

April 1998

Dear Farm Manager:

**EXECUTIVE SUMMARY**  
**1997 ProfitLink Analysis**  
**Kansas Farm Management Associations**

The efforts of many farm families throughout Kansas keeping detailed farm business and financial records make possible the annual report of whole farm and enterprise cost-of-production analysis information. The Association Economists, clerical staff, and the K-MAR-105 staff, have just completed a very successful year of working with the Farm Management Association member families to make this information available.

Detailed analysis for comparison with individual farm business records will soon be available from the Association Economists, County Agents, or the Department of Agricultural Economics, Kansas State University.

The following tables provide you with a glimpse of the information on a state-wide basis.

Very truly yours,

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Administrator  
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**ANNUAL NET FARM INCOME AVERAGES OF ASSOCIATION FARMS**

| <b>ASSOCIATION, NW - Northwest</b> |                   | <b>ASSOCIATION, NC - North Central</b> |                   | <b>ASSOCIATION, NE - Northeast</b> |                   |
|------------------------------------|-------------------|--|-------------------|------------------------------------|-------------------|
| <u>Year</u>                        | <u>Net Income</u> | <u>Year</u>                            | <u>Net Income</u> | <u>Year</u>                        | <u>Net Income</u> |
| <b>1997</b>                        | <b>\$30,228</b>   | <b>1997</b>                            | <b>\$51,263</b>   | <b>1997</b>                        | <b>\$51,698</b>   |
| 1996                               | 61,755            | 1996                                   | 55,905            | 1996                               | 71,580            |
| 1995                               | 30,840            | 1995                                   | 16,986            | 1995                               | 26,101            |
| 1994                               | 28,676            | 1994                                   | 19,246            | 1994                               | 30,196            |
| 1993                               | 51,989            | 1993                                   | 21,297            | 1993                               | 30,496            |
| 1992                               | 35,033            | 1992                                   | 38,371            | 1992                               | 56,620            |
| 1991                               | 26,442            | 1991                                   | 16,381            | 1991                               | 18,689            |
| 1990                               | 35,000            | 1990                                   | 42,491            | 1990                               | 40,428            |
| 1989                               | 24,237            | 1989                                   | 19,333            | 1989                               | 31,047            |
| <u>1988</u>                        | <u>62,177</u>     | <u>1988</u>                            | <u>40,727</u>     | <u>1988</u>                        | <u>41,498</u>     |
| 10 Year Average                    | \$38,638          | 10 Year Average                        | \$32,200          | 10 Year Average                    | \$39,835          |

  

| <b>ASSOCIATION, SW - Southwest</b> |                   | <b>ASSOCIATION, SC - South Central</b> |                   | <b>ASSOCIATION, SE - Southeast</b> |                   |
|------------------------------------|-------------------|--|-------------------|------------------------------------|-------------------|
| <u>Year</u>                        | <u>Net Income</u> | <u>Year</u>                            | <u>Net Income</u> | <u>Year</u>                        | <u>Net Income</u> |
| <b>1997</b>                        | <b>\$48,589</b>   | <b>1997</b>                            | <b>\$60,919</b>   | <b>1997</b>                        | <b>\$81,951</b>   |
| 1996                               | 56,261            | 1996                                   | 56,131            | 1996                               | 64,662            |
| 1995                               | 23,800            | 1995                                   | 18,456            | 1995                               | 21,107            |
| 1994                               | 30,075            | 1994                                   | 24,684            | 1994                               | 34,084            |
| 1993                               | 53,595            | 1993                                   | 38,063            | 1993                               | 39,612            |
| 1992                               | 38,520            | 1992                                   | 32,128            | 1992                               | 56,257            |
| 1991                               | 29,237            | 1991                                   | 24,721            | 1991                               | 24,224            |
| 1990                               | 39,635            | 1990                                   | 25,695            | 1990                               | 36,100            |
| 1989                               | 23,739            | 1989                                   | 12,729            | 1989                               | 38,291            |
| <u>1988</u>                        | <u>58,427</u>     | <u>1988</u>                            | <u>38,716</u>     | <u>1988</u>                        | <u>57,076</u>     |
| 10 Year Average                    | \$40,188          | 10 Year Average                        | \$33,224          | 10 Year Average                    | \$45,336          |

