

**Looking at the Cost and Revenue Drivers Leading into the 2007 Farm Bill:
A Kansas Perspective
Samuel M. Funk
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Introduction

What are the conditions that are facing production agriculture?

What trends exist over the recent years?

Policy makers and analysts will be asking themselves these questions and several more when they begin to debate what concepts are most appropriate to include in the 2007 Farm Bill.

External forces such as wars and supply disruptions in oil imports, or even hurricanes and massive rebuilding projects, are not factors we can accurately predict in regards to their impact on input prices or Federal budgets that will affect the caps placed on farm program spending. Even the challenges and uncertainty of future agreements under the World Trade Organization leave plenty of room for speculation regarding the future “allowable” funding levels of various payment types. What we are able to identify are the recent aggregate cost and revenue streams and trends that have established the existing framework of an agricultural economy that will serve as our foundation into the future come whatever external drivers emerge.

In this paper we will examine highlights of five year revenue and expense trends for Kansas producers by crop and region-of-state leading up to Farm Bill passage (2001 - 2005) to explore impacts that are being felt and needs those producers may have.

Costs

Much of the media attention in recent years has been focused on the prices of petroleum and other energy forms. In December of 2005, Dhuyvetter, Funk, Kastens, and Langemeier analyzed the expected impact on KFMA Farms of energy price increases for the components of an **Energy Expense Complex** (EEC). The EEC was comprised of the KFMA expense categories of: **Fertilizer, Gas-Fuel-Oil, and Irrigation Energy** (where appropriate). At that time, the estimated increase in costs per dryland acre in the KFMA Summary from 2004 to 2005 was \$6.33 due to expected prices of EEC components. \$34.15 was the expected rise in per irrigated acre costs from 2004 to 2005.

Irrigated Crop Farms

Prices for energy and several production agriculture inputs that are dependent on petroleum or other energy-based components soared in 2005. The impacts were especially noticeable in Kansas on irrigated crop farms. Total farm outlays for more energy sensitive expenses for the years 2003, 2004, and 2005 are summarized in Table 1 from summary data collected on farms categorized as Irrigated Crop Farms in the Kansas Farm Management Association (KFMA).

It is important to note that the increases in the whole farm expenditures are not purely the result of the increased energy prices in 2005. As illustrated in Table 2, significant changes occurred in the number of crop acres for Irrigated Crop Farms. The increased acreage in these farms contributed significantly to overall expenses.

While the total crop acres for the farms classified as Irrigated Crop Farms decreased from 2003 to 2004, the total increased significantly in 2005. Considering that the average number of Total Crop Acres decreased by 7.2% from 2003 to 2004, the

increase in whole farm EEC expenditures by 9.6% for the Irrigated Crop Farms demonstrates a marked increase in overall energy expenses.

Table 3 contains the cost per crop acre, or irrigated crop acre in the case of irrigation energy, for the energy intensive expense categories for Irrigated Crop Farms in the KFMA Summary from 2003 to 2005.

Summing the per crop acre charges for Fertilizer, Gas-Fuel-Oil, and the per irrigated crop acre expenses for irrigation energy; the Energy Expense Complex per acre for the 2005 Summary of Irrigated Crop Farms was \$98.46. This represented a rise of \$10.04, an 11.4% increase above the average EEC in 2004 for irrigated crop farms. This came on the heels of a \$9.54 increase from 2003 to 2004, an increase of 12.1%.

Dryland Crop Farms

A paper by Langemeier, Funk, and Weeden examining KFMA Dryland Crop Farms with continuous data from 2003 to 2005 showed that crop production cost on a per acre basis increased \$8.69 from 2002 to 2003, \$8.49 from 2003 to 2004, and \$14.97 from 2004 to 2005. These represented respective increases of 8.27%, 7.46%, and 12.24%.

In 2005, 56% of the increase in crop production cost per acre above 2004 was attributed to increases in energy related expenses. A rise in energy related expenses increased per acre cost by \$8.36 in 2005 and \$15.46 from 2002 to 2005.

Year-over-year increases in energy related expenses per acre for the farms in this analysis were 16.56% from 2002 to 2003, 12.25% from 2003 to 2004, and 27.76% from 2004 to 2005.

Revenues

Incomes from the primary crops across Kansas have varied widely. Exceptionally high yields for dryland corn in the fall of 2004 in the eastern portions of the state [See Chart 1] and drought conditions that have impacted several areas – most notably western Kansas – are testaments to the dramatic variability that has been found in Kansas yields and in turn, revenues. Potentially more revealing of weather impacts than looking at crops on a statewide basis, is to look at the net farm income figures for the Northwest region of the state for 2002 and 2003 in Table 14. A greater than \$60,000 jump in net farm income is indeed dramatic.

Livestock continue to be a major portion of the income for the average farm in the KFMA. However, while the gross income from livestock has increased from 2001 to 2005, the average percentage of the value of farm production represented by livestock has decreased in five of the six KFMA regions. [See Tables 4 and 5.]

Table 6 relates the planted acreages and percentage change from the prior year for selected crop in Kansas. While no one should dispute that wheat is still the dominant crop in Kansas for total acreage, crop mixes that have been changing in regions of the state as practices and varieties have allowed for diversification of production. The impact of fall crops (primarily corn, grain sorghum, and soybeans) was evident in 2004 with strong yields across the eastern portions of Kansas. Table 7 demonstrates the strong showing these crops had in 2004 with the levels of gross income exceeding variable costs per acre. Even in the areas of the state where wheat is the predominant crop, fall crops have found their way into the mix with varied economic results.

Admittedly there are production factors such as weather expectations, cost of inputs, and rotations to consider in planting decisions other than historical financial

performance. Three of the past five years corn has had a higher margin between gross income and variable costs than wheat. However, only in 2004 was the return to labor and management higher for corn than for wheat in the statewide averages. [See Table 8.] Wheat is the only crop of those included in Table 8 that showed a positive return to labor and management for each of the years 2001 to 2005.

Soybeans have been fairly strong as a rotational crop considering returns to labor and management and gross income in excess of variable costs from 2001 to 2005 with the exception of negative returns to management and labor in 2002. Over the five years examined in this paper, soybean yields per acre have been at 23 bushels twice (2002 and 2003). The high year for production average statewide was 2004 at 41 bushels/acre.

Grain Sorghum acres have dropped sharply during the 2001 to 2005 time span. Tolerance for drier conditions and traditional utilization in crop mixes and diversified operations have contributed to the place grain sorghum holds in Kansas agriculture. Ethanol facilities in the state may well impact grain sorghum production as well as corn production – or even wheat. According to the Kansas Ethanol Homepage¹ grain sorghum or corn can be readily interchanged as feedstock for ethanol plants with Kansas producing more of the biofuel with grain sorghum than with corn.

Although a minor crop in Kansas when considering total crop acres, cotton showed the largest percentage increase in planted acres from 2001 until 2005; the last two years in that range showed considerable decreases as seen in Table 6. However, acres planted to cotton in 2006 are up to 100,000 according to USDA-NASS – a 150% increase. Nearly 8% of the cotton acres planted in Kansas in 2006 were represented in the KFMA data. With revenue exceeding variable costs per acre by

¹ <http://www.ksgains.com/ethanol/>

\$124.87 and the return to labor and management at \$60.18 being the highest for any crop enterprise in the KFMA summary, the growth in cotton acres where it is feasible in Kansas is not unexpected. It should be noted that growing cotton is not without risks and changes in federal crop insurance programs and safety nets are a vital concern for cotton producers.

Looking across the statewide averages and regional summaries from the Kansas Farm Management Association, especially comparing operations in the top quartile for net farm income with operations in the lower quartile, there are vast differences in the profitability of these operations and their efficiency in the utilization of resources – notably in the asset turnover ratio. While the farms with higher net farm income (NFI) do not necessarily have lower per acre costs in any one particular area, the strength they generally display is in the much higher value of gross crop value when compared with lower NFI operations.

