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Kentucky Farm Business Management Program

Annual Summary Data

Kentucky Grain Farms - 2014

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A Special Note to Our Readers

The data for this study are drawn from the detailed financial and production records of producers cooperating with the Kentucky Farm Business Management Program. The data are not drawn from a random sample of farms in the state. However, these data are the most accurate and detailed farm financial data available to researchers and educators. Every attempt has been made to select a set of farms for these research studies which are “typical” operations and have complete financial information available for analysis. These data are carefully cross-checked by our farm management specialists before inclusion in this analysis. It should be noted that farms included in this study are representative of commercial farms producing major commodities and livestock, but not of all farms in Kentucky.

Source of Data

This report presents the summarized 2014 performance data (financial and physical) on 271 Kentucky farm businesses. Some data are presented for previous years so that trends and changes can be studied. This is the 48th annual summary of records obtained from farmers participating in the Kentucky Farm Business Management (KFBM) program. The program is a cooperative effort between the Department of Agricultural Economics of the University of Kentucky and four incorporated Farm Analysis Groups. This program was initiated to improve Kentucky farm management in general and specifically to:

- Provide farmers with an individual farm analysis and comparative analysis of farm business records emphasizing information necessary for sound decision making and wise financial planning;
- Provide farmers with objective counseling in developing priorities and alternative plans;
- Provide the public with basic information about business conditions as well as costs and returns on Kentucky farms under current conditions.
- Provide Kentucky farmers, teachers, researchers and lending agencies actual on-farm information about Kentucky farm businesses.

In 2014, 649 farmers on 381 farms were members of the Kentucky Farm Business Management program keeping records under the direction of 9 Farm Business Management Specialists. The program serves farmers in 55 counties.

Uses for This Report

This annual summary is meant to be used as a reference for obtaining information about Kentucky farms. To see the complete publication of annual summary data, and for other, similar publications, go to <http://www.uky.edu/Ag/KFBM>.

Managing a farm business is almost impossible without a complete set of farm records. Records such as those underlying the KFBM program provide the essential information required by lenders and tax preparers, and also provide the means for farmers to fully analyze their businesses. Analyzing this complete record gives an accurate evaluation of how profitable and efficient the business is, indicates the business' weak points and strong points, and provides reliable data (particularly physical production data) for use in planning.

The farm business summaries in this report are used by individual farmers to analyze their business operations and to develop future plans for their farming operations. This report summarizes information so that specialists in agricultural extension, teaching, and research can use the data to enhance their programs. The definition of terms and income and expense measures below will be of assistance in using the data.

Farmers must be able to evaluate changes in their financial position. They must look at the interrelationships of the cash flow, income statement, and balance sheet to evaluate financial progress. For "real" progress to be made, the business must generate an increase in net worth as measured by a reconciled set of financial statements.

To thoroughly evaluate performance –to learn how the business is progressing– farmers need a record summary that includes considerable detail (i.e., production per person, yields per acre or head, feed conversion rates, etc.), and they must make trend and comparative analysis.

Trend analysis compares the farm's current year record summary with summaries from previous years. It allows farmers to identify trends and changes in their business over time and thereby detect improvements and deteriorations in various parts of the business.

Comparative analysis allows farmers to examine the similarities and differences in business performance between their farm and that of other similar farms. Comparative analysis is an important part of the work that Farm Business Management Specialists do with farmers in the program. The data presented here, however, can be useful to any farmer in Kentucky as a benchmark for performance.

Definition of Terms and Accounting Methods

Sampling Technique

Data from all farm business records certified to be usable for comparative analysis by field staff were aggregated by area, type of farm, size (i.e., tillable acres, number of animal production units, etc.), and management. Illinois Farm Business Farm Management Association's Farm Business Farm Management software was used to compile and summarize the data.

Type of Farm

Farm type is based on the percent feed fed. To determine percent feed fed, the total value of feed fed to all livestock enterprises is divided by the value of crop returns. However, tobacco revenue is excluded from crop returns for this calculation. Values for percent feed fed can range from zero to infinity. Large values are possible if a farm has limited grain production and thus purchases much of its feed.

Note that any farm type may include farms with other enterprises, such as grain, livestock, and tobacco.

Grain farms are defined as farms on which the value of feed fed was less than 40 percent of the crop returns and the value of feed fed to dairy was less than one-sixth of the crop returns.

Accrual Accounting

Accrual accounting matches the year's cost and returns to the farm's physical production. It differs from cash accounting, which records payments as made and income as received. For KFBM purposes, cash records are adjusted to approximate accrual accounting. Changes in inventories of commodities and livestock, accounts receivable, prepaid expenses, and accounts payable are added to or subtracted from cash income and expense records for the calendar or fiscal year. Accrual accounting provides a more realistic reflection of net farm income for the period as well as more accurate income statements and balance sheets in accordance with Farm Financial Standards Council recommendations.

Expense/Cost Items

Total operating expenses include cash operating expenses plus depreciation plus the net effect on expenses when accounting for the accrual change in accounts payable and prepaid expenses. Cash operating expenses include cash outlays for the following non-depreciable items:

- Fertilizer
- Pesticides
- Seed (including homegrown seed)
- Machinery repairs
- Machinery hire and leases
- Fuel and oil (lubricants)
- Farm share of utilities and light vehicle expenses
- Building repairs
- Drying and storage
- Hired labor
- Livestock expense
- Taxes
- Insurance
- Miscellaneous expenses

Purchased feed, grain and livestock are not included because they are deducted from Gross Revenue to calculate the Value of Farm Production.

Depreciation used here is Economic Depreciation. It is calculated on each item using the Alternative Depreciation System (ADS) under the Modified Accelerated Cost Recovery System of the Internal Revenue Code of 1986. ADS imposes straight line depreciation over a longer cost recovery period than the General Depreciation System and other expense deductions allowed for income tax purposes.

Total interest expense includes cash interest paid on operating and term debt plus the net change in accrued interest on farm business debt.

Interest on equity capital is a charge of 3.15 percent on the current value of land and 4.95 percent on non-land items less total interest expense. It is the opportunity cost of investing in the farm business. The non-land charge is calculated by multiplying 4.95 percent times: 1) the average of the beginning and ending of year value of livestock, economic book value of machinery, and building investment; 2) one-half of the average of the beginning and ending of year balance of inventory items; and 3) one-half of the total year's cash operating expense.

Land Charge Total is the sum of land equity charge, real estate taxes, cash rent, and lease cost. Lease cost is the cost calculated to be paid by the landlord for the operator(s) share of acres paid less costs paid by the operator(s) for the landlord on share crop acres.

Unpaid family and operator labor is the opportunity cost of using the operator's own and unpaid family labor in the farm business. A charge of \$2,755 per month for unpaid operator and family labor is made for each farm. This labor charge is per labor month and is based on unpaid labor of 2,500 hours per year. Part-time family labor is therefore prorated. (Like any other resource, unpaid labor must be accounted for when studying profitability of a farm business).

Revenue Items

Crop returns is the sum of the feed and grain sold, value of all feed fed (except milk), government crop subsidy program payments, and the change in value of feed and grain inventories less the value of crops and feed purchased. Tobacco revenue is excluded from crop returns for this calculation and is reported separately.

Note that ARC payments on the current year crop are not included in income as accounts receivable for the current year since payment is not calculated until the following year.

Livestock returns above feed is the sum of the sale of livestock and livestock products, value of livestock products consumed, and value of the livestock on hand at the end of the year minus livestock purchases and the value of the livestock on hand at the beginning of the year minus the cost of all feed fed, whether purchased or raised.

Gross farm returns is the sum of cash and accrued value of sales of farm products and services, government payments, and other farm-related revenue less the cost of purchased feed and livestock, plus the change in inventory value for grain and livestock, plus the value of farm products used. Farm products used are products used by the farm business and not sold. Also called *Value of farm production*.

Net Farm Income is the value of farm production less total operating expenses, less total interest expense plus net gain or loss on machinery and buildings sold. Net Farm Income includes returns to the farm for unpaid family and operator labor, the interest on invested capital, and management. It is the net total earnings to the farm operator(s).

Operator(s) labor and management income is Net Farm Income less the interest charge on equity capital, less the opportunity cost of unpaid family labor. It represents the operators' return to their labor and management.

Management return is the residual after a charge for unpaid operator labor is deducted from operator(s) labor and management income.

Operator-only refers to the revenue, costs, production, and returns that accrue to the farmer(s) involved in the farm's management and NOT that of landlords.

Financial Efficiency Ratios

Expense Ratios are measures of how economically farm businesses operate. Each ratio compares some aspect of expense or Net Farm Income to gross farm returns.

Other Terms Used in this Report

Inventory value of crops and livestock is based on average year-end prices reported for the four KFBM areas in the Kentucky Department of Agriculture Market Reports and the USDA Agriculture Marketing Service reports.

Old Crop is any crop that was produced in a prior year, but inventoried and held for sell in the current year.

New Crop is any crop that was produced in the current year.

Hi 1/3 and Lo 1/3 refer to groupings by management returns. Thirds are the net of Gross Farm Returns less Total Non-Feed Cost.

