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Staff Paper

2000 Business Analysis Summary for General Crops Farms

by
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and
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Staff Paper 2001-25

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2000 BUSINESS ANALYSIS SUMMARY FOR GENERAL CROPS FARMS

Michigan Data from Telfarm/MicroTel
Staff Paper No. 2001-25, 16 pages

by

Sherrill B. Nott and Steve Smith¹

Introduction

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Data Source

Farm types were assigned using the 1992 Census of Agriculture's Standard Industrial Classification (SIC) definitions. Basically, any farm with 50 percent or more of value of farm sales from one item becomes a farm of that type. However, the general crops category is where no one defined group of commodities makes up 50 % or more of gross sales. For these farms, the crops are a bigger portion of gross sales than are livestock sales. Note the variety of income producing items in Table 2, the income statement.

This report is a summary of the financial and production records kept by general crops farmers, who were enrolled in the Telfarm/MicroTel record program through Michigan State University Extension. Farm records were included if a Finan² summary was completed on 2000 data including beginning and ending balance sheets, plus income and expenses. The summary was included if cash discrepancy was less than 10 % of gross cash inflow, and if the debt discrepancy was less than \$1,000. Averages are reported in the tables below. Variability exists in the data. The unweighted mean of net farm income for the 25 farms was \$11,721; the standard deviation of the mean was \$38,209 and the median was \$9,906. The unweighted mean of acres cropped, both owned plus rented, was 598 acres; the standard deviation of the mean was 436 acres and the median was 449 acres.

This report has three purposes: 1) to provide statistical information about the financial results on general crops farms during 2000; 2) to provide production costs for comparative analysis and forward planning; and 3) to provide information on the trends in resource use, income and costs during the last few years. For general crop farm averages for 1995, see Staff Paper No. 96-86, Michigan Farm Database, New Directions for 1995; it contains averages of 11 general crops farms calculated with Finansum. Staff Paper No. 97-32, Business Analysis Summary for General Crops Farms, contains averages of 7 general crops farms for 1996. Staff Paper No. 98-18, 1997 Business Analysis Summary for General Crop Farms contains averages for 14 farms. Staff Paper No. 99-38, 1998 Business Analysis Summary for General Crops Farms contains averages for 16 farms. Staff paper 2000-23, 1999 Business Analysis Summary for General Crops Farms contains averages for 25 farms. These staff papers are available at: <http://www.msu.edu/user/nott>

RankEM³ allows rapid analysis of group averages with some degree of choice over how the results are presented. We prefer to show the average of the high or low 33 percent by rate of return on farm assets, but only if the 33 percent means 6 or more farms. A farm was accepted in the average regardless of whether the farm was a proprietorship, partnership, limited liability company, or corporation. RankEM will produce a variety of report options; a subset is included in this publication.

The farms included in the averages below were not a random sample. Most of them kept their financial records with Michigan State University's Telfarm/MicroTel accounting project or were supervised by AgriSolutions. The averages may be representative of bigger and better managed general crops farms. The 25 farms were spread across 18 counties in Michigan's lower peninsula.

This document may be found and downloaded from the following:

<http://www.msu.edu/user/nott>

²Finan= financial analysis, one of the parts of Finpack, a financial software package from the Center for Farm Financial Management at the University of Minnesota.

³Software provided by Center for Farm Financial Management at the University of Minnesota which provides statistics from Finans.

Table 1

CROP PRODUCTION AND MARKETING SUMMARY, 2000
General Crops Farms in Michigan
(Farms sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 33%</u>	<u>High 34%</u>
Number of farms	25	8	9
Acreage Summary			
Total acres owned	415	389	490
Total crop acres	586	648	797
Crop acres owned	308	334	322
Crop acres cash rented	266	290	464
Crop acres share rented	12	24	11
Average Price Received (Cash Sales Only)			
Corn per bushel, \$	2.05	1.77	2.17
Soybeans per bushel, \$	4.78	-	-
Wheat, Winter per bushel, \$	2.21	-	-

