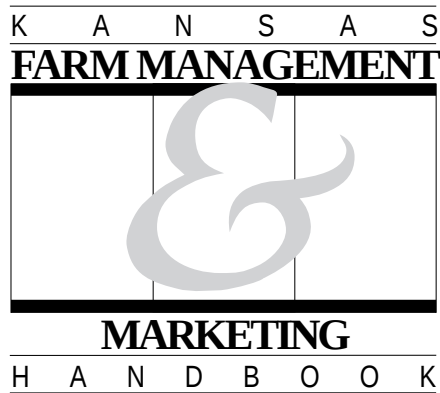




KSU Farm Management Guide

MF-801

Income and Financial Trends for Kansas Farms

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Income and Financial Trends

The following income and financial ratio trends were derived from data provided by farms enrolled in the Kansas Farm Management Association program. The number of commercial farms in this educational program varied from 2,600 to 3,200 for the period 1985-1994. These income and financial trends provide in-depth information for analyzing the farm financial problems and policies affecting agriculture.

Gross farm income and net farm income averaged \$174,995 and \$31,036, respectively, for the period 1985-1994. Net farm income must pay for family living, income and social security taxes, and principal payments on land, machinery, and operating assets. In this ten year period, family living expenses alone averaged \$23,054.

Definitions

Gross Farm Income: Total livestock, grain, hay, and miscellaneous income computed by the inventory or accrual method.

Total Farm Expenses: Total cash operating expenses plus depreciation.

Net Farm Income: Return to operator's labor, management,

and net worth computed on an accrual basis.

Current Assets: Total value of livestock, supplies, crops, feeds, and current accounts receivable.

Intermediate Assets: Total value of machinery, motor vehicles, and intermediate accounts receivable.

Long-Term Assets: Total value of owned land, buildings, and long-term accounts receivable.

Current Loans: Loans of one year or less.

Intermediate Loans: Loans of one to seven years in length.

Long-Term Loans: Loans greater than seven years in length.

Data Source

"The Annual Report, Kansas Farm Management Associations," Department of Agricultural Economics, Cooperative Extension Service, Kansas State University, Manhattan, Kansas.

Table 1. Net Farm Income for Kansas Farm Management Association Farms, 1985–1994.

Year	State	Northwest	Southwest	North Central	South Central	Northeast	Southeast
1985	\$ 4,822	\$ 373	\$10,846	\$ 6,149	\$ 6,693	4,266	370
1986	17,965	13,719	10,342	21,211	17,414	21,437	18,808
1987	40,776	48,658	39,006	40,459	30,387	41,351	46,714
1988	48,682	62,177	58,427	40,727	38,716	41,498	57,076
1989	26,596	24,237	23,739	19,333	12,729	31,047	38,291
1990	36,337	35,000	39,635	42,491	25,695	40,428	36,100
1991	22,887	26,442	29,237	16,381	24,721	18,689	24,224
1992	45,475	35,033	38,520	38,371	32,128	56,620	56,257
1993	38,170	51,989	53,595	21,297	38,063	30,496	39,612
1994	28,652	28,676	30,075	19,246	24,684	30,196	34,084
AVG.	\$31,036	\$32,630	\$33,342	\$26,567	\$25,123	\$31,603	\$35,154

Table 2. Gross Farm Income Total Farm Expense and Rate of Return to Resources for Kansas Farm Management Association Farms, State, 1985–1994.

Year	Gross Farm Income	Total Farm Expense	Total Expense/\$100 Gross Farm Income	Rate of Return Net Worth	Rate of Return Total Assets
1985*	\$147,579	\$142,757	\$96.73	–10.32	–1.57
1986	152,077	134,112	88.19	–5.61	.74
1987	178,633	137,857	77.17	1.98	4.74
1988	191,205	142,523	74.55	4.29	6.02
1989	167,428	140,832	84.11	– 2.49	1.82
1990*	184,103	147,766	80.26	.34	3.69
1991	164,114	141,227	86.05	– 4.75	–.07
1992	190,942	145,468	76.18	2.70	4.67
1993	186,156	147,987	79.50	–1.57	1.50
1994	187,717	159,064	84.74	–3.42	0.35

* Land was revalued in 1985 and 1990.

Table 3. Gross Farm Income, Net Farm Income, and Financial Ratios for Kansas Farm Management Association Farms, High and Low Income Levels, State, 1985–1994 ¹.

Year	High 25% Net Farm Income Farms				Low 25% Net Farm Income Farms			
	Gross Farm Income	Net Farm Income	Total Loans/ Total Assets	Loans/ Net Worth	Gross Farm Income	Net Farm Income	Total Loans/ Total Assets	Loans/ Net Worth
1985*	\$232,605	\$50,350	.33	.49	\$146,940	\$–39,636	.58	1.41
1986	263,187	68,568	.31	.46	119,795	–22,226	.51	1.02
1987	337,798	104,138	.34	.51	95,334	–2,866	.44	.79
1988	351,511	119,893	.30	.44	100,696	–943	.45	.81
1989	289,703	81,976	.31	.44	117,643	–16,069	.45	.83
1990*	329,700	97,345	.29	.41	109,231	–8,085	.46	.86
1991	275,628	78,655	.25	.34	137,195	–23,204	.47	.89
1992	359,532	116,299	.29	.41	103,581	–3,752	.39	.64
1993	329,903	106,120	.28	.39	118,487	–10,924	.42	.73
1994	325,492	90,736	.31	.45	139,561	–20,459	.44	.80

¹Ratios computed as of December 31. *Land was revalued in 1985 and 1990.