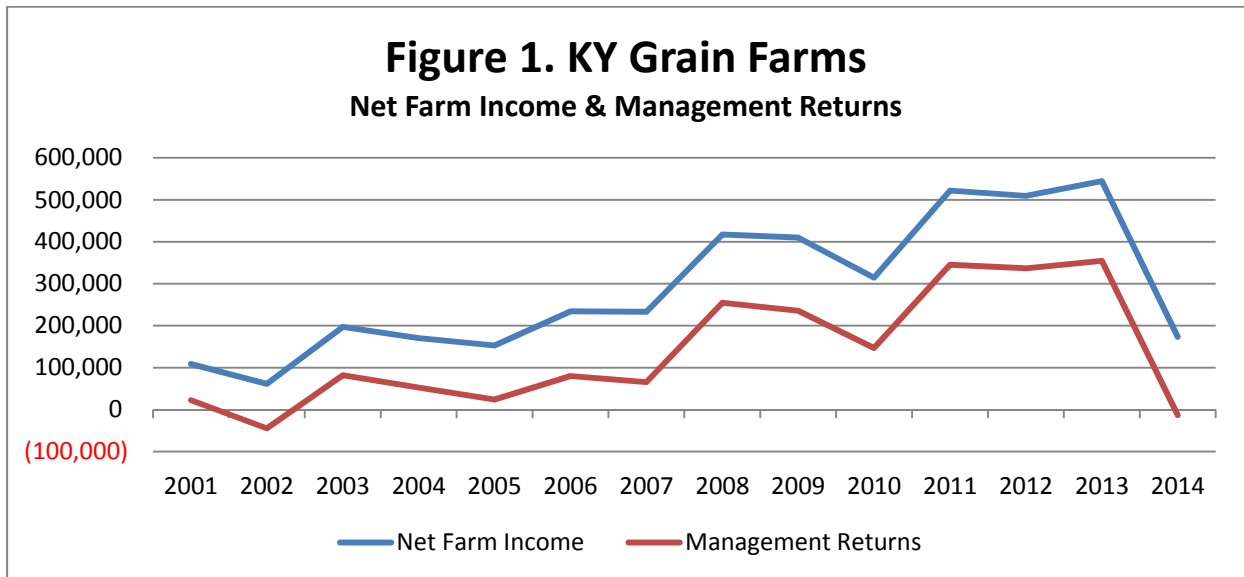
Tillable acres can be used to produce a crop, including hay. Not all acres managed by the farm (Total Acres) are tillable acres, but may include farmstead and non-tillable acres.

Operator Acres is owned and cash rented acres plus the operator's share of tillable acres under crop share leases.

Total Acres Planted – Selected Crops is the total number of acres planted to a particular crop divided by the number of farms that planted that crop for all farms in a particular comparative sort.

Management Returns and Net Farm Income

The number of grain farms included in the statewide average for the Kentucky Farm Business Management (KFBM) annual summary increased by 5 farms in 2014, to 227 farms. The last three years have been a roller coaster ride for Net Farm Income (NFI¹) for the average grain farmer. In 2012, low yields were tied with crop insurance and high prices to produce high NFI's on the 206 participating farms; then 2013 brought lower prices with high yields to generate an increase in NFI average on those 222 grain farms. After two record years, 2014 brought lower prices and the lowest NFI since 2005's \$152,752. The average NFI in 2014 was \$173,564, a drop of 68% from 2013. As expected, 2014's NFI was lower than both the 5 and 10 year average by 58% and 50%, respectively. Management returns decreased 104% from 2013 to -\$12,864.² Management returns in 2014 were lower than the 5 and 10 year averages by 105% and 107%, respectively. As seen in Figure 1, over the last 14 years shown, management returns were the second lowest in 2014, with 2002 having the lowest. Net farm income in 2014 fell back to the levels seen in the early 2000's (Tables 1 & 2).



Farm Size and Ownership

Kentucky grain farms averaged 2,372 tillable acres in 2014, slightly below the 2,404 acre average in 2013³. KFBM farms are divided into 4 main geographic areas: Ohio Valley, Pennyroyal, Purchase, and Central KY. In the Ohio Valley and Central KY areas, the number of tillable acres increased in 2014 over 2013, while the Pennyroyal and Purchase areas showed a

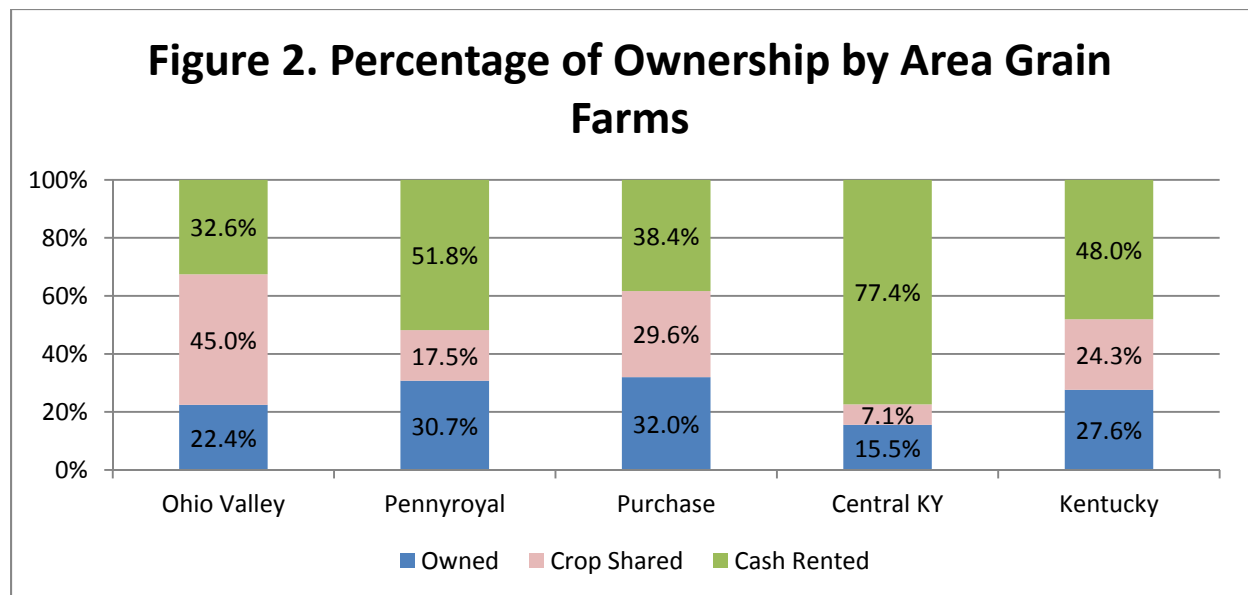
¹ Net farm income includes returns to the farm for unpaid family and operator labor, the interest on invested capital, and management.

² Management returns are calculated by subtracting a capital investment charge for the operator's equity and a charge for operator's labor.

³ Tillable acres are the number of acres that are tilled or could be used to produce a crop, including hay.

decrease in average tillable acres. Changing member demographics plays a role in the increases or decreases in acres over the years, along with land ownership and percent of crop share acres.

High grain prices in previous years lead to higher rents and landlords debating whether to use cash rent, crop share, or a flex lease which is a combination of cash rent and crop shares. In 2014, the average Kentucky grain farm cash rented 48%; crop shared 24%; and owned 28% of their tillable acres, which was consistent with the acre spread in 2013. Just like every blueprint is different, each association has distinguished land ownership percentages. Ohio Valley area continues to have a larger percentage of crop shared acres, while the other areas are predominantly cash rented. Purchase area has the largest percentage of owned acres and Central KY area has the highest percent of cash rented acres (Table 3 and Figure 2).

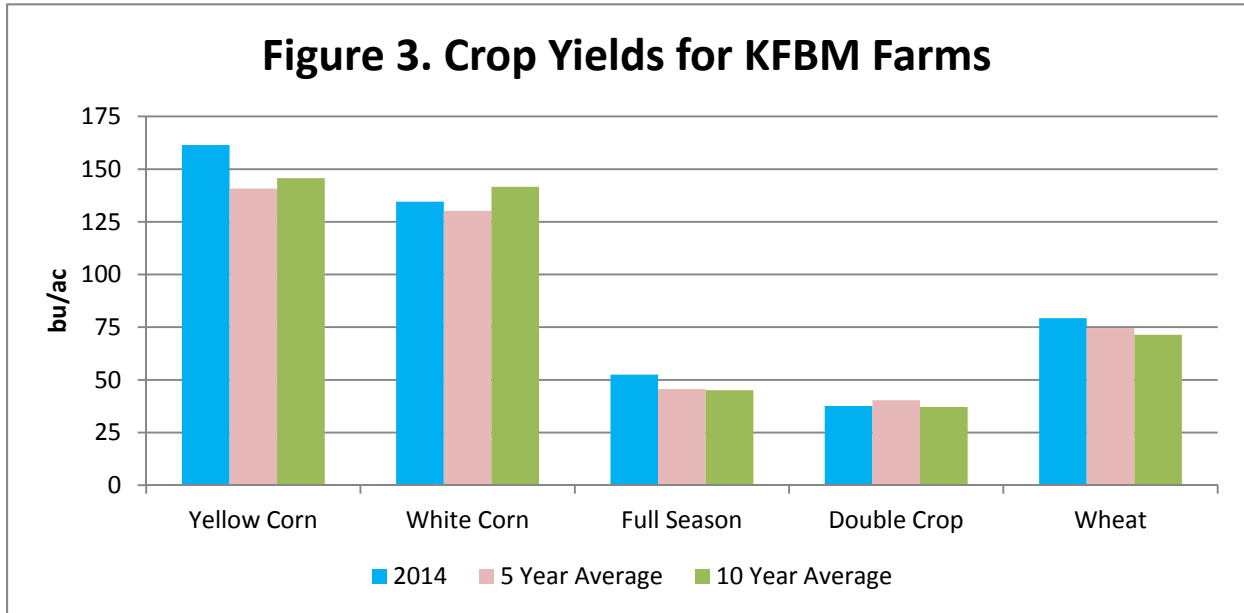


Production

After the drought in 2012 and the rain and cooler temperatures in 2013, 2014 brought mixed weather patterns across the state. The average Kentucky grain farm had lower yields for yellow and white corn and double crop soybeans in 2014 versus 2013, with full season soybeans and wheat remaining consistent with 2013. White corn had the largest percentage decrease from 2013 to 2014 with a decrease of 30%. Double crop soybeans were not far behind with a decrease of 27%, and yellow corn had a decrease of 15%.