Table 2

FARM INCOME STATEMENT, 2000
General Crops Farms in Michigan
(Farms sorted by Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 33%</u>	<u>High 34%</u>
Number of farms	25	8	9
Cash Farm Income			
Beans, Black Turtle	414	-	1,151
Beans, Dark Red Kidney	3,538	-	-
Beans, Green	13,783	34,538	7,587
Beans, Light Red Kidney	1,687	4,011	1,121
Beans, Navy	5,268	15,716	663
Beans, Small Red	640	-	1,777
Corn	38,838	16,858	84,546
Corn Silage	396	1,084	136
Corn, Seed	25,503	55,927	21,128
Cucumbers	13,217	17,762	7,152
Hay, Alfalfa	128	-	-
Hay, Mixed	1,973	2,015	3,689
Oats	782	189	1,921
Popcorn	575	-	1,598
Potatoes	9,778	-	27,161
Pumpkins	903	2,821	-
Soybeans	23,774	22,731	40,663
Straw	345	259	587
Sugar Beets	15,183	36,392	9,827
Sweet Corn	2,660	-	7,388
Wheat, Winter	3,865	4,595	5,725
Other crops	2,154	-	597
Miscellaneous crop income	81	-	-
Beef Cow-Calf, Beef Calves	2,042	-	1,746
Beef, Background Beef	220	173	456
Beef, Finish Beef Calves	8,146	-	20,315
Beef, Finish Yrlg Steers	167	-	-
Broilers	130	406	-
Dairy, Milk	3,870	12,092	-
Dairy Steers	885	344	2,018
Hogs, Finish Feeder Pigs	6,530	67	18,079
Horses, Boarding	200	-	-
Sheep, Lamb Finishing	317	-	880
Sheep, Market Lambs, Mkt Lambs	2,753	3,020	4,962
Sheep, Market Lambs, Wool	39	121	-
Hogs, Contractee	432	-	-
Cull breeding livestock	2,230	1,608	4,294
Misc. livestock income	186	190	36
Transition payments	5,511	4,396	9,379
Other government payments	34,024	39,255	51,516
Custom work income	8,067	8,504	10,420
Patronage dividends, cash	884	911	1,610
Insurance income	1,905	4,590	1,213
Contract livestock income	564	-	1,567
Other farm income	12,302	5,248	14,311
Gross Cash Farm Income	256,887	295,821	367,216

Table 3

FARM INCOME STATEMENT, 2000 (Continued)

General Crops Farms in Michigan

(Farms sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 33%</u>	<u>High 34%</u>
Number of farms	25	8	9
Cash Farm Expense			
Seed	17,829	19,940	28,651
Fertilizer	23,696	29,254	32,227
Crop chemicals	17,415	23,188	24,556
Crop insurance	2,283	3,990	1,526
Drying fuel	567	56	1,371
Irrigation energy	1,366	3,536	326
Crop marketing	1,916	405	4,848
Crop miscellaneous	3,393	1,212	7,303
Feeder livestock purchase	6,517	53	18,056
Purchased feed	4,154	3,336	6,591
Breeding fees	320	34	858
Veterinary	726	1,408	341
Livestock supplies	723	140	1,631
DHIA	54	168	-
Livestock leases	156	22	415
Livestock marketing	1,691	424	4,218
Interest	22,863	36,039	22,080
Fuel & oil	10,324	10,287	14,993
Repairs	18,501	30,430	17,550
Custom hire	10,762	20,545	7,497
Hired labor	18,980	21,713	17,580
Land rent	25,412	26,920	45,709
Machinery & bldg leases	899	1,668	562
Real estate taxes	5,040	3,661	7,950
Personal property taxes	472	-	1,201
Farm insurance	5,986	6,585	8,192
Utilities	4,702	5,209	5,915
Dues & professional fees	3,672	7,290	3,131
Hedging account deposits	262	125	618
Miscellaneous	7,589	10,077	8,753
Total cash expense	218,269	267,711	294,652
Net cash farm income	38,618	28,110	72,565
Inventory Changes			
Crops and feed	4,260	-14,344	25,485
Market livestock	1,882	1,840	1,867
Accounts receivable	-1,815	-11,579	3,422
Prepaid expenses and supplies	-2,380	-2,295	-3,724
Accounts payable	-2,286	-561	-3,863
Total inventory change	-340	-26,939	23,187
Net operating profit	38,278	1,172	95,752
Depreciation and Other Capital Adjustments			
Breeding livestock	-555	-388	-2,278
Machinery and equipment	-20,850	-20,563	-31,718
Buildings and improvements	-4,209	-6,518	-5,687
Other farm capital	-944	948	-4,575
Total depr. and other capital adj	-26,557	-26,521	-44,259
Net farm income	11,721	-25,349	51,493

