

1999 Iowa Vo Ag/FFA Farm Business Management
Career Development Event

MULTIPLE CHOICE SECTION (100 pts.)

Select the best answer (2 pts ea). Code your answers on the answer sheet provided. Be sure to erase completely any answers that you change.

1. An individual seller typically has very little control over the price he/she receives for their product at a given point in time in this type of market:
 - a. foreign market
 - b. domestic market
 - c. purely competitive market
 - d. imperfectly competitive market

2. Which of the following is most closely related to achieving minimum costs per unit of output?
 - a. law of diminishing returns
 - b. economies of size
 - c. law of supply
 - d. risk minimization

3. Which of the following, for a farm business, is typically categorized as either fixed or variable?
 - a. inputs
 - b. outputs
 - c. assets
 - d. liabilities

4. Which of the following happens if a farmer pays off a short-term loan that was used to purchase livestock feed?
 - a. assets, liabilities, and equity increase
 - b. liabilities remain unchanged
 - c. equity increases
 - d. assets and liabilities decrease, equity remains unchanged

5. The market demand for pork is:
 - a. what determines the price of pork
 - b. always equal to the market supply of pork
 - c. not affected by the market demand for beef
 - d. consumer willingness and ability to buy pork

6. Favorable publicity about the taste and healthfulness of beef could:
- increase the price of beef
 - decrease the demand for beef
 - increase the cost of producing beef
 - decrease the price of competitive products
7. Suppose a grain farm can produce corn yielding 150 bu/acre at a total cost of \$300/acre or soybeans yielding 50 bu/acre at a total cost of \$150/acre. If the price of corn is \$2.00/bu, what price of soybeans per bu. would give the same net returns per acre as corn?
- \$2.00
 - \$3.00
 - \$4.00
 - \$6.00
8. The net present value method and the payback method are alternative methods of:
- ranking investment alternatives
 - recording revenues and expenses
 - figuring interest payments on a loan
 - calculating depreciation
9. A wheat farmer wants to hedge future wheat sales to protect against a price decrease. The farmer should:
- sell futures contracts of wheat and buy the contracts back when the wheat is sold
 - buy futures contracts of wheat and sell the contracts when the wheat is sold
 - sell the wheat and buy wheat futures contracts in case the price goes down
 - wait and sell the wheat in the cash market
10. Income earned or expenses incurred but not yet received or paid are known as:
- fixed income or expenses
 - accrued income or expenses
 - implicit income or expenses
 - cash income or expenses
11. Farm "liquidity" is best measured by:
- the debt ratio
 - the amount of cash reserves
 - the current ratio
 - net worth

12. An advantage of the sole proprietorship form of business is:
- a. limited liability
 - b. owner has total control
 - c. no taxes for the individual owner
 - d. limited risk
13. As output increases, average fixed costs will:
- a. remain constant
 - b. increase
 - c. decrease
 - d. decrease and then increase
14. Credit needs can best be estimated from:
- a. a cash flow statement
 - b. a net income statement
 - c. a balance sheet
 - d. a partial budget
15. Total assets of a farming operation are valued at \$500,000. Total net worth is valued at \$200,000. The annual rate of return earned by this farmer on his/her equity was 25%. What were net earnings for the year?
- a. \$125,000
 - b. \$75,000
 - c. \$50,000
 - d. \$250,000
16. Accrued income that will be received within the year is:
- a. a current asset
 - b. a long-term liability
 - c. a source of cash flow
 - d. a current liability
17. If the total cost of producing an acre of canning peas is \$300, the yield is 2000 pounds per acre, and the selling price is 15 cents per pound:
- a. net cash flow is zero
 - b. net profit is zero
 - c. net profit cannot be calculated from the information given
 - d. the break-even yield is more than 2000 pounds per acre

18. Typically, a graph of which of the following economic concepts slopes upward and to the right when graphed in relation to quantity of output?
- a. market supply
 - b. total variable costs
 - c. total costs
 - d. all of the above
19. The value of a resource in its next best use is called:
- a. value added
 - b. marginal value product
 - c. opportunity cost
 - d. devaluation
20. Commercial fertilizer should be applied to crops as long as the:
- a. added fertilizer increases crop yields per acre
 - b. added production increases gross farm income
 - c. added fertilizer maintains soil productivity
 - d. value of the increased production is greater than the added costs of the fertilizer
21. A market in which prices are trending downward is known as:
- a. a bear market
 - b. a bull market
 - c. a speculative market
 - d. an inflationary market
22. The cost of an item, plus major improvements, minus accumulated depreciation is an asset's:
- a. market value
 - b. adjusted basis
 - c. net present value
 - d. cash boot
23. Equipment acquisition alternatives generally include:
- a. cash and accrual
 - b. farm sales and auctions
 - c. market value and book value
 - d. leasing and purchasing
24. A \$2 deductible expense before taxes is equivalent to what after-tax cost if a farmer's marginal tax rate is 40%?
- | | |
|-----------|-----------|
| a. \$0.40 | c. \$0.80 |
| b. \$0.60 | d. \$1.20 |

