

## Cash Flow Accounting Helps Credit

## Dairy Of Distinction 1995 Winners Named

**KINGSTON (Luzerne Co.)**—The Northeast Dairy Farm Beautification Program announced the 1995 Pennsylvania winners of the Dairy of Distinction awards this week. Forty-three farms have been selected by local judges as new recipients of this honored award. They are:

**DISTRICT 11:** Neil Baxter, Alabion; Don Eaton, Adamsville; James & Janet Hunter, Meadville; David & Teresa Kaschak, Waterford; and King Brothers Dairy, Sandy Lake.

**DISTRICT 12:** Myron Bonzo, Rochester.

**District 13:** Dan Tice, Coudersport; and Jack Knowlton, Coudersport.

**DISTRICT 14:** Marlin & Brenda Heisey, Osterburg; Ralph Beck Jr. family, Tyrone; Duane & Linda Biddle, Roaring Spring; Gerald & Patricia Carr, Somerset; Roy States, Hesston; Keller Brothers, Tyrone; J.T.J. Wakefield Farms, Bedford; Eldon & Mark Sechler, Confluence; Dick & Eleanor Rice, New Enterprise; and Bi-Ran Farm, Bedford.

**DISTRICT 15:** No winners.

**DISTRICT 16:** Leire Fry, Middleburg; Luke & Mary Lou Rebeck, Dornswife; William & Robert Lyons, Loysville; Duane Hertzler, Loysville; Barry & Barbara Lucas, Millerstown; and Kenneth Smith, Thompsontown.

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**DISTRICT 17:** Tom McCarty, Sugar Run; and Ernest & David Norman, Liberty.

**DISTRICT 18:** David Banicky, Thompson; George Davis, Meshoppen; Clyde Henderson; Ray Kuzma, Tunkhannock; Dewey Lyon, Hallstead; and Ed Starzec, Montrose.

**DISTRICT 19:** Marlin Horst, Lititz; Sixcorner Farm, Leola; Fountin Hill Farm, Gap, and Brubaker Farms, Mount Joy.

**DISTRICT 20:** Robert & Esther Crouse Family, Riegelsville; Clarence & Carol Fehnel Family, Easton; David & Rhoda King Family, Cochranville; William & Lynn Kline, Elverson; Tom & Shirley Krall, Lebanon; Tomothy & Deborah Kurtz, Elverson; and Raymond & Nancy Seidel, Kutztown.

The Dairy of Distinction program has been operating in Pennsylvania for nine years. Including this year's winners, a total of 598 Pennsylvania Dairy of Distinction Farms have received the award.

Watch for a special section in the July 29th issue of *Lancaster Farming* that will highlight each farm. In addition a color portrait of each winning farm will be presented to the owners at Ag Progress Days.

### LARRY LABOWSKI

Extension Agent

**YOUNGSVILLE (Warren Co.)**—Have you ever asked a banker for a loan, only to be turned down, even though you have never missed a payment to anyone in your life?

If you have, you are not alone! But, before you punch out the poor loan officer, take a hard look at how the loan would affect your day-to-day finances.

Probably the most important financial document that you can provide to your banker is the cash flow statement.

This form will show where all of your hard-earned money goes. You may even be surprised!

Let's start by looking at the time when money always gets the tightest:

#### Spring Planting

Seed and fertilizer are often purchased early for tax planning, or to take advantage of dealer discounts. However, even if that is the case, farmers are still caught paying for fuel, oil, and repairs that happen most when the equipment is used heavily.

Does your milk check increase just because you need the funds in April and May? Usually not enough to cover everything for planting. This creates a need to borrow money from someone.

The first place most farmers borrow is from the supplier on a short-term account, usually 30 days. But, what happens after 30 days? Interest is usually charged at a rate of at least 18 percent APR, or 1.5 percent of the monthly balance.

Most lenders currently charge between 10-12 percent at least a third cheaper!

If you can afford to pay back the spring planting costs over the next 12 months, and still show a positive cash flow, the banks are usually willing to lend you the money.

There are several ways you can keep track of your cash spending.

The most basic system is to record each bill you pay, as they occur into some kind of ledger.

Another is a computerized record system. Or, you may hire someone to keep track of everything for you.

Using any of these systems will help you show your lending institution how you will repay the proposed loan.