**Table 4. Gross Farm Income, Net Farm Income, and Financial Ratios
for Kansas Farm Management Association Farms, by Income Level, 1994¹.**

High 25% Net Farm Income Farms					High Middle 25% Net Farm Income Farms			
Year	Gross Farm Income	Net Farm Income	Total Loans/ Total Assets	Loans/ Net Worth	Gross Farm Income	Net Farm Income	Total Loans/ Total Assets	Loans/ Net Worth
N.W.	\$385,196	\$100,523	.40	.66	\$153,861	\$34,004	.35	.54
S.W.	333,506	90,255	.29	.41	191,372	32,635	.28	.39
N.C.	262,599	61,704	.32	.47	144,833	26,124	.39	.65
S.C.	268,618	79,448	.33	.49	163,812	30,831	.25	.34
N.E.	344,102	97,938	.26	.34	181,764	34,314	.31	.44
S.E.	343,885	101,685	.28	.39	167,399	34,958	.32	.46
State	325,492	90,736	.31	.45	166,435	32,409	.31	.44

Low Middle 25% Net Farm Income Farms					Low 25% Net Farm Income Farms			
Year	Gross Farm Income	Net Farm Income	Total Loans/ Total Assets	Loans/ Net Worth	Gross Farm Income	Net Farm Income	Total Loans/ Total Assets	Loans/ Net Worth
N.W.	\$120,654	\$11,193	.37	.60	\$145,777	\$ -31,963	.42	.72
S.W.	142,504	13,677	.36	.55	159,634	-16,266	.39	.64
N.C.	131,907	8,949	.42	.72	121,886	-19,792	.47	.87
S.C.	114,167	11,300	.40	.68	138,760	-22,326	.48	.94
N.E.	111,146	12,065	.29	.40	147,649	-24,689	.42	.74
S.E.	113,392	13,231	.32	.48	134,642	-14,170	.45	.82
State	119,378	11,924	.35	.54	139,561	-20,459	.44	.80

¹Ratios computed as of December 31.

**Table 5. Current–Immediate Loans to Current–Intermediate Assets Financial Ratio
for Kansas Farm Management Association Farms, 1985–1994¹.**

Year	State	Northwest	Southwest	North Central	South Central	Northeast	Southeast
1985*	.54	.53	.48	.58	.51	.57	.56
1986	.51	.54	.52	.54	.49	.51	.50
1987	.46	.44	.50	.47	.53	.42	.43
1988	.42	.40	.44	.46	.48	.40	.39
1989	.44	.43	.47	.49	.48	.40	.39
1990*	.44	.47	.47	.46	.49	.42	.40
1991	.38	.43	.35	.42	.38	.37	.37
1992	.38	.44	.41	.43	.38	.34	.36
1993	.38	.40	.38	.45	.39	.34	.36
1994	.40	.43	.41	.46	.43	.36	.36

¹Ratios computed as of December 31. *Land was revalued in 1985 and 1990.

Table 6. Long-Term Loans to Long-Term Assets Financial Ratio for Kansas Farm Management Association Farms, 1985–1994¹.

Year	State	Northwest	Southwest	North Central	South Central	Northeast	Southeast
1985*	.34	.37	.33	.34	.33	.33	.36
1986	.33	.38	.33	.33	.30	.32	.33
1987	.31	.36	.30	.29	.30	.30	.32
1988	.31	.40	.29	.32	.30	.30	.31
1989	.30	.35	.29	.31	.28	.29	.30
1990*	.29	.36	.27	.28	.29	.27	.29
1991	.29	.36	.25	.29	.31	.25	.29
1992	.28	.36	.24	.30	.28	.26	.28
1993	.28	.32	.23	.30	.26	.25	.29
1994	.29	.35	.24	.32	.28	.26	.30

¹Ratios computed as of December 31. *Land was revalued in 1985 and 1990.

Table 7. Total Loans to Total Assets Financial Ratio for Kansas Farm Management Association Farms, 1985–1994¹.

Year	State	Northwest	Southwest	North Central	South Central	Northeast	Southeast
1985*	.42	.43	.40	.44	.40	.42	.44
1986	.40	.44	.41	.42	.37	.39	.40
1987	.37	.39	.39	.38	.40	.35	.37
1988	.36	.40	.36	.39	.38	.34	.35
1989	.36	.38	.37	.40	.37	.34	.34
1990*	.36	.40	.36	.38	.38	.34	.34
1991	.33	.39	.30	.36	.34	.31	.33
1992	.33	.40	.33	.37	.33	.30	.32
1993	.33	.36	.30	.38	.33	.30	.33
1994	.35	.39	.32	.39	.36	.31	.33

¹Ratios computed as of December 31. *Land was revalued in 1985 and 1990

Table 8. Total Loans to Net Worth Financial Ratio for Kansas Farm Management Association Farms, 1985–1994¹.

Year	State	Northwest	Southwest	North Central	South Central	Northeast	Southeast
1985*	.72	.74	.66	.78	.67	.74	.77
1986	.67	.77	.69	.72	.59	.65	.68
1987	.60	.64	.63	.61	.66	.54	.57
1988	.57	.66	.57	.64	.61	.52	.54
1989	.57	.62	.60	.67	.58	.52	.52
1990*	.57	.68	.56	.60	.62	.51	.53
1991	.50	.65	.42	.56	.53	.45	.49
1992	.50	.66	.48	.59	.48	.43	.47
1993	.49	.56	.44	.62	.49	.42	.49
1994	.53	.64	.48	.65	.55	.45	.50

¹Ratios computed as of December 31. *Land was revalued in 1985 and 1990.



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