Table 4

INVENTORY CHANGES, 2000
General Crops Farms in Michigan
(Farms sorted by Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 33%</u>	<u>High 34%</u>
Number of farms	25	8	9
Net cash farm income	38,618	28,110	72,565
Crops and Feed			
Ending inventory	98,577	67,652	186,510
Beginning inventory	94,317	81,996	161,025
Inventory change	4,260	-14,344	25,485
Market Livestock			
Ending inventory	13,344	2,458	24,187
Beginning inventory	11,462	618	22,319
Inventory change	1,882	1,840	1,867
Accts Receivable & Other Current Assets			
Ending inventory	39,271	64,017	44,359
Beginning inventory	41,086	75,596	40,938
Inventory change	-1,815	-11,579	3,422
Prepaid Expenses and Supplies			
Ending inventory	13,542	14,076	22,980
Beginning inventory	15,922	16,372	26,704
Inventory change	-2,380	-2,295	-3,724
Accounts Payable & Accrued Expenses			
Beginning inventory	16,616	24,563	20,903
Ending inventory	18,903	25,124	24,766
Inventory change	-2,286	-561	-3,863
Total inventory change	-340	-26,939	23,187
Net operating profit	38,278	1,172	95,752

Table 5

DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS, 2000
General Crops Farms in Michigan
(Farms sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 33%</u>	<u>High 34%</u>
Number of farms	25	8	9
Net operating profit	38,278	1,172	95,752
Breeding Livestock			
Ending inventory	19,746	26,319	15,122
Capital sales	-	-	-
Beginning inventory	20,186	26,438	17,400
Capital purchases	114	268	-
Depreciation, capital adjust.	-555	-388	-2,278
Machinery and Equipment			
Ending inventory	74,676	89,667	109,704
Capital sales	5,873	906	13,883
Beginning inventory	60,789	78,054	80,302
Capital purchases	40,610	33,081	75,004
Depreciation, capital adjust.	-20,850	-20,563	-31,718
Buildings and Improvements			
Ending inventory	24,256	28,102	30,894
Capital sales	-	-	-
Beginning inventory	22,844	27,809	30,078
Capital purchases	5,621	6,812	6,504
Depreciation, capital adjust.	-4,209	-6,518	-5,687
Other Capital Assets			
Ending inventory	4,982	9,772	3,931
Capital sales	9,306	9,074	17,781
Beginning inventory	10,795	15,771	15,882
Capital purchases	4,437	2,128	10,405
Depreciation, capital adjust.	-944	948	-4,575
Total depreciation, capital adj.	-26,557	-26,521	-44,259
Net farm income	11,721	-25,349	51,493

Table 6

PROFITABILITY AND LIQUIDITY ANALYSIS, 2000
General Crops Farms in Michigan
(Farms sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 33%</u>	<u>High 34%</u>
Number of farms	25	8	9
Profitability (assets valued at cost)			
Net farm income	11,721	-25,349	51,493
Labor and management earnings	-4,158	-35,694	23,197
Rate of return on assets	0.0 %	-4.4 %	3.5 %
Rate of return on equity	-9.8 %	-47.2 %	1.3 %
Operating profit margin	0.1 %	-10.0 %	7.7 %
Asset turnover rate	44.2 %	43.6 %	45.3 %
Interest on farm net worth	15,879	10,345	28,296
Farm interest expense	23,280	36,442	22,848
Value of operator lbr and mgmt.	34,868	37,848	45,695
Return on farm assets	133	-26,754	28,646
Average farm assets	564,983	614,016	818,784
Return on farm equity	-23,147	-63,197	5,798
Average farm equity	236,567	133,845	454,991
Value of farm production	249,989	267,963	371,065
	Avg. Of <u>All Farms</u>	<u>Low 33%</u>	<u>High 34%</u>
Number of farms	25	8	9
Profitability (assets valued at market)			
Net farm income	39,235	-11,387	78,256
Labor and management earnings	-13,680	-59,937	1,634
Rate of return on assets	2.3 %	-1.0 %	3.4 %
Rate of return on equity	0.5 %	-6.1 %	2.5 %
Operating profit margin	11.1 %	-4.8 %	14.9 %
Asset turnover rate	20.6 %	20.6 %	22.6 %
Interest on farm net worth	52,914	48,550	76,622
Farm interest expense	23,280	36,442	22,848
Value of operator lbr and mgmt.	34,868	37,848	45,695
Return on farm assets	27,646	-12,793	55,409
Average farm assets	1,213,880	1,300,458	1,640,834
Return on farm equity	4,367	-49,235	32,561
Average farm equity	881,180	806,902	1,277,041
Value of farm production	249,989	267,963	371,065

