



Kansas Farm Management Association, NE

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2017 Nemaha County Summary Meeting

August 3rd, 2017

Bern Community Building

Bern, KS

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State Bank of Bern



Nemaha County: 2016

- Improved in the rankings in NE Kansas
 - Ranked 5th out of 14 counties in NE Kansas with NFI = \$49,348
 - Ranked 9th in 2015 and 6th in both 2013 & 2014
 - 2013 NFI = \$140,825
 - 2014 NFI = \$154,463
 - 2015 NFI = \$<20,958>
 - Top 4: Brown; Wabaunsee; Atchison; Chase
 - 3 out of top 4 were different from 2015 (Atchison remained)
 - 2nd-highest Livestock Value Produced
 - \$162,317
 - Pottawatomie = \$192,786

Nemaha County: 2016

- Net Worth Decreased \$12,493 per Farm
 - Assets down \$44,722
 - Liabilities down \$32,230
 - Overall NE KS Net Worth Increased \$12,566
- Debt / Asset Ratio Improved Slightly from 0.16 to 0.15
 - Had deteriorated prior 2 consecutive years
 - Updating RE Values Stabilized Debt / Asset Ratio





2015 vs. 2016 in NE Kansas What was REALLY Different?

- 2015
 - NFI = \$<11,351>
 - Value of Farm Production = \$428,476
 - Total Operating Expenses = \$362,563
 - Total Farm Expenses = \$439,827
 - Effective Interest Rate = 3.97%
 - Debt / Asset Ratio = 0.20
 - *Increased .01 within 2015*
 - Decrease in Net Worth = \$65,119
- 2016
 - NFI = \$48,197
 - Value of Farm Production = \$511,494
 - Total Operating Expenses = \$382,857
 - Total Farm Expenses = \$463,297
 - Effective Interest Rate = 4.03%
 - Debt / Asset Ratio = 0.20
 - *Increased .005 within 2016*
 - Increase in Net Worth = \$12,566



2015 vs. 2016 in NE Kansas What was REALLY Different?

- 2016 NFI \$59,548 higher than in 2015
- Government Payments
 - 2015 = \$6,213
 - 2016 = \$20,145
- Livestock Enterprises Similar to 2015 in Economic Performance
- Soybean Production
 - Phenomenal Yields in the Aggregate
 - Average Yield Approx. 13 bu/A Greater than 2015
 - Impact on NFI for Average Farm in NE KS??



2015 vs. 2016 in NE Kansas

What was REALLY Different?

- Impact of Excellent Soybean Yields on NFI
 - Higher yields resulted in 5,000 more bushels on the average NE KS farm
 - When holding acres planted constant
 - At \$9 per bushel, this adds \$45,000 to NFI
 - *Less added hauling, machinery, storage, etc. expense*
 - Also, average KFMA NE farm planted 56 more acres to soybeans in 2016 than in 2015
 - Average return per acre to soybeans was \$164 more than that for corn last year
 - Therefore, increase in soybean acres resulted in another \$9,000 in NFI



2015 vs. 2016 in NE Kansas

What was REALLY Different?

- 2015 vs. 2016 Summary
 - Government Payment Increase = \$14,000
 - Phenomenal Soybean Yields Coupled with Increased Soybean Acres = $\$45,000 + \$9,000 = \$54,000$
 - These 2 Factors Alone Explain Entire Improvement (AND MORE!) in NFI
 - Will These (or Something Similar) Occur Again in 2017???



Where Do We Stand for 2017?

- Projected Government Payments
 - ARC – CO
 - No Payments Projected for Soybeans or Milo
 - Expect Payments on Corn and Wheat Bases
 - Corn: \$67/A (on 85% of Base)
 - Wheat: \$32/A (on 85% of Base)
 - ARC – CO Payments Received in 2015
 - Corn: \$69/A
 - Wheat: \$32/A
 - Soybeans: \$79/A
 - Milo: \$43/A



Where Do We Stand for 2017?

- PLC
 - No Payments Projected for Soybeans
 - Payments on Corn, Wheat, & Milo Bases
 - Corn: \$0.35/bu (Program Yield; 85% Base Acres)
 - Wheat: \$1.61/bu (Program Yield; 85% Base Acres)
 - Milo: \$1.30/bu (Program Yield; 85% Base Acres)
 - PLC Payments Received in 2015
 - Corn: \$0.09/bu
 - Wheat: \$0.61/bu
 - Soybeans: \$0/bu
 - Milo: \$0.64/bu

Where Do We Stand for 2017?

