

## Illinois FBFM Farm Financial Benchmarking

**Illinois Society of Professional Farm Managers  
and Rural Appraisers  
Annual Meeting  
February 16, 2017**

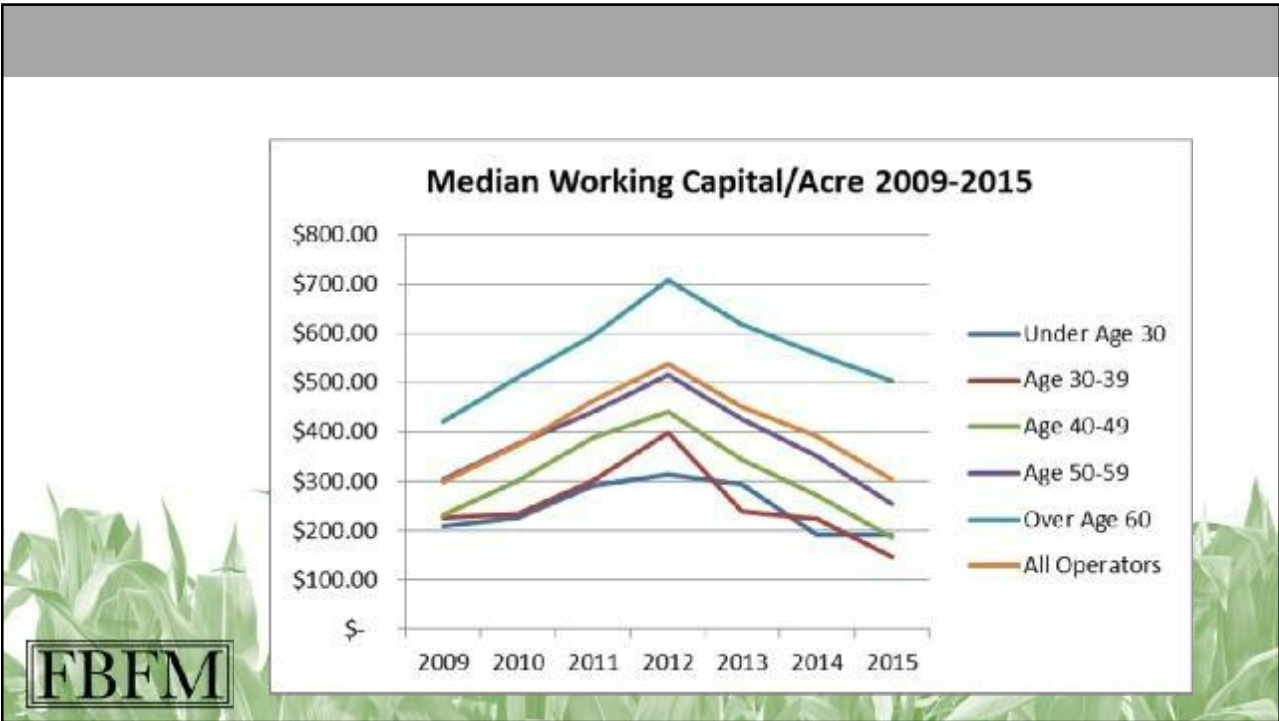
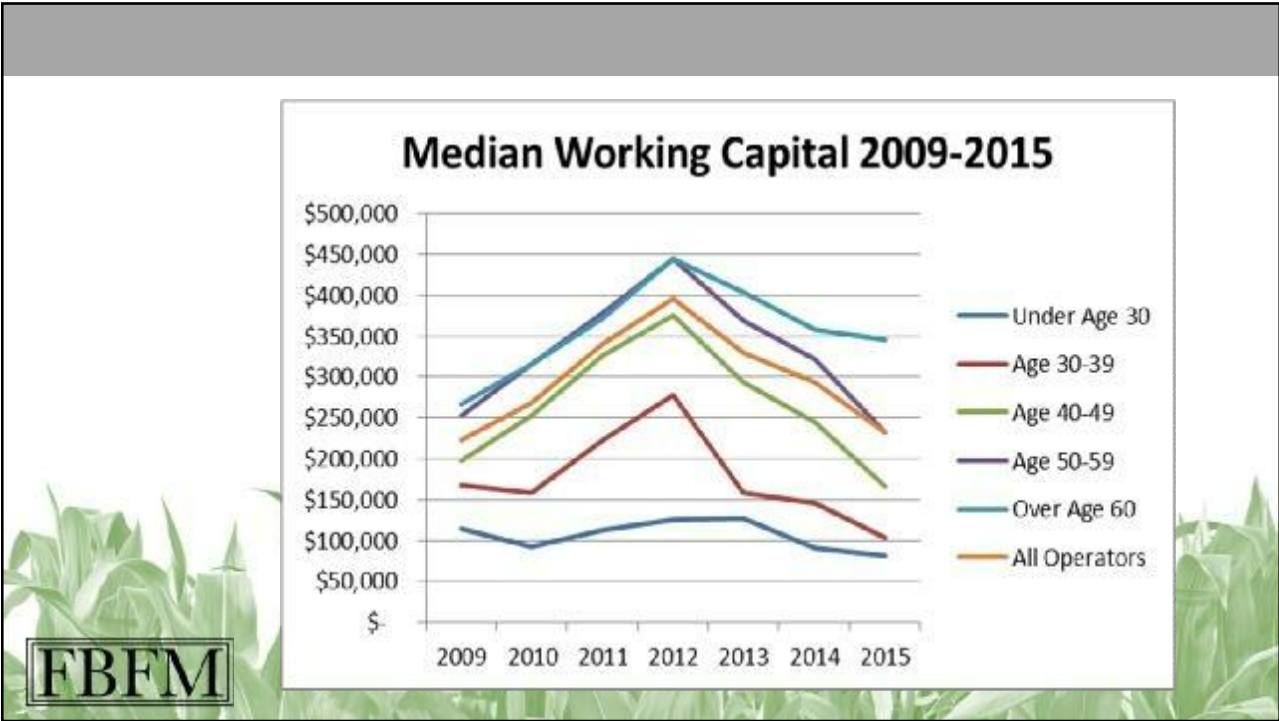
**Dwight Raab**



