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Staff Paper

1998 Michigan Preliminary Cash Grain Business Analysis for Farms South of I-96

by
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Staff Paper #99-9

March 1999

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1998 MICHIGAN PRELIMINARY CASH GRAIN BUSINESS ANALYSIS FOR FARMS SOUTH OF I-96

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13 pages

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March 25, 1999

A common observation during the autumn of 1998 was that the growing season had been more favorable south of I-96 than it was to the north. This highway bisects Michigan from roughly Detroit to Muskegon. The following tables are presented for this southern portion of Michigan indicating what farmers in the Telfarm accounting system achieved in terms of crop yields and financial returns during 1998. It is hoped later reports will show what cash grain farms in the area north of I-96 achieved.

These tables were developed using the Finansum software from the University of Minnesota. The format is nearly identical to that used for individual farms using Finpack's Finan to do their 1998 year end business analysis. A farm was included if 50 % or more of gross sales came from a combination of corn, soybeans, wheat, oats and barley.

The 26 farms averaged together in this report came from the following Michigan counties. Berrien, 2; Eaton, 4; Hillsdale, 3; Ingham, 3; Jackson, 2; Allegan, 3; Monroe, 4; St. Clair, 1; St. Joseph, 1; Van Buren, 1; and Washtenaw, 2. My thanks for early analyses submitted by Roger Betz, Van Varner, Vincent Greiner, Paul Marks and Ned Birkey plus the MSUE agents who worked with them.

The included farms were not randomly selected. The standard deviations, a measure of dispersion around the means published in the tables, are probably high. The farms were among the better managed cash grain farms in Michigan.

This paper is also at <http://pilot.msu.edu/user/nott/>

CROP PRODUCTION AND MARKETING SUMMARY, 1998
Preliminary 1998 Cash Grain South of I-96
(Farms sorted by Net Farm Income)

| | Average Of All Farms | Average Of Low 30% | Average Of High 30% |
|---|-------------------------|-----------------------|------------------------|
| | ----- | ----- | ----- |
| Number of Farms | 26 | 8 | 8 |
| ACREAGE SUMMARY | | | |
| Total Crop Acres | 1012 | 606 | 1827 |
| Crop Acres Owned | 380 | 236 | 639 |
| Crop Acres Cash Rented | 612 | 370 | 1123 |
| Crop Acres Share Rented | 20 | - | 65 |
| Total Pasture Acres | - | - | - |
| AVERAGE PRICE RECEIVED (Cash Sales Only) | | | |
| Corn per bu. | 2.35 | 2.32 | 2.47 |
| Soybeans per bu. | 6.30 | 6.10 | 6.44 |
| Wheat, Winter per bu. | 2.43 | - | 2.16 |
| AVERAGE YIELD PER ACRE | | | |
| Soybeans (bu.) | 48.76 | 43.59 | 49.41 |
| Corn (bu.) | 141.66 | 125.37 | 145.37 |
| Wheat, Winter (bu.) | 56.27 | - | 54.01 |
| Corn, Seed (bu.) | 220.00 | - | - |
| Hay, Alfalfa (ton) | 4.37 | - | - |
| Haylage, Alfalfa (ton) | 5.00 | - | - |
| Corn Silage (ton) | 17.94 | - | - |

FARM INCOME STATEMENT, 1998
Preliminary 1998 Cash Grain South of I-96
(Farms sorted by Net Farm Income)

