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Balance Sheets for Household-Firms in Agriculture

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INTRODUCTION

The balance sheet is a fundamental financial statement. Yet many businesses and most households, including those that own a business, rarely construct and analyze their personal balance sheet. Balance sheets can also be prepared to represent the financial position of an industry. USDA's Economic Research Service has constructed a balance sheet for the farm sector annually since the 1940's.

The balance sheet shows the financial position of an industry, business or a household at a specific point in time. It reflects the cumulative outcome of financial transactions that have occurred prior to that date. The balance sheet is constructed around the accounting equation that requires:

$$Assets = Liabilities + Owner Equity. \quad (1)$$

Assets include everything of monetary value that is owned. They are valued using either a cost or current market value basis. Liabilities include all claims against the business or an individual. Owner equity, also referred to as net worth, represents the amount of capital provided by owners and by the business's retained profits if all debt obligations were paid in full.

At issue is the degree of separability maintained between the household and business when balance sheets are constructed for these different levels of aggregation and the problems that arise from using different data sources and concepts (Hill). Many farm businesses are unable to make a clear distinction between business and family assets and liabilities. This is particularly true where the farm and family expenses are paid for out of the same account. Moreover, balance sheets that focus solely on production agriculture will not address today's agricultural policy issues nor adequately represent the diverse economic activity of farm households.

The balance sheet has many applications. One of the most important uses is in determining net worth and computing changes in net worth over time. Lenders typically require a balance sheet when evaluating the financial position of loan applicants. Conversely, the balance sheet can be used to support a request for borrowed funds. The balance sheet also provides guidance for certain financial decisions, such as how best to meet repayment requirements of different liabilities.

BALANCE SHEET OF THE U.S. FARM SECTOR

The balance sheet of the farm sector describes the value of the physical and financial assets in U.S. production agriculture and the claims against those assets. It is used to assess the wealth (net worth) of the farm sector at a point in time and monitor changes in the sector's net worth over time. When combined with information from the sector's income statement it can be used to evaluate the profitability and efficiency of farm firms in the aggregate.

The farm sector balance sheet includes all farm assets and debt regardless of ownership and uses current market prices to value assets. The balance sheet excludes assets and debt of agribusiness firms that supply inputs or market or process farm products and the value of machinery leased to farmers by agribusiness firms. Leased machinery is considered an asset of the service input sector (payments for the flow of services from leased machinery are an expense in the farm income account). However, farm machinery owned by a farm operator and leased or contracted to another operator is part of the balance sheet. The balance sheet of the farm sector includes assets and debt of operators and non-farm landlords. However, because it excludes non-farm assets and liabilities, it is not a consolidation of the balance sheets of all individual farm operators and landlords.

The farm sector balance sheet, as currently reported by USDA, excludes assets and liabilities attributable to farm operator households that are not related to production activities. The exclusion of assets from the sector balance sheet that are for non-farm purposes involves estimating the value of operator dwellings, household equipment, the portion of automobiles and trucks allocated for family use, and time deposits and savings balances that are distinct from the farm business. Home mortgages and the household's share of non-real estate debt are subtracted so that farm sector debt represents only business-related obligations. This separation of household assets and liabilities only pertains to those areas where the commingling of farm and personal items is likely to occur. The farm sector balance sheet makes no attempt to fully account for farm household assets and liabilities. The specific procedures used to make this separation have been consistent over time and were last documented in 1989 (USDA).

FARM HOUSEHOLDS AS THE UNIT OF ANALYSIS

Micro-level financial analysis conducted by USDA is designed to represent the financial position of the farm as a business separate from personal assets and liabilities associated with the farm operator's household. Data necessary to support firm and household level analysis are collected annually in the Agricultural Resource Management Survey (ARMS). Sponsored jointly by ERS and the National Agricultural Statistics Service (NASS), ARMS began in 1996 as a synthesis of the former USDA cropping practice, chemical use, and farm costs and returns surveys, which dated back to 1975.

The separation of farm business and farm household balance sheet components is achieved during the data collection process. Respondents are asked to assign a current market value to farm and household assets, specify the amount of debt owed to various lenders, and identify whether or not the specific asset or liability belongs to the business (see Annex A for the relevant sections of the most recent ARMS questionnaire). The distinction between the business and household also rests on how the survey defines a farm household.