**PERCENT OF FARMS IN INCOME GROUPS\***  
**FARM MANAGEMENT ASSOCIATIONS**  
**1997**

|                                | NC              | SC              | SW              | NE              | NW              | SE              | All<br>Assn.    |
|--------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                | %               | %               | %               | %               | %               | %               | %               |
| Over \$140,000 Net Income      | 6.21            | 10.40           | 8.17            | 8.05            | 3.51            | 17.55           | 10.44           |
| \$120,000 - \$140,000          | 1.89            | 3.20            | 3.85            | 3.90            | 1.75            | 4.03            | 3.28            |
| \$100,000 - \$120,000          | 6.21            | 6.13            | 6.25            | 4.63            | 2.63            | 5.96            | 5.45            |
| \$ 80,000 - \$100,000          | 8.39            | 9.60            | 7.21            | 5.37            | 6.58            | 8.70            | 7.81            |
| \$ 60,000 - \$ 80,000          | 10.87           | 12.80           | 10.10           | 11.46           | 9.21            | 11.92           | 11.37           |
| \$ 40,000 - \$ 60,000          | 17.39           | 16.00           | 12.50           | 14.63           | 14.47           | 12.08           | 14.33           |
| \$ 20,000 - \$ 40,000          | 22.36           | 17.87           | 17.31           | 18.78           | 15.79           | 18.20           | 18.53           |
| \$ 0 - \$ 20,000               | 15.84           | 15.47           | 17.31           | 20.49           | 24.12           | 15.14           | 17.47           |
| \$ 0 - \$ 20,000 Loss          | 7.45            | 5.33            | 8.65            | 7.80            | 12.28           | 5.31            | 7.16            |
| \$ 20,000 - \$ 40,000 Loss     | 2.17            | 1.87            | 4.81            | 3.90            | 4.82            | 1.13            | 2.68            |
| \$ 40,000 - \$ 60,000 Loss     | -               | -               | -               | -               | 2.63            | -               | .55             |
| Over - \$ 60,000 Loss          | -               | -               | 3.37            | -               | 2.19            | -               | .92             |
| <b>TOTAL NUMBER OF FARMS</b>   | <b>322</b>      | <b>375</b>      | <b>208</b>      | <b>410</b>      | <b>228</b>      | <b>621</b>      | <b>2,164</b>    |
| <b>AVERAGE NET FARM INCOME</b> | <b>\$51,263</b> | <b>\$60,919</b> | <b>\$48,589</b> | <b>\$51,698</b> | <b>\$30,228</b> | <b>\$81,951</b> | <b>\$59,352</b> |

**FOUR-YEAR TREND ANALYSIS**  
**TYPE OF FARM**  
**1994-1997**

| Type of Farm                    | No. of<br>Farms | Net Income/Operator |          |          |          |          |
|---------------------------------|-----------------|---------------------|----------|----------|----------|----------|
|                                 |                 | (1997)              | 1997     | 1996     | 1995     | 1994     |
| All Farms                       | 2,164           |                     | \$58,235 | \$60,360 | \$21,726 | \$27,478 |
| Cash Crop Dryland               | 1,282           |                     | 61,975   | 63,904   | 21,813   | 31,715   |
| Cash Crop Irrigated             | 154             |                     | 50,127   | 92,067   | 47,405   | 40,749   |
| Stock-Ranch Cowherd             | 26              |                     | 26,644   | 1,967    | (23,588) | 8,132    |
| Cowherd                         | 26              |                     | 15,056   | 20,827   | (6,313)  | (6,202)  |
| Dairy                           | 74              |                     | 39,179   | 39,953   | 26,286   | 31,555   |
| Sow & Litter (Market)           | 15              |                     | 103,127  | 122,573  | 92,049   | 3,442    |
| Backgrounding                   | 41              |                     | 58,220   | 55,754   | (16,707) | 18,431   |
| Background-Finish               | 19              |                     | 77,831   | 121,786  | 11,738   | (3,017)  |
| Cash Crop-Cowherd               | 155             |                     | 31,147   | 16,812   | 8,650    | 14,102   |
| Cash Crop-Dairy                 | 19              |                     | 65,888   | 58,436   | 23,786   | 46,329   |
| Cash Crop-Sow & Litter (Market) | 31              |                     | 58,709   | 65,687   | 39,487   | 8,825    |
| General Farm                    | 97              |                     | 60,211   | 49,758   | 18,536   | 9,502    |
| Cash Crop-Backgrounding         | 80              |                     | 67,982   | 67,658   | (4,997)  | 16,267   |
| Cash Crop-Background Finish     | 18              |                     | 89,072   | 96,783   | 23,130   | 37,975   |
| Cash Crop-Beef                  | 79              |                     | 60,433   | 62,900   | 22,850   | 29,506   |
| Turkeys                         | 17              |                     | 42,122   | 18,287   | 21,023   | 14,205   |