| | Average Of All Farms | Average Of Low 30% | Average Of High 30% |
|-------------------------------|-------------------------|-----------------------|------------------------|
| Number of Farms | 26 | 8 | 8 |
| CASH FARM INCOME | | | |
| Corn | 105616 | 64232 | 156366 |
| Corn Silage | 507 | - | 1649 |
| Alfalfa Hay | 930 | 2078 | - |
| Mixed Hay | 1531 | 44 | 2079 |
| Soybeans | 97056 | 55602 | 188262 |
| Straw | 514 | 286 | 496 |
| Winter Wheat | 11356 | 3285 | 19307 |
| Other crops | 2001 | 151 | - |
| Beef Calves | 1810 | - | 91 |
| Finish Beef Calves | 10464 | 1254 | 24411 |
| Finish Yrlg Steers | 1582 | 2276 | - |
| Dairy Heifers (for sale) | 2687 | - | - |
| Dairy Replacement Heifers | 1923 | - | 6249 |
| Raised Hogs | 7126 | 23158 | - |
| Finish Feeder Pigs | 903 | 1264 | - |
| Other livestock income | 1092 | - | 2460 |
| Deficiency payments | 1927 | - | - |
| Other government payments | 36656 | 23086 | 60494 |
| Custom work income | 33692 | 29939 | 75206 |
| Patronage dividends, cash | 291 | 14 | 840 |
| Insurance income | 1945 | 527 | 5663 |
| Other farm income | 8234 | 2471 | 19584 |
| Gross Cash Farm Income | 329843 | 209667 | 563159 |

FARM INCOME STATEMENT, 1998 (Continued)

Preliminary 1998 Cash Grain South of I-96

(Farms sorted by Net Farm Income)

| | Average Of All Farms | Average Of Low 30% | Average Of High 30% |
|---|-------------------------|-----------------------|------------------------|
| Number of Farms | 26 | 8 | 8 |
| CASH FARM EXPENSE | | | |
| Seed | 18461 | 11621 | 31149 |
| Fertilizer | 41964 | 19460 | 80430 |
| Crop chemicals | 31180 | 10841 | 67709 |
| Crop insurance | 4693 | 2589 | 10695 |
| Drying fuel | 2649 | 2063 | 3798 |
| Irrigation energy | 264 | 858 | - |
| Crop marketing | 1392 | 2856 | 1 |
| Crop miscellaneous | 2319 | 4216 | 1942 |
| Feeder livestock purchase | 8360 | 2116 | 15312 |
| Purchased feed | 4524 | 8893 | 3529 |
| Breeding fees | 149 | 295 | 16 |
| Veterinary | 866 | 1394 | 595 |
| Livestock supplies | 1349 | 3052 | 291 |
| Livestock leases | 222 | 722 | - |
| Grazing fees | 556 | 1809 | - |
| Livestock marketing | 177 | 252 | 120 |
| Interest | 21863 | 20945 | 33498 |
| Fuel & oil | 7096 | 3021 | 13554 |
| Repairs | 18142 | 18056 | 25115 |
| Custom hire | 14926 | 3797 | 35704 |
| Hired labor | 18575 | 14097 | 38076 |
| Land rent | 45985 | 20626 | 80080 |
| Machinery & bldg leases | 14999 | 4739 | 32409 |
| Real estate taxes | 6008 | 4889 | 7495 |
| Farm insurance | 6281 | 6020 | 9354 |
| Utilities | 5561 | 4066 | 6116 |
| Dues & professional fees | 1158 | 461 | 2546 |
| Hedging account deposits | -75 | - | -244 |
| Miscellaneous | 8356 | 6346 | 14038 |
| Total cash expense | 288001 | 180101 | 513329 |
| Net cash farm income | 41840 | 29566 | 49830 |
| INVENTORY CHANGES | | | |
| Crops and feed | 21173 | -12310 | 88427 |
| Market livestock | -2209 | -8669 | 5518 |
| Accounts receivable | -3338 | 3108 | -10291 |
| Prepaid expenses and supplies | 2338 | -8142 | 15066 |
| Accounts payable | 1871 | 1531 | 5332 |
| Total inventory change | 19835 | -24482 | 104051 |
| Net operating profit | 61676 | 5084 | 153881 |
| DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS | | | |
| Breeding livestock | -529 | -1706 | -371 |
| Machinery and equipment | -21854 | -16361 | -28201 |
| Buildings and improvements | -5024 | -5229 | -10106 |
| Other farm capital | 680 | -14 | 654 |
| Total depr. and other capital adj | -26726 | -23310 | -38024 |
| Net farm income | 34950 | -18226 | 115858 |