TABLE 2. PROJECTED 2016 PRICE LOSS (PLC) COVERAGE PAYMENT RATES
 BASED ON STATUTORY REFERENCE PRICES, PROJECTED 2016/17 MARKET YEAR AVERAGE (MYA) PRICES AND 2016 NATIONAL AVERAGE LOAN RATES
 July 12, 2017 1/

A	B	C	D	E	F	G	H	I	J	
Commodity	Marketing Year	Publishing Dates for the Final 2016/17 MYA Price and 2016 PLC Effective Price	Unit	Statutory Reference Price	Projected (P) or Final (F) 2016/17 MYA Price	2016 National Loan Rate	Projected (P) or Final (F) 2016 Effective Price	Higher of (H or G)	Higher of (I-H or zero)	Maximum PLC Payment Rate (E-G)
Wheat	Jun. 1-May 31	June 29, 2017	Bushel	\$5.50	\$3.89 F	\$2.94	\$3.89 F	\$1.61 F	\$2.56	
Barley	Jun. 1-May 31	June 29, 2017	Bushel	\$4.95	\$4.96 F	\$1.95	\$4.96 F	\$0.00 F	\$3.00	
Oats	Jun. 1-May 31	June 29, 2017	Bushel	\$2.40	\$2.06 F	\$1.39	\$2.06 F	\$0.34 F	\$1.01	
Peanuts	Aug. 1-Jul. 31	August 30, 2017	Pound	\$0.2675	\$0.1960 P	\$0.1775	\$0.1960 P	\$0.0715 P	\$0.0900	
Corn	Sep. 1-Aug. 31	September 28, 2017	Bushel	\$3.70	\$3.35 P	\$1.95	\$3.35 P	\$0.35 P	\$1.75	
Grain Sorghum	Sep. 1-Aug. 31	September 28, 2017	Bushel	\$3.95	\$2.65 P	\$1.95	\$2.65 P	\$1.30 P	\$2.00	
Soybeans	Sep. 1-Aug. 31	September 28, 2017	Bushel	\$8.40	\$9.50 P	\$5.00	\$9.50 P	\$0.00 P	\$3.40	
Dry Peas	Jul. 1-Jun. 30	September 28, 2017	Pound	\$0.1100	\$0.1100 P	\$0.0540	\$0.1100 P	\$0.0000 P	\$0.0560	
Lentils	Jul. 1-Jun. 30	September 28, 2017	Pound	\$0.1997	\$0.2850 P	\$0.1128	\$0.2850 P	\$0.0000 P	\$0.0869	
Large Chickpeas	Sep. 1-Aug. 31	November 30, 2017	Pound	\$0.2154	\$0.3200 P	\$0.1128	\$0.3200 P	\$0.0000 P	\$0.1026	
Small Chickpeas	Sep. 1-Aug. 31	November 30, 2017	Pound	\$0.1904	\$0.2500 P	\$0.0743	\$0.2500 P	\$0.0000 P	\$0.1161	
Sunflower Seed	Sep. 1-Aug. 31	November 30, 2017	Pound	\$0.2015	\$0.1735 P	\$0.1009	\$0.1735 P	\$0.0280 P	\$0.1006	
Canola	Jul. 1-Jun. 30	September 28, 2017	Pound	\$0.2015	\$0.1670 P	\$0.1009	\$0.1670 P	\$0.0345 P	\$0.1006	
Flaxseed	Jul. 1-Jun. 30	November 30, 2017	Bushel	\$11.284	\$7.950 P	\$5.650	\$7.950 P	\$3.334 P	\$5.634	
Mustard Seed	Sep. 1-Aug. 31	November 30, 2017	Pound	\$0.2015	\$0.3280 P	\$0.1009	\$0.3280 P	\$0.0000 P	\$0.1006	
Rapeseed	Jul. 1-Jun. 30	November 30, 2017	Pound	\$0.2015	\$0.2520 P	\$0.1009	\$0.2520 P	\$0.0000 P	\$0.1006	
Safflower	Sep. 1-Aug. 31	November 30, 2017	Pound	\$0.2015	\$0.2070 P	\$0.1009	\$0.2070 P	\$0.0000 P	\$0.1006	
Crambe	Sep. 1-Aug. 31	November 30, 2017	Pound	\$0.2015	\$0.3300 P	\$0.1009	\$0.3300 P	\$0.0000 P	\$0.1006	
Sesame Seed	Sep. 1-Aug. 31	November 30, 2017	Pound	\$0.2015	\$0.3200 P	\$0.1009	\$0.3200 P	\$0.0000 P	\$0.1006	
Rice (long grain)	Aug. 1-Jul. 31	October 30, 2017	Pound	\$0.1400	\$0.0970 P	\$0.0650	\$0.0970 P	\$0.0430 P	\$0.0750	
Rice (med/short grain) 2/	Aug. 1-Jul. 31	October 30, 2017	Pound	\$0.1400	\$0.1010 P	\$0.0650	\$0.1010 P	\$0.0390 P	\$0.0750	
Rice (temperate japonica)	Oct. 1-Sep. 30	January 31, 2018	Pound	\$0.1610	\$0.1350 P	\$0.0650	\$0.1350 P	\$0.0260 P	\$0.0960	

MYA Price=national average price received by producers during the 12-month marketing year.
 Reference price (column E)=statutory price levels apply for crop years 2014-2018.
 1/ F= Final MYA prices—Source: National Agricultural Statistics Service (NASS), Agricultural Prices on the publishing dates listed under column C. Exact publishing dates for 2016/17 MYA prices are unavailable, but are generally published near the end of the month. P=Projected MYA prices—Source: USDA's World Agricultural Supply and Demand Estimates or Interagency Commodity Estimates Committee Minutes. MYA price projections are the mid-point of the price forecast range, when applicable.
 2/ Medium/short grain excludes temperate japonica rice.

