

Why do some farms fare better?

WASHINGTON, D.C. — Tenure and equity seem almost as important as commodity prices in explaining why some farms regularly fare better than others, reports USDA Economic Research Service.

In the case of tenure, for example, owner-operated farms often have a big advantage over partly-owned or tenant-run farms because of the owner's potential for capital gains on landownership.

The operator's equity position is another key factor. Obviously, farms where the operators own the land and equipment debt free generally fare better than farms where the operator must make annual interest and principle payments on debts.

The financial strength of farms is based on their ability to generate farm cash receipts (cash flow) to meet all farm expenses, provide an adequate allowance for family living, and set aside a depreciation fund to replace farm machinery and equipment. Farmers who cannot meet these cash flow needs will be unable to continue operating in the long run and will eventually have to forsake farming or supplement their farm income with outside employment.

Cash flow is more important now than in earlier times because farmers rely more on purchased inputs (seed, fertilizer pesticides). As a result, today's farmers may be less able to endure periods of depressed prices and low cash flow than their predecessors.

While many variables affect a farm's cash flow each year,

several generalizations can be made about the role of tenure and equity. USDA analysts recently classified the different tenure-equity combinations in order of greatest to least financial strength.

In the best financial condition are full owners with 100-percent equity. They are usually long-established farmers who own all their land free of debt and all their machinery and livestock.

Also financially sound are part-owners with about 67-percent equity. They rent half the land they farm but have debts equal to only a third of the value of their owned assets—the other half of the land and all their machinery and livestock.

Likewise in good shape are tenants with 50-percent equity. They rent all the land they operate but own all their machinery and livestock with 50-percent indebtedness.

In rather weak financial condition are full owners with 50-percent equity. They represent farmers who have recently expanded or are expanding aggressively. They own all their land equipment and livestock, but have outstanding debts equal to half the total value of the farm. Their vulnerability is due to the large and stable cash flow they need to meet their debt repayments.

In the weakest financial shape are tenants with 25-percent equity. They are usually beginning farmers who rent all the land they operate and have debts that amount to three-fourths of the

Sale Reports

A public sale of real estate and antiques was held on Jan. 1 for Warren and Cleo Boyer, between Lenhartsville and Virginville, Berks Co. There were 321 registered buyers present at the sale.

The 158-acre dairy farm with 117 acres tillable, 8 acres woodland and 20 acres of meadow also included a large bank barn, cement silo, 6-bay garage, storage shed and 2½ story stone & frame house. The property was sold for \$255,000.

Other prices were: jolly cupboard \$390, balloon-back rocker \$200, wood chest \$140, flat-top trunk \$105, butcher kettles \$87.50 & \$140, rope bed \$350, checkerboard \$77.50,

Remington 22 model 12 dump rifle \$240 and potato plow \$85.

Auctioneer was Dennis F. Wagner.

A New Years Day Sale was held on Jan. 1 at Potties Auction, located midway between Carlisle and Shippensburg on U.S. 11.

Some of the prices included: cook stove \$400, rolling pin \$35, walnut china closet \$250, copper kettle \$320, 2 pc. walnut Dutch cupboard \$540, Victorian hall rack \$400, oak hall rack \$325, ox yoke \$15 and French oriental-type rug \$500.

Carol Burruss was the auctioneer.

A public sale of real estate and household goods was held Jan. 2

for the William Moyer Estate in the village of Reinholds on Main Street, Lanc. Co.

The 2½-story frame dwelling with vinyl siding, oil hot water heat and water hook-up was sold for \$25,000.

Two other items of interest were the 2 pc. corner cupboard which sold for \$1200 and 2 glass chandeliers for \$240.

Frank & Paul Snyder were the auctioneers.

A public sale of farm equipment and construction tools was held Dec. 29 by Paul and Verna Sauder east of Terre Hill on Spring Hollow Rd., Lanc. Co. There was a large crowd attending the sale with 324 registered buyers.

Some prices received were: Gehl 95 grinder-mixer \$1,500, J.D. 43 corn sheller with P.T.O. \$475, Int. T.D. 6 crawler tractor \$2,650, P.T.O. shaft for Int. \$475, hay rake \$140, J.D. KBA disc \$790, portable 6¼ H.P.

air compressor \$300 and Rockwell 3" wood copying lathe \$950.

Auctioneers were Nevin Z. Martin and Lewis R. Groff.

The Farmersville Auction held an Antiques and Collectible Auction on Jan. 1. The sale was held in Farmersville, 3 mile east of Brownstown, Lanc. Co.

Some prices included: Sellars utility cabinet \$100, Empire bureaus \$100 and \$160, mahogany secretary desk \$120, oak dresser \$135, round and square oak extension tables \$140 & \$150, oak showcase \$115, child's fainting couch \$125, child's roll top desk \$85, oak washstand \$90, 2 jelly cupboards \$120 & \$290, string of sleigh bells \$240, 2 hand-sewn quilt tops \$27.50 to \$62.50, cast iron bulldog \$40 and 30 dolls from \$4 to a Shirley Temple doll for \$300.

Sale was conducted by John J. Rutt.

value of their livestock and machinery.

Using computerized simulations of 100 different crop and livestock farms, analysts compared their financial prospects based on these five tenure-equity combinations.

Seventy of the farms were able to generate enough cash to cover all cash flow needs. Of the other 30, only one was a full owner with 100-percent equity. Six were part owners with 67-percent equity, 10 were full owners with 50-percent equity, 6 were tenants with 50-percent equity and 7 were tenants with 25-percent equity.