INVENTORY CHANGES, 1998
Preliminary 1998 Cash Grain South of I-96
(Farms sorted by Net Farm Income)

| | Average Of All Farms | Average Of Low 30% | Average Of High 30% |
|--|-------------------------|-----------------------|------------------------|
| Number of Farms | 26 | 8 | 8 |
| Net cash farm income | 41840 | 29566 | 49830 |
| CROPS AND FEED | | | |
| Ending inventory | 162997 | 83958 | 245098 |
| Beginning inventory | 141824 | 96268 | 156671 |
| Inventory change | 21173 | -12310 | 88427 |
| MARKET LIVESTOCK | | | |
| Ending inventory | 14918 | 4718 | 27636 |
| Beginning inventory | 17126 | 13387 | 22118 |
| Inventory change | -2209 | -8669 | 5518 |
| ACCTS RECEIVABLE & OTHER CURRENT ASSETS | | | |
| Ending inventory | 14327 | 12266 | 22215 |
| Beginning inventory | 17665 | 9158 | 32506 |
| Inventory change | -3338 | 3108 | -10291 |
| PREPAID EXPENSES AND SUPPLIES | | | |
| Ending inventory | 28510 | 8611 | 72261 |
| Beginning inventory | 26172 | 16753 | 57195 |
| Inventory change | 2338 | -8142 | 15066 |
| ACCOUNTS PAYABLE | | | |
| Beginning inventory | 13843 | 16627 | 20231 |
| Ending inventory | 11972 | 15096 | 14899 |
| Inventory change | 1871 | 1531 | 5332 |
| Total inventory change | 19835 | -24482 | 104051 |
| Net operating profit | 61676 | 5084 | 153881 |

DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS, 1998
Preliminary 1998 Cash Grain South of I-96
(Farms sorted by Net Farm Income)

| | Average Of All Farms | Average Of Low 30% | Average Of High 30% |
|-----------------------------------|-------------------------|-----------------------|------------------------|
| Number of Farms | 26 | 8 | 8 |
| Net operating profit | 61676 | 5084 | 153881 |
| BREEDING LIVESTOCK | | | |
| Ending inventory | 2874 | - | 275 |
| Capital sales | 842 | 1902 | 182 |
| Beginning inventory | 4022 | 3608 | 538 |
| Capital purchases | 222 | - | 291 |
| Depreciation, capital adj. | -529 | -1706 | -371 |
| MACHINERY AND EQUIPMENT | | | |
| Ending inventory | 72505 | 61768 | 95281 |
| Capital sales | 2400 | 1432 | 3142 |
| Beginning inventory | 72340 | 58545 | 97334 |
| Capital purchases | 24419 | 21015 | 29290 |
| Depreciation, capital adj. | -21854 | -16361 | -28201 |
| BUILDINGS AND IMPROVEMENTS | | | |
| Ending inventory | 39454 | 28563 | 58162 |
| Capital sales | 73 | - | - |
| Beginning inventory | 40910 | 31711 | 59351 |
| Capital purchases | 3641 | 2081 | 8917 |
| Depreciation, capital adj. | -5024 | -5229 | -10106 |
| OTHER CAPITAL ASSETS | | | |
| Ending inventory | 56674 | 22708 | 122019 |
| Capital sales | 16160 | 6400 | 39650 |
| Beginning inventory | 60355 | 29113 | 122736 |
| Capital purchases | 11798 | 10 | 38280 |
| Depreciation, capital adj. | 680 | -14 | 654 |
| Total depreciation, capital adj. | -26726 | -23310 | -38024 |
| Net farm income | 34950 | -18226 | 115858 |