**GROSS INCOME, TOTAL EXPENSES, and NET FARM INCOME  
by INCOME—1997**

| Region        | High Income Farms (25%)     |                   |                     | Low Income Farms (25%) |                   |                     | Average of all Farms |                 |                   |                     |                 |
|---------------|-----------------------------|-------------------|---------------------|------------------------|-------------------|---------------------|----------------------|-----------------|-------------------|---------------------|-----------------|
|               | Number Farms (25% of Total) | Gross Farm Income | Total Farm Expenses | Net Farm Income        | Gross Farm Income | Total Farm Expenses | Net Farm Income      | Number of Farms | Gross Farm Income | Total Farm Expenses | Net Farm Income |
| NC            | 81                          | \$426,279         | \$305,312           | \$120,967              | \$124,884         | \$125,886           | (\$ 1,002)           | 322             | \$225,513         | \$174,250           | \$ 51,263       |
| SC            | 94                          | \$398,210         | \$255,247           | \$142,963              | \$116,390         | \$117,281           | (\$ 892)             | 375             | \$234,486         | \$173,566           | \$ 60,919       |
| SW            | 52                          | \$430,088         | \$296,166           | \$133,923              | \$169,448         | \$191,059           | (\$21,611)           | 208             | \$259,323         | \$210,734           | \$ 48,589       |
| NE            | 103                         | \$474,190         | \$339,138           | \$135,052              | \$143,889         | \$151,219           | (\$ 7,330)           | 410             | \$256,301         | \$204,603           | \$ 51,698       |
| NW            | 57                          | \$392,714         | \$291,921           | \$100,793              | \$196,172         | \$229,895           | (\$33,722)           | 228             | \$233,338         | \$203,110           | \$ 30,228       |
| SE            | 155                         | \$556,150         | \$352,831           | \$203,319              | \$112,135         | \$105,749           | \$ 6,386             | 621             | \$272,281         | \$190,330           | \$ 81,951       |
| 1997          | 541                         | \$466,055         | \$313,451           | \$122,819              | \$138,723         | \$145,178           | (\$6,455)            | 2,164           | \$250,396         | \$191,044           | \$ 59,352       |
| State Average |                             |                   |                     |                        |                   |                     |                      |                 |                   |                     |                 |
| 1996          | 529                         | \$470,763         | \$308,422           | \$162,341              | \$117,472         | \$122,309           | (\$ 4,837)           | 2,115           | \$237,862         | \$175,947           | \$ 61,915       |
| 1995          | 532                         | \$313,174         | \$224,747           | \$ 88,427              | \$145,332         | \$175,165           | (\$30,774)           | 2,126           | \$185,697         | \$163,344           | \$22,353        |
| 1994          | 534                         | \$325,492         | \$234,757           | \$ 90,736              | \$139,561         | \$160,020           | (\$20,459)           | 2,136           | \$187,717         | \$159,064           | \$28,652        |
| 1993          | 529                         | \$329,903         | \$223,784           | \$106,120              | \$118,487         | \$129,411           | (\$10,924)           | 2,110           | \$186,156         | \$147,987           | \$ 38,169       |
| 1992          | 524                         | \$359,532         | \$243,233           | \$116,299              | \$103,581         | \$107,333           | (\$ 3,752)           | 2,096           | \$190,942         | \$145,468           | \$ 45,475       |
| 1991          | 504                         | \$275,628         | \$196,973           | \$ 78,655              | \$137,195         | \$160,399           | (\$23,204)           | 2,013           | \$164,114         | \$141,227           | \$ 22,887       |
| 1990          | 551                         | \$329,700         | \$232,355           | \$ 97,345              | \$109,231         | \$117,316           | (\$ 8,085)           | 2,043           | \$184,103         | \$147,766           | \$ 36,337       |
| 1989          | 495                         | \$289,703         | \$207,727           | \$ 81,976              | \$117,643         | \$133,712           | (\$16,069)           | 1,981           | \$167,428         | \$142,832           | \$ 26,596       |
| 1988          | 508                         | \$351,511         | \$231,619           | \$119,893              | \$100,698         | \$101,641           | (\$ 943)             | 2,030           | \$191,205         | \$142,523           | \$ 48,682       |