Table 7

LIQUIDITY MEASURES 2000
General Crops Farms in Michigan
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 33%</u>	<u>High 34%</u>
Number of farms	25	8	9
Liquidity (cash)			
Net cash farm income	38,618	28,110	72,565
Net nonfarm income	18,079	19,160	21,847
Family living and taxes	38,059	32,751	61,157
Real estate principal payments	10,699	14,245	10,629
Cash available for interm. debt	7,939	275	22,625
Average intermediate debt	65,564	67,487	104,117
Years to turnover interm. debt	8.3	245.9	4.6
Expense as a % of income	85 %	90 %	80 %
Interest as a % of income	9 %	12 %	6 %
Liquidity (accrual)			
Total accrual farm income	261,214	271,739	397,990
Total accrual operating expense	222,936	270,567	302,238
Net accrual operating income	38,278	1,172	95,752
Net nonfarm income	18,079	19,160	21,847
Family living and taxes	38,059	32,751	61,157
Real estate principal payments	10,699	14,245	10,629
Available for intermediate debt	7,600	-26,664	45,812
Average intermediate debt	65,564	67,487	104,117
Years to turnover interm. debt	8.6	**	2.3
Expense as a % of income	85 %	100 %	76 %
Interest as a % of income	9 %	13 %	6 %

** Income insufficient to meet debt servicing requirements

Table 8

BALANCE SHEET AT COST VALUES, 2000
General Crops Farms in Michigan
(Farms sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>		<u>Low 33%</u>		<u>High 34%</u>	
Number of farms	25		8		9	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
Assets						
Current Farm Assets						
Cash and checking balance	16,173	25,229	5,972	14,977	27,454	45,500
Prepaid expenses & supplies	15,922	13,542	16,372	14,076	26,704	22,980
Growing crops	8,481	7,199	7,078	8,260	12,978	8,282
Accounts receivable	25,700	23,469	68,330	55,651	9,502	12,302
Hedging accounts	60	0	188	0	0	0
Crops held for sale or feed	94,317	98,577	81,996	67,652	161,025	186,510
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	11,462	13,344	618	2,458	22,319	24,187
Other current assets	6,845	8,603	0	106	18,458	23,775
Total current farm assets	178,960	189,963	180,552	163,180	278,440	323,536
Intermediate Farm Assets						
Breeding livestock	20,186	19,746	26,438	26,319	17,400	15,122
Machinery and equipment	60,789	74,676	78,054	89,667	80,302	109,704
Other intermediate assets	9,562	4,768	14,010	9,549	14,022	3,534
Total intermediate farm assets	90,538	99,190	118,503	125,535	111,724	128,360
Long Term Farm Assets						
Farm land	260,209	262,559	291,184	291,184	362,876	369,403
Buildings and improvements	22,844	24,256	27,809	28,102	30,078	30,894
Other long-term assets	1,233	214	1,761	223	1,860	397
Total long-term farm assets	284,287	287,029	320,754	319,510	394,814	400,694
Total Farm Assets	553,785	576,182	619,809	608,224	784,978	852,590
Total Nonfarm Assets	57,883	67,438	68,615	88,535	94,511	103,390
Total Assets	611,667	643,620	688,424	696,759	879,489	955,980
Liabilities						
Current Farm Liabilities						
Accrued interest	9,130	9,547	14,282	14,685	11,878	12,646
Accounts payable	7,486	9,355	10,282	10,439	9,026	12,121
Current notes	59,269	58,767	85,198	93,153	86,982	74,183
Government crop loans	0	0	0	0	0	0
Principal due on term debt	24,856	21,209	34,437	23,647	27,826	27,862
Total current farm liabilities	100,741	98,879	144,197	141,924	135,712	126,811
Total intermediate farm liabs	48,824	56,025	71,035	33,076	60,431	112,005
Total long term farm liabilities	171,459	180,905	253,356	316,755	159,242	133,385
Total farm liabilities	321,024	335,809	468,588	491,755	355,385	372,201
Total nonfarm liabilities	1,563	3,701	0	1,009	1,700	5,390
Total liabilities	322,587	339,510	468,588	492,765	357,085	377,591
Net worth (farm and nonfarm)	289,080	304,109	219,836	203,994	522,404	578,389
Net worth change	15,029		-15,841		55,985	
Ratio Analysis						
Current farm liabilities / assets	56 %	52 %	80 %	87 %	49 %	39 %
Curr. & interm farm liab. / assets	55 %	54 %	72 %	61 %	50 %	53 %
Long term farm liab. / assets	60 %	63 %	79 %	99 %	40 %	33 %
Total debt to asset ratio	53 %	53 %	68 %	71 %	41 %	39 %