PROFITABILITY AND LIQUIDITY ANALYSIS, 1998
Preliminary 1998 Cash Grain South of I-96
(Farms sorted by Net Farm Income)

| | Avg. Of All Farms | Avg. Of Low 30 % | Avg. Of High 30 % | Avg. Of All Farms | Avg. Of Low 30 % | Avg. Of High 30 % |
|---------------------------------|----------------------|---------------------|----------------------|----------------------|---------------------|----------------------|
| Number of Farms | 26 | 8 | 8 | 26 | 8 | 8 |
| PROFITABILITY | | | | | | |
| | ----- Cost ----- | | | ----- Market ----- | | |
| Net farm income | 34950 | -18226 | 115858 | 55689 | 11728 | 115453 |
| Labor and management earnings | 15294 | -31094 | 94575 | 13761 | -19109 | 65899 |
| Rate of return on assets | 3.4 % | -4.4 % | 10.5 % | 4.2 % | 1.0 % | 6.9 % |
| Rate of return on equity | 0.3 % | -19.5 % | 18.6 % | 3.1 % | -2.3 % | 8.0 % |
| Operating profit margin | 6.9 % | -12.1 % | 15.9 % | 13.1 % | 4.6 % | 15.8 % |
| Asset turnover rate | 49.5 % | 36.4 % | 66.1 % | 31.6 % | 22.6 % | 43.4 % |
| Interest on farm net worth | 19656 | 12868 | 21282 | 41928 | 30837 | 49554 |
| Farm interest expense | 21946 | 20232 | 33445 | 21946 | 20232 | 33445 |
| Value of operator lbr and mgmt. | 34078 | 23645 | 49738 | 34078 | 23645 | 49738 |
| Return on farm assets | 22817 | -21639 | 99565 | 43557 | 8315 | 99160 |
| Average farm assets | 670976 | 492655 | 950081 | 1049490 | 792148 | 1445053 |
| Return on farm equity | 872 | -41871 | 66120 | 21611 | -11916 | 65715 |
| Average farm equity | 327600 | 214464 | 354707 | 698799 | 513958 | 825905 |
| Value of farm production | 332055 | 179081 | 627600 | 332055 | 179081 | 627600 |

| | Average Of All Farms | Average Of Low 30 % | Average Of High 30 % |
|---------------------------------|-------------------------|------------------------|-------------------------|
| Number of Farms | 26 | 8 | 8 |
| LIQUIDITY (Cash) | | | |
| Net cash farm income | 41840 | 29566 | 49830 |
| Net nonfarm income | 16704 | 18841 | 3212 |
| Family living and taxes | 37688 | 25730 | 48224 |
| Real estate principal payments | 9936 | 8286 | 10433 |
| Cash available for interm. debt | 10921 | 14391 | -5614 |
| Average intermediate debt | 107164 | 73225 | 196917 |
| Years to turnover interm. debt | 9.8 | 5.1 | ** |
| Expense as a % of income | 87 % | 86 % | 91 % |
| Interest as a % of income | 7 % | 10 % | 6 % |
| LIQUIDITY (Accrual) | | | |
| Total accrual farm income | 345468 | 191796 | 646812 |
| Total accrual farm expense | 283792 | 186712 | 492931 |
| Net accrual operating income | 61676 | 5084 | 153881 |
| Net nonfarm income | 16704 | 18841 | 3212 |
| Family living and taxes | 37688 | 25730 | 48224 |
| Real estate principal payments | 9936 | 8286 | 10433 |
| Available for intermediate debt | 30756 | -10091 | 98437 |
| Average intermediate debt | 107164 | 73225 | 196917 |
| Years to turnover interm. debt | 3.5 | ** | 2.0 |
| Expense as a % of income | 82 % | 97 % | 76 % |
| Interest as a % of income | 6 % | 11 % | 5 % |

** Income insufficient to meet debt servicing requirements

BALANCE SHEET AT COST VALUES, 1998
Preliminary 1998 Cash Grain South of I-96
(Farms sorted by Net Farm Income)

