BARNYARDS & BACKYARDS

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Proper recordkeeping an essential financial risk management tool

By James Sedman and John Hewlett

The phrase "financial crisis" is used quite often these days and with good reason.

Current economic conditions along with the banking meltdown of 2008-09 have put many across the country in financial crisis. This has begun to spill over into production agriculture, especially in the area of credit.

Keeping accurate, up-to-date financial statements, production records, and knowing one's overall financial health has never been more important for a producer. Operating credit is the lifeblood of many operations, and keeping complete records will be critical to expanding or maintaining credit availability.

Benefits of Keeping Accurate Records

Accurate and current financial and production records are an essential part of successful production agriculture. They allow producers to more carefully plan for uncertainty and opportunity and allow for better daily and strategic operating decisions.

Producers who know their financial situation can more quickly evaluate and adapt to changing market and financial conditions. This can mean being better suited to recognizing and dealing with financial problems when they arise.

Producers who keep good records and statements can also work more effectively with lenders and creditors because they are prepared to do so. In the current environment, this could mean the difference between being able to adjust finances to changing economic conditions or being left to accept whatever restrictions current creditors demand.

Online Resources Available

The academic professionals at RightRisk.org have developed an online course called *Getting on Track: Better Management Through Basic Ag Records* to help new and smaller ag producers improve and build upon their recordkeeping abilities. Simply log onto RightRisk.org, and click "Getting on Track" in the Products menu.

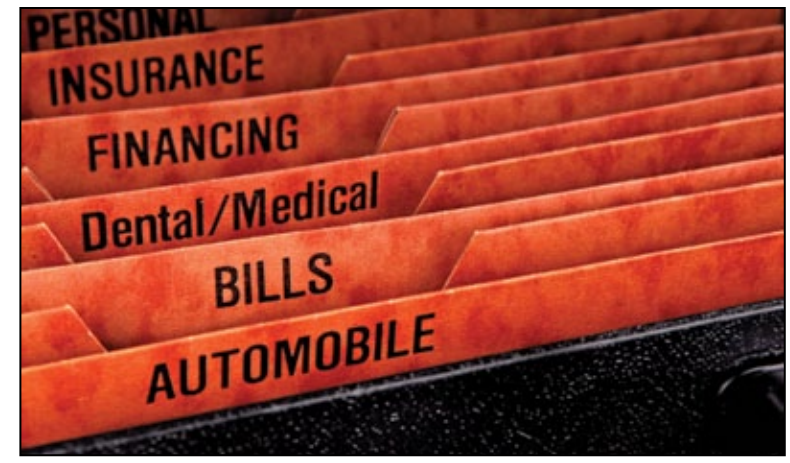
The course is divided into several sections dealing with various topics on production and financial recordkeeping.

The first section addresses using recordkeeping within the family and business decision-making process. Four different family business situations are presented in separate modules to illustrate the importance of recordkeeping.

The second section is organized into short modules presenting: 1) why keep records, 2) five easy steps for basic records, 3) keeping production records, 4) keeping financial records, and 5) records needed for filing Internal Revenue Service form Schedule F for tax purposes.

The course uses real-life ag families in various situations to illustrate the different subjects in the sections. *Getting on Track* also includes example recordkeeping forms for crop operations, livestock records, the "Agee Record System," and links to other helpful courses for further study.

For even more information, the Western Risk Management Library at agecon.uwyo.edu/riskmgt has numerous spreadsheets and financial tools available. Under the



Financial tab, there are sections containing articles and software for financial statements, budgeting, business planning, and other relevant topics.

The software section has numerous spreadsheets and tools that can assist a producer just getting started in the recordkeeping process or a someone who needs a more advanced and in-depth enterprise analysis. There are also spreadsheets available for machinery costs, leasing calculators, crop insurance, cattle and other livestock, and other production related tools.

For more information on recordkeeping and other risk management topics on the Web, visit the Western Risk Management Library at agecon.uwyo.edu/riskmgt.

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Oilseed crops in Wyoming – a research update

By Lindsay Taylor

Oilseed crop information has been common in regional agricultural trade papers and magazines the past few years. Simply stated, oilseeds are plants that produce seeds with a high oil content.

While optimism is high, there are barriers, such as access to markets and the economic viability of various oilseed crops. Researchers in Wyoming and across the West are examining these issues.

Oilseed plants include canola, camelina, sunflowers, flax, and brown mustard, to name a few. Many of these have received much press and are being extensively researched across the West for use in livestock feeding, cosmetics, and biodiesel production.

The University of Wyoming Cooperative Extension Service and Wyoming Agricultural Experiment Station's research and extension centers as well as the Wyoming Business Council and U.S. Department of Agriculture's Natural Resources Conservation Service have been conducting trials on the feasibility of oilseed crops in Wyoming. There have been research plots of a variety of these crops as well as producer-led field trials. Crop trials have focused on variety selection and farming systems. See www.uwyo.edu/oilseed/default.asp for more information.

This summer, the project was expanded. A mobile oilseed press was created for use in demonstrations and research. The goal is to have farmers and ranchers see the process of turning oilseed crops into two separate, useable products – meal for livestock feed and oil for biodiesel. Demonstrations have been in Gillette and Lingle with more demonstrations planned in northeast Wyoming this fall. All events will be posted on the Web site as they approach.

Extension educator Lindsay Taylor demonstrates a portable machine that presses oil from oilseed crops and can be processed into biodiesel.

The press can also be used to process oilseeds from crop trials around the state for further research dealing with meal and oil.

Agronomic information relating to these crops is important, but knowing what can and cannot be done with the meal and oil is key to identifying appropriate marketing methods and economic viability.

Research is continuing to determine the production and economic viability of oilseed crops as an enterprise for Wyoming producers; however, at this point, there are no established marketing channels.

Producers interested in trying oilseed crops should research possible marketing options and be prepared that drop points to market may be in other states and require significant transportation costs unless producers are near elevators that deal in oilseed commodity crops.

Otherwise, "on-farm" use is the primary option available to most producers. If producers have access to a press to extract oil, meal from canola or sunflowers may be used as a protein supplement in livestock feed. Currently, camelina meal does not have Generally Regarded As Safe (GRAS) status from the U.S. Food and Drug Administration and cannot be fed. Options for use of oil include feeding or processing into biodiesel on a small scale. Information on small-scale biodiesel production can be found at http://extn.msu.montana.edu/energy/ag%20bio%20fuel.html

The many potential options for oilseed crop production in Wyoming make it worthy of research and evaluation. Understanding how these crops will perform in certain environmental conditions or production settings may create opportunities as marketing channels develop, but, until these channels have been opened, Wyoming producers should move with caution.

For additional information regarding Wyoming research of oilseed crops, please see the project Web site www.uwyo.edu/oilseed/default.asp. Demonstration dates, links to variety trial data, and livestock feeding information are available on the site, as well as contact information for project members around the state.

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