25. If a soybean producer decides to store soybeans in the local elevator for six months, the farmer should expect to receive a higher price for those soybeans in six months that will compensate him/her for:
- the extra paperwork required
 - the extra labor required on his/her part
 - the extra transportation costs
 - the cost of carry of soybeans
26. For maximum net returns, a farmer should substitute machinery for labor when:
- the annual costs of machine use are equal to the annual costs of labor
 - the value of labor saved is higher than the extra costs of increased machine use
 - there is a limited supply of labor
 - the additional machine use will increase labor efficiency
27. A farm operation has a net farm income on an accrual basis of \$40,000 with sales of \$120,000, expenses of \$70,000, and ending inventory of \$30,000. This suggests that the farm had \$40,000 of:
- other income
 - beginning inventory
 - taxes
 - interest expense
28. The ability to meet short-term cash obligations is best measured by:
- long-term profitability
 - having no debt
 - having a high rate of asset turnover
 - liquidity
29. The concept in economics that measures how responsive quantity demanded (or sold) is to changes in the price of that product is:
- demand
 - elasticity of demand
 - utility
 - purchasing power
30. An elevator quotes the price per bushel of soybeans at '25 cents under November futures'. The '25 cents' is the:
- commission
 - cash price adjustment
 - basis
 - margin call

31. The strike price is the specified price which an option buyer
- may buy or sell the corresponding commodity with a futures contract
 - must pay to the option seller
 - must pay to the commodity broker as a commission fee
 - will receive a margin call
32. Market equilibrium is where:
- total revenue = total cost
 - producers are barely making a profit
 - opportunity costs are zero
 - market supply = market demand
33. The present value of \$100 that will be received at the end of 1 year, given a 5% interest (discount) rate is:
- \$90.00
 - \$95.24
 - \$100.00
 - \$105.00
34. If farmer has total assets of \$360,000, non-current liabilities of \$80,000, and a debt to equity ratio of .50, then the farmer must have:
- current liabilities of \$40,000
 - net worth of \$280,000
 - net worth of \$80,000
 - current liabilities of \$180,000
35. Unlimited liability is one possible:
- disadvantage of incorporating the family farm
 - disadvantage of operating the family farm as a sole proprietorship
 - advantage of operating a smaller business
 - advantage of hedging with futures contracts
36. A grain combine can be purchased for \$90,000. Total annual fixed costs will be \$12,000, and variable costs per acre will be \$10 per acre. If a custom operator can be hired to combine grain for \$25 per acre, what is the minimum number of acres one should plan to harvest to justify buying the combine?
- 600
 - 800
 - 1000
 - 1200

37. The process of figuring the future value of current-period revenues and costs is known as:
- a. compounding
 - b. amortizing
 - c. discounting
 - d. budgeting
38. The additional tax you owe on each additional dollar of taxable income is called your:
- a. additional tax deduction
 - b. straight-line tax rate
 - c. marginal tax rate
 - d. federal adjusted taxable income
39. A local elevator quotes corn at 20¢ under March futures, and will pick up the grain for free. A terminal quotes 5¢ under, but it costs 10¢ to haul it there. If March futures sells for \$3.25, where can you get the highest net price, and how much is it? (Note: all figures are per bushel)
- a. \$3.10 at the terminal
 - b. \$3.20 at the terminal
 - c. \$3.20 at the elevator
 - d. \$3.05 at the elevator
40. In July a farmer sells November futures at \$5.35 to hedge new crop soybeans. At harvest, the farmer buys back the contract for \$4.85, and sells soybeans in the cash market for \$5.15. What is the net price of soybeans received by the farmer (ignoring all commission fees).
- a. \$4.85
 - b. \$5.05
 - c. \$5.35
 - d. \$5.65
41. What is the most that you should be willing to pay for an acre of farmland that is expected to produce annual net earnings of \$60 forever if the "capitalization" or interest rate is 6%:
- a. \$600
 - b. \$1000
 - c. \$636
 - d. \$660
42. Economists are normally different from accountants in that economists:
- a. don't like to work with numbers
 - b. include opportunity costs in total costs
 - c. exclude depreciation in total expenses
 - d. exclude interest expenses in cash flow calculations

43. A decrease in interest rates, everything else the same, will likely have the following impact on a beef cow:
- a. increase its net present value
 - b. decrease its net present value
 - c. increase its payback period
 - d. decrease its salvage value
44. Crop share and which of the following are alternative rental agreements?
- a. market share
 - b. input share
 - c. cash
 - d. crop lease
45. A rental agreement between a tenant and a landlord is also known as:
- a. a probate
 - b. an estate
 - c. a chattel
 - d. a lease
46. An increase in the value of the U.S. dollar relative to the currency of other countries should result in:
- a. more costly imports to the U.S.
 - b. less costly imports to the U.S.
 - c. increased quantity of exports by the U.S.
 - d. no effect on imports or exports
47. The total amount of an operating loan may be increased without increasing the dollar value of the annual payment by:
- a. increasing the amount of the down payment
 - b. raising the interest rate
 - c. decreasing the length of the loan
 - d. being nice to the loan officer
48. Suppose that a dairy farmer's cost of milk production is \$9.00 per hundredweight. If the farmer's percentage increase in cost of production is 12%, what is his/her new cost of production per hundredweight?
- | | |
|------------|-----------|
| a. \$9.12 | c. \$8.96 |
| b. \$10.08 | d. \$9.20 |

49. A distribution of a local cooperative's earnings to local farmer members in proportion to their use of the co-op is known as:
- a. a stock dividend
 - b. a retained earning
 - c. a patronage refund
 - d. a 401K distribution
50. A farmer is purchasing a new baler at a cost of \$26,000. The dealer will finance the baler under the following terms: 15% down payment with the balance repaid in equal payments over the next six years at 7% APR. The farmer expects the baler to last for 8 years and have a salvage value of \$6,000. How much interest will the farmer incur during the first year of the loan?
- a. \$1,547
 - b. \$1,638
 - c. \$1,820
 - d. \$1,872