### Balance Sheet Benchmarking

	2015	2014	2010
Working Capital	\$232,173	\$293,067	\$269,069
Net Worth	\$2,920,753	\$2,996,419	\$1,946,074
Current Ratio	2.07	2.34	2.55
Debt/Equity	25.20	23.00	27.00
Debt/Asset	20.20	18.70	21.30
Return on Equity	-1.80	1.30	9.60
Debt /Operating Income	-218.55	9.25	3.17





## Change In Working Capital/Acre 2009-2015

	Under Age 30	Age 30-39	Age 40-49	Age 50-59	Over Age 60	All Operators
2010/2009	\$ 16.50	\$ 8.36	\$ 70.32	\$ 73.35	\$ 89.25	\$ 75.82
2011/2010	\$ 64.32	\$ 66.27	\$ 85.43	\$ 64.19	\$ 86.21	\$ 88.59
2012/2011	\$ 22.59	\$ 97.86	\$ 54.05	\$ 73.60	\$ 110.85	\$ 76.24
2013/2012	\$ (19.77)	\$ (159.52)	\$ (97.56)	\$ (87.90)	\$ (88.47)	\$ (87.65)
2014/2013	\$ (102.08)	\$ (15.05)	\$ (72.78)	\$ (75.31)	\$ (61.29)	\$ (59.08)
2015/2014	\$ 1.70	\$ (77.17)	\$ (85.88)	\$ (98.29)	\$ (54.25)	\$ (87.76)



## Financial Efficiency: % of Gross Farm Income

	2015	2014	2009
Interest Expense	3.0%	2.3%	3.1%
Operating Expenses	81.0%	71.8%	71.9%
Depreciation	13.2%	10.8%	7.2%
Operating Income	1.5%	14.6%	17.8%



### Capital Debt Repayment Capacity

2015	\$ 22,480
2014	\$ 118,012
2013	\$ 128,973
2012	\$ 304,173
2011	\$ 277,870
2010	\$ 203,423
2009	\$ 77,200
2008	\$ 199,001



