

April 1999

Dear Farm Manager:

EXECUTIVE SUMMARY
1998 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
Farm Management Association Program

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Administrator
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ANNUAL NET FARM INCOME AVERAGES OF ASSOCIATION FARMS

ASSOCIATION, NW - Northwest		ASSOCIATION, NC - North Central		ASSOCIATION, NE - Northeast	
<u>Year</u>	<u>Net Income</u>	<u>Year</u>	<u>Net Income</u>	<u>Year</u>	<u>Net Income</u>
1998	\$50,485	1998	\$14,767	1998	\$12,170
1997	30,228	1997	51,263	1997	51,698
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	<u>24,237</u>	1989	<u>19,333</u>	1989	<u>31,047</u>
10 Year Average	\$37,469	10 Year Average	\$29,604	10 Year Average	\$36,903
ASSOCIATION, SW - Southwest		ASSOCIATION, SC - South Central		ASSOCIATION, SE - Southeast	
<u>Year</u>	<u>Net Income</u>	<u>Year</u>	<u>Net Income</u>	<u>Year</u>	<u>Net Income</u>
1998	\$31,286	1998	\$16,156	1998	\$3,460
1997	48,589	1997	60,919	1997	81,951
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	<u>23,739</u>	1989	<u>12,729</u>	1989	<u>38,291</u>
10 Year Average	\$37,474	10 Year Average	\$30,968	10 Year Average	\$39,975

PERCENT OF FARMS IN INCOME GROUPS*
FARM MANAGEMENT ASSOCIATIONS
1998

	NC %	SC %	SW %	NE %	NW %	SE %	All Assn. %
Over \$140,000 Net Income	1.19	1.44	3.36	2.85	8.22	1.31	2.52
\$120,000 - \$140,000	-	1.73	2.94	-	2.28	0.98	1.40
\$100,000 - \$120,000	1.49	2.31	2.94	1.81	7.31	1.47	2.43
\$ 80,000 - \$100,000	2.68	2.88	5.46	2.33	5.02	2.28	3.09
\$ 60,000 - \$ 80,000	7.44	4.03	10.08	5.70	11.87	3.26	6.12
\$ 40,000 - \$ 60,000	9.23	12.39	9.24	7.25	13.24	6.36	8.98
\$ 20,000 - \$ 40,000	20.54	16.71	20.59	14.25	17.35	13.38	16.41
\$ 0 - \$ 20,000	23.21	26.80	23.11	26.68	20.55	21.70	23.70
\$ 0 - \$ 20,000 Loss	17.56	19.02	9.66	20.73	9.59	27.08	19.40
\$ 20,000 - \$ 40,000 Loss	9.23	4.32	4.62	8.29	2.74	10.28	7.39
\$ 40,000 - \$ 60,000 Loss	3.57	3.75	3.36	2.85	-	5.22	3.60
Over - \$ 60,000 Loss	2.98	4.61	4.62	6.48	-	6.69	4.96
TOTAL NUMBER OF FARMS	336	347	238	386	219	613	2,139
AVERAGE NET FARM INCOME	\$14,767	\$16,156	\$31,286	\$12,170	\$50,485	\$3,460	\$16,778

FOUR-YEAR TREND ANALYSIS
TYPE OF FARM
1995-1998

Type of Farm	No. of Farms	Net Income/Operator				
		<u>(1998)</u>	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>
All Farms	2,139		16,608	\$58,235	\$60,360	\$21,726
Cash Crop Dryland	1,352		17,981	61,975	63,904	21,813
Cash Crop Irrigated	133		56,395	50,127	92,067	47,405
Stock-Ranch Cowherd	41		5,726	26,644	1,967	(23,588)
Cowherd	28		(2,932)	15,056	20,827	(6,313)
Dairy	68		41,945	39,179	39,953	26,286
Sow & Litter (Market)	10		(42,228)	103,127	122,573	92,049
Backgrounding	17		(30,490)	58,220	55,754	(16,707)
Background-Finish	8		(10,475)	77,831	121,786	11,738
Cash Crop-Cowherd	221		9,313	31,147	16,812	8,650
Cash Crop-Dairy	23		34,418	65,888	58,436	23,786
Cash Crop-Sow & Litter (Market)	15		(341)	58,709	65,687	39,487
General Farm	77		(8,644)	60,211	49,758	18,536
Cash Crop-Backgrounding	39		(14,983)	67,982	67,658	(4,997)
Cash Crop-Background Finish	21		(14,558)	89,072	96,783	23,130
Cash Crop-Beef	48		1,651	60,433	62,900	22,850
Turkeys	16		41,414	42,122	18,287	21,023