Cash flow analysis is also great for decision making! You can use your records to show how changes in your operation will affect your bottom line.

The following example is of a farmer considering to increase his production level to increase his cash flow:

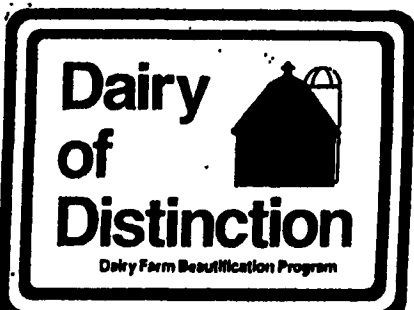
**Determine Cash Inflow:**  
Increased Milk Sales

**Determine Cash Outflows:**  
Additional Feed Costs;  
Increased Vet Expenses; Additional Marketing Costs

**Net Cash Flow**

This simple model can be used for any purchase you have planned. If you borrow money to make the purchase, be sure to include the payments in the cash outflow.

Cash flow budgeting is very important to farmers. Not only will it improve your borrowing relationship, but you should have a better understanding of where your money goes.



## Get More Money For The Milk

(Continued from Page 31)

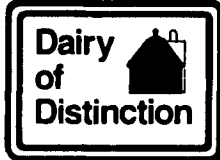
plementation with bypass methionine and lysine increased milk protein contents from 3.38 to 3.42 percent, from 3.04 to 3.19, and from 3.13 to 3.16 in three trials; milk protein yields also increased from 2.5 to 2.8 pounds per cow per day on average.

Since milk on the farm is paid for by its solids, protein and fat

contents, changes in milk composition will increase milk price and, hopefully the bottom line on the dairy farm.

Strategies to maximize the farmer's price for milk are basic to the question of whether the American dairy farm will still be around tomorrow. It may also be the most effective means for farm preservation.

**Congratulations!**



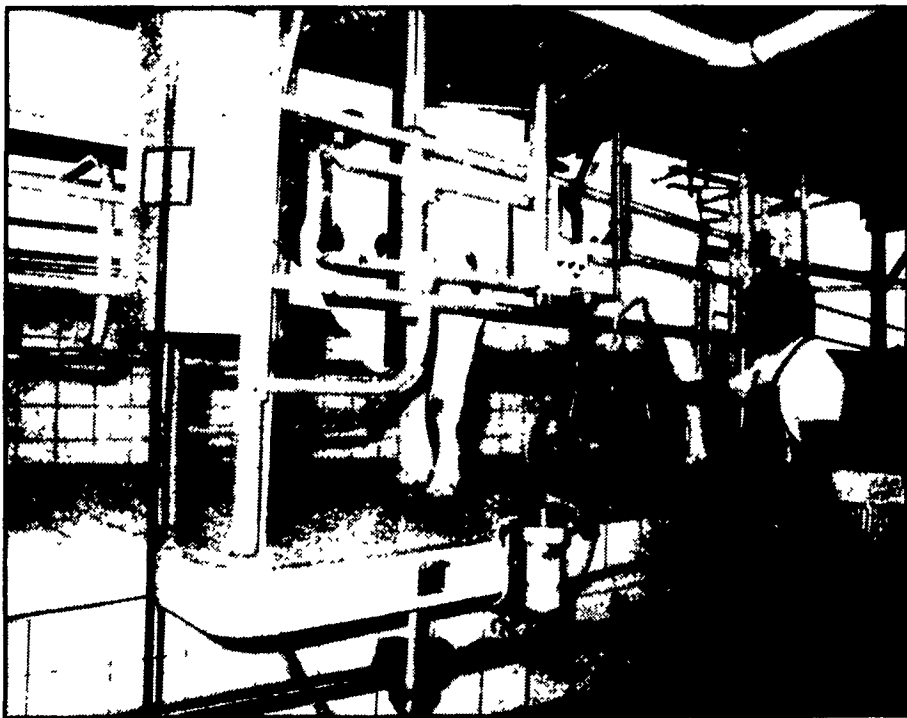
**Award  
Winners!**

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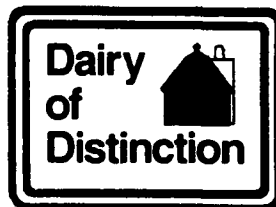


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