When considering the financial condition of producers, the area of debt management is also important. Policy makers and analysts will be looking into the “capacity” of farms and ranches to absorb losses and obtain credit throughout the coming years. Typically growth will be financed with a combination of equity capital and debt. Undoubtedly, those two growth facilitators must be considered and managed appropriately according to one’s risk outlook, abilities, and resource capacity.

Credit

Measuring the **current ratio** (current ratio = current assets/current liabilities) provides us a look at the liquidity of agricultural operations. The average current ratio for farms across the six Farm Management Associations rose from January 1, 2005 to December 31, 2005 from 2.37 to 2.41. This change resulted from an increase in current

assets of \$20,644 while current liabilities increased by \$6,535. During the 2001 to 2005 timeframe, the current ratio has generally improved with some moderate movements up and down. For the average of all farms statewide, it has remained in a range considered adequate by many above 2.0.

In contrast, the statewide average for farms in the lower quartile by net farm income was only above 2.0 once in 2003 when the number reached 2.02. This group ended up at 1.78 at the end of 2005.

Not all farms in the lower net farm income quartile of the KFMA Summary in 2005 had a less-liquid position indicated by their current ratio when compared to farms with higher average net farm incomes. As can be seen in Chart 4, the lower quartile of farms in the Northeast KFMA Summary had a markedly higher current ratio than the top net farm income quartile in that region. This group of farms also had a lower debt-to-asset ratio than the higher net farm income quartiles.

The **debt-to-asset ratio** (debt-to-asset ratio = total debts/total liabilities) providing us a glimpse at solvency levels was at 0.30 on average for the farms in the 2005 KFMA summary the beginning and end of 2005. This was a decrease from the year prior when the December 31, 2004 debt-to-asset ratio for the farms in the KFMA summary that year averaged 0.33. It is important to note that in 2005 the land values for farms in the KFMA Program were adjusted to reflect more current levels. Land is revalued every five years in the KFMA Program to allow for operating impacts to be reflected more in the financial records. The land values are adjusted at the beginning of the year so as to not skew the single year analysis more than necessary. Apart from the land adjustments at the beginning of the year, total assets increased \$44,841 while total liabilities increased \$13,157 on average from January 1 to December 31 of 2005.

In general, statewide averages of the debt-to-asset ratio for each group of farms separated by net farm income trended lower or held steady.

A balance between cash flow, growth, and financial liquidity and solvency must be considered. It is important to note that some operations will seek to expand or utilize their asset base to seek other investment opportunities and the “risk” some see with leveraging their assets is seen as more of an opportunity to others.

Summary

The energy price concerns of recent years are reflected in the substantial increases in energy related costs for Kansas producers. Double-digit percentage increases in Energy Expense Complex components have dramatically affected profitability on farms. Coupled with large swings in yields for major Kansas crops, there has been significant variability in the profitability for the “average” Kansas farmer.

As producers look to diversify their investment portfolio, ethanol production appears poised to be a vehicle of choice for many. The expansion of biofuels may well offer opportunities for grain producers in Kansas, while at the same time offering new opportunities and challenges to livestock producers.

Evaluating financial conditions for the average Kansas farm statewide can be a difficult task given the variability around the average. Looking at financial ratios on the average, farms appear well-healed to move forward into the future. However, with dramatic variability always possible, conditions can change suddenly and harshly. Policies in the future must address the need for a safety net for Kansas producers to allow them to weather financial storms and regain their footing in order to pull themselves onto solid ground.

Table 1. Energy intensive expenses from 2003 to 2005 for Irrigated Crop Farms.

Expense Category	2003	2004	2005	Percent Increase (Decrease) From Prior Year	
				'03-'04	'04-'05
Fertilizer	\$35,434	\$39,511	\$53,276	11.5%	34.8%
Gas-Fuel-Oil	\$16,716	\$19,285	\$25,412	15.4%	31.8%
Irrigation Energy (Per Irr. Acre)	\$39,438	\$41,602	\$49,341	5.5%	18.6%
Herbicides	\$26,957	\$28,415	\$34,944	5.4%	23.0%

Source: 2003-2005 Kansas Farm Management Association Summary Data

Table 2. Total Crop Acres, Irrigated Crop Acres and Non-Irrigated Crop Acres for Irrigated Crop Farms in the KFMA Summary.

	2003	2004	2005	Percent Increase (Decrease) From Prior Year	
				'03-'04	'04-'05
Total Crop Acres	1520	1411	1659	-7.2%	17.6%
Irrigated Crop Acres	885	890	967	0.6%	8.7%
Non-Irrigated Crop Acres	687	668	723	-2.8%	8.2%

Source: 2003-2005 Kansas Farm Management Association Summary Data

Table 3. Per crop acre costs for energy intensive expense categories Irrigated Crop Farms.

Expense Category	2003	2004	2005	Percent Increase (Decrease) From Prior Year	
				'03-'04	'04-'05
Fertilizer	\$23.31	\$28.00	\$32.11	20.1%	14.7%
Gas-Fuel-Oil	\$11.00	\$13.67	\$15.32	24.3%	12.1%
Irrigation Energy (Per Irr. Acre)	\$44.56	\$46.74	\$51.02	4.9%	9.2%
Herbicides	\$17.73	\$20.14	\$21.06	13.6%	4.6%

Source: 2003-2005 Kansas Farm Management Association Summary Data

Table 4. Average Livestock Income per Farm.

	2001	2002	2003	2004	2005
Statewide	\$44,712	\$44,717	\$55,650	\$70,261	\$77,765
NE	\$75,974	\$49,806	\$56,451	\$61,508	\$82,572
SE	\$61,758	\$62,619	\$81,613	\$99,007	\$106,811
NC	\$53,945	\$49,904	\$64,321	\$80,228	\$91,840
SC	\$24,877	\$27,569	\$34,663	\$34,010	\$29,835
NW	\$30,992	\$27,513	\$36,386	\$50,262	\$52,889
SW	\$23,839	\$17,775	\$25,333	\$36,812	\$45,427

Source: 2001-2005 Kansas Farm Management Association Summary Data

Table 5. Livestock Income as a Percent of Value of Farm Production.

	2001	2002	2003	2004	2005
Statewide	34.4%	20.8%	22.5%	23.2%	26.5%
NE	41.7%	24.1%	31.4%	28.8%	30.7%
SE	50.2%	29.7%	29.5%	33.4%	34.9%
NC	46.4%	27.9%	28.8%	28.4%	33.3%
SC	18.6%	11.6%	12.8%	14.0%	13.1%
NW	22.1%	12.1%	13.3%	13.4%	17.3%
SW	13.3%	10.3%	9.0%	10.4%	15.8%

Source: 2001-2005 Kansas Farm Management Association Summary Data

Table 6. Planted Acres and Change from Previous Year.

	Planted Acres(Thousands of Acres) / Increase (Decrease) from Previous Year										Planted Acres '01-'05 Change
	2001		2002		2003		2004		2005		
Corn	3,450	0.0%	3,250	-5.8%	2,900	-10.8%	3,100	6.9%	3,650	17.7%	5.8%
Soybeans	2,850	-3.4%	2,750	-3.5%	2,600	-5.5%	2,800	7.7%	2,900	3.6%	1.8%
Wheat	9,800	0.0%	9,700	-1.0%	10,500	8.2%	10,000	-4.8%	10,000	0.0%	2.0%
Cotton	41	1.3%	80	97.5%	90	12.5%	85	-5.6%	74	-12.9%	82.7%
Grain Sorghum	4,000	14.3%	3,800	-5.0%	3,550	-6.6%	3,200	-9.9%	2,750	-14.1%	-31.3%
All Crops	23,903	4.0%	23,217	-2.9%	23,237	0.1%	22,854	-1.6%	22,711	-0.6%	-5.0%

Source: USDA-NASS Website

Table 7. Gross Income – Variable Costs Per Acre.