After record yields in 2013, 2014’s scattered weather patterns made for an array of yields across the state. The only area to see a decrease in corn yield was the Pennyroyal area with a decrease from 190 in 2013 to 144 in 2014. Double crop soybeans have a similar story to corn with only the Pennyroyal area having a decrease in yield from 2013 to 2014. Unlike corn and soybeans, wheat had the opposite results with the Pennyroyal and Central KY areas yield remaining consistent with 2013, while Ohio Valley and Purchase areas saw a decline in wheat yield. As

seen in Figure 3, yellow corn, full season soybeans, and wheat yields were higher than 5 and 10 year averages. White corn was higher than the 5 year average but not the 10 year, and double crop soybeans was lower than the 5 year average and slightly higher than the 10 year average (Table 4 and Figure 3).



Gross Farm Returns

Gross farm returns include crop returns, tobacco returns, miscellaneous income, patronage dividends, etc. In 2014, average gross farm returns decreased 15% from 2013 to \$1,987,505 (Table 3). KFBM grain farms had an average per acre gross farm return of \$863, a 16% decrease from 2013’s \$1,098 per acre (Table 3A and Figure 4). Prices were reduced in 2014 compared to record prices received in the last few years. The marketing of crops and diversity of crops and livestock made a difference in 2014’s total gross farm returns. Crop returns made up 84% of gross farm returns in 2014 compared to 91% in 2013.

In 2014, price and yield of grain crops were leading factors contributing to lower NFI. Lower corn revenue for the average KFBM grain farm was about a 50-50 split between yield loss and decline in price. A yield decrease of 29 bushels in 2014 from 2013’s yield resulted in a loss of \$137 per acre had price remained at 2013’s \$4.72. Wheat revenue was affected more by the \$1.54 per bushel decline in price, 89%, than the 2 bushel lower yield, 11%. Full season and double crop soybeans had opposite reactions to lower revenues. Full season soybeans had a yield lower by 1 bushel (30%) compared to 2013 but a decrease in price of \$2.38 per bushel (70%). On the other hand, double crop soybeans had a decrease in yield of 13 bushels (70%) and a decline in price of \$1.45 per bushel (30%) (Table 7).

As seen in Figure 4, Pennyroyal area grain farms had the highest gross farm returns and gross farm returns per acre. Pennyroyal area grain farms had the largest percentage decrease of gross farm returns per acre from 2013 to 2014, about an 18% decrease from \$1,094 to \$896. Central KY area grain farms had the smallest percentage decrease in gross farm returns per acre at a decrease of 7% from \$899 to \$833. Tobacco returns and livestock returns above feed increased for all areas and the average KY grain farm in 2014. Central KY and Ohio Valley areas have less wheat and double crop soybeans than the Purchase and Pennyroyal areas. In 2014, the Pennyroyal area had higher wheat crop value per acre than the other areas and lower crop values per acre on yellow corn, double crop and full season soybeans (Table 3B).

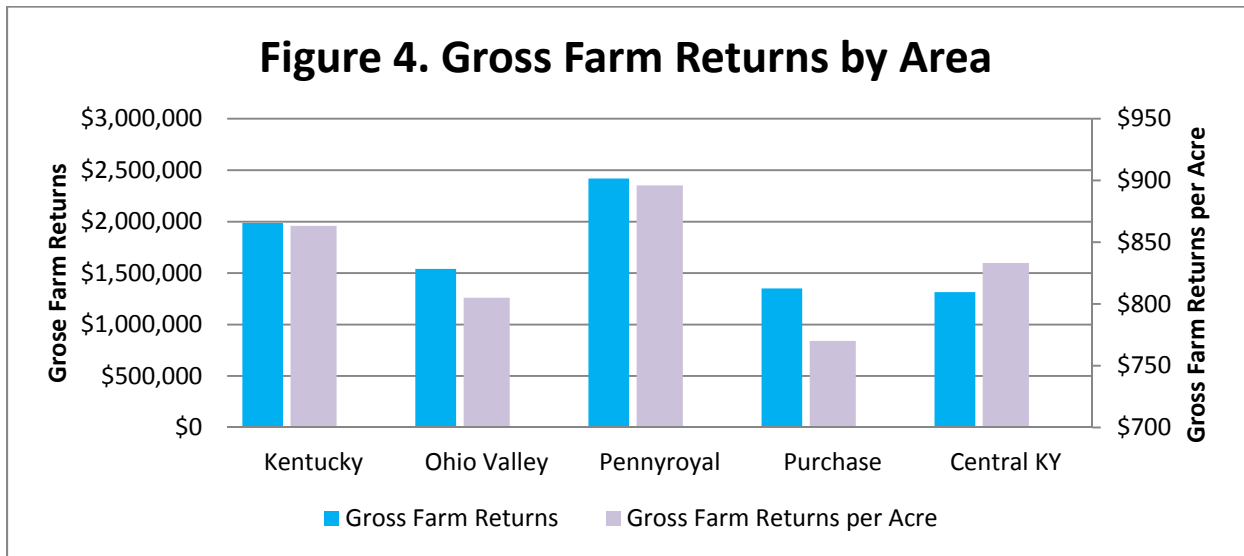
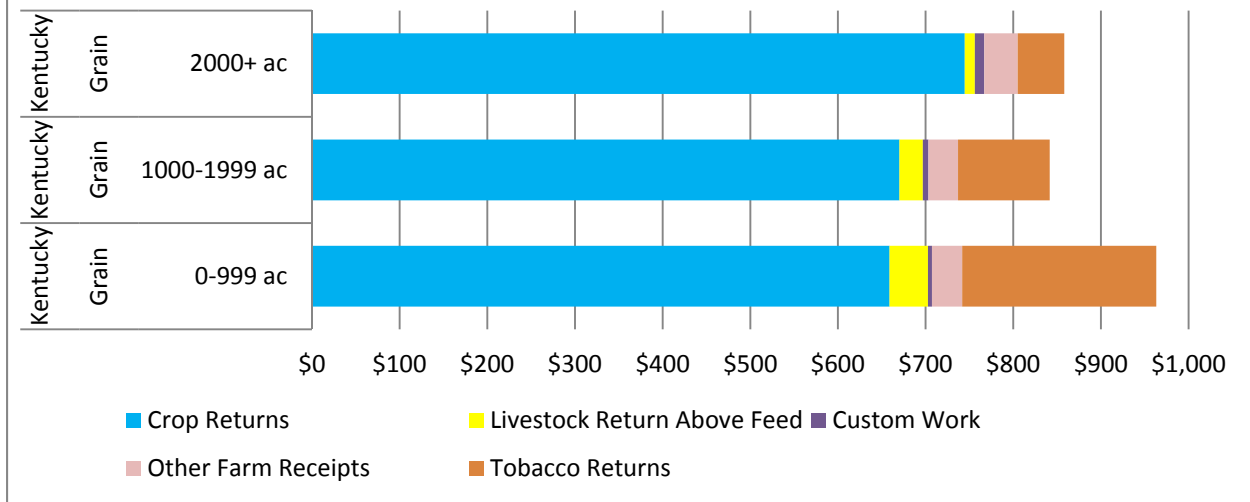


Figure 5 displays Kentucky grain farms gross farm returns per acre for 2013. Farms were categorized into 3 groups based on acreage: farms with less than 1,000 acres (small), farms between 1,000 and 2,000 acres (mid-range), and farms with more than 2,000 acres (large). In 2013, crop returns per acre were highest for the large farms (\$962) then the mid-range farms \$858, and lowest for the small farms of \$835. Quite the opposite happened in 2014; large farms grossed less per acre than small farms, \$858 and \$963, respectively. Similar to 2013, small farms had higher tobacco returns and livestock returns above feed than the large farm group, which had higher crop returns. Once again farms in the mid-range group had the lowest gross farm returns, \$977 per acre (Table 5A and Figure 5).

Figure 5. Gross Farm Returns per Acre by Size



Farm Cost

Gross farm returns per acre decreased 16%; while, non-feed costs per acre slightly increased from 2013. Depreciation costs have increased 7% from 2013. For expense purposes, depreciation is calculated on an economic basis, not an accelerated tax basis. Total expenses for 2014 were \$1,918,003, which included \$1,699,571 in operating expenses and \$218,432 in depreciation expense (Table 6).

When reviewing farm costs, six categories are analyzed. An accrual adjustment was made to each of the costs, both cash and non-cash. Accrual adjustments are used to account for changes in prepaid expenses and accrued interest and expenses. These six categories include: crop expense, power and equipment, building, labor, other expenses, and land charges. Other expenses include vet, medicine, and livestock supplies, insurance, miscellaneous, and interest charge non-land. Non-cash costs include: depreciation, unpaid labor, non-land interest, and interest on owned land.

Comparing 2013 and 2014 KFBM Annual Summary data indicates that farmers are starting to tighten their belts with non-feed expenses due to lower grain prices being received. Average non-feed costs per acre increased in 2014 to \$873 per acre from \$871 per acre in 2013. On a per acre basis, non-feed costs account for 101% of gross farm returns. Thirty-two percent of non-feed expenses were spent on crop inputs, the largest expense for grain farmers. The percentage of crop expenses decreased in 2014 compared to 2013, which was 33%. Power and equipment expenses increased in 2014 compared to 2013 (Table 6A and Figure 6).

When comparing non-feed costs for the different size farms in Figure 7, farms in the large farm group had the highest percentage of crop expenses out of the three size groups. Farms in the small group had higher power and equipment and labor costs but had lower crop expenses and

land charges than the other two groups. Labor costs (paid and unpaid) were the lowest for the large farm group. Higher labor costs for the small farm group can, at least partially, be attributed to a higher land use percentage for tobacco (3.4%) compared to the mid-range and large groups, 1.7% and 0.9%, respectively (Tables 5 & 5A and Figure 7). Another reason for the difference in labor costs is unpaid labor accounts for the opportunity cost of using the operator's own and unpaid family labor in the farm business; therefore, the small group has fewer acres to spread the cost over.

