

Test your farm financial health

Your business skills are put to the test every day. You make decisions and weather the outcomes. If the information you need to manage your farm isn't at your fingertips, you search it out. But where do you need to fine-tune your management during these tough economic times? Where can you cut costs or change emphasis to improve your profit picture? Are you going to be able to get that operating loan that will get you through until fall? Is your farm going to return enough to meet your business as well as personal obligations? Do you know how your

farm measures up financially?

A quiz distributed to farmers through the Maryland Cooperative Extension Service helps answer some of these questions and pinpoints strengths and weaknesses in a farmer's management skills and financial condition. The quiz consists of eleven questions that focus on a balance sheet, an income statement, a cash flow analysis, and enterprise records. A farmer is evaluated on the actual financial condition as well as his or her familiarity with the operation of the farm.

Here's the quiz to test the financial health of your farm, find your strong points and discovered any possible areas for improvement. Choose a response and enter that number in the blank.

Belknap Livestock

Dayton, Pa.

Wednesday, May 28

Report Supplied by PDA

CATTLE 95. Compared with last Wednesday's market: Slaughter cows steady to strong...Utility slaughter steers 38.25-42.00...Utility slaughter heifers 37.50-38.25...Few Breaking Utility & Commercial slaughter cows 38.00-48, 4-5 33.75-36.25, Cutter & Boning Utility 35.50-39, Canner & Low Cutter 31.00-35, Shells down to 28...Few Utility slaughter bullocks 40-43.75...Few Yield Grade No. 1 1185-2040 lbs. slaughter bulls 42.00-47, #2 1840 lbs. at 39.50.

FEEDER CATTLE: Few Medium Frame No. 1 3-610 lbs. steers 50.50-57.50, few #2 3-405 lbs. 44.00-46...Medium Frame #1-2 375-610 lbs. heifers 38.00-49...Few Medium Frame #1-2 535-745 lbs. bulls 39-48.50.

CALVES 73...Few Choice vealers 70.00-83, few Good 50-64.50, Standard & Good 90-115 lbs. 55.00-60, 65-85 lbs. 48.00-56...Farm Calves: Holstein Bulls 90-130 lbs. 75.00-115, few down to 65.00.

HOGS 243...Barrows and gilts steady to 25 cents lower...US No. 1-2 220-245 lbs. barrows and gilts 47.80-48, No. 1-3 215-245 lbs. 47.00-48, No. 2-3 215-255 lbs. 45-46.80, few 2-210 lbs. 40-42.50, No. 2-4 225-285 lbs. 41.50-44...Sows mostly \$2.50 lower...US No. 1-3 350-695 lbs. sows 35.00-39...Boars 23.00-33.00.

FEEDER PIGS 66...US No. 1-3 15-30 lbs. feeder pigs 18.00-31 per head.

SHEEP 18...Few High Choice & Prime 70-85 lbs. spring slaughter lambs 70.00-74.00...Slaughter ewes 19.00-25.50...**GOATS 20:** 20.00-54; Kids 12.00-20 - all per head.

1 My total debt is _____ of my total assets

- (1) less than 40%
- (2) about 40-70%
- (3) more than 70%
- (4) don't know

2 My current assets are _____ my current liabilities

- (1) more than
- (2) about equal to
- (3) less than
- (4) don't know

3 For the past two years, my annual net farm income has been _____

- (1) positive both years
- (2) positive one year and negative one year
- (3) negative both years
- (4) don't know

4 Interest expenses are _____ 25% of my total farm receipts

- (1) less than
- (2) about equal to
- (3) more than
- (4) don't know

5 I've prepared _____ cash flow projection for my farming operation

- (1) a detailed
- (2) a quick or rough
- (3) no

6 I keep _____ enterprise records for my farming operation

- (1) complete
- (2) partial
- (3) no

7 In three of the past five years, my crop yields have been _____ normal for my farm

- (1) above
- (2) about equal to
- (3) less than
- (4) don't know

8. My bills are _____

- (1) paid on time
- (2) arriving faster than I can pay them
- (3) increasingly hard to pay, and my unpaid bills are half again what they were in any of the last three years
- (4) don't know the status of my bills

9 My level of operating credit has _____ the size of my operation in the past three years

- (1) decreased in relation to
- (2) kept up with
- (3) increased more rapidly than
- (4) don't know

10 Within the last year, my lender has rejected _____ my loan request (If your operation does not depend on borrowed funds, score 1)