	Gross Income - Variable Costs Per Acre					Average 2001-2005
	2001	2002	2003	2004	2005	
Corn	\$58.61	\$36.37	\$38.71	\$106.70	\$49.49	\$57.98
Soybeans	\$50.31	\$22.47	\$63.19	\$89.88	\$74.15	\$60.00
Wheat	\$41.46	\$43.64	\$69.89	\$38.82	\$33.62	\$45.49
Grain Sorghum	\$27.14	\$32.24	\$15.19	\$47.99	\$16.56	\$27.82

Source: 2001-2005 Kansas Farm Management Association Summary Data

Table 8. Return to Labor and Management / Acre.

	Return to Labor and Management / Acre					Average 2001-2005
	2001	2002	2003	2004	2005	
Corn	\$19.27	-\$1.96	-\$3.62	\$52.36	-\$1.10	\$12.99
Soybeans	\$24.62	-\$3.57	\$33.61	\$48.18	\$37.25	\$28.02
Wheat	\$21.79	\$22.78	\$45.47	\$15.78	\$9.12	\$22.99
Grain Sorghum	\$4.95	\$10.23	-\$6.54	\$19.40	-\$11.47	\$3.31

Source: 2001-2005 Kansas Farm Management Association Summary Data

	Statewide KFMA Summary Information 2001-2005														
	Average of All Farms					High 25% of Farms by Net Farm Income					Low 25% of Farms by Net Farm Income				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Value of Farm Production	\$214,664	\$198,706	\$240,059	\$265,629	\$294,230	\$367,089	\$345,541	\$462,290	\$521,796	\$556,264	\$182,642	\$166,575	\$126,220	\$129,382	\$167,705
Total Farm Expense	\$186,669	\$179,600	\$189,008	\$203,025	\$237,248	\$264,222	\$253,105	\$312,084	\$345,625	\$386,252	\$214,852	\$207,732	\$141,845	\$141,523	\$185,426
Operating Exp	\$166,103	\$159,344	\$168,403	\$180,510	\$211,463	\$232,626	\$223,212	\$276,421	\$306,472	\$341,773	\$193,840	\$185,721	\$126,943	\$126,732	\$166,912
Net Farm Income	\$27,995	\$19,106	\$51,051	\$62,604	\$56,982	\$102,867	\$92,436	\$150,206	\$176,171	\$170,012	-\$32,010	-\$41,156	-\$15,625	-\$12,142	-\$17,721
RATIOS															
Asset Turnover	0.2957	0.2700	0.3187	0.3311	0.2921	0.3506	0.3256	0.3733	0.3986	0.3309	0.2459	0.2186	0.2207	0.2221	0.2242
% Return Assets	1.23%	-0.03%	3.42%	4.22%	3.08%	6.11%	5.32%	8.59%	95.50%	7.29%	-4.19%	-5.81%	-4.65%	-4.36%	-3.70%
% Return Equity	-1.89%	-3.43%	2.13%	3.66%	2.00%	5.84%	5.06%	10.22%	11.86%	8.10%	-13.60%	-15.08%	-11.15%	-9.71%	-8.65%
Current Ratio	2.07	2.01	2.30	2.49	2.41	2.80	2.46	2.38	2.63	2.74	1.40	1.38	2.02	1.96	1.78
Debt to Asset Ratio	0.34	0.35	0.34	0.33	0.3	0.28	0.31	0.33	0.32	0.28	0.45	0.44	0.37	0.36	0.33
Per Crop Acre Costs															
Machinery Investment	\$114.44	\$112.42	\$115.37	\$124.91	\$134.10	\$117.09	\$118.24	\$121.97	\$139.15	\$143.82	\$121.78	\$112.51	\$122.99	\$112.06	\$132.35
Machinery Cost	\$49.38	\$45.69	\$47.11	\$51.85	\$58.47	\$47.08	\$45.03	\$47.22	\$55.43	\$60.38	\$57.31	\$50.15	\$54.99	\$51.53	\$61.09
Gross Crop Value (a)	\$173.76	\$153.05	\$166.97	\$190.42	\$212.10	\$199.75	\$177.81	\$212.20	\$238.48	\$251.95	\$167.03	\$136.44	\$166.33	\$132.71	\$176.67
Crop Production Costs (b)	\$120.69	\$112.57	\$119.97	\$130.70	\$147.79	\$121.28	\$114.23	\$126.96	\$147.06	\$156.77	\$140.59	\$125.24	\$130.78	\$124.23	\$153.24
Energy Exp Complex	\$35.937	\$31.662	\$37.587	\$42.119	\$54.683	\$51.787	\$45.208	\$63.270	\$70.101	\$85.476	\$40.679	\$35.412	\$26.372	\$29.950	\$42.069
Gas-Fuel-Oil	\$10.622	\$9.396	\$10.545	\$12.758	\$17.721	\$14.948	\$13.327	\$16.550	\$20.208	\$27.711	\$11.620	\$9.948	\$7.758	\$9.260	\$13.207
Fertilizer	\$21.849	\$18.689	\$22.649	\$25.112	\$33.004	\$32.352	\$27.441	\$38.676	\$43.299	\$50.975	\$23.694	\$19.615	\$15.362	\$16.254	\$26.222
Irrigation Energy	\$3.466	\$3.567	\$4.393	\$4.249	\$3.956	\$4.487	\$4.440	\$8.044	\$6.594	\$6.790	\$5.365	\$5.849	\$3.252	\$4.436	\$2.640
EEG/Acre	\$31.14	\$26.67	\$30.71	\$34.92	\$43.96	\$31.52	\$27.17	\$33.26	\$39.29	\$46.25	\$37.49	\$29.17	\$31.25	\$31.83	\$43.73

(a) Gross Crop Value: The value of total crop production, including government payments and insurance proceeds. This value is a productivity measure for the crop portion of the farm business. It is important to note that this is not a measure of the operator's gross crop income because it includes the landlord's share of crop production.

(b) Crop Production Costs: All direct production costs of the operator used in producing crops. This value does not include production expenses paid by the landlord on leased land, interest charge on land, interest payments, cash farm rent, or a charge for the operator's labor. Crop Production Costs cannot be subtracted from the Gross Crop Value to derive a net income to crops because the landlord's production expenses on leased land are not included.

Table 10. Selected Financial Characteristics for KFMA-NE Average, High 25% Net Farm Income Farms, and Low 25% Net Farm Income Farms