### Family Living Costs (830 families)

<u>Operator Age</u>	<u>&lt;45</u>	<u>45-65</u>	<u>&gt;65</u>
Contributions	\$ 1,226	\$ 3,945	\$ 4,193
Medical	\$ 4,698	\$12,100	\$10,680
Life Insurance	\$ 2,380	\$ 5,544	\$ 4,611
Expendables	\$45,771	\$55,716	\$49,959
<u>Capital</u>	<u>\$ 4,118</u>	<u>\$ 5,806</u>	<u>\$ 5,517</u>
Total	\$58,193	\$83,111	\$74,960



## Central Illinois Grain Farms – Better Soils

2015 Results	High	Average	Low
Corn Yield (bu/a)	207	190	185
Bean Yield (bu/a)	66	61	61
Crop Returns	\$727	\$670	\$616
Crop Costs	\$245	\$260	\$283
Power & Equip Cost	\$111	\$142	\$141
Management Returns	\$20	(\$118)	(\$230)
Prod/\$1 Non Feed Cost	\$1.02	\$.85	\$0.72
Capital Purchases	\$45,224	\$44,020	\$42,815



## Slow Down Debt Increases

	<u>Money Borrowed</u>	<u>Principal Paid</u>
2006	\$ 262 (thousands)	\$ 245
2007	\$ 306	\$ 274
2008	\$ 368	\$ 332
2009	\$ 340	\$ 319
2010	\$ 361	\$ 327
2011	\$ 398	\$ 370
2012	\$ 428	\$ 396
2013	\$ 418	\$ 365
2014	\$ 439	\$ 390
2015	\$ 450	\$ 423



## Slow Down Debt Increases

From 2006-2015

# of years with debt reduction: zero

Added debt: \$328,529



## Margins: Thin Slices of Pie

\$ 518,457	Operating Expenses
\$ 63,852	Capital Purchases
\$ 117,217	Income Taxes & Living
\$ 699,526	<u>Total Cash Expenditures</u>
\$ 13,991	2% reduction
\$ 34,976	5% reduction
\$ 69,953	10% reduction
\$ 139,905	20% reduction



## Accrual Net Farm Income

2015	\$ - 2,971	
2014	\$ 107,290	
2013	\$ 127,664	Down 57% from 2012, similar to 03-09 average
2012	\$ 298,028	
2011	\$ 273,612	
2010	\$ 204,631	
2009	\$ 84,212	
2008	\$ 211,890	
2007	\$ 209,012	2003–2009 average \$ 119,930
2006	\$ 103,303	
2005	\$ 62,940	
2004	\$ 97,514	
2003	\$ 70,640	



## Cash Needs Average Farm

	2004	2015
Farm Expenses	269,749	518,457
Capital Purchases	46,156	63,852
Principal Paid	229,008	423,513
Income Taxes	8,208	32,438
Living Expenses	58,549	84,779
Total Cash Needs	611,670	1,123,039
Cash Needed per Day	1,676	3,077



## Gross Income - Corn

- 2017 \$ 710
  - 2016 \$ 810
  - 2015 \$ 842
  - 2014 \$ 883
  - 2013 \$ 973
  - 2012 \$1,192
  - 2011 \$1,133
  - 2010 \$ 908
- 2014-2017 avg \$811
- 2010-2013 avg \$1,051

A photograph of a cornfield with green leaves and stalks, used as a background for the slide.

FBFM

## Gross Income - Soybeans

- 2017 \$ 581
  - 2016 \$ 653
  - 2015 \$ 663
  - 2014 \$ 692
  - 2013 \$ 802
  - 2012 \$ 783
  - 2011 \$ 749
  - 2010 \$ 717
- 2014-2017 avg \$647
- 2010-2013 avg \$763

A photograph of a cornfield with green leaves and stalks, used as a background for the slide.

FBFM



## What Should My AGI Be?

### Amounts needed for:

- \$ 80,000      Family living
- \$ 30,000      Income tax liability
- \$ 20,000      Principal payments above Depreciation
- \$130,000      Adjusted Gross Income

To the extent actual AGI is less than \$130,000, tax deferral happens



## Know your HIGH FIVE

Debt:Asset Ratio

Working Capital as a Percent of Expenses

Operating Expense as a Percent of Gross Revenue

Gross Revenue per Acre

Crop Input Cost as a Percent of Gross Revenue