The households of primary operators of farms organized as individual operations, partnerships, and family corporations are defined as farm operator households. These farms are closely held (legally controlled) by their operator and the operator's household. Farm operator households exclude households that are associated with farms organized as non-family corporations or cooperatives, as well as households where the operator is a hired manager. House-

hold members include all persons dependent on the household for financial support, whether they reside in the household or not. Children that are away at school, for example, are counted as household members if they are considered as dependents.

As defined here, farm households share the characteristics of a sole proprietorship, family-operated business enterprise. This naturally brings into question the separability of farm and personal finances. In fact, most lenders do not attempt to make a distinction between the farm and family in evaluating credit decisions.

Another challenge in properly representing the financial condition of the farm operator's household is accounting for multiple household-farm associations. In addition to identifying the share of assets and debt associated with the farm businesses, ARMS respondents indicate how much of the business assets and liabilities belong to the primary operator's household. If there is only one household associated with the businesses or when there are multiple households and all assets and debt are for the primary operator's household then the entire amount of business assets and liabilities are assigned to the farm operator's household. Information about the finances of these auxiliary households is not collected since the senior operator is the survey respondent.

This latter point raises the issue of compiling a farm household sector balance sheet by aggregating micro-level data. While an accurate measure of the aggregate amounts of assets and debts could be compiled for the primary operator's household, this would leave out households that are not occupied by the primary operator, but still have a share of the equity of the farm. For the 2002 Census of Agriculture, the questionnaire has been re-engineered to provide data on multiple farm operators and thus filling this information void.

FARM OPERATOR HOUSEHOLD BALANCE SHEET

In most years, the farm operator balance sheet can only be presented in abbreviated form—showing, in addition to the household's share of farm assets and liabilities, the total amount of non-farm assets and non-farm debt. In 1999, a more detailed presentation of non-farm assets was facilitated by asking respondents to identify the value of four different types of assets: cash plus interest earning assets held at financial institutions (such as savings and money market accounts); IRA, Keogh, and other tax-deferred retirement accounts; corporate stock, mutual funds, and cash value of life insurance; and all other non-farm

assets (see Annex B). In terms of its contribution to household assets, the operator's dwelling is treated as a farm asset, since in most cases it is not viewed as distinct from other farm real estate.

A detailed farm household balance sheet, showing both farm and non-farm components, is presented in table 1. In 1999, farm households had average net worth of \$562,698. The farm business contributed about 70 percent of farm household net worth. Farm business assets averaged \$468,385, with farm real estate representing the largest share at \$351,623. The operator's dwelling had an average value of \$71,521. Farm business liabilities of farm operator households averaged nearly \$50,000 in 1999. Non-farm equity averaged \$173,199, representing the difference between assets of \$198,272 and debt of \$25,073. Farm households, much like their non-farm counterparts, are diversified in their portfolio of financial assets. While physical assets, excluding the operator's dwelling, accounted for 31 percent of non-farm assets, various financial assets totaled 69 percent. Tax-deferred retirement savings represented 26 percent of non-farm assets, while stocks, mutual funds and other investment accounted for 22 percent.

In order to examine the influence of farm size and primary occupation, farms were classified by three farm typology groups. Commercial farms are operations that had gross sales of \$250,000 or more and farming was the primary occupation of the operator. These farms had average equity of more than \$1.3 million in 1999, with assets of nearly \$1.7 million and average liabilities of more than \$300,000. Farm operator households that were associated with commercial farms also averaged over \$1.3 million in net worth. Even though for many commercial farms there was more than one household, the farm business contributed 85 percent of the primary operator household net worth. The farm businesses was a less important source of wealth for rural residence farm households contributing only 60 percent of the \$447,681 average net worth. Rural residence farms, typically have gross farm sales below \$100,000 and farming is not the primary occupation of the operator. They averaged almost \$217,000 in non-farm assets, which consisted of a significantly higher contribution to tax-deferred retirement savings than for the other typology groups. The remaining farms (intermediate) fall somewhere in between the rural residence and commercial farm categories in terms of the size of their farm business, but are engaged in farming as a primary occupation. Households associated with these farm had non-farm assets that averaged more than \$50,000 less than either commercial or rural residence farms.

The farm household balance sheet is presented for five different size class of household net worth in table 2. There was substantial variation among households in net worth, with 17 percent having net worth below \$150,000 and 14 percent with net worth of \$1,000,000 or more. Farm households with the lowest net worth were more highly leveraged than other farm households. The farm business debt/asset ratio averaged 0.27, while non-farm debt divided by non-farm assets was 0.89. This high degree of non-farm leverage also caused household net worth to be much more influenced by the farm business than occurred in the other net worth size groups. Farm real estate (including the value of the primary operator's dwelling) ranged from 69 percent of total farm assets for farm households with the lowest net worth to 76 percent of total assets for farms with net worth between \$300,000 and \$600,000 and for those with more than \$1 million in net worth. Farm households were diversified in their portfolio of non-farm assets, regardless of the overall level of net worth. Tax-deferred retirement savings ranged from 22 percent of non-farm assets for households with the lowest net worth to 30 percent for farms with net worth between \$300,000 and \$600,000.