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MULTIPLE CHOICE SECTION KEY

- | | | | |
|-----|---|-----|---|
| 1. | C | 26. | B |
| 2. | B | 27. | B |
| 3. | A | 28. | D |
| 4. | D | 29. | B |
| 5. | D | 30. | C |
| 6. | A | 31. | A |
| 7. | B | 32. | D |
| 8. | A | 33. | B |
| 9. | A | 34. | A |
| 10. | B | 35. | B |
| 11. | C | 36. | B |
| 12. | B | 37. | A |
| 13. | C | 38. | C |
| 14. | A | 39. | A |
| 15. | C | 40. | D |
| 16. | A | 41. | B |
| 17. | B | 42. | B |
| 18. | D | 43. | A |
| 19. | C | 44. | C |
| 20. | D | 45. | D |
| 21. | A | 46. | B |
| 22. | B | 47. | A |
| 23. | D | 48. | B |
| 24. | D | 49. | C |
| 25. | D | 50. | A |

**1999 Iowa Vo Ag/FFA Farm Business Management
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PROBLEM SECTION (200 pts.)

Select the best answer (5 pts. each). Code your answers on the answer sheet provided. Be sure to erase completely any answers that you change.

Section A: Financial Statement Analysis (50 pts.) Using the attached net worth statement (balance sheet) and income statement, answer the following questions.

1. The estimated sale value of everything this farm owns was _____ on Jan. 1
 - a. \$332,993
 - b. \$469,946
 - c. \$157,943
 - d. \$312,003

2. The farm's market value net worth is:
 - a. \$332,993
 - b. \$469,946
 - c. \$136,953
 - d. \$312,003

3. The total market value asset-to-liability ratio is:
 - a. 2.98
 - b. 0.34
 - c. 1.11
 - d. 1.95

4. How much is their total debt owed to John Deere as of January 1?
 - a. \$7,690
 - b. \$2,532
 - c. \$1,607
 - d. \$6,083

5. With accrued interest due of \$1,245 on their cattle loan (\$21,350 was borrowed) as of January 1, what was the approximate length of the loan?
 - a. 18 months
 - b. 12 months
 - c. 7 months
 - d. 1 month

6. How much has the value of the 'home farm' land changed since it was originally bought?
- a. + \$80,000
 - b. + \$184,000
 - c. + \$104,000
 - d. - \$104,000
7. What was the average selling price that this farm received for their milk in the past year?
- a. \$13 per hundredweight
 - b. \$568 per hundredweight
 - c. \$12.87 per hundredweight
 - d. \$13.50 per hundredweight
8. In this example the farm had _____ value of market livestock at the end of the year than at the beginning.
- a. a higher
 - b. a lower
 - c. the same
 - d. can't tell
9. If this farm used \$20,000 of their farm earnings for family living and income taxes this year, by how much did their cost value net worth increase?
- a. \$40,827
 - b. \$20,827
 - c. \$24,297
 - d. \$4,297
10. How much did this farm spend on new machinery and equipment in the past year?
- a. \$70,542
 - b. \$62,300
 - c. \$21,500
 - d. \$90,000

Section B. Cash Flow Analysis (50 pts.)

Use the attached cash flow budget projection to answer the questions below. Note: in the final section, AO stands for 'annual operating'.

11. How much cash on hand does this farm have at the beginning of the year?
- a. \$1,600
 - b. \$8,934
 - c. \$500
 - d. \$24,180

12. In how many months does this farm plan to sell hogs?
- a. one
 - b. two
 - c. three
 - d. four
13. In which month does this farm project the largest cash operating deficit (outflows exceed inflows)?
- a. April
 - b. May
 - c. September
 - d. December
14. The outstanding balance on this farm's annual operating loan is projected to _____ from the beginning of the year to the end of the year:
- a. increase
 - b. decrease
 - c. stay the same
 - d. can't tell from the budget
15. How much of this farm's own capital (down payment) does it plan to spend on new machinery purchases in January?
- a. \$7,000
 - b. \$2,532
 - c. \$12,957
 - d. \$0
16. What is the largest monthly additional operating loan borrowing this farm would need from their lender this year?
- a. \$26,482
 - b. \$16,911
 - c. \$16,741
 - d. \$33,409
17. Based on this farm's cash flow budget, projected gross cash farm income for the coming year is:
- a. \$167,617
 - b. \$166,017
 - c. \$151,417
 - d. cannot calculate from the cash flow budget

- 18 Which of the following would be found in both a cash flow budget and a farm income statement?
- principal payment on a loan
 - depreciation on buildings
 - expenses for fuel and lubricants
 - income from a nonfarm job
- 19 The selling prices used to calculate a cash flow budget should be:
- the same as actual prices received during the past year
 - conservative estimates for the coming year
 - averages for the past 10 years
 - breakeven levels to cover total costs of production
- 20 A cash flow budget cannot be used to estimate:
- accrual net farm income
 - when an operating loan will be needed
 - the farm's anticipated cash on hand at the end of the year
 - the best month for loan payments to come due

Section C. Budgeting and Investment Analysis (50 pts.)

Attached find a Budget for Finishing Feeder Pigs. It will be used for answering Questions 21 through 25.