	NE KFMA Summary Information 2001-2005														
	Average of All Farms					High 25% of Farms by Net Farm Income					Low 25% of Farms by Net Farm Income				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Value of Farm Production	\$206,584	\$179,899	\$213,380	\$269,048	\$290,570	\$379,278	\$326,312	\$403,930	\$537,306	\$583,286	\$151,273	\$157,219	\$66,966	\$72,496	\$119,504
Total Farm Expense	\$172,867	\$169,818	\$174,750	\$191,656	\$222,245	\$266,770	\$251,495	\$275,095	\$339,942	\$393,255	\$180,721	\$203,375	\$111,802	\$77,634	\$131,497
Operating Exp	\$153,985	\$150,723	\$156,254	\$171,683	\$198,592	\$234,806	\$222,920	\$246,169	\$306,026	\$349,924	\$163,950	\$180,631	\$98,293	\$69,173	\$116,957
Net Farm Income	\$33,717	\$10,082	\$38,630	\$77,393	\$68,325	\$112,499	\$74,817	\$128,837	\$197,364	\$190,091	-\$29,447	-\$46,156	-\$24,837	-\$5,138	-\$11,993
RATIOS															
Asset Turnover	0.2941	0.2476	0.2928	0.3446	0.2831	0.3559	0.3061	0.3745	0.4364	0.393	0.2209	0.1993	0.1434	0.1709	0.1604
% Return Assets	1.77%	-1.34%	1.37%	5.36%	0.0354	6.32%	3.61%	7.05%	10.81%	0.0895	-3.94%	-6.67%	-6.06%	-5.28%	-0.035
% Return Equity	-1.18%	-5.23%	-0.63%	5.31%	0.0279	5.86%	2.30%	7.79%	13.06%	0.1063	-13.38%	-15.36%	-11.50%	-10.03%	-0.0626
Current Ratio	2.21	2.15	2.66	3.08	2.62	2.56	2.30	2.64	3.29	2.65	1.51	1.64	2.29	3.30	3.92
Debt to Asset Ratio	0.45	0.46	0.29	0.30	0.27	0.39	0.44	0.31	0.29	0.31	0.66	0.61	0.30	0.31	0.22
Per Crop Acre Costs															
Machinery Investment	\$134.05	\$137.00	\$140.76	\$150.25	\$156.62	\$136.21	\$139.90	\$140.64	\$148.40	\$156.02	\$139.53	\$143.90	\$161.15	\$165.67	\$149.74
Machinery Cost	\$52.05	\$49.71	\$51.35	\$58.17	\$62.33	\$51.57	\$49.46	\$50.90	\$58.85	\$63.96	\$56.61	\$57.38	\$59.97	\$63.92	\$55.19
Gross Crop Value (a)	\$219.60	\$175.41	\$224.66	\$284.10	\$330.87	\$240.57	\$200.58	\$256.33	\$310.72	\$407.10	\$213.13	\$165.15	\$187.80	\$223.15	\$217.23
Crop Production Costs (b)	\$134.17	\$132.85	\$148.87	\$156.57	\$168.03	\$135.03	\$132.81	\$161.33	\$172.49	\$172.49	\$145.45	\$151.88	\$152.69	\$157.93	\$158.50
Energy Exp Complex	\$26.467	\$23.650	\$28.854	\$32.384	\$40.040	\$46.422	\$32.340	\$42.751	\$57.028	\$64.892	\$20.810	\$27.520	\$19.709	\$13.146	\$23.578
Gas-Fuel-Oil	\$9.383	\$8.082	\$8.980	\$11.369	\$15.312	\$15.618	\$11.565	\$13.860	\$19.848	\$26.316	\$7.704	\$8.928	\$5.682	\$4.306	\$8.584
Fertilizer	\$16.945	\$15.424	\$19.630	\$20.953	\$24.561	\$30.654	\$20.381	\$28.562	\$37.107	\$38.308	\$12.933	\$18.506	\$13.969	\$8.840	\$14.911
Irrigation Energy	\$139	\$144	\$244	\$62	\$167	\$150	\$394	\$329	\$73	\$268	\$173	\$66	\$58	\$0	\$63
EEO/Acre	\$32.16	\$28.26	\$32.53	\$36.47	\$42.73	\$33.30	\$26.93	\$31.55	\$37.22	\$43.52	\$37.84	\$32.15	\$38.20	\$40.45	\$37.31

(a) **Gross Crop Value:** The value of total crop production, including government payments and insurance proceeds. This value is a productivity measure for the crop portion of the farm business. It is important to note that this is not a measure of the operator's gross crop income because it includes the landlord's share of crop production.

(b) **Crop Production Costs:** All direct production costs of the operator used in producing crops. This value does not include production expenses paid by the landlord on leased land, interest charge on land, interest payments, cash farm rent, or a charge for the operator's labor. Crop Production Costs cannot be subtracted from the Gross Crop Value to derive a net income to crops because the landlord's production expenses on leased land are not included.

Table 11. Selected Financial Characteristics for KFMA-SE Average, High 25% Net Farm Income Farms, and Low 25% Net Farm Income Farms

	SE KFMA Summary Information 2001-2005														
	Average of All Farms					High 25% of Farms by Net Farm Income					Low 25% of Farms by Net Farm Income				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Value of Farm Production	\$207,852	\$211,965	\$244,661	\$283,622	\$312,300	\$431,862	\$388,259	\$524,830	\$626,463	\$660,873	\$121,974	\$148,053	\$108,921	\$82,544	\$136,497
Total Farm Expense	\$169,064	\$174,797	\$181,906	\$199,229	\$236,106	\$307,846	\$259,233	\$341,286	\$387,965	\$436,961	\$139,596	\$173,297	\$117,499	\$94,839	\$147,061
Operating Exp	\$149,290	\$153,701	\$160,021	\$174,249	\$206,883	\$270,271	\$226,353	\$298,513	\$337,905	\$381,011	\$126,082	\$153,618	\$104,691	\$74,688	\$130,206
Net Farm Income	\$38,788	\$37,168	\$63,155	\$84,394	\$76,283	\$124,015	\$129,027	\$183,544	\$238,498	\$223,912	-\$17,622	-\$25,244	-\$8,578	-\$2,295	-\$10,564
RATIOS															
Asset Turnover	0.2792	0.2696	0.2986	0.3165	0.2760	0.3516	0.3048	0.3404	0.3629	0.3149	0.1871	0.2268	0.2041	0.1707	0.2127
% Return Assets	-2.19%	1.66%	4.25%	5.74%	4.09%	6.49%	6.69%	8.54%	9.96%	7.91%	-3.56%	-5.38%	-3.83%	-3.53%	-3.46%
% Return Equity	-10.00%	-47.00%	3.53%	5.98%	3.58%	6.43%	7.07%	9.92%	12.09%	8.87%	-11.19%	-14.61%	-10.63%	-8.13%	-7.98%
Current Ratio	2.61	2.48	2.74	2.87	2.99	3.34	2.88	2.76	2.88	3.16	1.77	1.62	2.21	2.73	2.45
Debt to Asset Ratio	0.38	0.40	0.32	0.31	0.27	0.30	0.35	0.30	0.28	0.25	0.56	0.62	0.40	0.34	0.33
Per Crop Acre Costs															
Machinery Investment	\$131.72	\$139.88	\$144.74	\$159.33	\$165.71	\$132.82	\$134.91	\$154.08	\$165.46	\$177.24	\$125.42	\$150.24	\$144.71	\$150.18	\$166.73
Machinery Cost	\$53.36	\$53.50	\$54.92	\$62.57	\$69.02	\$51.36	\$50.21	\$56.69	\$63.48	\$70.35	\$58.22	\$63.16	\$60.35	\$64.47	\$77.30
Gross Crop Value (a)	\$187.88	\$179.39	\$216.20	\$224.05	\$225.21	\$207.93	\$195.87	\$245.79	\$248.42	\$248.42	\$161.97	\$163.57	\$178.73	\$161.59	\$198.27
Crop Production Costs (b)	\$131.24	\$132.90	\$140.27	\$154.70	\$172.77	\$137.73	\$127.06	\$148.73	\$163.42	\$184.15	\$131.85	\$149.44	\$143.53	\$143.90	\$184.24
Energy Exp Complex	\$30.378	\$28.552	\$34.032	\$37.691	\$52.528	\$57.869	\$44.788	\$64.204	\$72.741	\$95.268	\$22,000	\$25,325	\$20,663	\$15,053	\$34,400
Gas-Fuel-Oil	\$9.633	\$8.985	\$9.911	\$12.117	\$17.732	\$16,807	\$14,015	\$17,666	\$22,818	\$31,633	\$7,604	\$7,888	\$6,674	\$5,635	\$11,212
Fertilizer	\$20,637	\$19,506	\$24,008	\$25,463	\$34,672	\$40,741	\$30,599	\$46,188	\$49,491	\$63,250	\$14,381	\$17,368	\$13,961	\$9,418	\$23,114
Irrigation Energy	\$108	\$61	\$113	\$111	\$124	\$321	\$174	\$350	\$432	\$385	\$15	\$69	\$28	\$0	\$74
EEO/Acre	\$33.60	\$30.60	\$36.05	\$39.55	\$50.27	\$36.26	\$28.99	\$37.97	\$41.47	\$54.38	\$32.98	\$32.02	\$36.38	\$35.76	\$53.00

(a) **Gross Crop Value:** The value of total crop production, including government payments and insurance proceeds. This value is a productivity measure for the crop portion of the farm business. It is important to note that this is not a measure of the operator's gross crop income because it includes the landlord's share of crop production.