Where Do We Stand for 2017?


Nemaha County-Specific Numbers

% of Base	Crops	ARC – CO	PLC	ARC – IND
43.4%	Corn	95.2%	4.8%	0%
43.5%	Soybeans	93.6%	6.4%	0%
7.8%	Wheat	81.6%	18.4%	0%
4.9%	Milo	63.3%	36.7%	0%
0.4%	Other Crops	?????	?????	?????



Where Do We Stand for 2017?

- Will We See Phenomenal Corn or Soybean Yields Again?
 - Spotty, Maybe, but Not Over NE KS
- Absent These Boosts, 2017 NFI Will Approach 2015 Levels
 - Extending to 3-Year Period of Challenging Times
 - This is the Key...How Long Will this Environment Last?
 - Input Costs vs. Commodity Prices
 - Production Challenges Would Add to This
 - Weather, Disease, etc.



2007-2014 vs. 2015-2016 Changing Times

- | | |
|--|--|
| <ul style="list-style-type: none">• 2007 – 2014 Averages<ul style="list-style-type: none">• NFI = \$142,627• Value of Farm Production = \$546,819• Total Operating Expenses = \$339,431• Total Farm Expenses = \$404,192• Effective Interest Rate = 5.43%• <u>Debt / Asset Ratio = 0.24</u><ul style="list-style-type: none">• <u>Annual Decrease = .01</u>• <u>Annual Increase in Net Worth = \$119,700</u> | <ul style="list-style-type: none">• 2015 – 2016 Averages<ul style="list-style-type: none">• NFI = \$18,423• Value of Farm Production = \$469,985• Total Operating Expenses = \$372,710• Total Farm Expenses = \$451,562• Effective Interest Rate = 4.00%• <u>Debt / Asset Ratio = 0.20</u><ul style="list-style-type: none">• <u>Increased .007 per year</u>• <u>Annual Decrease in Net Worth = \$26,277</u> |
|--|--|

2007-2014 vs. 2015-2016 Size Comparison

- 2007 – 2014 Averages
 - Total Assets = \$1,681,957
 - Total Capital Managed = \$4,149,667
 - Net Worth = \$1,311,360
 - 2007 Net Worth = \$812,921
 - 2014 Net Worth = \$1,634,842
 - Large Increase through Period
- 2015 – 2016 Averages
 - Total Assets = \$2,580,944
 - Total Assets *Decreased* from 2015 to 2016
 - Last Time: 1997 to 1998
 - Total Capital Managed = \$5,923,257
 - Net Worth = \$2,064,625
 - Decreased in 2015
 - Slight Increase in 2016

KFMA, NE History

Year	NFI	Debt	Cap. Mgd.
1996	71,580	187,909	1,106,498
1997	51,698	209,953	1,196,629
1998	12,170	197,074	1,180,203
1999	25,122	203,018	1,207,071
2000	28,518	186,759	1,245,727
2001	33,717	235,917	1,366,841
2002	10,082	241,723	1,435,510
2003	38,630	217,335	1,473,508
2004	77,393	244,799	1,494,207
2005	68,325	279,720	2,035,551
2006	50,591	279,614	2,191,678
2007	113,323	310,247	2,370,322
2008	115,877	361,641	2,621,149
2009	117,854	373,431	3,268,134
2010	121,479	407,482	4,086,910
2011	213,758	404,027	4,625,048
2012	138,024	399,856	5,337,662
2013	154,867	420,404	5,478,619
2014	149,476	506,068	5,409,491
2015	-11,777	497,876	5,697,439
2016	48,197	521,546	6,149,607



Statewide Results

- NFI = \$43,161
 - SC realized net loss ($\$<5,352>$)
 - NW Near Zero (\$389)
 - Others
 - NC = \$34,205
 - SW = \$39,615
 - NE = \$48,197
 - SE = \$109,344
 - Net Worth per Farm Held Steady
 - After \$52,000 per Farm Decrease During 2015



Statewide Results

- Decrease in Liquidity
 - Current Ratio
 - 2013 and Prior = Greater than 3:1
 - Now < 2.4:1
- Balance sheets remain strong in the aggregate
 - However, both debt / asset ratios and liquidity measures are slightly deteriorating



Kansas Income Tax Overhaul

- Change is Retroactive to Jan. 1, 2017
 - Immediate Impact
- Bulk Change is in Philosophy
 - Again Taxing Income Reported on C, E, & F
 - Went 4 Years with No KS Income Tax on Income Reported on C, E, & F
- Several Other Minor Changes as Well
- Results in Few Thousand \$ More Tax per Household per Year
 - Less KS Income Tax than 2012 & Prior, Though



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State Bank of Bern





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