- 21 If corn is valued at \$2.30 per bushel (instead of \$2.60), what would be the corn cost per pig placed on feed?
- \$24.96
 - \$21.97
 - \$22.08
 - \$27.95
- 22 If you buy and place 300 feeder pigs on feed, how much supplement and minerals will be needed for the group?
- 38,016 pounds
 - 39,000 pounds
 - 39 tons
 - 39,600 pounds
- 23 If the feed and other costs (excluding pig purchase cost and labor cost) is \$60.00 per pig and the interest rate is 8%, what would be the interest per pig on feed and other costs for the 2 months of feeding?
- \$.90
 - \$.80
 - \$.85
 - \$4.80

24. Given the information as provided on the Finishing Budget, what is the break-even selling price per hundred pounds (cwt) to cover all costs? (The death loss is 4 percent, which means that sales are 240 pounds per pig purchased.)
- a. \$45.20
 - b. \$56.50
 - c. \$41.65
 - d. \$47.09
25. If the costs are as presented in the budget and the market hog price is \$50 per hundred pounds (cwt), what is the level of profit per pig placed on feed?
- a. \$11.99 per pig
 - b. \$6.99 per pig
 - c. \$48.34 per pig
 - d. \$25.50 per pig

The following is used for the next three questions (26-28).

You are looking at the alternative of buying a self-propelled combine and need to calculate annual costs of owning the machine (fixed and variable) You have the following information:

Interest rate	=	10%
Repairs (% of purchase cost)	=	2%
Taxes and insurance (% of purchase cost)	=	1%
Lubrication (% of fuel cost)	=	12%
Labor hours	=	400
Labor value (per hours)	=	\$8.00
Years of use	=	8
Gallons of diesel fuel use per year	=	2,000
Diesel fuel price per gallon	=	\$1.00
Purchase price	=	\$120,000
Salvage value	=	\$30,000

26. Given this information, what is the annual fixed cost (= annual depreciation + interest on average annual investment in the machine + annual taxes and insurance) for the combine (assume no fixed storage costs)?
- a. \$25,950
 - b. \$21,150
 - c. \$24,450
 - d. \$19,950
27. Given this information, what is the annual variable cost (fuel, lubrication, labor, and repairs) for the combine?
- a. \$15,340
 - b. \$7,600
 - c. \$7,840
 - d. \$9,040

28. Which of the following is not part of an investment analysis to determine the present value of the costs of buying and operating the combine?
- salvage value
 - initial cost or purchase price
 - your marginal returns
 - annual operating costs
29. You have an opportunity to purchase your dream farm for \$100,000. You have analyzed the investment and have projected that the annual profit is \$10,000 per year. Given this, what is the present value of the annual profit when evaluated over a thirty year period and at an 8% interest rate. (Attached tables may be helpful.)
- \$300,000
 - \$100,624
 - \$112,578
 - \$119,246
30. For the investment in the farm in the last question, what is the present value of the \$10,000 profit received in the 30th year with a discount rate of 10%? (Attached tables may be helpful.)
- \$573.10
 - \$1,037
 - \$25,400
 - \$37,650

Section D: Marketing (50 pts.)

The information attached contains price information for cattle futures and options for March 31, 1999. Use this information (if needed) to answer questions 31-40. In addition to this information, assume 1) the expected nearby basis on the first day of each delivery month is 1 cent/lb and 2) the commission fee for one round turn (buying and selling combined) for both futures and options is 2 cents/lb.

31. The trading range in prices (¢/lb.) for August cattle futures on this day, March 31, was:
- .27
 - .40
 - .50
 - 4.65
32. Suppose you bought one June '99 cattle futures contract on the March 31 close. How much money or profit after (i.e. including) commissions would you make if you were to sell this contract on August 1 at a price = 67.60?
- +\$1,600
 - +\$1,200
 - +\$800
 - +\$400

33. What was the cash cattle price (\$ per cwt) in your local market on March 31 if the basis was 3¢ per lb. based on the close of the April futures?
- \$69.20
 - \$66.20
 - \$63.20
 - \$1.20
34. Which of the following would have been the most expensive cattle options contract to buy on the close for March 31?
- May call, strike price = 64
 - May call, strike price = 66
 - May put, strike price = 65
 - April put, strike price = 67
35. A cattle farmer can expect to receive what net price (¢/lb.) (after commission fees) as a result of hedging some future (Dec. 1, 1999) cattle marketings on the open on March 31 using the Dec. 1999 futures contract?
- 66.95
 - 63.95
 - 63.75
 - 67.95
36. If a cattle farmer is required to put up margin money equal to 20 percent of the March 31 closing value of the June '99 futures contract before he/she can hedge with that contract, how much money will he/she have to deposit per contract?
- \$12,720
 - \$1,272
 - \$2,035
 - \$5,088
37. The cattle option premiums on March 31 (compared to the same options' prices on March 30) are most likely to have:
- increased for the put options
 - seen increases in the strike prices
 - increased for the call options
 - not changed
38. The right to buy June cattle futures at a price = 65 on the March 31 close would have cost:
- a June put option buyer .45¢/lb.
 - a June call option buyer .45¢/lb.
 - a June put option seller .45¢/lb.
 - a May call option seller .80¢/lb.