(b) **Crop Production Costs:** All direct production costs of the operator used in producing crops. This value does not include production expenses paid by the landlord on leased land, interest charge on land, interest payments, cash farm rent, or a charge for the operator's labor. Crop Production Costs cannot be subtracted from the Gross Crop Value to derive a net income to crops because the landlord's production expenses on leased land are not included.

Table 12. Selected Financial Characteristics for KFMA-NC Average, High 25% Net Farm Income Farms, and Low 25% Net Farm Income Farms

	NC KFMA Summary Information 2001-2005														
	Average of All Farms					High 25% of Farms by Net Farm Income					Low 25% of Farms by Net Farm Income				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Value of Farm Production	\$193,220	\$173,304	\$226,788	\$241,269	\$258,323	\$319,199	\$278,387	\$402,958	\$398,708	\$408,201	\$129,657	\$150,617	\$141,884	\$154,140	\$201,794
Total Farm Expense	\$164,221	\$158,793	\$174,278	\$189,599	\$216,257	\$230,726	\$210,814	\$256,050	\$273,387	\$283,430	\$148,869	\$186,023	\$151,997	\$158,996	\$217,526
Operating Exp	\$145,251	\$139,653	\$155,759	\$168,790	\$192,989	\$201,565	\$185,550	\$229,245	\$243,497	\$251,837	\$133,267	\$163,440	\$135,259	\$139,850	\$197,965
Net Farm Income	\$28,999	\$14,511	\$52,511	\$51,670	\$42,065	\$88,473	\$67,573	\$146,908	\$126,321	\$124,771	-\$19,212	-\$35,406	-\$10,114	-\$4,857	-\$15,732
RATIOS															
Asset Turnover	0.3004	0.2677	0.3476	0.3397	0.2946	0.3483	0.3026	0.3825	0.3642	0.3157	0.2148	0.2393	0.2855	0.3007	0.2576
% Return Assets	1.12%	-0.90%	4.18%	3.54%	2.24%	5.49%	3.45%	7.62%	7.62%	6.53%	-4.28%	-6.90%	-4.51%	-3.18%	-3.28%
% Return Equity	-2.24%	-5.13%	3.05%	2.45%	0.48%	5.07%	2.46%	12.83%	9.31%	7.34%	-14.57%	-19.42%	-13.88%	-12.82%	-9.42%
Current Ratio	1.74	1.76	1.95	2.21	2.01	2.20	2.40	2.11	2.54	2.48	1.33	1.16	1.68	1.27	1.43
Debt to Asset Ratio	0.58	0.57	0.40	0.39	0.36	0.46	0.42	0.37	0.35	0.31	0.75	0.86	0.47	0.54	0.43
Per Crop Acre Costs															
Machinery Investment	\$112.33	\$113.83	\$113.75	\$123.05	\$125.40	\$117.06	\$113.24	\$109.68	\$126.54	\$125.77	\$111.78	\$120.31	\$123.57	\$124.79	\$137.40
Machinery Cost	\$49.04	\$45.88	\$47.44	\$53.60	\$56.42	\$47.04	\$43.21	\$44.48	\$53.39	\$54.62	\$51.89	\$52.80	\$55.30	\$58.86	\$62.38
Gross Crop Value (a)	\$171.27	\$148.60	\$196.16	\$188.45	\$182.29	\$192.76	\$157.28	\$206.57	\$209.40	\$204.73	\$153.91	\$145.04	\$185.89	\$167.70	\$173.90
Crop Production Costs (b)	\$114.05	\$106.49	\$115.92	\$130.44	\$138.04	\$114.71	\$104.08	\$113.68	\$134.05	\$133.55	\$118.62	\$123.96	\$134.89	\$134.68	\$156.85
Energy Exp Complex	\$29.048	\$25.561	\$32.693	\$38.012	\$47.474	\$38.848	\$34.270	\$52.523	\$60.643	\$60.843	\$25.749	\$27.624	\$25.889	\$31.453	\$48.027
Gas-Fuel-Oil	\$8.994	\$7.817	\$9.427	\$11.723	\$15.531	\$12.237	\$10.390	\$14.538	\$20.230	\$20.230	\$8.176	\$8.110	\$7.917	\$10.405	\$15.691
Fertilizer	\$19.867	\$17.539	\$23.108	\$26.101	\$31.653	\$26.250	\$23.652	\$35.890	\$37.742	\$40.201	\$17.360	\$19.179	\$17.722	\$20.854	\$31.822
Irrigation Energy	\$187	\$205	\$158	\$188	\$290	\$361	\$228	\$167	\$243	\$212	\$213	\$335	\$250	\$194	\$514
EEO/Acre	\$28.56	\$24.94	\$31.41	\$37.56	\$43.84	\$27.77	\$25.59	\$30.38	\$37.28	\$42.17	\$30.80	\$27.43	\$35.51	\$37.67	\$53.19

(a) Gross Crop Value: The value of total crop production, including government payments and insurance proceeds. This value is a productivity measure for the crop portion of the farm business. It is important to note that this is not a measure of the operator's gross crop income because it includes the landlord's share of crop production.

(b) Crop Production Costs: All direct production costs of the operator used in producing crops. This value does not include production expenses paid by the landlord on leased land, interest charge on land, interest payments, cash farm rent, or a charge for the operator's labor. Crop Production Costs cannot be subtracted from the Gross Crop Value to derive a net income to crops because the landlord's production expenses on leased land are not included.

Table 13. Selected Financial Characteristics for KFMA-SC Average, High 25% Net Farm Income Farms, and Low 25% Net Farm Income Farms

	SC KFMA Summary Information 2001-2005														
	Average of All Farms					High 25% of Farms by Net Farm Income					Low 25% of Farms by Net Farm Income				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Value of Farm Production	\$214,650	\$214,897	\$247,129	\$259,927	\$268,648	\$304,962	\$355,015	\$454,011	\$487,947	\$448,512	\$245,779	\$189,127	\$126,540	\$143,648	\$179,733
Total Farm Expense	\$202,654	\$188,177	\$203,501	\$207,218	\$232,112	\$237,339	\$258,036	\$334,777	\$343,402	\$329,035	\$285,426	\$219,554	\$140,325	\$188,777	\$203,784
Operating Exp	\$180,499	\$166,688	\$182,344	\$183,845	\$207,580	\$210,572	\$225,255	\$297,381	\$303,362	\$299,712	\$257,202	\$199,249	\$127,345	\$142,716	\$186,388
Net Farm Income	\$11,996	\$26,720	\$43,628	\$52,709	\$36,535	\$67,623	\$96,979	\$119,234	\$144,545	\$119,477	-\$39,647	-\$30,427	-\$13,785	-\$15,129	-\$24,051
RATIOS															
Asset Turnover	0.3035	0.3027	0.3383	0.3485	0.3062	0.3800	0.3609	0.3876	0.4350	0.3262	0.2739	0.2508	0.2342	0.2575	0.2743
% Return Assets	-0.62%	0.87%	2.70%	3.21%	0.0121	4.49%	6.30%	7.15%	8.86%	0.0569	-3.62%	-4.19%	-4.74%	-5.53%	-0.0527
% Return Equity	-5.19%	-2.48%	0.69%	2.05%	-0.0072	3.66%	6.48%	7.98%	11.34%	0.0608	-14.45%	-14.63%	-11.99%	-12.40%	-0.1361
Current Ratio	1.64	1.60	1.78	2.00	1.86	2.82	2.40	1.84	2.23	2.08	1.14	1.00	1.26	1.40	1.01
Debt to Asset Ratio	0.37	0.37	0.36	0.34	0.31	0.30	0.32	0.35	0.35	0.28	0.49	0.49	0.40	0.37	0.42
Per Crop Acre Costs															
Machinery Investment	\$123.61	\$122.44	\$119.88	\$129.37	\$133.52	\$120.01	\$130.47	\$134.41	\$131.19	\$146.27	\$139.60	\$121.61	\$128.91	\$137.63	\$124.99
Machinery Cost	\$51.97	\$48.29	\$49.23	\$54.30	\$57.19	\$50.75	\$47.71	\$50.14	\$53.34	\$55.93	\$58.98	\$52.80	\$61.63	\$61.92	\$62.28
Gross Crop Value (a)	\$163.59	\$172.79	\$194.50	\$205.00	\$195.53	\$180.53	\$199.27	\$218.21	\$232.05	\$215.67	\$165.82	\$155.95	\$184.18	\$180.75	\$180.67
Crop Production Costs (b)	\$120.94	\$109.66	\$117.27	\$126.21	\$138.11	\$116.89	\$111.10	\$126.66	\$132.85	\$139.26	\$143.43	\$122.18	\$134.76	\$137.66	\$149.68
Energy Exp Complex	\$42.998	\$36.933	\$43.312	\$48.255	\$62.723	\$49,225	\$53,755	\$71,644	\$78,638	91,712	\$60,103	\$40,736	\$28,941	\$37,540	\$36,133
Gas-Fuel-Oil	\$12.676	\$11,170	\$12,379	\$14,660	20,225	\$15,144	\$16,090	\$20,069	\$21,854	29,243	\$16,645	\$11,619	\$8,245	\$12,145	16,092
Fertilizer	\$27,680	\$23,737	\$28,729	\$32,073	40,036	\$30,753	\$34,984	\$47,207	\$54,014	59,559	\$40,257	\$25,904	\$18,806	\$23,758	33,474
Irrigation Energy	\$2,642	\$2,026	\$2,204	\$1,522	2,442	\$3,328	\$2,681	\$4,368	\$4,770	3,110	\$3,201	\$3,213	\$1,890	\$1,637	4,047
EEO/Acre	\$31.66	\$26.67	\$30.63	\$34.42	\$43,138239	\$29.30	\$27.14	\$33.64	\$35.26	44,759395	\$39.16	\$31.12	\$33.11	\$36.38	46,86451