COMPARABILITY WITH NON-FARM HOUSEHOLDS

One consideration in preparing a balance sheet for farm households is to ensure that there is comparability to non-farm households. Informed policy requires a reliable assessment of economic well being, which in addition to income, should include wealth. The consolidation of farms and growth in the value of farmland has brought more attention to wealth. Government programs have contributed to higher levels of wealth for farmers as payments are capitalized into land values and uncertainty about future programs puts this wealth at risk. Given the importance of wealth to household well-being, determining how farm and non-farm components of wealth differ helps to identify the relative vulnerability of farm households to changes in the general economy.

Information on the balance sheet of non farm households is prepared by the Department of Commerce, Bureau of Census. The Survey of Income and Program Participation (SIPP) provides data on the income, assets, and demographic characteristics of large representative samples of the non-institutionalized population of the United States. Although the SIPP was designed primarily to provide information on income and government program participation, it does periodically collect information on wealth. In the SIPP a household is defined as a person or group of persons living at the same address. A household may consist of one person living by him-

self or herself, a group of unrelated individuals, or one or more families. Assets covered include interest earning assets, stocks and mutual fund shares, real estate (own home, rental property, vacation homes, and land holdings), own business or profession, mortgages held by sellers, and motor vehicles. Liabilities covered include debts secured by any asset, credit card or store bills, bank loans, and other unsecured debts. The survey did not cover equities in pension plans, cash surrender value of life insurance policies, or the value of jewelry and home furnishings.

Another database with comprehensive information on household assets and liabilities is the Survey of Consumer Finances (SCF), conducted by the Federal Reserve Board. The SCF is a triennial survey which typically covers around 4,000 households. The SCF is intended to collect detailed information on all household assets (including residences, other real estate, businesses, all types of financial assets, pensions, and other assets) and liabilities (including mortgages, installment loans, credit card debt, pension loans, and other debts) along with auxiliary information useful for analyzing the wealth data. Although a much smaller sample than the SIPP, the SCF allows proprietor households to be separated and also collects information related to their businesses.

There are several conceptual and coverage differences between SIPP and SCF balance sheet data (Kennickell and others). First, the household sector in the SCF Balance Sheet includes nonprofit institutions and private trusts not covered in SIPP. The second difference is that the SIPP universe consists of the non-institutional resident population. Excluded are Armed Forces personnel living in military barracks, citizens residing abroad, and institutionalized persons such as correctional facility inmates and nursing home residents. The asset holdings of these groups is included in the SCF Balance Sheet estimates. A third limitation is that the SIPP sample frame contains few observations for high income households, while the SCF makes special attempts to over sample high income, wealthy households.

Using the SCF and ARMS as a basis for comparing proprietorship households suggests that in 1999, farm proprietorship households were wealthier than their non-farm counterparts (figure 1). The median net worth of farm proprietorships was \$351,000 compared with an estimated \$186,400 for non-farm proprietorship households. However the share of farm proprietorship households at low (negative net worth) and high (net worth above \$1.5 million) levels was similar to shares at the extremes for non-farm proprietorship households. The difference between farm and non-farm proprietorship household net worth is

explained by the composition of household assets. Even though about 45 percent of all cropland is rented, a substantial portion of a farm businesses net worth is tied up in land. In contrast, most non-farm businesses tend to lease their facilities and have lower capital requirements. As a result, the business contributes much less to household net worth of non-farm proprietorships. Differences in the composition of household assets have also allowed farm households to accumulate more wealth over the 1990s than non-farm households. Although data limitations do not allow for exact correspondence in the time periods for evaluating changes in net worth over time, the overall trend is clear. While average household net worth measured in the SCF increased by 32 percent (between 1992 and 1998), farm household net worth increased by 54 percent (between 1993 and 1999). The average annual increase in farm household net worth was about 9 percent, compared with just over 5 percent for non-farm households.