| Number of Farms | Average Of All Farms | | Average Of Low 30 % | | Average Of High 30 % | |
|-----------------------------------|-------------------------|--------|------------------------|--------|-------------------------|---------|
| | 26 | | 8 | | 8 | |
| | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| ASSETS | | | | | | |
| Current Farm Assets | | | | | | |
| Cash and checking balance | 2246 | 25722 | 6167 | 8730 | 280 | 71070 |
| Prepaid expenses & supplies | 26172 | 28510 | 16753 | 8611 | 57195 | 72261 |
| Growing crops | 9446 | 6526 | 3568 | 3616 | 19334 | 10274 |
| Accounts receivable | 4830 | 4094 | 2226 | 5275 | 5520 | 3268 |
| Hedging accounts | - | - | - | - | - | - |
| Crops held for sale or feed | 140787 | 161321 | 96268 | 83583 | 156671 | 245098 |
| Crops under government loan | 1037 | 1676 | - | 375 | 0 | 0 |
| Market livestock held for sale | 17126 | 14918 | 13387 | 4718 | 22118 | 27636 |
| Other current assets | 3389 | 3707 | 3364 | 3375 | 7652 | 8674 |
| Total current farm assets | 205034 | 246474 | 141733 | 118282 | 268770 | 438279 |
| Intermediate Farm Assets | | | | | | |
| Breeding livestock | 4022 | 2874 | 3608 | - | 538 | 275 |
| Machinery and equipment | 72340 | 72505 | 58545 | 61768 | 97334 | 95281 |
| Other intermediate assets | 58824 | 55332 | 27908 | 21526 | 122343 | 121635 |
| Total intermediate farm assets | 135186 | 130711 | 90061 | 83294 | 220214 | 217191 |
| Long-Term Farm Assets | | | | | | |
| Farm land | 251349 | 289962 | 246328 | 242953 | 295715 | 341703 |
| Buildings and improvements | 40910 | 39454 | 31711 | 28563 | 59351 | 58162 |
| Other long-term assets | 1531 | 1342 | 1205 | 1182 | 392 | 384 |
| Total long-term farm assets | 293790 | 330758 | 279243 | 272697 | 355458 | 400249 |
| Total Farm Assets | 634010 | 707943 | 511037 | 474273 | 844442 | 1055720 |
| Total Nonfarm Assets | 162255 | 176645 | 106853 | 119568 | 212193 | 243964 |
| Total Assets | 796265 | 884588 | 617890 | 593841 | 1056635 | 1299684 |
| LIABILITIES | | | | | | |
| Current Farm Liabilities | | | | | | |
| Accrued interest | 5554 | 5636 | 11474 | 10761 | 2068 | 2015 |
| Accounts payable | 8289 | 6336 | 5153 | 4336 | 18163 | 12885 |
| Current notes | 66458 | 113016 | 48803 | 52159 | 134706 | 285095 |
| Government crop loans | 0 | 1572 | - | 339 | 0 | 0 |
| Principal due on term debt | 34048 | 38177 | 24842 | 27852 | 54405 | 61244 |
| Total current farm liabilities | 114352 | 164741 | 90285 | 95459 | 209343 | 361238 |
| Intermediate Farm Liabilities | 86604 | 76104 | 57250 | 52533 | 159571 | 141797 |
| Long-term Farm Liabilities | 117828 | 127122 | 137003 | 123851 | 158830 | 159969 |
| Total Farm Liabilities | 318785 | 367967 | 284537 | 271844 | 527745 | 663004 |
| Total Nonfarm Liabilities | 20483 | 18384 | 7315 | 10461 | 24199 | 15201 |
| Total Liabilities | 339268 | 386351 | 291853 | 282305 | 551944 | 678205 |
| Net Worth (farm and nonfarm) | 456997 | 498237 | 326037 | 311536 | 504692 | 621479 |
| Net Worth Change | | 41240 | | -14501 | | 116788 |
| RATIO ANALYSIS | | | | | | |
| Current Farm Liabilities / Assets | 56 % | 67 % | 64 % | 81 % | 78 % | 82 % |
| Curr. & Interm Farm Liab / Assets | 59 % | 64 % | 64 % | 73 % | 75 % | 77 % |
| Long Term Farm Liab. / Assets | 40 % | 38 % | 49 % | 45 % | 45 % | 40 % |
| Total Liabilities / Assets | 43 % | 44 % | 47 % | 48 % | 52 % | 52 % |