(a) Gross Crop Value: The value of total crop production, including government payments and insurance proceeds. This value is a productivity measure for the crop portion of the farm business. It is important to note that this is not a measure of the operator's gross crop income because it includes the landlord's share of crop production.

(b) Crop Production Costs: All direct production costs of the operator used in producing crops. This value does not include production expenses paid by the landlord on leased land, interest charge on land, interest payments, cash farm rent, or a charge for the operator's labor. Crop Production Costs cannot be subtracted from the Gross Crop Value to derive a net income to crops because the landlord's production expenses on leased land are not included.

Table 14. Selected Financial Characteristics for KFMA-NW Average, High 25% Net Farm Income Farms, and Low 25% Net Farm Income Farms

	NW KFMA Summary Information 2001-2005															
	Average of All Farms					High 25% of Farms by Net Farm Income					Low 25% of Farms by Net Farm Income					
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	
Value of Farm Production	\$256,952	\$206,840	\$271,200	\$289,904	\$364,436	\$405,977	\$316,263	\$529,643	\$537,907	\$644,310	\$242,307	\$203,221	\$152,915	\$230,188	\$191,329	
Total Farm Expense	\$229,309	\$207,657	\$211,212	\$244,102	\$397,506	\$299,897	\$258,233	\$357,524	\$392,720	\$472,686	\$292,824	\$274,476	\$174,904	\$259,218	\$203,210	
Operating Exp	\$206,489	\$186,360	\$188,242	\$220,569	\$267,799	\$266,320	\$234,293	\$316,869	\$357,340	\$424,121	\$268,336	\$247,261	\$155,209	\$236,314	\$182,250	
Net Farm Income	\$27,643	\$8817	\$59,988	\$45,801	\$66,930	\$106,080	\$58,030	\$172,118	\$145,188	\$171,624	-\$50,518	-\$71,255	-\$21,989	-\$29,030	-\$11,881	
RATIOS																
Asset Turnover	0.3004	0.2508	0.3297	0.3282	0.325	0.3423	0.4391	0.4383	0.4352	0.3655	0.2499	0.1942	0.2164	0.2334	0.2248	
% Return Assets	1.90%	-0.93%	5.03%	3.28%	4.59%	6.51%	4.12%	11.19%	9.64%	7.93%	-3.96%	-5.56%	-3.06%	-3.09%	-1.14%	
% Return Equity	-97.00%	-5.27%	4.65%	2.01%	3.69%	6.35%	2.86%	14.02%	13.51%	8.79%	-12.12%	-14.42%	-9.45%	-8.01%	-5.27%	
Current Ratio	2.21	1.91	2.26	2.26	2.23	3.01	2.46	2.42	2.11	2.8	1.56	1.17	2.21	1.90	2.15	
Debt to Asset Ratio	0.45	0.52	0.36	0.38	0.32	0.33	0.41	0.33	0.45	0.31	0.64	0.85	0.38	0.40	0.32	
Per Crop Acre Costs																
Machinery Investment	\$92.99	\$82.98	\$84.81	\$88.04	\$108.80	\$95.27	\$74.98	\$83.45	\$101.59	\$104.60	\$110.53	\$90.83	\$93.06	\$89.28	\$112.79	
Machinery Cost	\$44.90	\$37.74	\$37.51	\$38.61	\$51.07	\$41.46	\$34.53	\$36.11	\$45.89	\$49.67	\$59.92	\$44.67	\$39.53	\$44.42	\$54.21	
Gross Crop Value (a)	\$164.47	\$115.85	\$148.96	\$121.31	\$195.39	\$189.82	\$131.92	\$164.85	\$173.57	\$203.72	\$176.50	\$111.22	\$132.02	\$112.96	\$166.86	
Crop Production Costs (b)	\$111.69	\$95.54	\$96.22	\$106.27	\$135.95	\$108.63	\$92.28	\$99.60	\$133.05	\$134.01	\$145.14	\$112.03	\$99.21	\$124.95	\$140.55	
Energy Exp Complex	\$51.415	\$43,126	\$45,897	\$58,081	\$74,799	\$67,102	\$52,232	\$80,697	\$93,141	\$110,039	\$66,534	\$57,843	\$34,863	\$59,894	\$46,099	
Gas-Fuel-Oil	\$12,621	\$10,664	\$11,711	\$15,053	\$20,365	\$14,697	\$14,459	\$16,923	\$22,176	\$30,849	\$17,820	\$13,599	\$9,216	\$14,327	\$12,182	
Fertilizer	\$25,437	\$18,172	\$17,148	\$23,022	\$33,299	\$33,905	\$21,473	\$29,669	\$33,732	\$49,494	\$32,727	\$24,734	\$13,378	\$26,147	\$22,132	
Irrigation Energy	\$13,357	\$14,290	\$17,038	\$20,006	\$21,135	\$18,500	\$16,300	\$24,105	\$37,233	\$39,696	\$15,987	\$19,510	\$12,269	\$19,420	\$11,785	
EEO/Acre	\$32.01	\$25.10	\$25.84	\$30.73	\$42.31	\$30.50	\$25.29	\$34.95	\$39.69	\$39.80	\$44.96	\$29.29	\$23.52	\$32.62	\$36.38	

(a) Gross Crop Value: The value of total crop production, including government payments and insurance proceeds. This value is a productivity measure for the crop portion of the farm business. It is important to note that this is not a measure of the operator's gross crop income because it includes the landlord's share of crop production.

(b) Crop Production Costs: All direct production costs of the operator used in producing crops. This value does not include production expenses paid by the landlord on leased land, interest charge on land, interest payments, cash farm rent, or a charge for the operator's labor. Crop Production Costs cannot be subtracted from the Gross Crop Value to derive a net income to crops because the landlord's production expenses on leased land are not included.