DISCUSSION POINTS

The preceding discussion has illuminated the current state of balance sheets for household-firms as prepared by USDA's Economic Research Service. Implications for the accounting approach to the household-firm as well as data collection issues include, but are not limited to the following:

- Compatibility of national account estimates and survey-based balance sheet estimates.
- Reliability of the survey-based approach in terms of the valuation of assets and the division of balance sheet components between the business and the household.
- Alignment between income or value added measurement and balance sheet.

References

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- USDA. Major Statistical Series of the U.S. Department of Agriculture, Volume 11: The Balance Sheet. Economic Research Service, U.S. Department of Agriculture. May 1989.

Table 1: Farm household balance sheet by collapsed farm typology group, 1999

	Collapsed Farm Typology							
	Commercial		Intermediate		Rural residence		All Households	
	Estimate	C.V.	Estimate	C.V.	Estimate	C.V.	Estimate	C.V.
Number of farms	135,717	1.5	655,812	2.7	1,356,047	1.2	2,147,576	0.2
Farm assets 1/	1,652,786	3.3	591,769	2.5	290,176	2.7	468,385	1.7
Current assets	260,841	4.3	53,775	5.9	14,893	6.8	42,310	3.6
Livestock inventory	49,674	7.9	8,954	7.2	3,399	6.1	8,020	4.1
Crop inventory	87,314	5.5	16,390	3.3	2,062	5.2	11,825	3.1
Purchased inputs	17,033	6.2	1,763	8.0	285	8.6	1,795	4.5
Cash invested in growing crops	9,686	16.0	1,173	5.7	285	25.8	1,150	9.3
Prepaid insurance	2,839	2.7	593	1.8	167	3.0	466	1.4
Other assets 2/	94,296	5.8	24,903	11.8	8,695	11.2	19,054	6.4
Non-current assets	1,391,945	3.7	537,994	2.7	275,282	2.9	426,075	1.8
Investment in cooperatives	12,700	7.7	1,765	9.5	211	46.6	1,475	7.0
Land and buildings	1,025,389	4.3	438,613	3.4	242,121	3.3	351,623	2.1
Operators dwelling	72,914	4.3	66,893	3.7	73,620	3.3	71,521	2.2
Farm equipment	257,217	2.3	70,744	2.7	24,417	3.0	53,276	1.2
Breeding animals	96,638	4.4	26,871	3.0	8,534	4.2	19,701	1.9
Farm liabilities	307,650	3.4	53,064	3.8	21,658	7.2	49,322	3.4
Current liabilities	111,616	4.0	15,423	4.1	4,244	5.5	14,443	3.4
Notes payable within one year	66,881	5.6	7,568	7.0	1,188	10.3	7,288	4.8
Current portion of term debt	23,679	3.2	4,440	4.2	1,927	7.4	4,069	3.3
Accrued interest	8,598	3.6	1,489	4.0	616	7.4	1,387	3.6
Accounts payable	12,458	2.6	1,925	2.3	514	3.2	1,699	1.3
Noncurrent liabilities	196,034	3.9	37,641	4.2	17,414	7.9	34,879	3.7
Nonreal estate	31,074	4.8	5,529	8.6	2,033	11.4	4,936	4.9
Real estate	164,960	4.6	32,112	5.0	15,381	8.5	29,943	4.2
Farm equity	1,345,136	3.7	538,705	2.7	268,518	2.7	419,063	1.8
Debt/asset ratio	0.19	3.2	0.09	4.4	0.07	6.2	0.11	3.4
Non-farm assets	225,428	3.7	154,100	4.5	216,916	3.0	198,272	2.2
Cash, checking, savings	42,994	6.6	42,618	9.2	40,368	6.6	41,221	4.4
IRA, Keogh, and other retirement	44,017	5.4	35,647	7.8	58,597	4.6	50,667	3.5
Stock, mutual funds, and other	64,972	6.2	36,108	8.7	45,820	6.5	44,065	5.4
Physical assets (excl. dwelling)	73,445	5.4	39,727	7.4	72,131	6.2	62,319	4.1
Non-farm debt	29,905	7.1	16,376	12.4	28,795	8.2	25,073	7.3
Non-farm equity	195,524	3.6	137,723	5.0	188,122	3.9	173,199	2.7
Household share of farm assets	1,402,949	3.1	554,809	2.3	280,876	2.5	435,438	1.4
Household share of farm debt	266,897	3.2	51,125	3.8	21,317	7.2	45,939	3.3
Household share of farm equity	1,136,052	3.6	503,684	2.5	259,559	2.5	389,498	1.6
Household net worth	1,331,575	2.8	641,407	2.4	447,681	2.8	562,698	1.8

Source: Agricultural Resource Management Survey, USDA.