Table 9

BALANCE SHEET AT MARKET VALUES, 2000

General Crops Farms in Michigan

(Farms sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>		<u>Low 33%</u>		<u>High 34%</u>	
Number of farms	25		8		9	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
Assets						
Current Farm Assets						
Cash and checking balance	16,173	25,229	5,972	14,977	27,454	45,500
Prepaid expenses & supplies	15,922	13,542	16,372	14,076	26,704	22,980
Growing crops	8,481	7,199	7,078	8,260	12,978	8,282
Accounts receivable	25,700	23,469	68,330	55,651	9,502	12,302
Hedging accounts	60	0	188	0	0	0
Crops held for sale or feed	94,317	98,577	81,996	67,652	161,025	186,510
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	11,462	13,344	618	2,458	22,319	24,187
Other current assets	6,845	8,603	0	106	18,458	23,775
Total current farm assets	178,960	189,963	180,552	163,180	278,440	323,536
Intermediate Farm Assets						
Breeding livestock	21,082	20,582	26,438	26,319	17,400	15,122
Machinery and equipment	256,958	274,210	276,621	282,487	380,539	420,777
Other intermediate assets	10,826	6,115	14,023	9,884	17,411	6,867
Total intermediate farm assets	288,866	300,907	317,082	318,689	415,350	442,766
Long Term Farm Assets						
Farm land	682,427	707,036	755,316	774,381	859,718	877,489
Buildings and improvements	37,439	40,716	44,558	45,174	38,278	43,833
Other long-term assets	1,233	214	1,761	223	1,860	397
Total long-term farm assets	721,098	747,966	801,635	819,778	899,856	921,720
Total Farm Assets	1,188,925	1,238,836	1,299,270	1,301,647	1,593,646	1,688,022
Total Nonfarm Assets	109,689	116,456	115,066	117,600	168,230	184,091
Total Assets	1,298,613	1,355,291	1,414,336	1,419,246	1,761,876	1,872,113
Liabilities						
Current Farm Liabilities						
Accrued interest	9,130	9,547	14,282	14,685	11,878	12,646
Accounts payable	7,486	9,355	10,282	10,439	9,026	12,121
Current notes	59,269	58,767	85,198	93,153	86,982	74,183
Government crop loans	0	0	0	0	0	0
Principal due on term debt	24,856	21,209	34,437	23,647	27,826	27,862
Total current farm liabilities	100,741	98,879	144,197	141,924	135,712	126,811
Total intermediate farm liabs	48,824	56,025	71,035	33,076	60,431	112,005
Total long term farm liabilities	171,459	180,905	253,356	316,755	159,242	133,385
Total farm liabilities	321,024	335,809	468,588	491,755	355,385	372,201
Total nonfarm liabilities	1,563	3,701	0	1,009	1,700	5,390
Total liabs excluding deferreds	322,587	339,510	468,588	492,765	357,085	377,591
Total deferred liabilities	4,283	4,283	13,385	13,385	0	0
Total liabilities	326,871	343,793	481,973	506,149	357,085	377,591
Retained earnings	289,080	304,109	219,836	203,994	522,404	578,389
Market valuation equity	682,663	707,389	712,528	709,103	882,387	916,133
Net worth (farm and nonfarm)	971,743	1,011,498	932,364	913,097	1,404,791	1,494,522
Net worth excluding deferreds	976,026	1,015,781	945,748	926,482	1,404,791	1,494,522
Net worth change	39,755		-19,267		89,730	
Ratio Analysis						
Current farm liabilities / assets	56 %	52 %	80 %	87 %	49 %	39 %
Curr. & interm farm liab. / assets	32 %	32 %	43 %	36 %	28 %	31 %
Long term farm liab. / assets	24 %	24 %	32 %	39 %	18 %	14 %
Total debt to asset ratio	25 %	25 %	34 %	36 %	20 %	20 %
Debt to assets excl deferreds	25 %	25 %	33 %	35 %	20 %	20 %

