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*A Weekly Column from Iowa State University Extension and Outreach*

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**For Immediate Release**

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### **Current Information Helps Lenders Evaluate a Dairy Balance Sheet**

*Fred M. Hall, Northwest Iowa Extension Dairy Specialist*

Viability in commodity prices for producers is the norm, particularly in the feed grain and milk prices. Years of increasing variable and fixed costs, especially for dairymen, have brought the potential for negative margins to many producers. However, producers have had opportunities for improving their financial well-being and a well-informed lender generally is a part of that. Knowing the current information helps evaluate the three benchmarks every lender will be looking for to determine how a dairy will handle changes.

The three metrics that your lender will review are the current ratio, net working capital and working capital to gross revenue ratio. While all of these are calculated from your balance sheet, all of these require insights on marketing, federal policy, enterprise comparisons and of course, the weather.

Ag lenders know that price risk management continues to be a major variable for profitability in many ag enterprises and understanding the current market trends and risks is a necessary part of farm management assistance. Lenders working with dairymen have the additional necessity of understanding a complex system of milk marketing, labor inputs and federal policy implications.

All agricultural lenders will receive useful information during the Siouxland Dairy Lender's Seminar on Nov. 2 at the Forster Community Center in Rock Rapids. Lenders who serve agricultural clients and especially lenders who work with dairymen in Iowa, Minnesota, Nebraska and South Dakota are encouraged to attend. This year's focus is on market outlooks for livestock, grains and dairy, long-term weather influences for agriculture plus dairy finances and ag policy. The program begins with registration at 9 a.m., with the program running from 9:30 a.m. to 4 p.m.

The Siouxland Dairy Lender's Seminar is modeled after the long-running Tri-State Lenders program in Dubuque that has developed a proven record of assisting lenders and farm financial advisors in helping farmers manage risk. Now Siouxland lenders will have a local source for current information as they begin their annual reviews with clients.

For more information on this seminar and/or to register, visit <https://www.extension.iastate.edu/lyon/news/siouxland-dairy-lenders-seminar-nov-2> or contact Fred Hall at 712-737-4230 or fredhall@iastate.edu.

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