BALANCE SHEET AT MARKET VALUES, 1998
Preliminary 1998 Cash Grain South of I-96
(Farms sorted by Net Farm Income)

| Number of Farms | Average Of All Farms | | Average Of Low 30 % | | Average Of High 30 % | |
|-------------------------------------|-------------------------|---------|------------------------|--------|-------------------------|---------|
| | 26 | | 8 | | 8 | |
| | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| ASSETS | | | | | | |
| Current Farm Assets | | | | | | |
| Cash and checking balance | 2246 | 25722 | 6167 | 8730 | 280 | 71070 |
| Prepaid expenses & supplies | 26172 | 28510 | 16753 | 8611 | 57195 | 72261 |
| Growing crops | 9446 | 6526 | 3568 | 3616 | 19334 | 10274 |
| Accounts receivable | 4830 | 4094 | 2226 | 5275 | 5520 | 3268 |
| Hedging accounts | - | - | - | - | - | - |
| Crops held for sale or feed | 140787 | 161321 | 96268 | 83583 | 156671 | 245098 |
| Crops under government loan | 1037 | 1676 | - | 375 | 0 | 0 |
| Market livestock held for sale | 17126 | 14918 | 13387 | 4718 | 22118 | 27636 |
| Other current assets | 3389 | 3707 | 3364 | 3375 | 7652 | 8674 |
| Total current farm assets | 205034 | 246474 | 141733 | 118282 | 268770 | 438279 |
| Intermediate Farm Assets | | | | | | |
| Breeding livestock | 4026 | 2885 | 3608 | - | 538 | 275 |
| Machinery and equipment | 218443 | 217868 | 169293 | 170391 | 287106 | 273728 |
| Other intermediate assets | 58824 | 55332 | 27908 | 21526 | 122343 | 121635 |
| Total intermediate farm assets | 281293 | 276085 | 200809 | 191917 | 409987 | 395638 |
| Long-Term Farm Assets | | | | | | |
| Farm land | 434436 | 488614 | 399819 | 419987 | 585422 | 641196 |
| Buildings and improvements | 79524 | 84646 | 51988 | 57375 | 73955 | 76082 |
| Other long-term assets | 1531 | 1342 | 1205 | 1182 | 392 | 384 |
| Total long-term farm assets | 515491 | 574602 | 453011 | 478544 | 659769 | 717662 |
| Total Farm Assets | 1001818 | 1097161 | 795553 | 788743 | 1338526 | 1551579 |
| Total Nonfarm Assets | 210922 | 241266 | 173278 | 186612 | 270068 | 351441 |
| Total Assets | 1212740 | 1338427 | 968831 | 975355 | 1608594 | 1903020 |
| LIABILITIES | | | | | | |
| Current Farm Liabilities | | | | | | |
| Accrued interest | 5554 | 5636 | 11474 | 10761 | 2068 | 2015 |
| Accounts payable | 8289 | 6336 | 5153 | 4336 | 18163 | 12885 |
| Current notes | 66458 | 113016 | 48803 | 52159 | 134706 | 285095 |
| Government crop loans | 0 | 1572 | - | 339 | 0 | 0 |
| Principal due on term debt | 34048 | 38177 | 24842 | 27852 | 54405 | 61244 |
| Total current farm liabilities | 114352 | 164741 | 90285 | 95459 | 209343 | 361238 |
| Intermediate Farm Liabilities | 86604 | 76104 | 57250 | 52533 | 159571 | 141797 |
| Long-term Farm Liabilities | 117828 | 127122 | 137003 | 123851 | 158830 | 159969 |
| Total Farm Liabilities | 318785 | 367967 | 284537 | 271844 | 527745 | 663004 |
| Total Nonfarm Liabilities | 20483 | 18384 | 7315 | 10461 | 24199 | 15201 |
| Total Deferred Liabilities | 6979 | 7650 | - | - | 22683 | 24863 |
| Total Liabilities | 346247 | 394001 | 291853 | 282305 | 574627 | 703068 |
| Net Worth (farm and nonfarm) | 866493 | 944426 | 676978 | 693050 | 1033967 | 1199952 |
| Net Worth Change | | 77933 | | 16072 | | 165985 |
| RATIO ANALYSIS | | | | | | |
| Current Farm Liabilities / Assets | 56 % | 67 % | 64 % | 81 % | 78 % | 82 % |
| Curr. & Interm Farm Liab. / Assets | 41 % | 46 % | 43 % | 48 % | 54 % | 60 % |
| Long Term Farm Liabilities / Assets | 23 % | 22 % | 30 % | 26 % | 24 % | 22 % |
| Total Liabilities / Assets | 29 % | 29 % | 30 % | 29 % | 36 % | 37 % |