39. Which of the following marketing options if implemented on March 31 would most likely result in a cattle farmer receiving the lowest net price for June 1 cattle marketings if cattle prices increase 10¢/lb. between March 31 and June 1?
- a. hedge with the June futures contract
 - b. hedge with the June put option
 - c. do not hedge with either futures or options (i.e. take the June cash price)
 - d. cash forward contract for delivery at 20¢/lb. above the current cash price
40. If a farmer will have 40,000 lbs. of cattle to sell on Dec. 1 and that farmer sells a Dec. cattle futures contract on March 31, that farmer:
- a. has the option to make delivery on the Dec. futures contract
 - b. is required to make delivery on the Dec. futures contract
 - c. can simply ignore his/her futures position if cattle prices increase
 - d. would also likely buy a Dec. cattle put option to be fully hedged

Problem

Section

Attachments

BALANCE SHEET

January 1,

CURRENT FARM ASSETS			Value
Cash & checking balance			2,850
Prepaid expense & supplies			1,634
Growing crops			-
Accounts receivable			3,095
Hedging accounts			-
Other current assets			-
Crops	Quantity	Value/Unit	
Feed Corn	10,900	2.00/bu.	21,800
Alfalfa Hay	120	65.00/ton	7,800
Corn Silage	180	18.00/ton	3,240
Feed Oats	500	1.10/bu.	550
Crops under govt loan			4,998
Mkt Livestock	Number	Value/Unit	
Raised Hogs	192	33.00/cwt.	7,603
Fin Yrlg Str	42	72.00/cwt.	23,436
Total Current Assets			77,006

CURRENT FARM LIABILITIES				Balance
Farm accrued interest				3,086
Farm accounts payable & accrued expenses				
Sweet Feed Company				862
Farmer's Coop - fuel				346
Current Loans	Int	P & I	Principal	
	Rate	Due	Balance	
Opr. loan - Bank	10.00	-	24,348	
First Natl Bank - cattle	10.00	22,595	21,350	
Government crop loans				4,733
Principal due within 12 months on term liabilities				14,542
Total Current Liabilities				69,267

INTERMEDIATE FARM ASSETS			
	No.	Cost Value	Market Value
Breeding Livestock			
Dairy cows	29	20,300	26,100
Youngstock	30	7,000	9,000
Sows	25	3,250	3,375
Gilts	6	750	750
Boars	2	600	500
Farm machinery & equip.		70,542	90,000
Other intermediate assets		-	-
Total Intermediate Assets		102,442	129,725

INTERMEDIATE FARM LIABILITIES					
	Int Rate	Principal Balance	P & I Due	Principal Due	Intermed Balance
First Natl - machinery	10.50	61,212	14,261	8,022	53,190
John Deere	12.00	7,690	2,532	1,607	6,083
Total Intermediate Liabilities					59,273

LONG TERM FARM ASSETS			
	Acres	Cost Value	Market Value
Land			
Home farm	160	80,000	184,000
Buildings & improvements		51,330	57,000
Other long term assets		22,215	22,215
Total Long Term Assets		153,545	263,215

LONG TERM FARM LIABILITIES					
	Int Rate	Principal Balance	P & I Due	Principal Due	Lg Term Balance
Contract For Deed	6.00	34,316	6,978	4,913	29,403
Total Long Term Liabilities					29,403

TOTAL FARM ASSETS	332,993	469,946
NONFARM ASSETS	-	-
TOTAL ASSETS (a)(b)	332,993	469,946

TOTAL FARM LIABILITIES	157,943
NONFARM LIABILITIES	-
TOTAL LIABILITIES (d)(e)	157,943
Retained Earnings/Contributed Capital	[a-d] 175,050
Market valuation equity	[b-a] 136,953
NET WORTH	[b-e] 312,003

I certify that my statements on this balance sheet are true, complete and correct to the best of my knowledge and belief.

Signature(s) _____ Date _____

*** INCOME STATEMENT ***

CASH FARM INCOME

	Quantity	Value
Soybeans	540 bu.	2,839
Soybeans (govt loan)	980 bu.	4,733
Soybeans (net gvt sale)	1,215 bu.	340
Raised Hogs	339 head	32,995
Bull Calves	14 head	1,389
Fin Yrlg Str	44 head	35,171
Milk	441,177 lb.	56,779
Cull breeding livestock		6,530
Deficiency payments		7,792
Patronage dividends		102

CASH FARM EXPENSE

Seed	5,002
Fertilizer	6,017
Crop chemicals	4,685
Crop insurance	865
Drying fuel	1,080
Feeder livestock purchase	21,350
Purchased feed	20,045
Breeding fees	970
Veterinary	2,020
Livestock supplies	3,504
Livestock marketing	3,740
Interest	13,184
Fuel & oil	4,480
Repairs	6,314
Custom hire	1,995
Hired labor	3,820
Real estate taxes	2,660
Farm insurance	1,320
Utilities	3,495
Miscellaneous	1,297

(C) Gross cash farm income

148,670

(D) Total cash farm expense

107,843

(E) Net cash farm income

40,827

INVENTORY CHANGES

	Crop & Feed	Market Livestock	Receivables & Other Income Items	Prepaid Expenses & Supplies	Payables & Accrued Expenses	Total
Ending inventory	33,639	31,039	3,095	1,634	Beg 5,287	
Beginning inventory	(-) 29,268	33,750	4,291	1,850	End 4,278	
(F) Inventory change	(=) 4,371	-2,711	-1,196	-216	1,010	1,258
(G) Net operating profit					(E+F)	42,085

DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS

	Breeding Livestock	Machinery & Equipment	Buildings & Improvements	Other Assets	Total
Ending inventory	31,900	70,542	51,330	22,215	
Capital sales	(+) -	-	-	-	
Beginning inventory	(-) 32,070	62,300	55,000	21,705	
Capital purchases	(-) 1,200	21,500	-	-	
(H) Depreciation / cap adj	(=) -1,370	-13,258	-3,670	510	-17,788
(I) Net farm income				(G+H)	24,297

Cash Flow Budget

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
*** CASH INFLOWS ***													
beg cash bal	1600	500	500	500	500	500	500	500	500	500	500	500	1600
Milk	4901	4901	4797	4441	4441	4441	4248	4248	4248	3908	3908	4078	52564
Raised Hogs	-	8280	-	-	-	8694	-	9513	-	-	-	9080	35567
Fin Yrlg Str	-	-	-	39105	-	-	-	-	-	-	-	-	39105
Soybeans	-	-	-	-	-	-	-	690	-	-	7783	-	8472
Cull stock	-	901	-	1882	-	-	566	1351	566	-	901	-	6169
Misc. lvstk	-	153	153	307	-	153	153	307	153	-	307	-	1687
Deficiency	-	3562	4291	-	-	-	-	-	-	-	-	-	7853
W-Farm wages	2433	2433	811	811	811	811	811	811	811	811	811	2433	14600
Total inflow	8934	20731	10552	47047	5753	14600	6279	17420	6279	5220	14210	16092	167617
*** CASH OUTFLOWS ***													
Seed	3577	-	-	725	910	-	-	-	-	-	-	-	5212
Fertilizer	-	-	-	825	2513	-	391	391	-	-	-	1925	6046
Chemicals	-	-	-	-	3053	1468	-	-	-	-	-	-	4521
Crop insur.	-	-	-	-	-	-	-	-	-	-	884	-	884
Drying fuel	-	-	-	-	-	-	-	-	-	-	1235	-	1235
C. Cust hire	-	-	-	-	-	-	1196	-	600	-	-	-	1796
Feeder lvstk	-	-	-	-	-	-	-	-	22815	-	-	-	22815
Purch. feed	1875	1679	1783	1622	1729	1534	1644	1425	1776	1862	1971	1765	20664
Breeding	87	87	91	102	102	102	95	95	95	95	95	95	1140
Veterinary	239	240	240	202	202	203	203	203	242	242	242	242	2699
Lstk supply	338	339	339	326	326	327	327	327	340	340	340	340	4012
L. Marketing	145	352	154	921	135	324	169	366	169	124	158	318	3334
Fuel & oil	-	-	-	420	840	420	-	420	420	840	840	-	4200
Repairs	-	-	-	725	725	725	-	-	725	1450	1450	-	5800
Labor	-	-	-	-	583	583	583	583	583	583	-	-	3500
RE taxes	-	-	-	-	1330	-	-	-	-	1330	-	-	2660
Farm insur.	-	-	-	-	675	-	-	-	-	-	675	-	1350
Utilities	267	267	267	267	267	267	267	267	267	267	267	267	3200
Dues & fees	42	42	42	42	42	42	42	42	42	42	42	42	500
Misc.	83	83	83	83	83	83	83	83	83	83	83	83	1000
Accounts pay	2082	-	-	-	-	-	-	-	-	-	-	-	2082
Fam. living	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	24000
Income taxes	-	-	4130	-	-	-	-	-	-	-	-	-	4130
Min end bal	500	500	500	500	500	500	500	500	500	500	500	500	500
Tot. outflow	11236	5589	9629	8760	16015	8579	7499	6702	30656	9757	10782	7577	127280
Opr. surplus	-2302	15142	924	38287	-10262	6021	-1220	10718	-24377	-4537	3428	8515	40337

FINISHING FEEDER PIGS -- One Pig

		Total	Cash
INCOME ^{a/}			
Market hog (250 lb x \$ _____ per lb x 0.96 head)		\$ _____	\$ _____
VARIABLE COSTS			
Feeder pig (50 lb)		\$40.00	\$40.00
Interest @ 10% for 124 days		\$1.36	\$1.36
Feed Costs			
Corn @ \$2.60 per bushel	9.6 bu	\$24.96	\$0.00
Supplement & minerals @ \$0.15 per lb	132 lbs	19.80	19.80
Feed Additives		3.00	3.00
Total Feed Costs		\$47.76	\$22.80
Veterinary and medical		\$1.00	\$1.00
Fuel, repairs, utilities		1.20	1.20
Marketing, miscellaneous		4.00	4.00
Interest on feed and other costs @ 10%	2 months	0.90	0.00
Labor @ \$7.50 per hour	0.50 hours	3.75	0.00
TOTAL VARIABLE COSTS		\$99.97	\$70.36
INCOME OVER VARIABLE COSTS		\$ _____	\$ _____
FIXED COSTS			
Machinery, facilities		\$13.04	\$1.30
TOTAL OF ALL COSTS		\$113.01	\$71.66
INCOME OVER ALL COSTS		\$ _____	\$ _____