1/ Commodity Credit Corporation crop loans were excluded from both assets and liabilities.

2/ Includes accounts receivable, certificates of deposit, checking and savings balances, and any other financial assets of the farm business.

Table 2: Farm household balance sheet by household net worth category, 1999

	Household Net Worth									
	Less than \$150,000		\$150,000-\$300,000		\$300,000-\$600,000		\$600,000-\$1,000,000		More than \$1,000,000	
	Estimate	C.V.	Estimate	C.V.	Estimate	C.V.	Estimate	C.V.	Estimate	C.V.
Number of farms	364,164	4.5	533,981	2.7	643,250	2.2	307,144	4.1	299,037	4.4
Percent of farms	17.0	2.2	24.9	1.4	30.0	1.2	14.3	2.0	13.9	2.2
Farm assets 1/	113,007	4.1	199,298	1.6	359,359	1.1	630,325	2.0	1,449,852	2.9
Current assets	8,859	8.9	13,187	7.2	25,108	4.5	54,606	5.7	159,420	7.9
Livestock inventory	2,385	14.7	3,732	11.9	5,496	8.8	10,404	6.2	25,516	9.3
Crop inventory	2,768	14	3,864	8.4	8,184	4.9	17,805	6.3	38,760	8.4
Purchased inputs	338	14.2	599	17.8	901	6.2	2,394	15	7,011	7.0
Cash invested in growing crops	345	20.0	502	36.7	695	11.4	1,596	10.3	3,810	19.9
Prepaid insurance	190	7.0	245	4.8	384	3.9	666	4.7	1,165	3.8
Other assets 2/	2,833	14.9	4,246	11.4	9,447	10.7	21,742	9.0	83,156	11.1
Non-current assets	104,148	4.2	186,110	1.5	334,252	1.2	575,718	2.0	1,290,432	2.7
Investment in cooperatives	233	20.1	546	24.7	836	11.2	2,550	15.9	4,913	8.6
Land and buildings	78,427	5.2	147,669	1.6	273,977	1.5	466,686	2.3	1,097,354	3.0
Operators dwelling	33,169	9.4	52,785	3.0	76,337	3.9	90,646	4.9	121,682	5.4
Farm equipment	19,097	5.8	27,747	3.4	44,810	2.7	78,592	3.3	132,694	3.4
Breeding animals	6,391	10.3	10,148	7.3	14,628	4.5	27,891	5.6	55,471	4.3
Farm liabilities	30,620	8.1	30,216	8.2	41,211	4.3	60,961	6.3	111,705	7.8
Current liabilities	7,870	9.0	7,962	8.7	11,085	4.5	17,948	7.3	37,643	8.0
Notes payable within one year	3,423	15.1	3,758	13.4	5,135	9.3	8,766	10.7	21,410	10
Current portion of term debt	2,702	8.6	2,497	9.1	3,496	5.8	5,225	5.7	8,586	7.5
Accrued interest	866	8.2	855	8.4	1,163	4.5	1,710	6.4	3,122	8.0
Accounts payable	878	7.4	852	5.2	1,292	3.4	2,246	5.6	4,526	5.3
Noncurrent liabilities	22,750	8.6	22,254	8.8	30,126	5.4	43,013	6.2	74,062	8.2
Nonreal estate	3,417	12.9	2,742	16	4,186	10.3	6,939	8.7	10,258	10.2
Real estate	19,332	9.3	19,512	9.3	25,940	5.9	36,074	7.0	63,804	9.1
Farm equity	82,387	3.6	169,082	1.5	318,148	1.1	569,364	1.7	1,338,147	2.7
Debt/asset ratio	0.27	5.1	0.15	7.2	0.11	4.1	0.10	4.9	0.08	6.1
Non-farm assets	38,537	5.5	85,081	4.0	148,339	2.5	260,943	4.0	637,954	3.0
Cash, checking, savings	8,121	15.7	17,210	6.5	31,243	4.7	49,446	5.6	137,422	6.1
IRA, Keogh, and other retirement	8,391	8.4	21,611	6.5	44,553	6.4	64,967	7.7	152,500	4.8
Stock, mutual funds, and other	5,168	9.4	13,928	11.8	27,980	5.8	64,436	8.7	158,922	8.5
Physical assets (excl. dwelling)	16,857	7.0	32,331	8.0	44,563	5.6	82,094	8.5	189,111	11.1
Non-farm debt	34,337	15.8	19,455	13.8	17,431	7.2	25,973	10.9	39,333	8.0
Non-farm equity	4,199	93	65,626	4.4	130,908	2.6	234,969	4.1	598,622	3.2
Household share of farm assets	104,534	4.2	186,726	1.6	337,141	1.1	584,106	1.8	1,341,269	2.8
Household share of farm debt	28,521	8.2	28,632	7.9	38,794	4.5	56,187	6.1	102,898	7.6
Household share of farm equity	76,012	3.8	158,094	1.6	298,347	1.1	527,919	1.7	1,238,371	2.6
Household net worth	80,212	3.9	223,720	0.7	429,255	0.8	762,888	0.6	1,836,993	2.1

