KANSAS FARM MANAGEMENT & MARKETING HANDBOOK

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 2,800 for the period 1988-1997. 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 $194,562 and $39,042, respectively, for the period 1988-1997. 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 $26,776.

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 ProfitLink Summary, Kansas Farm Management Associations, Department of Agricultural Economics, K-State Research and Extension, Kansas State University, Manhattan, Kansas.

Table 1. Net Farm Income for Kansas Farm Management Association Farms, 1988–1997.

Year	State	Northwest	Southwest	North Central	South Central	Northeast	Southeast
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
1995	22,353	30,840	23,800	16,986	18,456	26,101	21,107
1996	61,915	61,755	56,261	55,905	56,131	71,580	64,662
1997	59,352	30,228	48,589	51,263	60,919	51,698	81,951
AVG.	$39,042	$30,638	$40,188	$32,200	$33,224	$39,835	$45,336

Table 2. Gross Farm Income Total Farm Expense and Rate of Return to Resources for Kansas Farm Management Association Farms, State, 1988–1997.

Year	Gross Farm Income	Total Farm Expense	Total Expense/$100 Gross Farm Income	Rate of Return Net Worth	Rate of Return Total Assets
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	–0.07
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
1995*	185,697	163,344	87.96	–4.44	-0.14
1996	237,862	175,947	73.97	2.78	9.75
1997	250,396	191,044	76.30	0.81	3.13

*Land was revalued in 1990 and 1995.

Table 3. Gross Farm Income, Net Farm Income, and Financial Ratios for Kansas Farm Management Association Farms, High and Low Income Levels, State, 1988–1997[1].

	High 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
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
1995*	313,174	88,427	.25	.33	145,332	–29,833	.47	.88
1996	470,763	162,341	.30	.43	117,472	–4,837	.37	.59
1997	466,055	152,604	.30	.43	138,723	–6,455	.38	.61

[1]Ratios computed as of December 31. *Land was revalued in 1990 and 1995.

Table 4. Gross Farm Income, Net Farm Income, and Financial Ratios for Kansas Farm Management Association Farms, by Income Level, 1997[1].

	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.	$392,714	$100,793	.31	.45	$198,549	$41,504	.27	.37
S.W.	430,088	133,923	.32	.46	270,334	57,759	.33	.50
N.C.	426,279	120,967	.31	.44	199,977	54,860	.42	.72
S.C.	398,210	142,963	.32	.46	248,398	67,142	.31	.46
N.E.	474,190	135,052	.31	.44	251,859	53,827	.36	.56
S.E.	556,150	203,319	.28	.39	266,534	79,442	.29	.41
State	466,055	152,604	.30	.43	240,839	61,975	.33	.49

	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.	$145,918	$12,336	.42	.74	$196,172	$–33,722	.46	.85
S.W.	167,422	24,285	.25	.32	169,448	–21,611	.42	.73
N.C.	148,428	28,939	.34	.51	124,884	–1,002	.36	.57
S.C.	173,688	33,806	.38	.61	116,390	–892	.34	.50
N.E.	153,084	24,095	.26	.36	143,889	–7,330	.35	.54
S.E.	155,340	39,145	.36	.56	112,135	6,386	.38	.62
State	155,969	29,284	.33	.49	138,723	–6,455	.38	.61

[1]Ratios computed as of December 31.

Table 5. Current–Immediate Loans to Current–Intermediate Assets Financial Ratio for Kansas Farm Management Association Farms, 1988–1997[1].

Year	State	Northwest	Southwest	North Central	South Central	Northeast	Southeast
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
1995*	.41	.42	.43	.47	.42	.39	.37
1996	.37	.40	.41	.42	.39	.35	.33
1997	.38	.45	.43	.40	.39	.37	.33

[1]Ratios computed as of December 31. *Land was revalued in 1990 and 1995.

Table 6. Long–Term Loans to Long–Term Assets Financial Ratio for Kansas Farm Management Association Farms, 1988–1997[1].

Year	State	Northwest	Southwest	North Central	South Central	Northeast	Southeast
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
1995*	.27	.29	.24	.30	.25	.25	.27
1996	.27	.29	.22	.29	.27	.27	.28
1997	.27	.27	.22	.28	.26	.26	.29

[1]Ratios computed as of December 31. *Land was revalued in 1986 and 1995.

Table 7. Total Loans to Total Assets Financial Ratio for Kansas Farm Management Association Farms, 1988–1997[1].

Year	State	Northwest	Southwest	North Central	South Central	Northeast	Southeast
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
1995*	.34	.35	.33	.39	.33	.32	.32
1996	.32	.34	.31	.36	.33	.31	.31
1997	.33	.35	.33	.35	.33	.32	.31

[1]Ratios computed as of December 31. *Land was revalued in 1990 and 1995.

Table 8. Total Loans to Net Worth Financial Ratio for Kansas Farm Management Association Farms, 1988–1997[1].

Year	State	Northwest	Southwest	North Central	South Central	Northeast	Southeast
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
1995*	.51	.54	.48	.63	.50	.48	.47
1996	.48	.51	.46	.56	.49	.46	.44
1997	.49	.55	.49	.53	.49	.47	.45

[1]Ratios computed as of December 31. *Land was revalued in 1990 and 1995.

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