Table 10

STATEMENT OF CASH FLOWS, 2000
General Crops Farms in Michigan
(Farms sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 33%</u>	<u>High 34%</u>
Number of farms	25	8	9
Beginning cash (farm & nonfarm)	16,952	6,472	27,691
Cash From Operating Activities			
Gross cash farm income	256,887	295,821	367,216
Net nonfarm income	18,079	19,160	21,847
Total cash farm expense	-218,269	-267,711	-294,652
Apparent family living expense	-35,140	-26,125	-60,088
Income and social security tax	-2,919	-6,625	-1,070
Cash from operations	18,638	14,519	33,254
Cash From Investing Activities			
Sale of breeding livestock	-	-	-
Sale of machinery & equipment	5,873	906	13,883
Sale of farm land	4,000	12,500	-
Sale of farm buildings	-	-	-
Sale of other farm assets	9,306	9,074	17,781
Sale of nonfarm assets	1,128	1,400	1,111
Purchase of breeding livestock	-114	-268	-
Purchase of machinery & equip.	-40,610	-33,081	-75,004
Purchase of farm land	-8,091	-12,500	-11,364
Purchase of farm buildings	-5,621	-6,812	-6,504
Purchase of other farm assets	-4,437	-2,128	-10,405
Purchase of nonfarm assets	-6,265	-3,353	-10,887
Cash from investing activities	-44,830	-34,261	-81,388
Cash From Financing Activities			
Money borrowed	193,977	325,113	227,501
Cash transfers and gifts	32,569	29,145	61,230
Principal payments	-182,506	-301,497	-219,654
Dividends paid	-	-	-
Gifts given	-8,661	-23,827	-2,880
Cash from financing activities	35,379	28,934	66,197
Net change in cash balance	9,187	9,193	18,063
Ending cash (farm & nonfarm)	26,139	15,664	45,755

Table 11

FINANCIAL STANDARDS MEASURES, 2000
General Crops Farms in Michigan
(Farms sorted by Net Farm Income)

	Avg. Of <u>All Farms</u>	<u>Low 33%</u>	<u>High 34%</u>
Number of farms	25	8	9
Liquidity: end of year			
Current ratio	1.92	1.15	2.55
Working capital	91,084	21,255	196,725
Solvency (market): end of year			
Farm debt to asset ratio	27 %	39 %	22 %
Farm equity to asset ratio	73 %	61 %	78 %
Farm debt to equity ratio	38 %	63 %	28 %
Profitability (cost)			
Rate of return on farm assets	0.0 %	-4.4 %	3.5 %
Rate of return on farm equity	-9.8 %	-47.2 %	1.3 %
Operating profit margin	0.1 %	-10.0 %	7.7 %
Net farm income	11,721	-25,349	51,493
Repayment Capacity			
Term debt coverage ratio	83 %	28 %	163 %
Capital replacement margin	-6,998	-46,856	28,151
Efficiency			
Asset turnover rate (cost)	44.2 %	43.6 %	45.3 %
Operating expense ratio	76.4 %	86.2 %	70.2 %
Depreciation expense ratio	10.2 %	9.8 %	11.1 %
Interest expense ratio	8.9 %	13.4 %	5.7 %
Net farm income ratio	4.5 %	-9.3 %	12.9 %