Source: Agricultural Resource Management Survey, USDA.

1/ Commodity Credit Corporation crop loans were excluded from both assets and liabilities.

2/ Includes accounts receivable, certificates of deposit, checking and savings balances, and any other financial assets of the farm business.

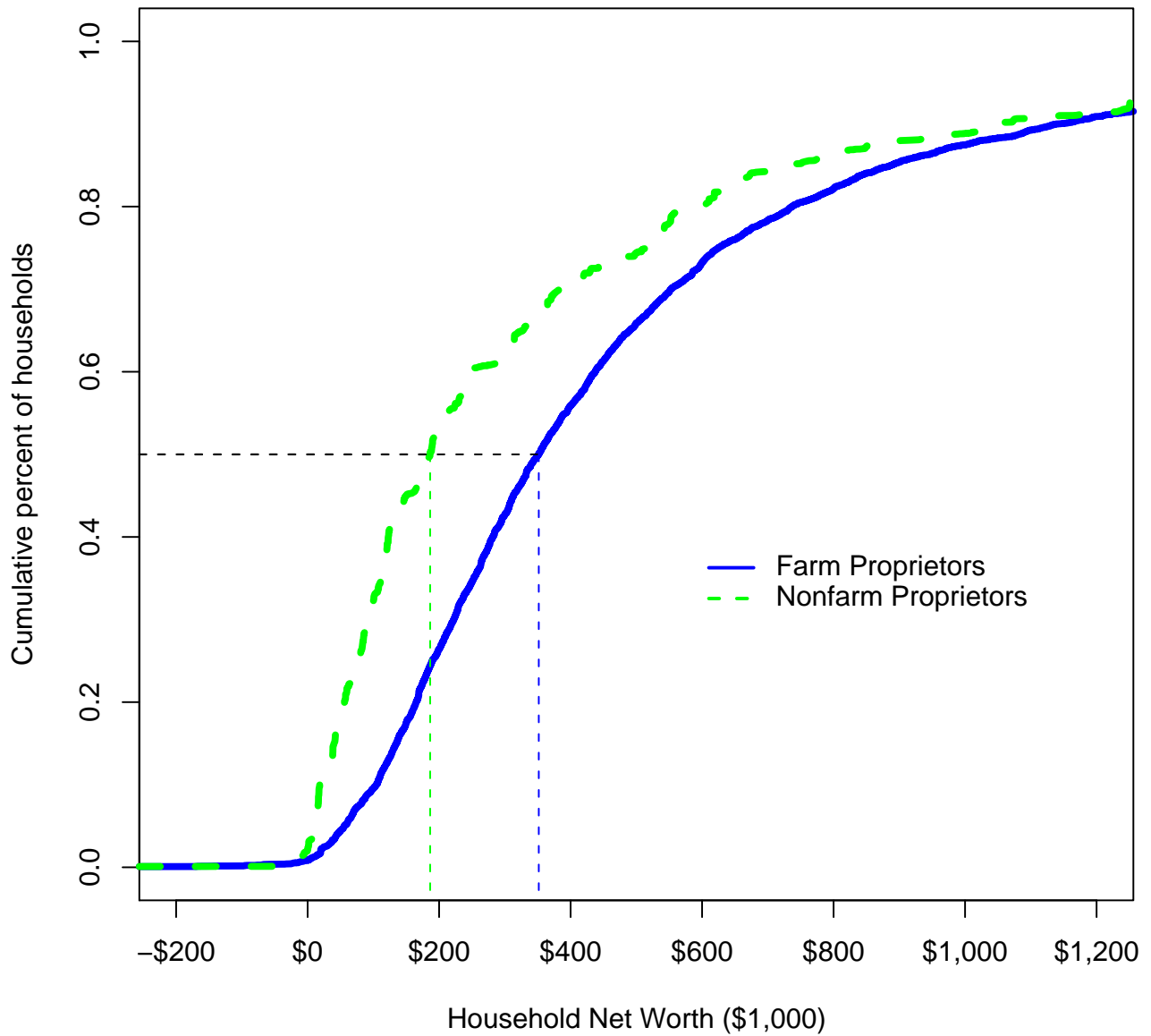


Figure 1: Comparison of farm and non-farm proprietorship household net worth suggests that in 1999 farm households were wealthier than non-farm counterparts over a wide range of net worth. Based on data from the 1999 Agricultural Resource Management Survey and Federal Reserve Board's Survey of Consumer Finance.