TABLE 4 PRÉSENT VALUE OF A \$1 LUMP SUM

Years	Interest Rate												
	4%	4.5%	5%	5.5%	6%	6.5%	7%	7.5%	8%	8.5%	9%	9.5%	10%
1	0.96154	0.95694	0.95238	0.94787	0.94340	0.93897	0.93458	0.93023	0.92593	0.92166	0.91743	0.91324	0.90909
2	0.92456	0.91573	0.90703	0.89845	0.89000	0.88166	0.87344	0.86533	0.85734	0.84946	0.84168	0.83401	0.82645
3	0.88900	0.87630	0.86384	0.85161	0.83962	0.82785	0.81630	0.80496	0.79383	0.78291	0.77218	0.76165	0.75131
4	0.85480	0.83856	0.82270	0.80722	0.79209	0.77732	0.76290	0.74880	0.73503	0.72157	0.70843	0.69557	0.68301
5	0.82193	0.80245	0.78353	0.76513	0.74726	0.72988	0.71299	0.69656	0.68058	0.66505	0.64993	0.63523	0.62092
6	0.79031	0.76790	0.74622	0.72525	0.70496	0.68533	0.66634	0.64796	0.63017	0.61295	0.59627	0.58012	0.56447
7	0.75992	0.73483	0.71068	0.68744	0.66506	0.64351	0.62275	0.60275	0.58349	0.56493	0.54703	0.52979	0.51316
8	0.73069	0.70319	0.67684	0.65160	0.62741	0.60423	0.58201	0.56070	0.54027	0.52067	0.50187	0.48382	0.46651
9	0.70259	0.67290	0.64461	0.61763	0.59190	0.56735	0.54393	0.52158	0.50025	0.47988	0.46043	0.44185	0.42410
10	0.67556	0.64393	0.61391	0.58543	0.55839	0.53273	0.50835	0.48519	0.46319	0.44229	0.42241	0.40351	0.38554
11	0.64958	0.61620	0.58468	0.55491	0.52679	0.50021	0.47509	0.45134	0.42868	0.40764	0.38753	0.36851	0.35049
12	0.62460	0.58966	0.55684	0.52598	0.49697	0.46968	0.44401	0.41985	0.39711	0.37570	0.35553	0.33654	0.31863
13	0.60057	0.56427	0.53032	0.49856	0.46884	0.44102	0.41496	0.39056	0.36770	0.34627	0.32618	0.30734	0.28966
14	0.57748	0.53997	0.50507	0.47257	0.44230	0.41410	0.38782	0.36331	0.34046	0.31914	0.29925	0.28067	0.26333
15	0.55526	0.51672	0.48102	0.44793	0.41727	0.38883	0.36245	0.33797	0.31524	0.29414	0.27454	0.25632	0.23939
16	0.53391	0.49447	0.45811	0.42458	0.39365	0.36510	0.33873	0.31439	0.29189	0.27110	0.25187	0.23409	0.21763
17	0.51337	0.47316	0.43630	0.40245	0.37136	0.34281	0.31657	0.29245	0.27027	0.24986	0.23107	0.21378	0.19784
18	0.49363	0.45290	0.41552	0.38147	0.35034	0.32189	0.29586	0.27205	0.25025	0.23028	0.21199	0.19523	0.17986
19	0.47464	0.43330	0.39573	0.36158	0.33051	0.30224	0.27651	0.25307	0.23171	0.21224	0.19449	0.17829	0.16351
20	0.45639	0.41464	0.37689	0.34273	0.31180	0.28380	0.25842	0.23541	0.21455	0.19562	0.17843	0.16282	0.14864
21	0.43883	0.39679	0.35894	0.32486	0.29416	0.26648	0.24151	0.21899	0.19866	0.18029	0.16370	0.14870	0.13513
22	0.42196	0.37970	0.34185	0.30793	0.27751	0.25021	0.22571	0.20371	0.18394	0.16617	0.15018	0.13580	0.12285
23	0.40573	0.36335	0.32557	0.29187	0.26180	0.23494	0.21095	0.18950	0.17032	0.15315	0.13778	0.12402	0.11168
24	0.39012	0.34770	0.31007	0.27666	0.24698	0.22060	0.19715	0.17628	0.15770	0.14115	0.12640	0.11326	0.10153
25	0.37512	0.33273	0.29530	0.26223	0.23300	0.20714	0.18425	0.16398	0.14602	0.13009	0.11597	0.10343	0.09230
30	0.30832	0.26700	0.23138	0.20064	0.17411	0.15119	0.13137	0.11422	0.09938	0.08652	0.07537	0.06570	0.05731
35	0.25342	0.21425	0.18129	0.15352	0.13011	0.11035	0.09366	0.07956	0.06763	0.05754	0.04899	0.04174	0.03558
40	0.20829	0.17193	0.14205	0.11746	0.09722	0.08054	0.06678	0.05542	0.04603	0.03827	0.03184	0.02651	0.02209