STATEMENT OF CASH FLOWS, 1998
Preliminary 1998 Cash Grain South of I-96
(Farms sorted by Net Farm Income)

| | Average Of All Farms | Average Of Low 30% | Average Of High 30% |
|---|-------------------------|-----------------------|------------------------|
| Number of Farms | 26 | 8 | 8 |
| (a) Beginning cash balance (farm & nonfarm) | 5178 | 12764 | 280 |
| CASH FROM OPERATING ACTIVITIES | | | |
| Gross cash farm income | 329842 | 209667 | 563159 |
| Net nonfarm income (+) | 16704 | 18841 | 3212 |
| Total cash farm expense (-) | 288001 | 180101 | 513329 |
| Apparent family living expense (-) | 33078 | 24021 | 38148 |
| Income and social security tax (-) | 4610 | 1710 | 10076 |
| (b) Cash from operations (=) | 20857 | 22677 | 4818 |
| CASH FROM INVESTING ACTIVITIES | | | |
| Sale of breeding livestock | 842 | 1902 | 182 |
| Sale of machinery & equipment (+) | 2400 | 1432 | 3142 |
| Sale of farm land (+) | 2233 | 7256 | - |
| Sale of farm buildings (+) | 73 | - | - |
| Sale of other farm assets (+) | 16160 | 6400 | 39650 |
| Sale of nonfarm assets (+) | 5371 | 78 | - |
| Purchase of breeding livestock (-) | 222 | - | 291 |
| Purchase of machinery & equip. (-) | 24419 | 21015 | 29290 |
| Purchase of farm land (-) | 39079 | - | 44127 |
| Purchase of farm buildings (-) | 3641 | 2081 | 8917 |
| Purchase of other farm assets (-) | 11798 | 10 | 38280 |
| Purchase of nonfarm assets (-) | 2899 | 100 | 0 |
| (c) Cash from investing activities (=) | -54981 | -6138 | -77931 |
| CASH FROM FINANCING ACTIVITIES | | | |
| Money borrowed | 212471 | 104591 | 459131 |
| Cash gifts and inheritances (+) | 28820 | 1006 | 11153 |
| Principal payments (-) | 161599 | 115329 | 318568 |
| Dividends paid (-) | - | - | - |
| Gifts given (-) | 21412 | 1538 | 7813 |
| (d) Cash from financing activities (=) | 58280 | -11269 | 143903 |
| (e) Net change in cash balance (b+c+d) | 24156 | 5270 | 70790 |
| Ending cash balance (farm & nonfarm) | 29334 | 18033 | 71070 |

FINANCIAL GUIDELINES MEASURES, 1998
Preliminary 1998 Cash Grain South of I-96
(Farms sorted by Net Farm Income)