Insurance includes crop, liability, and property insurance on farm assets. Crop insurance decreased for the average KFBM grain farm in 2014 and in all size groups. The average KY grain farm and all size groups except the small size group's crop insurance decreased by about \$3.50 per acre. Unlike 2013, the average small farm had the highest per acre cost for crop insurance of \$22.14 per acre compared to the average mid-range farm with \$16.83 per acre and the large farm group of \$21.67.

Land costs include: charges for land equity, cash rent, lease cost⁴, property taxes, and non-cash interest on owned tillable acres. Crop prices continued to fall in 2014, and cash rents have started to follow suit and drop some. Since crop prices are continually changing, cash rents play a major role in expenses each year. On the average Kentucky grain farm, cash rent saw a decrease of about 10% in 2014 compared to 2013. The average small farm had the largest percentage decrease of 15% from 2014 to 2013, with the average mid-range farm having the smallest decrease of 4%.

Figure 6. Percentage of Non-Feed Costs KFBM Grain Farms

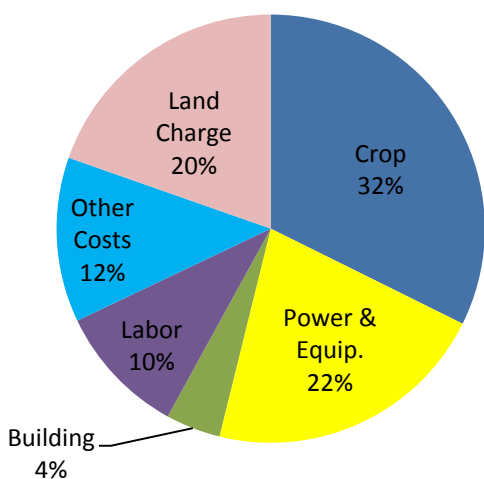
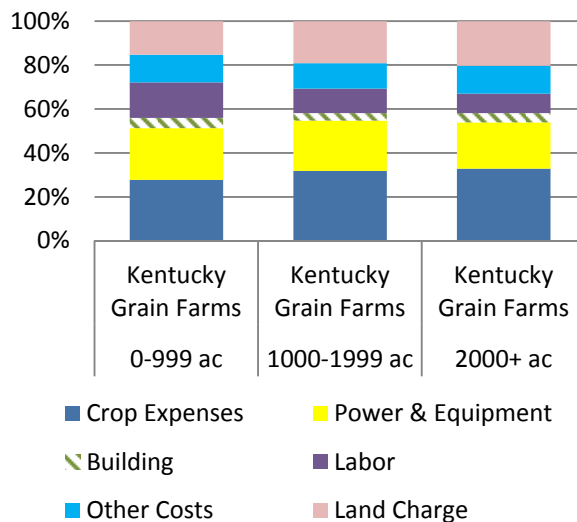


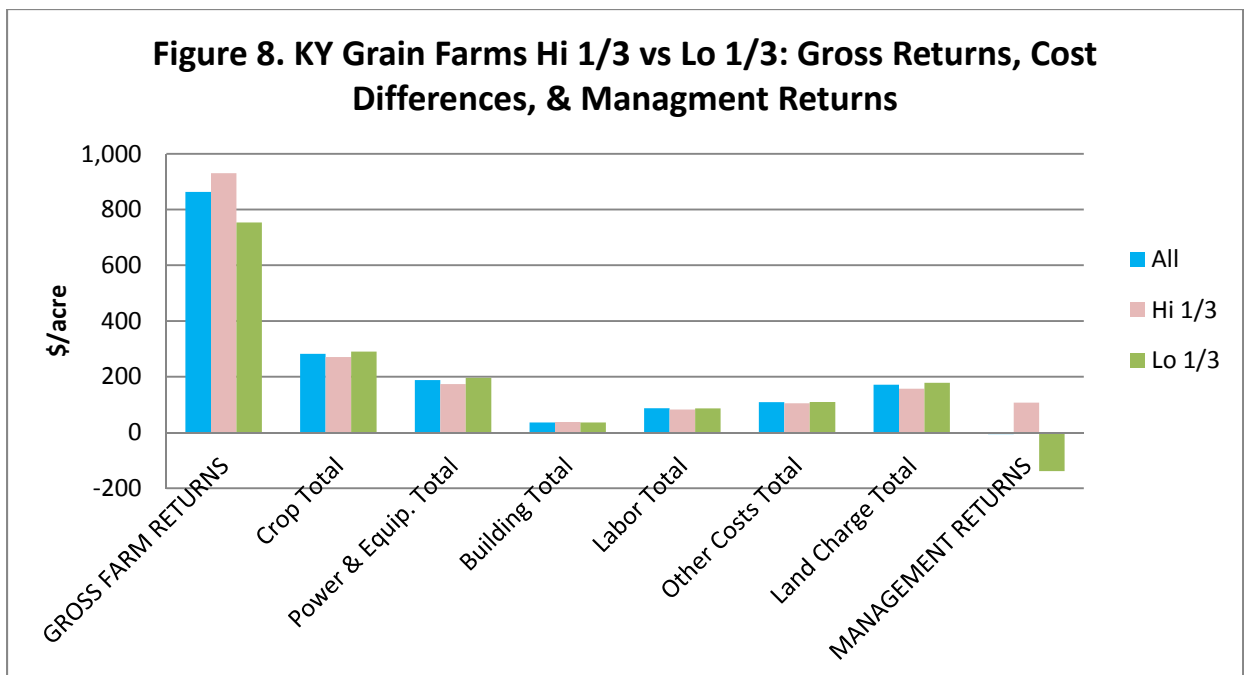
Figure 7. Percentage Non-Feed Cost by Size



⁴ Lease cost is the cost calculated to be paid by the landlord for the operator(s) share of acres paid less costs paid by the operator(s) for the landlord on share of crop acres.

Management Return Comparisons

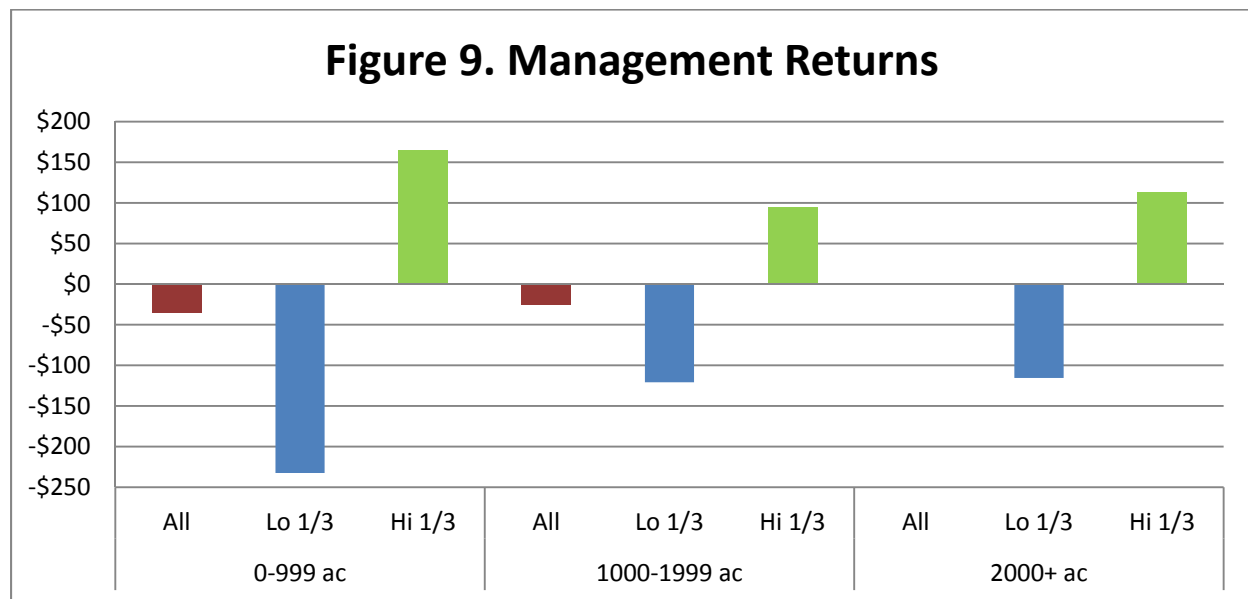
Management returns represents the residual after a charge for unpaid operator labor is deducted from operator(s) labor and management income. KFBM grain farms were broken into management returns by thirds: high third, average, and low third. This breakdown allows for comparisons and can be used as a performance gauge. After some record years, management returns took a turn downward in 2014. Only the high third group achieved positive management return. The average KY grain farm and the average low third group had negative management returns. The high third group experienced management returns of \$107 per acre while the low third had management returns of -\$138 (Figure 8).



The gap between the low and high thirds for gross farm returns increased in 2014 compared to 2013. The gap between the low and high third groups for non-feed expenses decreased in 2014 from 2013. The high third group's total non-feed costs increased 3%, while the low third group had a decrease of 4% in total non-feed costs. Crop returns played the largest part in the difference between the high third and low third group with about \$99 per acre difference, which was less than the difference in 2013 (\$156). However, non-feed costs differed by about \$70 per acre, lower than in 2013 (\$133) (Table 6A). The high third group had higher yields than the low third group for all grain crops. Neither the high third nor the low third had better pricing strategies, new crop soybeans had the largest difference and old soybean prices had the smallest difference. The low third had better old crop soybean price, \$0.05 per bushel and the high third had better new crop soybean price, \$0.54 per bushel (Table 6B).