- (1) no portion of
- (2) part of
- (3) all of

11 I have _____

- (1) analyzed my financial condition and my farm appears to be stable for the future
- (2) analyzed my financial condition as being poor and I am considering leaving farming within the next three years
- (3) not analyzed my financial condition but I am determined to continue farming even if it results in eventual bankruptcy

Your total score on the quiz can be matched with the following guidelines

11-12 points Your financial situation is probably well under control

13-15 points Your responses indicate several areas to concentrate on and improve

16-22 points Prioritize the areas you'll work on, then tackle one or more immediately

23-33 points You've indicated many areas to improve. Help from a lender or financial adviser could speed your improvement timetable

34-40 points: Check the number of times you've given a "don't know" response. Become familiar with these areas of your farming operation, then work on improvement with the help of a financial adviser

If your score shows problems, who

returned you're certainly not alone. Many farmers returned the quiz anonymously, showed that the "farm crisis" is no stranger. Farmers are encouraged to pay close attention to their financial health and develop a good working relationship with their lenders. Seminars and workshops on farm management provided by the Cooperative Extension Service provide a good source of information for brushing up on management skills. -- Dale Johnson and Dick Levins

Split fertilizer applications save money and environment

NEW YORK, NY — Farmers who apply all their fertilizer at once will not get the best return on their money, Lewis Coalter, vice president of sales, Arcadian Corporation, recently told a group of agribusiness investment managers assembled in Des Moines.

"Researchers estimate that the average crop utilizes only 50 to 60 percent of broadcast nitrogen. That means almost half of a farmer's nitrogen investment has absolutely no effect on his yield. The rest is lost through leaching or denitrification," Coalter explained.

He recommended split applications of fertilizer through starters, banding, side-dressing and other techniques to "decrease the percentage of applied plant food that is lost, and increase percentage of that used by the crop. For years, farmers have been programmed to consider cost per acre when determining fertilizer budgets. To more accurately figure the bottom line, they should be looking at cost per bushel produced," Coalter said, as a means of survival in a depressed farm economy.

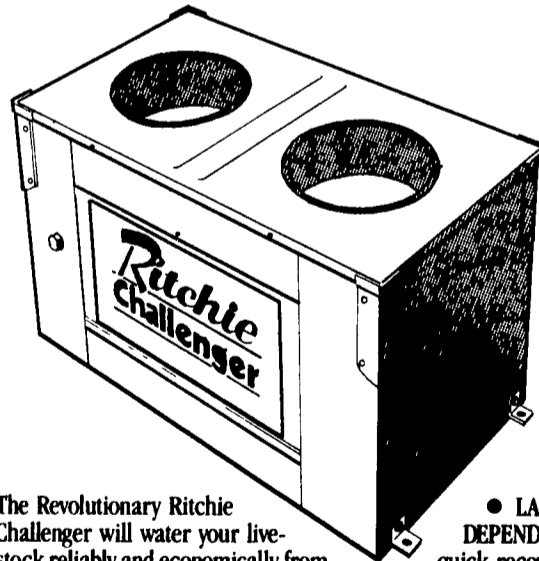
He urged improvement of the

grower's "fertilizer efficiency ratio," a number obtained, for example, by dividing the number of bushels of corn harvested per acre into the number of pounds of nitrogen applied per acre. The lower the number, the better the efficiency ratio, the return on investment, and the farmer's cash flow.

Coalter said more efficient use of fertilizer is possible through greater skills involving "TPC - timing, placement and concentration of nutrients." He reported that liquid fertilizers, which lend themselves more readily to split applications, are gaining market share at the expense of anhydrous ammonia and dry fertilizers, "due to better TPC and because they are more adaptable to new cultural techniques, such as conservation tillage, to control nutrient losses."

"The idea is to make fertilizer available to the crop instead of letting it go down the tile line. Two of today's major objectives - controlling nutrient losses and achieving high, profitable yields - complement each other. They make sense from both economic and environmental standpoints," Coalter declared.

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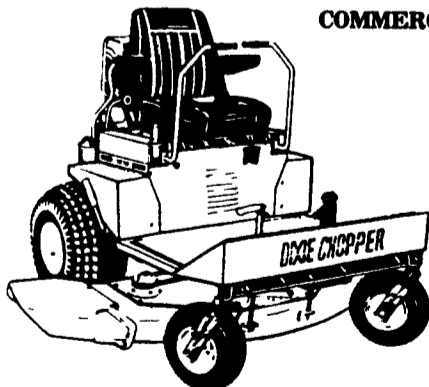
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