**FIVE-YEAR TREND ANALYSIS**  
**AVERAGE OF ALL FARMS**  
**1993 - 1997**

|                                 | <u>1997</u> | <u>1996</u> | <u>1995</u> | <u>1994</u> | <u>1993</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| No. of Farms for Analysis       | 2,164       | 2,115       | 2,126       | 2,136       | 2,110       |
| Livestock Gross Income          | 79,679      | 70,511      | 60,839      | 67,435      | 72,563      |
| Gross Farm Income               | 250,396     | 237,862     | 185,697     | 187,717     | 186,156     |
| Cash Operating Expense          | 174,209     | 160,816     | 148,813     | 144,999     | 134,603     |
| Depreciation                    | 16,835      | 15,131      | 14,531      | 14,065      | 13,384      |
| Total Farm Expense              | 191,044     | 175,947     | 163,344     | 159,064     | 147,987     |
| Net Farm Income                 | 59,352      | 61,915      | 22,353      | 28,652      | 38,169      |
| Return to Labor-Management      | 24,202      | 29,972      | (8,189)     | (1,306)     | 8,032       |
| Return to Capital               | 18,913      | 26,670      | (772)       | 1,892       | 8,049       |
| Return on Net Worth (%)         | 0.81        | 2.78        | (4.44)      | (3.42)      | (1.57)      |
| Total Loans                     | 207,818     | 191,863     | 185,991     | 189,803     | 180,970     |
| Current-Intermediate Assets**   | 338,619     | 302,981     | 270,863     | 278,422     | 280,403     |
| Total Assets**                  | 634,881     | 593,680     | 553,618     | 549,019     | 548,334     |
| Total Capital Managed**         | 1,163,752   | 1,090,695   | 1,046,430   | 998,072     | 972,541     |
| C & I Ratio*                    | .38         | .37         | .41         | .40         | .38         |
| Loans/Net Worth Ratio*          | .49         | .48         | .51         | .53         | .49         |
| Total Acres                     | 1,686       | 1,683       | 1,668       | 1,610       | 1,603       |
| Crop Acres                      | 1,062       | 1,069       | 1,048       | 999         | 1,003       |
| No. of Workers                  | 1.49        | 1.46        | 1.49        | 1.50        | 1.49        |
| No. of Operators                | 1.02        | 1.03        | 1.03        | 1.04        | 1.05        |
| Gross Crop Value/Crop Acre      | 203.31      | 199.65      | 149.84      | 157.53      | 147.91      |
| Crop Production Costs/Crop Acre | 111.29      | 99.61       | 92.23       | 89.90       | 83.47       |
| Machinery Invest./Crop Acre**   | 94.72       | 86.94       | 81.32       | 77.76       | 72.59       |
| Machinery Costs/Crop Acre       | 46.73       | 42.45       | 39.54       | 39.22       | 38.20       |
| Total Family Living Expense     | 33,059      | 30,456      | 29,772      | 29,367      | 28,929      |

\*C & I Ratio equals current plus intermediate loans divided by current plus intermediate assets. Ratios computed as of December 31.

\*\*Machinery investment calculated using management depreciation resulting in a value closer to fair market value.