Table 12

FINANCIAL SUMMARY, 2000
General Crops Farms in Michigan
(Farms sorted by Net Farm Income)

	Avg. Of All Farms	Low 33%	High 34%
Number of farms	25	8	9
Income Statement			
Gross cash farm income	256,887	295,821	367,216
Total cash farm expense	218,269	267,711	294,652
Net cash farm income	38,618	28,110	72,565
Inventory change	-340	-26,939	23,187
Depreciation and capital adjust	-26,557	-26,521	-44,259
Net farm income	11,721	-25,349	51,493
Profitability (cost)			
Labor and management earnings	-4,158	-35,694	23,197
Rate of return on assets	0.0 %	-4.4 %	3.5 %
Rate of return on equity	-9.8 %	-47.2 %	1.3 %
Operating profit margin	0.1 %	-10.0 %	7.7 %
Asset turnover rate	44.2 %	43.6 %	45.3 %
Profitability (market)			
Labor and management earnings	-13,680	-59,937	1,634
Rate of return on assets	2.3 %	-1.0 %	3.4 %
Rate of return on equity	0.5 %	-6.1 %	2.5 %
Operating profit margin	11.1 %	-4.8 %	14.9 %
Asset turnover rate	20.6 %	20.6 %	22.6 %
Liquidity			
Term debt coverage ratio	83.5 %	28.1 %	163.5 %
Expense as a percent of income	85.3 %	99.6 %	75.9 %
Interest as a percent of income	8.9 %	13.4 %	5.7 %
Solvency (cost)			
Number of farms	25	8	9
Ending farm assets	576,182	608,224	852,590
Ending farm liabilities	335,809	491,755	372,201
Ending total assets	643,620	696,759	955,980
Ending total liabilities	339,510	492,765	377,591
Ending net worth	304,109	203,994	578,389
Net worth change	15,029	-15,841	55,985
Ending farm debt to asset ratio	58 %	81 %	44 %
Beg total debt to asset ratio	53 %	68 %	41 %
End total debt to asset ratio	53 %	71 %	39 %
Solvency (market)			
Number of farms	25	8	9
Ending farm assets	1,238,836	1,301,647	1,688,022
Ending farm liabilities	340,092	505,140	372,201
Ending total assets	1,355,291	1,419,246	1,872,113
Ending total liabilities	343,793	506,149	377,591
Ending net worth	1,011,498	913,097	1,494,522
Net worth change	39,755	-19,267	89,730
Ending farm debt to asset ratio	27 %	39 %	22 %
Beg total debt to asset ratio	25 %	34 %	20 %
End total debt to asset ratio	25 %	36 %	20 %
Nonfarm Information			
Net nonfarm income	18,079	19,160	21,847

Table 13

OPERATOR AND LABOR INFORMATION 2000
General Crops Farms in Michigan
(Farms Sorted By Net Farm Income)

	<u>Avg. Of All Farms</u>	<u>Low 33%</u>	<u>High 34%</u>
Number of farms	25	8	9
Operator Information			
Average number of operators	1.3	1.1	1.7
Results Per Operator			
Working capital	69,003	18,894	118,035
Total assets (market)	1,026,736	1,261,552	1,123,268
Total liabilities	263,694	461,808	226,555
Net worth (market)	763,041	799,744	896,713
Net worth excluding deferred liabs	766,286	811,642	896,713
Gross farm income	197,890	241,546	238,794
Total farm expense	189,010	264,078	207,898
Net farm income	8,880	-22,532	30,896
Net nonfarm income	13,697	17,031	13,108
Family living withdrawals	28,832	29,112	36,694
Total acres owned	314.2	345.4	294.2
Total crop acres	443.7	576.1	478.4
Crop acres owned	233.1	296.8	193.2
Crop acres cash rented	201.5	257.6	278.4
Crop acres share rented	9.0	21.6	6.8
Labor Analysis			
Number of farms	24	8	8
Total unpaid labor hours	2,693	2,857	3,564
Total hired labor hours	1,976	2,088	1,598
Total labor hours per farm	4,669	4,945	5,162
Unpaid hours per operator	2,020	2,539	2,037
Value of farm production / hour	52.15	54.19	71.04
Net farm income / unpaid hour	3.77	-8.87	14.51