Comparing farms of similar size gives another perspective on management. Figure 9 shows management returns were positive for the high third group for all sizes and the average large

group farmer, but were negative for all low third size groups and the average small and mid-range farm groups. The high third group of small farms had the highest management returns for all the groups with \$165 per acre which was a decrease of \$110 from 2013. As in 2013, the high third group of small farms had the highest gross farm returns of all groups of \$1,239. Similar to 2013, the high third group of large farms had the lowest non-feed costs of all groups and management levels. These results show that some small producers are as efficient and profitable as large producers on a per acre basis. They also reveal that not all large producers are very efficient. It is important to evaluate a producer's performance over several years to determine success because a farmer may be in a high third group one year, but not in the next year (Table 5A).

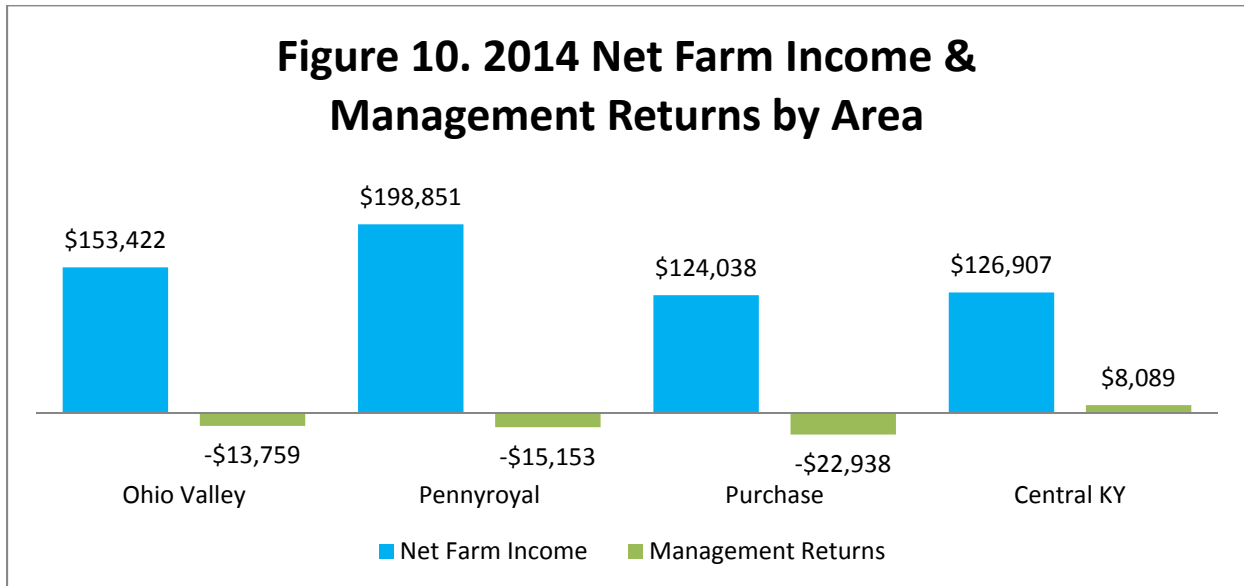


The high third sorts for each size group had an operating expense ratio between 62 and 70 percent, a larger spread than seen in 2013. The high third group of small farms had the lowest operating expense ratio of 62.2%; meaning that 62.2 cents of every dollar of farm production is spent on operating expenses. All high third groups had positive net farm income from operations ratio with the small farms having the highest at 23.8%. For every dollar of farm production, 23.8 cents is realized as net farm income after operating expense, depreciation, and interest have been paid. The high third group of large farms was slightly less at 21.3% and the mid-range farms group at 17.0% (Table 5).

Income by Area

In 2014, the Pennyroyal, Ohio Valley, Purchase, and Central KY areas had a decrease in NFI and management returns. Central KY was the only area to have positive management returns. One possible reason for Central KY's positive management returns is diversification with livestock and tobacco. Ohio Valley had the smallest percentage decrease in NFI from 2013 to 2014 and the largest percentage decrease in management returns (Figure 10). All four of the areas grain

farms had NFI and management returns lower than the 5 and 10 year averages. As seen in Figure 10, Purchase area grain farmers had the lowest NFI and the lowest management returns. For more information regarding each area, please see the detailed analysis for each Association.



Conclusions

Prices continued to decrease in 2014. The amount of rain varied greatly in 2014 depending on the location of your farm. Yield on KFBM Farms in all areas except the Pennyroyal area were similar to the record yields in 2013; while, the Pennyroyal area saw a decrease in corn yield of 46 bushels per acre. Average tillable acres decreased by 32 acres to 2,372 in 2014 for the average Kentucky grain farm. In 2014, all grain crops had a decrease in yield compared to the highs in 2013 for the average Kentucky grain farm. The markets have not been favorable thus far in 2015, resulting in concern and apprehension for the current crop year. Reality is beginning to sink in as prices have decreased from last year and precautions are being taken. Expenses are being closely monitored as farmers are trying to cut costs where they can. Farmers should be aware of their breakeven point for each crop to aid in marketing decisions. Hopefully, with good management and production, we will continue to see profitable years for grain farms across the state.

Table 1 - Kentucky Grain Farms Net Farm Income

YEAR	Kentucky	Ohio Valley	Pennyroyal	Purchase	Central KY
2001	108,637	92,863	161,685	3,068	4,154
2002	61,336	5,753	94,443	87,718	18,596
2003	197,037	131,733	239,454	249,018	162,149
2004	170,471	119,207	218,835	173,042	85,462
2005	152,752	148,194	170,965	261,965	56,122
2006	233,969	133,641	314,921	246,760	142,718
2007	232,933	321,385	198,216	328,581	132,238
2008	417,300	335,096	528,491	416,261	204,352
2009	410,073	412,464	422,866	557,707	284,266
2010	314,375	193,071	357,704	364,988	347,884
2011	521,947	436,820	624,354	561,418	227,320
2012	509,550	323,687	694,739	259,122	152,949
2013	544,448	337,550	693,056	541,937	309,256
2014	173,564	153,422	198,851	124,038	126,907
5 Year Average	412,777	288,910	513,741	370,300	232,863
10 Year Average	351,091	279,533	420,416	366,278	198,401

Table 2 - Kentucky Grain Farms Management Returns

YEAR	Kentucky	Ohio Valley	Pennyroyal	Purchase	Central KY
2001	22,318	554	46,021	25,727	(158)
2002	(44,832)	(88,122)	(18,358)	(10,424)	(71,922)
2003	82,090	24,485	114,644	84,665	64,181
2004	52,732	24,263	87,486	16,787	3,442
2005	24,099	35,416	28,312	78,969	(35,527)
2006	79,913	6,896	142,852	57,598	40,186
2007	65,630	154,915	19,443	115,657	13,278
2008	254,653	182,207	343,136	255,516	101,989
2009	235,659	248,294	229,231	357,317	175,312
2010	146,777	58,356	161,043	172,079	238,898
2011	345,124	280,817	424,096	375,027	114,999
2012	336,830	177,144	490,760	97,700	78,199
2013	354,498	177,889	470,685	342,692	207,980
2014	(12,864)	(13,759)	(15,153)	(22,938)	8,089
5 Year Average	234,073	136,089	306,286	192,912	129,633
10 Year Average	183,032	130,818	229,440	182,962	94,340

Table 3 - Summary of Kentucky Grain Farms by Area 2014

	Ohio Valley	Pennyroyal	Purchase	Central KY	Kentucky
	Grain	Grain	Grain	Grain	Grain
Range in Size (Acres)	All	All	All	All	All
Management Returns	All	All	All	All	All
Number of Farms	62	125	16	24	227
Total Acres in Farm	2,325	2,881	1,923	1,749	2,542
Tillable Acres in Farm	2,196	2,669	1,854	1,622	2,372
Operator Tillable Acres	1,858	2,508	1,665	1,579	2,173
Percent Land Owned	22.4%	30.7%	32.0%	15.5%	27.6%
Percent Land Crop Share	45.0%	17.5%	29.6%	7.1%	24.3%
Percent Land Cash Rent	32.6%	51.8%	38.4%	77.4%	48.0%
Months of Hired Labor	42.6	68.0	31.3	49.8	56.5
Months of Unpaid Labor	19.7	17.8	14.8	13.4	17.6
Total Months Labor	62.3	85.8	46.1	63.2	74.2
FARM RETURNS					
Total Cash Operating	1,708,781	2,704,977	1,401,531	1,389,467	2,201,930
Inventory Change	(98,000)	(242,986)	7,075	2,330	(159,824)
Accounts Receivable Change	269	66,690	(12,067)	(4,803)	35,439
Farm Products Used	0	0	0	0	0
Less Purchased Feed & Grain	66,096	89,362	36,412	51,164	75,237
Less Purchased Livestock	4,601	19,622	8,712	20,119	14,803
GROSS FARM RETURNS	1,540,352	2,419,697	1,351,415	1,315,710	1,987,505
FARM COSTS					
Total Cash Operating	1,233,867	1,979,857	1,036,561	1,065,831	1,612,981
Farm Products Used	0	0	0	0	0
Prepaid Expense Change	(25,584)	(19,377)	(5,808)	30,166	(14,878)
Accounts Payable Change	(2,894)	31,527	46,926	(27,355)	16,986
TOTAL OPERATING EXPENSE	1,205,390	1,992,007	1,077,679	1,068,641	1,615,089
INCOME BEFORE DEPRECIATION	334,961	427,691	273,736	247,069	372,415
Less Depreciation	190,194	239,523	152,034	127,181	208,005
FARM OPERATING INCOME	144,767	188,168	121,702	119,888	164,410
Capital Account Adjustment	8,655	10,684	2,336	7,018	9,154
NET FARM INCOME (NFI)	153,422	198,851	124,038	126,907	173,564
Less Unpaid Family Labor	533	1,984	3,444	2,411	1,736
RETURNS TO OPERATOR LABOR					
CAPITAL, & MANAGEMENT	152,888	196,868	120,594	124,496	171,828
Less Unpaid Operator Labor	53,789	47,077	37,193	34,552	46,890
RETURNS TO EQUITY CAPITAL					
& MANAGEMENT	99,099	149,790	83,402	89,944	124,938
Less Equity Capital Charge	112,859	164,943	106,339	81,855	137,802
MANAGEMENT RETURNS	(13,759)	(15,153)	(22,938)	8,089	(12,864)
FINANCIAL EFFICIENCY RATIOS					
Operating Expense Ratio (%)	74.46%	78.65%	76.38%	78.05%	77.61%
Depreciation Expense Ratio (%)	12.35%	9.90%	11.25%	9.67%	10.47%
Interest Expense Ratio (%)	3.80%	3.67%	3.36%	3.18%	3.65%
NFI from Operations Ratio (%)	9.40%	7.78%	9.01%	9.11%	8.27%