**VALUE OF FARM PRODUCTION, TOTAL EXPENSE, and NET FARM INCOME, by INCOME
1998**

Region	High Income Farms (25%)				Low Income Farms (25%)			Average of all Farms			
	Number Farms (25%) of Total	Value of Farm Production *	Total Farm Expense *	Net Farm Income	Value of Farm Production *	Total Farm Expense *	Net Farm Income	Number of Farms	Value of Farm Production *	Total Farm Expense *	Net Farm Income
NW	55	\$419,569	\$284,943	\$134,626	\$109,411	\$121,568	(\$12,157)	219	\$250,761	\$200,276	\$50,485
SW	60	\$353,479	\$249,445	\$104,034	\$166,418	\$198,196	(\$31,778)	238	\$212,828	\$181,541	\$31,286
NC	84	\$256,962	\$188,030	\$68,932	\$130,243	\$167,609	(\$37,366)	336	\$160,384	\$145,616	\$14,767
SC	87	\$263,962	\$188,340	\$75,622	\$157,831	\$197,489	(\$39,659)	347	\$175,685	\$159,529	\$16,156
NE	97	\$285,677	\$209,187	\$76,490	\$129,092	\$174,606	(\$45,513)	386	\$163,209	\$151,039	\$12,170
SE	153	\$252,821	\$188,583	\$64,238	\$144,185	\$198,161	(\$53,976)	613	\$150,441	\$146,981	\$3,460
1998	535	\$304,419	\$220,779	\$83,640	\$135,548	\$177,607	(\$42,058)	2,139	\$175,615	\$158,836	\$16,778
State Average											
1997	541	\$410,484	\$257,880	\$152,604	\$115,173	\$121,628	(\$ 6,455)	2,164	\$220,426	\$161,074	\$59,352
1996	529	\$420,075	\$257,734	\$162,341	\$91,087	\$95,924	(\$ 4,837)	2,115	\$208,860	\$146,945	\$ 61,915
1995	532	\$277,591	\$189,164	\$ 88,427	\$109,340	\$139,173	(\$29,833)	2,126	\$157,621	\$135,268	\$22,353
1994	534	\$285,498	\$194,762	\$ 90,736	\$103,126	\$123,585	(\$20,459)	2,136	\$159,788	\$131,136	\$28,652
1993	529	\$289,189	\$183,020	\$106,120	\$93,369	\$104,293	(\$10,924)	2,110	\$159,371	\$121,202	\$ 38,170
1992	524	\$307,000	\$190,701	\$116,299	\$85,483	\$89,235	(\$ 3,752)	2,096	\$163,164	\$117,689	\$ 45,475
1991	504	\$237,268	\$158,613	\$ 78,655	\$103,153	\$126,357	(\$23,204)	2,013	\$138,121	\$115,234	\$ 22,887
1990	551	\$275,192	\$177,847	\$ 97,345	\$94,275	\$102,360	(\$ 8,085)	2,043	\$157,321	\$120,984	\$ 36,337
1989	495	\$243,696	\$161,720	\$ 81,976	\$95,049	\$111,118	(\$16,069)	1,981	\$140,077	\$113,481	\$ 26,596

*Value of Farm Production has been used for 1998 (purchased feed cost subtracted from livestock and total gross income and total farm expenses). Values have been adjusted for prior years to this method.

**FIVE-YEAR TREND ANALYSIS
AVERAGE OF ALL FARMS
1994 - 1998**

	<u>1998</u>	<u>1997</u>	<u>1996</u>	<u>1995</u>	<u>1994</u>
No. of Farms for Analysis	2,139	2,164	2,115	2,126	2,136
Livestock Gross Income *	33,266	49,709	41,509	32,763	39,506
Value Farm Production *	175,615	220,246	208,860	157,621	159,788
Cash Operating Expense *	140,254	144,239	131,814	120,737	117,070
Depreciation	18,582	16,835	15,131	14,531	14,065
Total Farm Expense *	158,836	161,074	146,945	135,268	131,135
Net Farm Income (Accrual)	16,778	59,352	61,915	22,353	28,652
Return to Labor-Management	(18,675)	24,202	29,972	(8,189)	(1,306)
Return to Capital	(2,507)	18,913	26,670	(772)	1,892
Return on Net Worth (%)	(4.46)	0.81	2.78	(4.44)	(3.42)
Total Loans	209,746	207,818	191,863	185,991	189,803
Current-Intermediate Assets**	319,992	338,619	302,981	270,863	278,422
Total Assets**	626,118	634,881	593,680	553,618	549,019
Total Capital Managed**	1,189,423	1,163,752	1,090,695	1,046,430	998,072
C & I Ratio***	.41	.38	.37	.41	.40
Loans/Net Worth Ratio****	.50	.49	.48	.51	.53
Loans/Assets Ratio*****	.33	.33	.32	.34	.35
Total Acres	1,684	1,686	1,683	1,668	1,610
Crop Acres	1,076	1,062	1,069	1,048	999
No. of Workers	1.45	1.49	1.46	1.49	1.50
No. of Operators	1.01	1.02	1.03	1.03	1.04
Gross Crop Value/Crop Acre	165.90	203.31	199.65	149.84	157.53
Crop Production Costs/Crop Acre	108.21	111.29	99.61	92.23	89.90
Machinery Invest./Crop Acre**	102.80	94.72	86.94	81.32	77.76
Machinery Costs/Crop Acre	46.14	46.73	42.45	39.54	39.22
Total Family Living Expense	33,611	33,059	30,456	29,772	29,367

*Value of Farm Production method has been used for 1998 (purchased feed cost subtracted from livestock and total gross income and total farm expenses). Values have been adjusted for prior years to this method.

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

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

****Loans/Net worth ratio (debt/equity) equals total loans divided by total assets less total debt (net worth or owner equity).

*****Loans/Assets (debt/asset) ratio equals total loans divided by total assets.