ANNEX A. FARM BUSINESS BALANCE SHEET COMPONENTS OF 2000 ARMS QUESTIONNAIRE

SECTION J FARM ASSETS

1. Next, in order to correctly estimate the financial position of farms we need to obtain the MARKET VALUE of the following assets OWNED by this operation on December 31, 2000?

(Include owned assets on rented land.)

DOLLARS

- a. Farm Operator's Dwelling, if owned by the operation?

0890	-1
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- b. All other Dwellings?

0891	-1
------	----
- c. All other Farm Buildings and Structures?
(include barns, cribs, grain bins, greenhouses, silos, storage sheds, etc.)

0892	-1
------	----
- d. Orchard trees and vines, and trees grown for wood products?

0893	-1
------	----
- e. Land *(Excluding houses, buildings, orchard trees and vines, and trees grown for wood products.)*?

0894	-1
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- 2. What is the Estimated Market Value of the land and buildings on the acres RENTED FROM OTHERS?
(Reported in Section A, Items 2a, 2b & 2c.)

0895	-1
------	----
- 3. What is the Estimated Market Value of the land and buildings on the acres RENTED TO OTHERS?
(Reported in Section A, Item 3.)

0896	-1
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4. What was the ESTIMATED MARKET VALUE for the farm share of--

- a. Crops owned and stored on or off this operation on--
(include specialty crops, hay, silage, and nursery and greenhouse products not in the ground. Exclude crops under CCC loans.)

beginning of year --Jan. 1, 2000? DOLLARS	end of year -Dec. 31, 2000? DOLLARS
0897	0898
- b. Breeding livestock OWNED BY and LOCATED ON this operation on--

0899	0900
------	------
- c. Non-breeding livestock and poultry OWNED BY and LOCATED ON this operation on--
(including aquaculture, bees, cattle, equine, hogs, mink, poultry, sheep, etc.)

0901	0902
------	------
- d. Production inputs *owned by this operation* such as feed, fertilizer, chemicals, fuels, parts, purchased seed and other supplies, etc on--

0903	-1	0904	-1
------	----	------	----
- e. Production inputs *already used* for cover crops or crops not yet harvested, also known as *sunk costs* on--

0905	-1	0906	-1
------	----	------	----
- f. Trucks and cars OWNED by the operation on-- *(farm share only)*

		0908	-1
--	--	------	----
- g. Tractors, machinery, tools, equipments and implements OWNED by the operation on--

		0911	-1
--	--	------	----
- h. Stock in Farm Credit System and other farm cooperatives?

		0913	-1
--	--	------	----

5. How much was OWED TO this operation for sales or production of crops, livestock, livestock products, poultry or poultry products from 2000 and earlier years?

beginning of year --Jan. 1, 2000? DOLLARS	end of year -Dec. 31, 2000? DOLLARS
0914	0915

6. [Show OTHER FARM ASSETS & VALUE CODES in Respondent Booklet.]
On December 31, 2000, what value code represents the estimated MARKET VALUE of all other farm assets owned by this operation?

(Include money owed to this operation (except money owed from commodity sales), cash certificates of deposits, savings and checking accounts, hedging account balances, Government payments due, balance of land contract sales, any other farm assets not reported earlier.)

VALUE CODE

0916

SECTION K FARM DEBT

DOLLARS

1. What was the maximum amount of seasonal production loans (or other loans) taken out AND repaid in 2000? 0998 -1

2. Did this operation owe any money to banks, co-ops, individuals, merchants or Federal agencies at the end of 2000?

YES - [Continue.] NO - [Go to Section L.]

3. Next, in order to correctly estimate the financial position of farms, their ability to service debt, and to categorize debt by types, we need to list each loan this operation had on December 31, 2000. (Include farm/ranch loans, any loans for non-farm purposes that are secured by assets of the farm/ranch and debt on the operator's house if owned by the operation.)