Table 3A - Economic Management Analysis per Operator Acre: All Kentucky Grain Farms by Area 2014

	Ohio Valley	Pennyroyal	Purchase	Central KY	Kentucky
	Grain	Grain	Grain	Grain	Grain
Range in Size (Acres)	All	All	All	All	All
Management Returns	All	All	All	All	All
Number of Farms	62	125	16	24	227
Total Acres in Farm	2,325	2,881	1,923	1,749	2,542
Tillable Acres in Farm	2,196	2,669	1,854	1,622	2,372
Operator Tillable Acres	1,858	2,508	1,665	1,579	2,173
Percent Land Owned	22.4%	30.7%	32.0%	15.5%	27.6%
Percent Land Crop Share	45.0%	17.5%	29.6%	7.1%	24.3%
Percent Land Cash Rent	32.6%	51.8%	38.4%	77.4%	48.0%
Months of Hired Labor	42.6	68.0	31.3	49.8	56.5
Months of Unpaid Labor	19.7	17.8	14.8	13.4	17.6
Total Months Labor	62.3	85.8	46.1	63.2	74.2
FARM RETURNS					
Crop Returns	724.34	735.81	702.38	657.71	725.32
Livestock Return Above Feed	21.71	11.39	31.29	32.47	16.50
Custom Work	5.62	11.01	13.34	7.67	9.62
Other Farm Receipts	6.51	49.71	17.25	39.08	37.05
Tobacco Returns	46.91	88.13	5.81	96.33	74.69
GROSS FARM RETURNS	805.09	896.06	770.07	833.25	863.18
FARM COSTS					
Soil Fertility	128.37	142.41	118.68	111.57	135.48
Pesticides	61.73	62.94	70.25	51.47	62.17
Seed	83.35	85.48	87.10	79.32	84.60
Crop Total	273.45	290.84	276.03	242.36	282.25
Utilities	9.38	10.66	15.34	11.61	10.69
Machine Repairs	37.75	40.02	37.77	45.21	39.77
Machine Hire & Lease	15.88	32.01	42.46	28.50	28.54
Fuel & Oil	34.58	39.61	31.86	38.13	37.91
Light Vehicle	0.09	0.12	0.00	0.99	0.17
Machine Depreciation	73.36	71.10	71.80	62.64	71.02
Power & Equip. Total	171.04	193.53	199.22	187.08	188.09
Drying	5.57	6.40	5.10	6.62	6.15
Storage	0.76	1.39	0.66	0.94	1.17
Building Repair & Rent	12.89	9.20	7.26	15.86	10.47
Building Depreciation	16.17	19.82	11.66	16.38	18.26
Building Total	35.39	36.81	24.68	39.80	36.05
Labor, Unpaid	24.67	18.14	22.38	22.68	20.25
Labor, Paid	49.40	72.94	45.21	81.70	66.62
Labor Total	74.07	91.08	67.59	104.37	86.86
Vet, Med, Livestock Supply	1.42	1.55	2.00	2.42	1.61
Insurance	27.61	36.14	31.72	33.97	33.74
Miscellaneous	8.40	14.77	11.15	6.18	12.43
Interest Charge - Non land	61.82	62.00	49.93	55.69	60.82
Other Costs Total	99.25	114.46	94.80	98.27	108.60
Land Charge Total	163.94	179.64	122.92	160.69	171.46
TOTAL NON-FEED COSTS	817.15	906.36	785.25	832.58	873.31
Gain/loss Capital Sales	4.66	4.26	1.40	4.44	4.21
MANAGEMENT RETURNS	(7.41)	(6.04)	(13.77)	5.12	(5.92)

Table 3B - Economic Management Analysis per Operator Acre: All Kentucky Grain Farms by Area 2014					
	Ohio Valley	Pennyroyal	Purchase	Central KY	Kentucky
	Grain	Grain	Grain	Grain	Grain
Range in Size (Acres)	All	All	All	All	All
Management Returns	All	All	All	All	All
Number of Farms	62	125	16	24	227
Crop Yields					
Yellow Corn	191	144	191	186	162
Full Season Soybeans	57	46	49	56	53
Wheat	71	81	66	74	80
Double Crop Soybeans	46	36	47	40	37
White Corn		131			135
Total Acres Planted-Selected Crops					
Yellow Corn	1,067	1,190	699	720	1,069
Full Season Soybeans	919	384	657	658	592
Wheat	322	1,000	501	229	790
Double Crop Soybeans	332	1,053	508	245	843
White Corn		996			819
Land Use %					
Yellow Corn	48.4%	42.3%	38.6%	43.9%	43.8%
Full Season Soybeans	42.4%	12.8%	34.0%	41.8%	23.6%
Wheat	6.3%	33.7%	24.2%	7.3%	24.3%
Double Crop Soybeans	6.5%	35.2%	24.6%	5.2%	25.2%
White Corn		4.9%			3.3%
Crop Value Per Acre					
Yellow Corn	801	601	757	743	671
Full Season Soybeans	600	508	528	631	566
Wheat	384	532	341	436	511
Double Crop Soybeans	504	395	527	440	409
White Corn		610			623
Price Received - Old Crop					
Yellow Corn	4.78	4.74	4.50	4.46	4.72
Soybeans	13.20	13.19	13.40	13.38	13.23
Wheat	6.34	7.37	6.46	6.83	7.36
White Corn		5.61			5.65
Price Received - New Crop					
Yellow Corn	3.72	4.09	3.79	3.88	3.93
Soybeans	10.67	11.09	10.75	10.83	10.85
Wheat	5.32	5.98	5.12	5.83	5.84
White Corn		5.28			5.15

Table 4 - Historic Crop Yield: All Kentucky Farms 2014 (bu/ac)					
YEAR	Yellow Corn	White Corn	Soybeans		Wheat
			Full Season	Double Crop	
1998	128	122	33	28	51
1999	121	110	27	12	74
2000	126	127	44	31	64
2001	155	152	44	35	78
2002	115	110	36	38	60
2003	151	134	47	45	69
2004	166	152	47	43	58
2005	137	143	48	38	79
2006	157	161	48	41	81
2007	129	132	33	14	35
2008	150	145	42	31	81
2009	180	184	52	46	65
2010	130	117	37	28	69
2011	145	141	41	41	77
2012	78	69	45	44	66
2013	190	190	53	51	81
2014	161	135	52	38	79
5 Year Average	141	130	46	40	75
10 Year Average	146	142	45	37	71

Table 4.1 - 2014 Crop Yields: All Farms by Area (bu/ac)					
	Kentucky	Purchase	Pennyroyal	Ohio Valley	Central KY
Yellow Corn	161	191	144	191	184
White Corn	135	195	131	173	2
Full Season Soybeans	52	49	47	57	56
Double Crop Soybeans	38	48	36	46	41
Wheat	79	65	81	71	72

