and timely tax returns and loan applications, there’s more to it than that. The financial information subsystem is the barometer of the health and sustainability of the business. Accurate and consistent financial reports can describe trends and can help predict the future.

An Information System integrates all the data from production, legal, and financial subsystems the manager needs for timely and informed decision-making. And integrate it does. Enterprise budgets will require input levels and anticipated yields from production combined with price and cost data from financial. A colleague used to say, “When you’re looking at production, think financial. When you’re looking at financial, think production.”

The point is that it’s an integrated INFORMATION SYSTEM with outputs that can meet financial and legal requirements, but it’s more important as a decision support system. Finally, I’ve been asked hundreds of times, “What’s the best records system for me?” The answer is always, “The one you will use.”

Cost Share Reminder

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The Green River Area Beef Improvement Group has been allocated a portion of Kentucky Agricultural Development Funds to conduct the cost share program in each of those counties this fall. Eligible items should be purchased no earlier than when the educational event was attended and/or December 20. A website discussing eligible items can be found at <https://www.kyagr.com/agpolicy/2023-Program-Guidelines-and-Applications.html>.

All purchases and projects must be complete and in operation with applications, receipts, photos, and other required documentation returned and/or postmarked on or before November 30, 2023.

Only one application per household, social security number, and farm serial number is allowed.

Notification cards from Green River Area Beef Improvement Group will be mailed soon, but for more information, or to request an application, call the Daviess County Extension Office at 270-685-8480, or the office representing the county in which your project will be completed.

Annual Rural Life Celebration

Make plans to attend the Rural Life Celebration on Sunday, August 13, at 4:00 p.m. at the St. Mary of the Woods Parish Hall in Whitesville. This event is free and open to the public. It is a great opportunity to visit and share in appreciation for agriculture and the rural lifestyle with people from across the county.

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