1 Who was the lender? <small>(Show lender codes in Respondent Booklet.)</small> [Enter Lender Code.]	2 What was the balance owed on Dec. 31, 2000 including outstanding principal plus unpaid interest? DOLLARS	3 What was the interest rate? [Example 9% = 09.00] PERCENT	4 What was the original term of the loan? YEARS	5 What year was it obtained? YEAR	6 What percent was for FARM purposes? [Example 50% = 50] PERCENT	7 [If column 1 is NOT code 2 or 3, ask-] Was this loan guaranteed by-- 1 - FSA/FmHA? 2 - SBA? 3 - OTHER Government Agency _____? 4 - (Not Guaranteed by Government Agency) [Enter code.]
1001 -1	1002 -1	1003 -1 • ____	1004 -1	1005 -1 ____	1006 -1 ____	1007 -1
1008 -1	1009 -1	1010 -1 • ____	1011 -1	1012 -1 ____	1013 -1 ____	1014 -1
1015 -1	1016 -1	1017 -1 • ____	1018 -1	1019 -1 ____	1020 -1 ____	1021 -1
1022 -1	1023 -1	1024 -1 • ____	1025 -1	1026 -1 ____	1027 -1 ____	1028 -1
1029 -1	1030 -1	1031 -1 • ____	1032 -1	1033 -1 ____	1034 -1 ____	1035 -1

NUMBER

4. [If more than 5 loans, ask-] How many farm loans were there in addition to the five I've just recorded? 1036 -1

DOLLARS

a. What was the total amount of debt owed on December 31, 2000 on these (item 4) loans? 1037 -1

ANNEX B. HOUSEHOLD BALANCE SHEET COMPONENT OF 1999 ARMS QUESTIONNAIRE

L FARM HOUSEHOLD L

6. [Show VALUE CODES in Respondent Booklet.]

Which value code represents the total value of each of the following categories of non-farm assets owned by the operator and members of the operator's household on December 31, 1999—

- | | | |
|--|------------|------|
| a. cash, checking, savings, and money market accounts, certificates of deposit, U.S. Savings Bonds, other bonds, and money owed to you? | VALUE CODE | 0887 |
| b. IRA, Keogh, 401K, and other retirement accounts? | VALUE CODE | 0888 |
| c. corporate stock, mutual funds, cash surrender value of life insurance, and all other financial assets? | VALUE CODE | 0889 |
| d. all other non-farm assets
<i>(Include</i> ▶ Real estate and businesses not part of the farm,
▶ off-farm houses,
▶ recreational vehicles,
▶ household share of trucks, cars machinery and equipment.
<i>Exclude</i> ▶ farm assets.) | VALUE CODE | 0890 |

7. [Show VALUE CODES in Respondent Booklet.]

Which value code represents the total value of all non-farm debt owed by the operator and members of the operator's household on December 31, 1999?
(Exclude farm debt reported earlier.)

VALUE CODE

0891

8. [Show VALUE CODES in Respondent Booklet.]

Which value code represents the total amount spent on household and family living expenses in 1999?

- (Include* • food,
 • household supplies,
 • rent/mortgage,
 • utilities,
 • appliances/furnishings,
 • non-farm transportation,
 • medical expenses,
 • insurance,
 • contributions to retirement plans,
 • all other family living expenses such as
clothing, education, hobbies, recreation, gifts, magazines, charitable contributions, etc.)

VALUE CODE

0892

VALUE CODES

CODE	DOLLAR RANGE	CODE	DOLLAR RANGE
1	None	14	\$ 30,000 -- 34,999
2	\$ 1 -- 499	15	\$ 35,000 -- 39,999
3	\$ 500 -- 999	16	\$ 40,000 -- 49,999
4	\$ 1,000 -- 1,999	17	\$ 50,000 -- 59,999
5	\$ 2,000 -- 2,999	18	\$ 60,000 -- 79,999
6	\$ 3,000 -- 3,999	19	\$ 80,000 -- 99,999
7	\$ 4,000 -- 4,999	20	\$ 100,000 -- 174,999
8	\$ 5,000 -- 7,499	21	\$ 175,000 -- 249,999
9	\$ 7,500 -- 9,999	22	\$ 250,000 -- 499,999
10	\$ 10,000 -- 14,999	23	\$ 500,000 -- 999,999
11	\$ 15,000 -- 19,999	24	\$ 1,000,000 -- 1,249,999
12	\$ 20,000 -- 24,999	25	\$ 1,250,000 -- 1,499,999
13	\$ 25,000 -- 29,999	26	\$ 1,500,000 and over