Table 5 - Summary of Kentucky Grain Farms by Size & Management: 2014

	Grain	Grain	Grain	Grain	Grain	Grain	Grain	Grain	Grain
Range in Size (Acres)	0-999	0-999	0-999	1000-1999	1000-1999	1000-1999	2000+	2000+	2000+
Management Returns	All	Lo 1/3	Hi 1/3	All	Lo 1/3	Hi 1/3	All	Lo 1/3	Hi 1/3
Number of Farms	64	21	21	64	21	21	99	33	33
Total Acres in Farm	721	699	682	1,608	1,599	1,567	4,323	4,325	4,362
Tillable Acres in Farm	617	534	599	1,477	1,478	1,481	4,084	4,062	4,081
Operator Tillable Acres	573	510	535	1,347	1,400	1,336	3,741	3,620	3,820
Percent Land Owned	37.7%	47.2%	32.1%	25.1%	33.3%	20.2%	27.2%	23.5%	38.4%
Percent Land Crop Share	22.0%	15.5%	30.4%	26.7%	15.9%	27.8%	24.0%	28.5%	19.9%
Percent Land Cash Rent	40.4%	37.3%	37.5%	48.2%	50.9%	52.1%	48.8%	48.0%	41.7%
Months of Hired Labor	25.5	11.3	31.7	37.4	25.0	44.4	89.0	77.9	80.9
Months of Unpaid Labor	13.2	12.6	11.4	15.5	16.9	14.1	21.9	23.2	21.3
Total Months Labor	38.7	23.8	43.0	52.9	41.8	58.5	110.9	101.1	102.1
FARM RETURNS									
Total Cash Operating	616,220	414,627	671,269	1,242,844	1,168,637	1,406,950	3,847,051	3,740,448	4,070,827
Inventory Change	(34,354)	(47,805)	13,077	(67,243)	(126,565)	(27,417)	(300,787)	(512,895)	(324,591)
Accounts Receivable Change	5,544	2,518	(334)	6,399	2,034	13,464	73,538	78,865	81,896
Farm Products Used	0	0	0	0	0	0	0	0	0
Less Purchased Feed & Grain	12,711	5,097	16,664	19,411	16,109	27,864	151,747	175,536	90,593
Less Purchased Livestock	13,587	9,455	6,022	9,914	25,676	2,460	18,750	2,990	15,453
GROSS FARM RETURNS	561,113	354,788	661,326	1,152,675	1,002,321	1,362,673	3,449,304	3,127,893	3,722,086
FARM COSTS									
Total Cash Operating	438,148	315,228	457,134	943,887	902,499	1,034,760	2,805,015	2,835,031	2,751,961
Farm Products Used	0	0	0	0	0	0	0	0	0
Prepaid Expense Change	(3,141)	13,053	(19,097)	(10,965)	(5,102)	(35,924)	(24,995)	4,183	(168,281)
Accounts Payable Change	7,909	16,808	(1,323)	11,963	20,204	7,651	26,101	61,123	1,525
TOTAL OPERATING EXPENSE	442,916	345,088	436,714	944,885	917,601	1,006,487	2,806,121	2,900,337	2,585,205
INCOME BEFORE DEPRECIATION	118,196	9,700	224,612	207,790	84,720	356,186	643,184	227,555	1,136,880
Less Depreciation	62,875	52,386	67,266	125,492	120,911	124,677	355,170	387,701	344,899
FARM OPERATING INCOME	55,322	(42,686)	157,346	82,299	(36,192)	231,510	288,013	(160,146)	791,981
Capital Account Adjustment	5,213	1,277	3,844	4,095	3,636	2,786	14,972	14,385	10,323
NET FARM INCOME (NFI)	60,535	(41,409)	161,190	86,393	(32,556)	234,296	302,985	(145,761)	802,304
Less Unpaid Family Labor	2,712	2,099	1,574	861	787	1,837	1,670	1,419	751
RETURNS TO OPERATOR LABOR									
CAPITAL, & MANAGEMENT	57,823	(43,508)	159,616	85,532	(33,343)	232,459	301,315	(147,180)	801,552
Less Unpaid Operator Labor	33,641	32,535	29,780	41,885	45,654	36,996	58,690	62,363	57,855
RETURNS TO EQUITY CAPITAL									
& MANAGEMENT	24,182	(76,043)	129,836	43,648	(78,997)	195,463	242,626	(209,543)	743,697
Less Equity Capital Charge	44,581	42,607	41,628	77,547	90,234	69,552	237,019	208,686	312,524
MANAGEMENT RETURNS	(20,399)	(118,650)	88,208	(33,899)	(169,231)	125,912	5,606	(418,229)	431,173
FINANCIAL EFFICIENCY RATIOS									
Operating Expense Ratio (%)	74.78%	91.80%	62.16%	77.92%	87.28%	69.91%	77.84%	88.24%	66.69%
Depreciation Expense Ratio (%)	11.21%	14.77%	10.17%	10.89%	12.06%	9.15%	10.30%	12.39%	9.27%
Interest Expense Ratio (%)	4.16%	5.47%	3.88%	4.05%	4.26%	3.95%	3.51%	4.48%	2.76%
NFI from Operations Ratio (%)	9.86%	-12.03%	23.79%	7.14%	-3.61%	16.99%	8.35%	-5.12%	21.28%

Table 5A - Economic Management Analysis per Operator Acre: Kentucky Grain Farms by Size & Management - 2014

	Grain	Grain	Grain	Grain	Grain	Grain	Grain	Grain	Grain
Range in Size (Acres)	0-999	0-999	0-999	1000-1999	1000-1999	1000-1999	2000+	2000+	2000+
Management Returns	All	Lo 1/3	Hi 1/3	All	Lo 1/3	Hi 1/3	All	Lo 1/3	Hi 1/3
Number of Farms	64	21	21	64	21	21	99	33	33
Total Acres in Farm	721	699	682	1,608	1,599	1,567	4,323	4,325	4,362
Tillable Acres in Farm	617	534	599	1,477	1,478	1,481	4,084	4,062	4,081
Operator Tillable Acres	573	510	535	1,347	1,400	1,336	3,741	3,620	3,820
Percent Land Owned	37.7%	47.2%	32.1%	25.1%	33.3%	20.2%	27.2%	23.5%	38.4%
Percent Land Crop Share	22.0%	15.5%	30.4%	26.7%	15.9%	27.8%	24.0%	28.5%	19.9%
Percent Land Cash Rent	40.4%	37.3%	37.5%	48.2%	50.9%	52.1%	48.8%	48.0%	41.7%
Months of Hired Labor	25.5	11.3	31.7	37.4	25.0	44.4	89.0	77.9	80.9
Months of Unpaid Labor	13.2	12.6	11.4	15.5	16.9	14.1	21.9	23.2	21.3
Total Months Labor	38.7	23.8	43.0	52.9	41.8	58.5	110.9	101.1	102.1
FARM RETURNS									
Crop Returns	658.97	576.81	743.78	670.29	611.18	757.35	744.71	699.98	761.86
Livestock Return Above Feed	43.81	38.01	24.16	26.51	10.02	56.46	11.46	5.13	12.86
Custom Work	4.58	3.94	3.93	6.50	5.96	7.95	10.85	9.35	12.81
Other Farm Receipts	34.44	29.75	31.57	33.79	28.31	47.93	38.07	29.26	47.40
Tobacco Returns	221.39	42.84	435.57	104.58	34.77	144.41	53.20	36.83	65.90
GROSS FARM RETURNS	963.19	691.34	1,239.01	841.67	690.24	1,014.10	858.28	780.54	900.84
FARM COSTS									
Soil Fertility	128.94	145.51	107.07	129.81	128.62	125.33	137.44	141.53	132.39
Pesticides	66.72	51.07	59.93	62.58	62.87	61.48	61.63	64.13	55.54
Seed	84.72	88.28	79.20	84.90	84.28	85.71	84.52	84.93	82.09
Crop Total	280.38	284.86	246.21	277.29	275.77	272.52	283.59	290.59	270.01
Utilities	19.99	18.72	16.27	12.53	10.12	16.09	9.34	9.16	8.37
Machine Repairs	57.27	55.46	53.35	43.95	44.06	42.49	37.06	39.45	31.92
Machine Hire & Lease	39.35	35.97	51.47	33.80	30.38	49.01	26.24	26.19	20.54
Fuel & Oil	39.07	35.28	44.04	37.25	32.57	40.82	37.94	38.86	34.90
Light Vehicle	0.35	0.34	0.35	0.45	0.29	0.13	0.09	0.01	0.00
Machine Depreciation	81.42	76.57	89.72	70.94	68.79	65.80	70.00	77.95	66.25
Power & Equip. Total	237.45	222.33	255.20	198.93	186.22	214.34	180.68	191.62	161.99
Drying	4.96	4.26	7.81	4.12	2.65	3.58	6.74	7.69	6.64
Storage	1.89	0.26	2.96	1.19	0.36	2.06	1.10	0.92	0.80
Building Repair & Rent	17.27	17.26	19.59	9.45	8.35	11.61	10.03	9.91	9.06
Building Depreciation	22.46	23.32	25.97	15.48	13.74	18.98	18.50	19.86	19.58
Building Total	46.58	45.10	56.32	30.25	25.11	36.23	36.36	38.38	36.09
Labor, Unpaid	59.34	65.12	52.40	28.61	30.60	25.85	14.43	15.42	13.94
Labor, Paid	103.94	55.25	142.29	68.22	45.56	84.23	62.55	61.82	55.72
Labor Total	163.28	120.37	194.70	96.83	76.16	110.07	76.98	77.24	69.66
Vet, Med, Livestock Supply	3.11	3.44	1.72	1.79	1.92	1.95	1.42	0.37	0.97
Insurance	41.84	32.21	49.64	31.06	29.60	32.36	33.56	34.92	30.30
Miscellaneous	13.62	11.13	18.83	8.71	7.07	8.67	13.18	11.49	8.99
Interest Charge - Non land	67.89	60.44	78.75	58.98	54.24	64.99	60.55	63.39	60.97
Other Costs Total	126.46	107.21	148.93	100.55	92.82	107.97	108.71	110.17	101.23
Land Charge Total	153.73	146.49	179.91	166.04	157.62	180.81	174.47	192.06	151.70
TOTAL NON-FEED COSTS	1,007.87	926.36	1,081.26	869.88	813.70	921.94	860.78	900.05	790.68
Gain/loss Capital Sales	9.10	2.50	7.19	3.04	2.60	2.09	4.00	3.97	2.70
MANAGEMENT RETURNS	(35.59)	(232.52)	164.93	(25.17)	(120.87)	94.25	1.50	(115.54)	112.87

Table 5B - Economic Management Analysis per Operator Acre: Kentucky Grain Farms by Size & Management - 2014