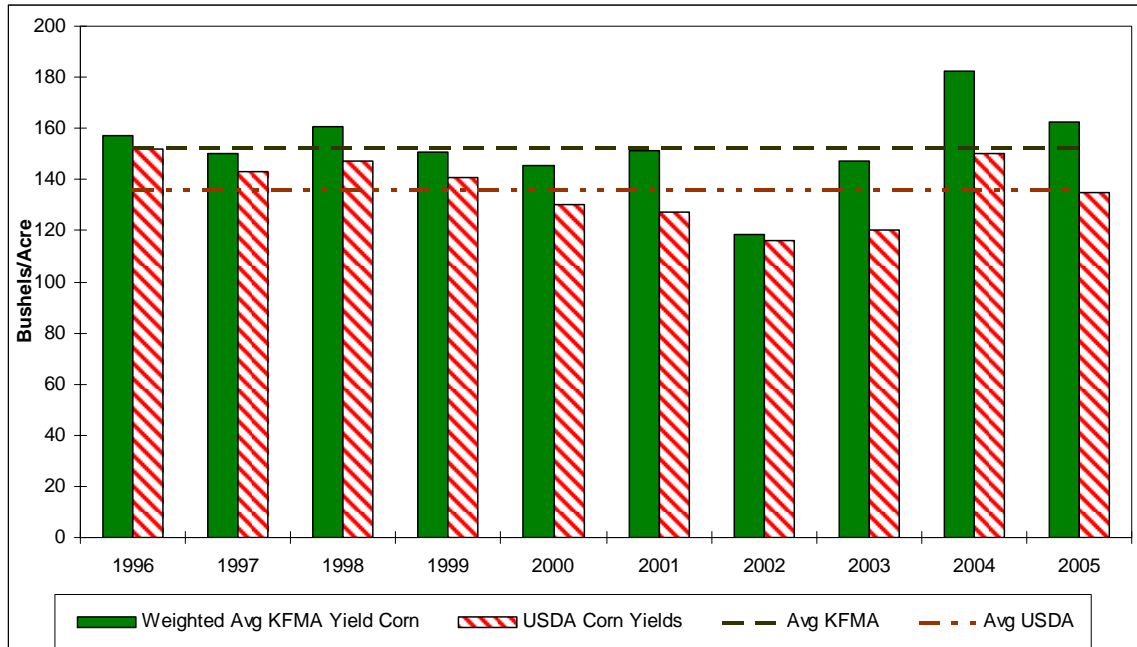
Table 15. Selected Financial Characteristics for KFMA-SW Average, High 25% Net Farm Income Farms, and Low 25% Net Farm Income Farms

	SW KFMA Summary Information 2001-2005															
	Average of All Farms					High 25% of Farms by Net Farm Income					Low 25% of Farms by Net Farm Income					
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005	
Value of Farm Production	\$230,898	\$196,980	\$242,700	\$233,102	\$264,536	\$335,121	\$333,671	\$410,578	\$416,889	\$387,444	\$261,787	\$196,243	\$189,016	\$169,481	\$224,600	
Total Farm Expense	\$217,452	\$193,357	\$205,371	\$203,175	\$240,757	\$247,359	\$260,103	\$294,284	\$315,112	\$284,874	\$319,849	\$256,629	\$212,370	\$199,554	\$277,887	
Operating Exp	\$194,498	\$174,886	\$184,917	\$183,566	\$222,719	\$220,747	\$234,981	\$265,386	\$285,639	\$263,931	\$288,201	\$233,107	\$192,382	\$180,249	\$256,072	
Net Farm Income	\$13,446	\$3,623	\$37,329	\$29,927	\$23,779	\$87,762	\$73,567	\$116,294	\$101,777	\$102,570	-\$58,061	-\$60,386	-\$23,354	-\$30,074	-\$53,287	
RATIOS																
Asset Turnover	0.3193	0.2845	0.3439	0.3236	0.2873	0.3861	0.3884	0.3991	0.4654	0.3673	0.3295	0.3628	0.2747	0.2409	0.2077	
% Return Assets	-0.22%	-1.80%	2.19%	1.03%	1.15%	6.39%	4.95%	7.98%	7.92%	1.01%	-6.60%	-11.08%	-5.05%	-6.04%	-6.00%	
% Return Equity	-4.06%	-6.09%	0.30%	-0.92%	-1.80%	6.25%	4.87%	9.07%	9.29%	6.70%	-19.26%	-17.97%	-10.19%	-10.14%	-9.69%	
Current Ratio	1.67	1.70	2.12	2.11	1.98	2.12	2.07	2.19	2.09	2.7	1.10	1.38	1.76	1.83	1.76	
Debt to Asset Ratio	0.35	0.35	0.32	0.31	0.25	0.29	0.32	0.32	0.38	0.26	0.49	0.43	0.32	0.29	0.23	
Per Crop Acre Costs																
Machinery Investment	\$87.26	\$71.70	\$87.23	\$88.67	\$83.99	\$81.28	\$75.59	\$84.08	\$89.92	\$83.10	\$103.08	\$69.77	\$107.84	\$103.31	\$102,544	
Machinery Cost	\$43.45	\$36.69	\$41.12	\$40.17	\$45.61	\$40.13	\$36.54	\$36.50	\$38.11	\$51.44	\$57.82	\$40.10	\$65.02	\$47.57	\$47,555	
Gross Crop Value (a)	\$140.33	\$116.11	\$147.35	\$125.21	\$182.41	\$161.11	\$140.21	\$162.75	\$162.27	\$170.69	\$156.38	\$110.97	\$147.17	\$99.73	\$143,223	
Crop Production Costs (b)	\$109.68	\$95.32	\$106.00	\$107.12	\$118.03	\$103.61	\$97.93	\$100.79	\$114.96	\$124.16	\$157.25	\$108.07	\$130.26	\$126.92	\$136,559	
Energy Exp Complex	\$49,077	\$40,915	\$47,264	\$48,972	\$58,812	\$60,194	\$60,459	\$74,329	\$81,275	\$77,773	\$71,004	\$50,659	\$40,144	\$43,927	\$62,138	
Gas-Fuel-Oil	\$12,311	\$10,645	\$11,786	\$12,812	\$17,225	\$14,166	\$12,301	\$16,767	\$18,814	\$20,658	\$16,552	\$14,464	\$12,131	\$12,984	\$19,713	
Fertilizer	\$23,517	\$16,172	\$19,638	\$19,992	\$27,782	\$29,561	\$25,722	\$32,770	\$33,445	\$34,074	\$31,741	\$18,457	\$16,806	\$17,685	\$29,167	
Irrigation Energy	\$13,249	\$14,098	\$15,840	\$16,168	\$17,825	\$16,467	\$22,436	\$24,792	\$29,046	\$23,041	\$22,711	\$17,738	\$11,207	\$13,248	\$13,258	
EEO/Acre	\$27.85	\$23.18	\$27.38	\$30.01	\$34.03	\$27.88	\$26.03	\$30.08	\$38.67	\$38.94	\$39.38	\$26.29	\$26.48	\$28.62	\$36,70	

(a) Gross Crop Value: The value of total crop production, including government payments and insurance proceeds. This value is a productivity measure for the crop portion of the farm business. It is important to note that this is not a measure of the operator's gross crop income because it includes the landlord's share of crop production.