Bakercrest Complete Dispersal

Located just off Rt. 569 - 3 miles from Roseville, Pa., 10 miles from Mansfield, 10 from Troy and 18 from Elmira, N.Y. Watch for auction arrows.

SATURDAY, JANUARY 23
at 10:30 Sharp
75 - Holstein Cattle - 75

Interstate Tested
62 mature cows, 10 bred hfrs., 4 started hfr. calves, 40 cows fresh or will be fresh in the next 45 days, balance in all stages of lactation. Interstate tested, preg. ex., shot for shipping fever, charts day of sale.

Machinery

Ford 5000 diesel tractor w/wide front & chains; MD Farnall w/hyd. & blade; New Idea #272 conditioner; NH 273 baler w/kicker; Papec chopper w/1 row corn & pickup heads; New Idea self-unloading box & running gear w/flotation tires; Lamco self-unloading box & running gear w/flotation tires; 3 hay wagons w/kicker racks; Ford #140-4 bottom semi-mounted plows; New Idea 40 ft. elev. w/PTO & elec. motor; New Idea 3 pt. fertilizer sower; Hustler #56 fill rite hopper blower (like new); NH 56 side rake; Papec hopper blower; JD 1240-4 row corn planter; JD barrel spreader; NH barrel Ontario 13 disc grain drill, JD 13 disc grain drill (old); Woods Cadet 72 rotary mower; Walsh transport weed sprayer w/200 gal. plastic tank; Niagara 15000 watt alternator on trailer; harrows; farm trailer; hay feeder; land roller; & a few other small items.

Sale Mgr. Note:

Due to other business interest, the Bakers have decided to discontinue their farming operation. As noted, a large number of cows are fresh or close, machinery in good repair several pieces like new. Selling order machinery 10:30 sharp, cattle approx. 12:00 noon. See you Jan. 23.

Produce

Approx. 85 to 100 ton high moisture corn in Harvestore; 30 ton good mixed hay; quantity corn-silage in trench.

Terms - Cash or Good check. Sale under cover. Lunch available.

Owners
DONALD & BARBARA BAKER
Auctioneer-Arlow Kiehli

Sales Mgr. Gordon Wood,
Mansfield, Pa.
Phone 717-549-4901

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KEITH DAWSON DAIRY HERD AND FARM MACHINERY AUCTION SALE

WAPWOLLOPEN RD #2, HOLLENBACK TWP., LUZERNE COUNTY.

The following personal property will be sold at the Bryce Conklin Farm, located 7 mi. west of the Dorrance Exit of Interstate 81 and 1½ mi. east of the Susquehanna River and the Berwick Nuclear Power Plant on Route 11, the farm is located on the Wapwollopen to Hobbie Road, 2 miles from Wapwollopen on

SATURDAY, JANUARY 16
10:30 PM.

28 Registered & Hi-Grade Holsteins of which are registered & 25 grades including Chateau-Ridge Elevation Jill VG-85 dau. of Elevation EX-GM, a stylish cow due in late Feb., to a son of Hill-Haven Stand Out Job from an EX-91 Point dau., of Astronaut with several records over 20,000 M & 700 F. Her full sister also Ex. Chateau Ridge Elevation Orca, dau. of Elevation fresh 2 mo. will come 4 yrs. old in March.

Mun-Cre Kingpin Larissa, 4 yrs., fresh 2 months a dau. of Kingpin GM, her VG 87 dam has a 4 yr. record of 20,860 m. 4.3% 903 F, Gr-Dam VG with 17,620 M 705 F, Larissa was bred in the famous Lester Poust herd at Muncy, Pa. & was one of the top selling calves in the state calf sale a number of top grades including Briquette due in Feb. with 2 yr. 5 mo. 350 da, 20,948 M. 4.2% 884 F. Jan, due early Feb., with 16,580 M. 595 F. Minnie with 17,292 M. 653 F. due in July. This offering includes 26 milking age & bred heifer due in May & 1 open yearling 9 fresh in last 2½ months, 7 due in Feb., 3 in May balance all stages injected for shipping fever, 30 day TB & blood test interstate charts day of sale.

John Deere 3020 gas narrow front tractor, recent motor overhaul & decent rubber, New Idea 165 BU single beater manure spreader new in the spring of 81, Gehl 95 MX grinder mixer with 21" mill good shape, hay & grain elevator, 1973 F-100 Ford pickup, fair shape, 1966 Int. Loadstar long wheel base flat bed truck with dump hoist & two sets of packs a real good sawdust or grain truck, DeLaval 6 unit milker pump & magnetic control box, 2 DeLaval magnetic units.

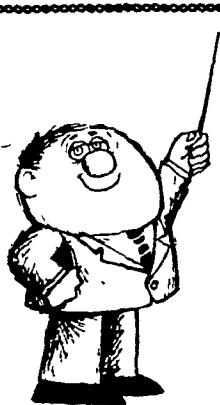
Terms: Cash or approved checks, FHA checks also honored, tent.

OWNER
KEITH DAWSON
Wapwollopen, PA

Wayne E. Weaver, Auctioneer & Sales Manager
RD #2 Tunkhannock, Penna.
Phone 333-4194

Watch for an ad on Eve Truesdell Complete Dispersal on Sat., Jan. 23rd at Noxen, Pa. Wyoming Co. Top Bred Ayrshires & Holsteins & all machinery.

Fred Kropp Dispersal on Sat., Jan. 30 at Hop Bottom PA., Susquehanna Co. 61 big strong high producing Holsteins.



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