	Grain	Grain	Grain	Grain	Grain	Grain	Grain	Grain	Grain
Range in Size (Acres)	0-999	0-999	0-999	1000-1999	1000-1999	1000-1999	2000+	2000+	2000+
Management Returns	All	Lo 1/3	Hi 1/3	All	Lo 1/3	Hi 1/3	All	Lo 1/3	Hi 1/3
Number of Farms	64	21	21	64	21	21	99	33	33
Crop Yields									
Yellow Corn	159	145	164	167	164	166	161	148	164
Full Season Soybeans	48	43	54	53	52	56	53	50	54
Wheat	73	63	78	78	72	85	80	80	81
Double Crop Soybeans	43	37	49	38	35	38	37	35	38
Total Acres Planted-Selected Crops									
Yellow Corn	304	254	324	614	590	696	1,821	1,710	1,879
Full Season Soybeans	186	170	230	487	520	400	892	801	935
Wheat	208	140	266	380	346	390	1,286	1,439	1,282
Double Crop Soybeans	214	142	312	397	371	406	1,375	1,525	1,343
Land Use %									
Yellow Corn	43.1%	44.1%	42.5%	41.7%	41.0%	44.6%	44.3%	42.5%	46.6%
Full Season Soybeans	26.0%	31.1%	26.6%	30.4%	36.2%	23.1%	21.7%	20.5%	21.0%
Wheat	20.0%	15.3%	18.5%	17.6%	16.0%	20.0%	26.4%	27.9%	26.8%
Double Crop Soybeans	20.0%	15.5%	19.2%	17.5%	16.0%	19.5%	27.5%	29.6%	27.1%
White Corn	1.0%	2.9%	0.7%	2.8%	1.7%	3.9%	3.6%	5.6%	1.3%
Crop Value Per Acre									
Yellow Corn	641	568	696	674	630	694	674	613	707
Full Season Soybeans	499	444	577	575	542	646	572	533	591
Wheat	426	309	506	476	417	554	523	511	553
Double Crop Soybeans	460	424	524	422	339	475	403	379	417
White Corn	585	488	913	687	718	694	612	574	636
Price Received - Old Crop									
Yellow Corn	4.59	4.47	4.61	4.54	4.40	4.64	4.76	4.79	4.84
Soybeans	13.18	13.13	13.13	13.31	13.27	13.21	13.21	13.48	13.25
Wheat	6.73	5.97	6.90	6.83	6.79	6.84	7.44	7.47	7.61
Price Received - New Crop									
Yellow Corn	3.78	3.66	4.10	3.88	3.62	4.25	3.96	4.01	3.74
Soybeans	10.36	10.27	10.47	10.69	10.51	11.87	10.96	10.81	11.26
Wheat	5.38	4.92	5.85	5.89	5.41	6.39	5.88	6.09	5.74

Table 6 - Summary of Kentucky Grain Farms by Returns to Non-Feed Costs - 2014

	Grain	Grain	Grain
	All	All	All
	All	Lo 1/3	Hi 1/3
Range in Size (Acres)	All	All	All
Management Returns	All	Lo 1/3	Hi 1/3
Number of Farms	227	75	75
Total Acres in Farm	2,542	2,199	2,776
Tillable Acres in Farm	2,372	2,007	2,582
Operator Tillable Acres	2,173	1,844	2,387
Percent Land Owned	27.6%	30.3%	35.1%
Percent Land Crop Share	24.3%	21.9%	22.6%
Percent Land Cash Rent	48.0%	47.8%	42.3%
Months of Hired Labor	56.5	42.8	59.3
Months of Unpaid Labor	17.6	17.4	17.2
Total Months Labor	74.2	60.3	76.5
FARM RETURNS			
Total Cash Operating	2,201,930	1,797,680	2,513,047
Inventory Change	(159,824)	(236,533)	(136,943)
Accounts Receivable Change	35,439	28,114	44,351
Farm Products Used	0	0	0
Less Purchased Feed & Grain	75,237	64,949	61,984
Less Purchased Livestock	14,803	11,380	10,418
GROSS FARM RETURNS	1,987,505	1,512,933	2,348,053
FARM COSTS			
Total Cash Operating	1,612,981	1,381,228	1,718,712
Farm Products Used	0	0	0
Prepaid Expense Change	(14,878)	4,053	(75,267)
Accounts Payable Change	16,986	38,552	(146)
TOTAL OPERATING EXPENSE	1,615,089	1,423,834	1,643,300
INCOME BEFORE DEPRECIATION	372,415	89,098	704,753
Less Depreciation	208,005	192,837	223,471
FARM OPERATING INCOME	164,410	(103,739)	481,281
Capital Account Adjustment	9,154	9,171	6,733
NET FARM INCOME (NFI)	173,564	(94,568)	488,015
Less Unpaid Family Labor	1,736	2,020	1,433
RETURNS TO OPERATOR LABOR			
CAPITAL, & MANAGEMENT	171,828	(96,588)	486,582
Less Unpaid Operator Labor	46,890	46,027	45,990
RETURNS TO EQUITY CAPITAL			
& MANAGEMENT	124,938	(142,615)	440,592
Less Equity Capital Charge	137,802	112,542	185,613
MANAGEMENT RETURNS	(12,864)	(255,156)	254,979
FINANCIAL EFFICIENCY RATIOS			
Operating Expense Ratio (%)	77.61%	89.01%	66.97%
Depreciation Expense Ratio (%)	10.47%	12.75%	9.52%
Interest Expense Ratio (%)	3.65%	5.10%	3.02%
NFI from Operations Ratio (%)	8.27%	-6.86%	20.50%

**Table 6A - Economic Management Analysis per Operator Acre:
Kentucky Grain Farms by Returns to Non-Feed Costs - 2014**

	Grain	Grain	Grain
Range in Size (Acres)	All	All	All
Management Returns	All	Lo 1/3	Hi 1/3
Number of Farms	227	75	75
Total Acres in Farm	2,542	2,199	2,776
Tillable Acres in Farm	2,372	2,007	2,582
Operator Tillable Acres	2,173	1,844	2,387
Percent Land Owned	27.6%	30.3%	35.1%
Percent Land Crop Share	24.3%	21.9%	22.6%
Percent Land Cash Rent	48.0%	47.8%	42.3%
Months of Hired Labor	56.5	42.8	59.3
Months of Unpaid Labor	17.6	17.4	17.2
Total Months Labor	74.2	60.3	76.5
FARM RETURNS			
Crop Returns	725.32	658.21	757.20
Livestock Return Above Feed	16.50	10.97	20.88
Custom Work	9.62	6.69	10.81
Other Farm Receipts	37.05	28.90	47.87
Tobacco Returns	74.69	48.87	93.88
GROSS FARM RETURNS	863.18	753.64	930.64
FARM COSTS			
Soil Fertility	135.48	141.70	130.52
Pesticides	62.17	64.00	57.60
Seed	84.60	84.82	82.78
Crop Total	282.25	290.52	270.90
Utilities	10.69	10.61	9.97
Machine Repairs	39.77	44.61	34.91
Machine Hire & Lease	28.54	26.35	24.03
Fuel & Oil	37.91	36.90	36.74
Light Vehicle	0.17	0.10	0.05
Machine Depreciation	71.02	77.79	68.15
Power & Equip. Total	188.09	196.37	173.84
Drying	6.15	6.11	6.51
Storage	1.17	0.95	1.02
Building Repair & Rent	10.47	9.38	9.96
Building Depreciation	18.26	19.72	19.91
Building Total	36.05	36.17	37.39
Labor, Unpaid	20.25	23.84	17.88
Labor, Paid	66.62	62.78	64.80
Labor Total	86.86	86.62	82.68
Vet, Med, Livestock Supply	1.61	1.14	1.52
Insurance	33.74	35.57	30.98
Miscellaneous	12.43	10.55	9.91
Interest Charge - Non land	60.82	62.04	62.29
Other Costs Total	108.60	109.30	104.70
Land Charge Total	171.46	178.01	157.13
TOTAL NON-FEED COSTS	873.31	896.99	826.65
Gain/loss Capital Sales	4.21	4.97	2.82
MANAGEMENT RETURNS	(5.92)	(138.38)	106.81

**Table 6B - Economic Management Analysis per Operator Acre:
Kentucky Grain Farms by Returns to Non-Feed Costs - 2014**

	Grain	Grain	Grain
Range in Size (Acres)	All	All	All
Management Returns	All	Lo 1/3	Hi 1/3
Number of Farms	227	75	75
Crop Yields			
Yellow Corn	162	149	165
Full Season Soybeans	53	49	54
Wheat	80	78	82
Double Crop Soybeans	37	35	39
White Corn	135	129	137
Total Acres Planted-Selected Crops			
Yellow Corn	1,069	823	1,253
Full Season Soybeans	592	449	677
Wheat	790	727	904
Double Crop Soybeans	843	777	987
White Corn	819	1,146	590
Land Use %			
Yellow Corn	43.8%	40.5%	46.2%
Full Season Soybeans	23.6%	22.8%	22.5%
Wheat	24.3%	26.2%	24.7%
Double Crop Soybeans	25.2%	27.5%	25.3%
White Corn	3.3%	5.6%	1.6%
Crop Value Per Acre			
Yellow Corn	671	603	704
Full Season Soybeans	566	516	589
Wheat	511	489	553
Double Crop Soybeans	409	373	434
White Corn	623	580	668
Price Received - Old Crop			
Yellow Corn	4.72	4.67	4.79
Soybeans	13.23	13.24	13.19
Wheat	7.36	7.39	7.54
White Corn	5.65	5.79	5.38
Price Received - New Crop			
Yellow Corn	3.93	3.85	3.91
Soybeans	10.85	10.63	11.17
Wheat	5.84	5.87	5.82
White Corn	5.15	5.80	4.99

Table 7 - Price and Yield Comparisons 2013-2014										
Crop	2014		2013		Change		\$ Crop Loss/Ac		% Crop Loss	
	Yield	New Crop Price	Yield	2014's Old Crop Price	Yield per Acre	Price per Bushel	Due to Yield	Due to Price	Due to Yied	Due to Price
Corn	161	3.91	190	4.72	-29	-0.81	\$ 137	\$ 154	47%	53%
Full Season Beans	52	10.84	53	13.22	-1	-2.38	\$ 13	\$ 31	30%	70%
Wheat	79	5.82	81	7.36	-2	-1.54	\$ 15	\$ 125	11%	89%
Double Crop Beans	38	11.62	51	13.07	-13	-1.45	\$ 170	\$ 74	70%	30%

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