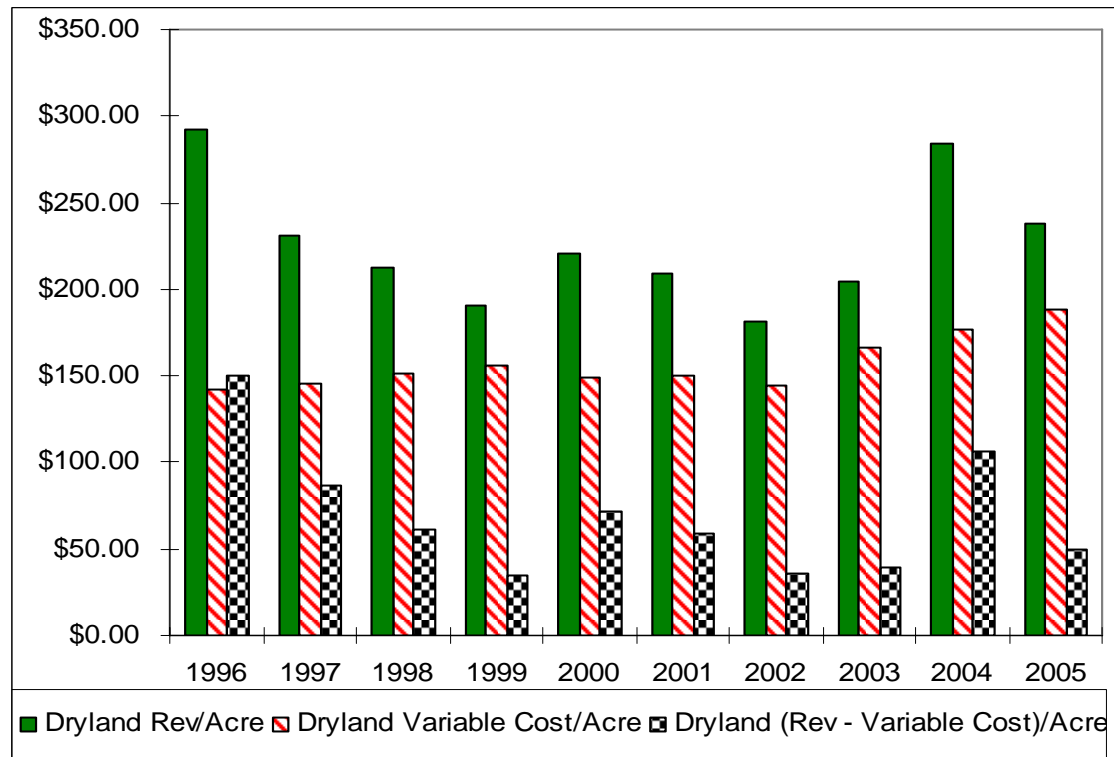
(b) Crop Production Costs: All direct production costs of the operator used in producing crops. This value does not include production expenses paid by the landlord on leased land, interest charge on land, interest payments, cash farm rent, or a charge for the operator's labor. Crop Production Costs cannot be subtracted from the Gross Crop Value to derive a net income to crops because the landlord's production expenses on leased land are not included.

Chart 1. Kansas Average Corn Yields, 1996 – 2005.



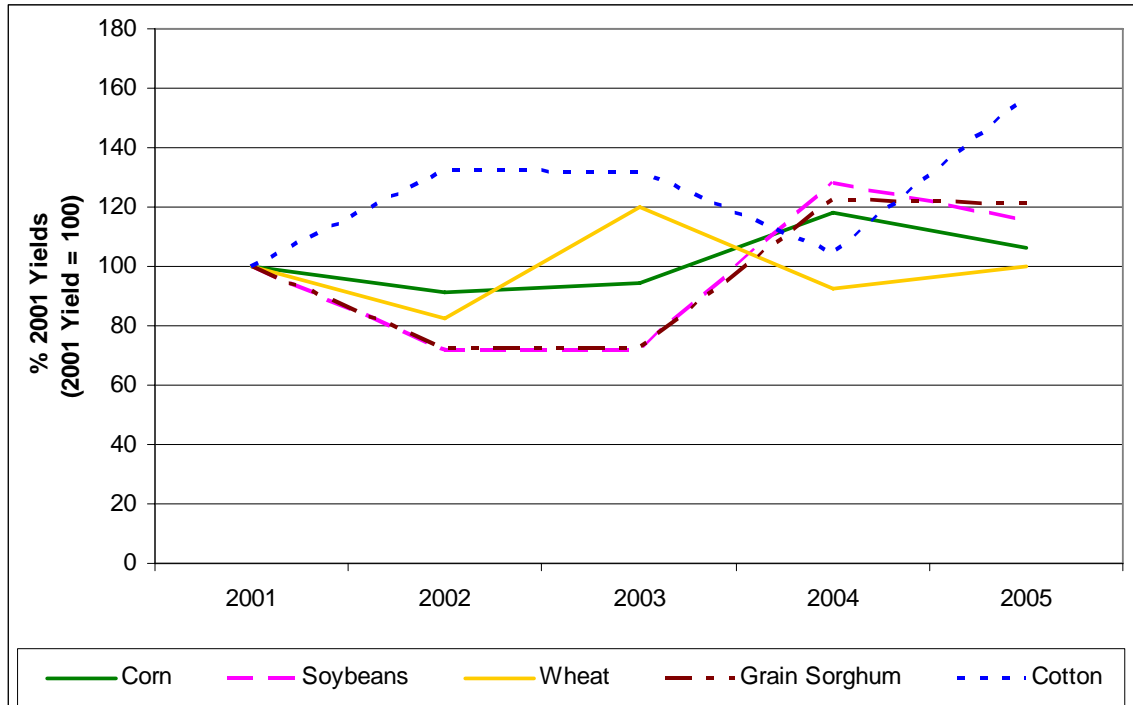
Source: 1996-2005 Kansas Farm Management Association Summary Data; USDA-NASS Website

Chart 2. Per Acre Dryland Corn Revenue, Variable Cost, and (Rev. – VC).



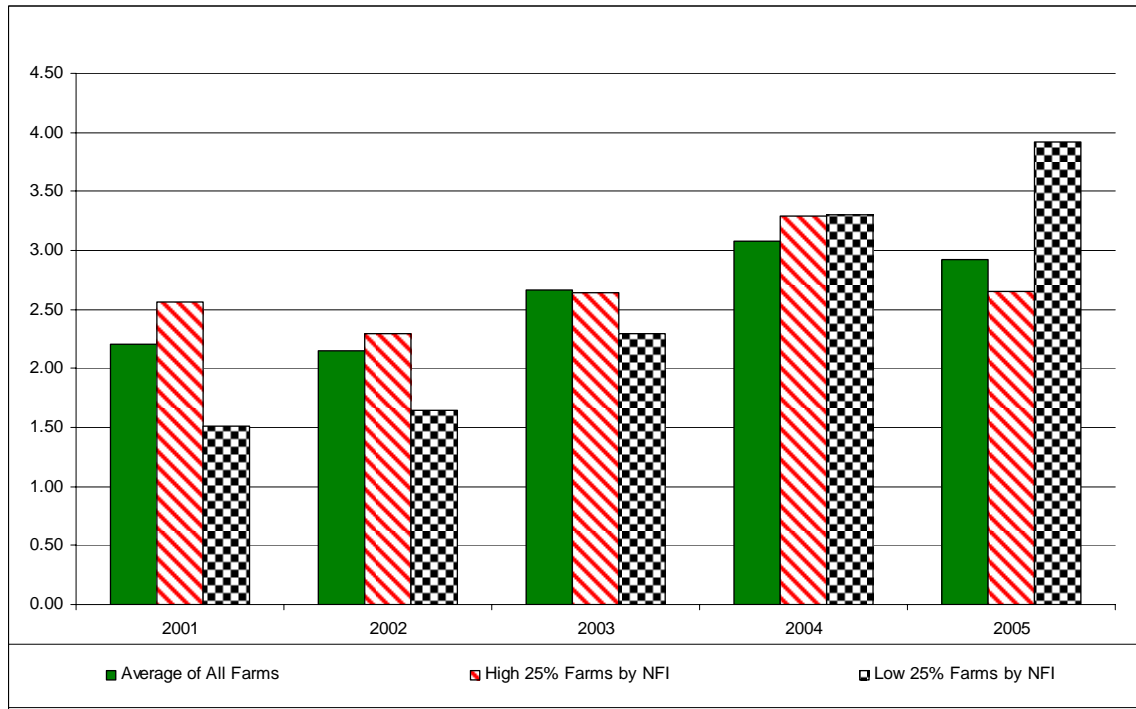
Source: 1996-2005 Kansas Farm Management Association Summary Data

Chart 3. Yields for Selected Crops 2001 – 2005 as a Percent of 2001.



Source: USDA-NASS

Chart 4. KFMA-NE Current Ratio for Average, Top-Quartile, and Low-Quartile farms by Net Farm Income from 2001 to 2005.



Source: 2001-2005 Kansas Farm Management Association Summary Data