| | Average For All Farms | | Average For Low 30 % | | Average For High 30 % | |
|-------------------------------|--------------------------|---------|-------------------------|---------|--------------------------|---------|
| | ----- | | ----- | | ----- | |
| Number of Farms | 26 | | 8 | | 8 | |
| LIQUIDITY | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| Current ratio | 1.79 | 1.50 | 1.57 | 1.24 | 1.28 | 1.21 |
| Working capital | 90682 | 81733 | 51448 | 22823 | 59427 | 77042 |
| SOLVENCY (Market) | Beginning | Ending | Beginning | Ending | Beginning | Ending |
| Farm debt to asset ratio | 33 % | 34 % | 36 % | 34 % | 41 % | 44 % |
| Farm equity to asset ratio | 67 % | 66 % | 64 % | 66 % | 59 % | 56 % |
| Farm debt to equity ratio | 48 % | 52 % | 56 % | 53 % | 70 % | 79 % |
| PROFITABILITY | Cost | Market | Cost | Market | Cost | Market |
| Rate of return on farm assets | 3.4 % | 4.2 % | -4.4 % | 1.0 % | 10.5 % | 6.9 % |
| Rate of return on farm equity | 0.3 % | 3.1 % | -19.5 % | -2.3 % | 18.6 % | 8.0 % |
| Operating profit margin | 6.9 % | 13.1 % | -12.1 % | 4.6 % | 15.9 % | 15.8 % |
| Net farm income | 34950 | 55689 | -18226 | 11728 | 115858 | 115453 |
| REPAYMENT CAPACITY | Cash | Accrual | Cash | Accrual | Cash | Accrual |
| Term debt coverage ratio | 71 % | 112 % | 93 % | 36 % | 27 % | 180 % |
| Capital replacement margin | -14001 | 5834 | -3126 | -27608 | -49587 | 54464 |
| EFFICIENCY | | | | | | |
| Asset turnover rate (market) | 31.6 % | | 22.6 % | | 43.4 % | |
| Operating expense ratio | 75.8 % | | 86.8 % | | 71.0 % | |
| Depreciation expense ratio | 7.7 % | | 12.2 % | | 5.9 % | |
| Interest expense ratio | 6.4 % | | 10.5 % | | 5.2 % | |
| Net farm income ratio | 10.1 % | | -9.5 % | | 17.9 % | |

LABOR ANALYSIS

| | Average For All Farms | Average For Low 30 % | Average For High 30 % |
|---------------------------------|--------------------------|-------------------------|--------------------------|
| | ----- | ----- | ----- |
| Number of Farms | 26 | 8 | 8 |
| Total unpaid labor hours | 2616 | 2095 | 3408 |
| Total hired labor hours | 1562 | 1210 | 3066 |
| Total labor hours per farm | 4178 | 3305 | 6474 |
| Value of farm production / hour | 79.47 | 54.18 | 96.95 |
| Net farm income / unpaid hour | 13.36 | -8.70 | 34.00 |

OPERATOR INFORMATION & NONFARM SUMMARY, 1998
Preliminary 1998 Cash Grain South of I-96
(Farms sorted by Net Farm Income)

| | Average Of All Farms | Average Of Low 30% | Average Of High 30% |
|---------------------------------|-------------------------|-----------------------|------------------------|
| Number of Farms | 26 | 8 | 8 |
| OPERATOR INFORMATION | | | |
| Average number of operators | 1.3 | 1.1 | 1.4 |
| Average age of operators | 51.2 | 54.9 | 45.4 |
| Average number of years farming | 28.8 | 31.7 | 22.6 |
| NONFARM INCOME | | | |
| Nonfarm wages & salary | 7347 | 16280 | - |
| Nonfarm business income | 2541 | - | 2843 |
| Nonfarm rental income | 4974 | 759 | -600 |
| Nonfarm interest income | 639 | 634 | 844 |
| Nonfarm cash dividends | 89 | 11 | - |
| Tax refunds | 147 | 275 | 124 |
| Nontaxable nonfarm income | - | - | - |
| Gifts and inheritances | 28820 | 1006 | 11153 |
| Other nonfarm income | 967 | 882 | - |
| Total nonfarm income | 45524 | 19847 | 14364 |

| | Average For All Farms Beginning | Ending |
|-----------------------------|------------------------------------|--------|
| NONFARM ASSETS (Mkt) | | |
| Checking & savings | 2932 | 3612 |
| Stocks & bonds | 15491 | 16674 |
| Other current assets | 1191 | 1353 |
| Furniture & appliances | 8000 | 8692 |
| Nonfarm vehicles | 8392 | 7623 |
| Cash value of life ins. | 10589 | 11888 |
| Retirement accounts | 25772 | 30047 |
| Other intermediate assets | 66640 | 74269 |
| Nonfarm real estate | 58002 | 67425 |
| Other long term assets | 13912 | 19682 |
| Total nonfarm assets | 210922 | 241266 |