TABLE 5 PRESENT VALUE OF A \$1 ANNUITY

Years	Interest Rate												
	4%	4.5%	5%	5.5%	6%	6.5%	7%	7.5%	8%	8.5%	9%	9.5%	10%
1	0.9615	0.9569	0.9524	0.9479	0.9434	0.9390	0.9346	0.9302	0.9259	0.9217	0.9174	0.9132	0.9091
2	1.8661	1.8727	1.8594	1.8463	1.8334	1.8206	1.8080	1.7956	1.7833	1.7711	1.7591	1.7473	1.7355
3	2.7751	2.7490	2.7232	2.6979	2.6730	2.6485	2.6243	2.6005	2.5771	2.5540	2.5313	2.5089	2.4869
4	3.6299	3.5875	3.5460	3.5052	3.4651	3.4258	3.3872	3.3493	3.3121	3.2756	3.2397	3.2045	3.1699
5	4.4518	4.3900	4.3295	4.2703	4.2124	4.1557	4.1002	4.0459	3.9927	3.9406	3.8897	3.8397	3.7908
6	5.2421	5.1579	5.0757	4.9955	4.9173	4.8410	4.7665	4.6938	4.6229	4.5536	4.4859	4.4198	4.3553
7	6.0021	5.8927	5.7864	5.6830	5.5824	5.4845	5.3893	5.2966	5.2064	5.1185	5.0330	4.9496	4.8684
8	6.7327	6.5959	6.4632	6.3346	6.2098	6.0888	5.9713	5.8573	5.7466	5.6392	5.5348	5.4334	5.3349
9	7.4353	7.2688	7.1078	6.9522	6.8017	6.6561	6.5152	6.3789	6.2469	6.1191	5.9952	5.8753	5.7590
10	8.1109	7.9127	7.7217	7.5376	7.3601	7.1888	7.0236	6.8641	6.7101	6.5613	6.4177	6.2788	6.1446
11	8.7605	8.5289	8.3054	8.0925	7.8869	7.6890	7.4987	7.3154	7.1390	6.9690	6.8052	6.6473	6.4951
12	9.3851	9.1186	8.8633	8.6185	8.3838	8.1587	7.9427	7.7353	7.5361	7.3447	7.1607	6.9838	6.8137
13	9.9856	9.6829	9.3936	9.1171	8.8527	8.5997	8.3577	8.1258	7.9038	7.6910	7.4869	7.2912	7.1034
14	10.5631	10.2228	9.8966	9.5896	9.2950	9.0138	8.7455	8.4892	8.2442	8.0101	7.7862	7.5719	7.3667
15	11.1184	10.7395	10.3797	10.0376	9.7122	9.4027	9.1079	8.8271	8.5595	8.3042	8.0607	7.8282	7.6061
16	11.6523	11.2340	10.8378	10.4622	10.1059	9.7678	9.4466	9.1415	8.8514	8.5753	8.3126	8.0623	7.8237
17	12.1657	11.7072	11.2741	10.8646	10.4773	10.1106	9.7632	9.4340	9.1216	8.8252	8.5436	8.2760	8.0216
18	12.6593	12.1600	11.6896	11.2461	10.8276	10.4325	10.0591	9.7060	9.3719	9.0555	8.7556	8.4713	8.2014
19	13.1339	12.5933	12.0853	11.6077	11.1581	10.7347	10.3356	9.9591	9.6036	9.2677	8.9501	8.6496	8.3649
20	13.5903	13.0079	12.4622	11.9504	11.4699	11.0185	10.5940	10.1945	9.8181	9.4633	9.1285	8.8124	8.5136
21	14.0292	13.4047	12.8212	12.2752	11.7641	11.2850	10.8355	10.4135	10.0168	9.6436	9.2922	8.9611	8.6487
22	14.4511	13.7844	13.1630	12.5832	12.0416	11.5352	11.0612	10.6172	10.2007	9.8098	9.4424	9.0969	8.7715
23	14.8568	14.1478	13.4886	12.8750	12.3034	11.7701	11.2722	10.8067	10.3711	9.9629	9.5802	9.2209	8.8832
24	15.2470	14.4955	13.7986	13.1517	12.5504	11.9907	11.4693	10.9830	10.5288	10.1041	9.7066	9.3341	8.9847
25	15.6221	14.8282	14.0939	13.4139	12.7834	12.1979	11.6536	11.1469	10.6748	10.2342	9.8226	9.4376	9.0770
30	17.2920	16.2889	15.3725	14.5337	13.7648	13.0587	12.4090	11.8104	11.2578	10.7468	10.2737	9.8347	9.4269
35	18.6646	17.4610	16.3742	15.3906	14.4982	13.6870	12.9477	12.2725	11.6546	11.0878	10.5668	10.0870	9.6442
40	19.7928	18.4016	17.1591	16.0461	15.0463	14.1455	13.3317	12.5944	11.9246	11.3145	10.7574	10.2472	9.7791

Wednesday, March 31, 1999

Open Interest Reflects Previous Trading Day.

Open High Low Settle Change Lifetime High Low Open Interest

CATTLE-LIVE (CME) 40,000 lbs.; cents per lb.

Apr	66.75	66.85	66.15	66.20	—	.52	73.25	59.90	31,724
June	63.95	64.02	63.57	63.60	—	.37	70.20	59.95	43,490
Aug	62.85	62.90	62.40	62.45	—	.27	65.65	61.00	18,718
Oct	65.10	65.15	64.70	64.72	—	.40	66.82	61.90	10,615
Dec	66.95	67.07	66.75	66.75	—	.20	68.05	64.75	5,011
Fb00	68.10	68.10	67.92	68.05	—	.05	69.00	66.25	1,711

Est vol 14,286; vol Tue 13,756; open Int 111,827, -752.

**CATTLE-LIVE (CME)
40,000 lbs.; cents per lb.**

Strike Price	Calls-Settle			Puts-Settle		
	Apr	May	Jun	Apr	May	Jun
64	2.20	1.15	1.05	....	....	2.57
65	1.25	0.80	0.45	0.05	2.17	3.95
66	0.42	0.50	0.20	0.22	2.87	....
67	0.10	0.30	0.07	0.90	3.67	7.55
68	....	0.17	....	1.80	4.55	....
69	....	0.10	....	2.80	....	....

Est vol 2,155 Tu 774 calls 609 puts
Op Int Tues 30,489 calls 37,611 puts