Highlights from the 2019 WI FBPM Annual Farm Financial Report

21% of FBPM students completed an analysis

111 farms, submitted by 10 instructors

Analysis by Farm Type

Other includes farm enterprises – hogs, fruits, vegetables, contract growers, etc.

Crop Acres

2019 Analysis Submitted by Technical College
Total dollars spent in the local communities by the 111 farms: $100,497,957.

Capital Debt Repayment Capacity
(What's left after all bills are paid.)
Note how adjusted net farm income correlates to inventory changes on farm year after year.
Wisconsin farms continue to see high operating expenses. Ideally the operating expense ratio should be less than 70%. Asset turnover ratio measures the efficiency relating to the use of capital. It is considered strong when over 45%. The past five years it has been under 40%.

Term debt coverage ratio is one of the most important measures lenders use to evaluate proposed loans. It is the measures the ability of the business to cover all term debt payments over a period of time. A farm is rated “poor” if the ratio is under 1.25.
Wisconsin farms have seen 5 years of decline in working capital. A healthy current ratio is considered to be higher than 2.0.

Working capital to gross income continues to degrade. Strong working capital to gross revenue is 30%. Farms tend to see liquidity problems when working capital to gross revenue is less than 20%, and are considered vulnerable when under 10%.

The profitability measures: rate of return on assets (ROA), rate of return on equity (ROE) & operating profit margin are showing the impact of the low prices for milk, cattle, corn, soybeans, etc.
Operating expenses continue to rise in most cases, below are some highlighted expenses.
Value of the data benefits many!

Data compiled and published in this report provides value for producers, educators, agri-business professionals, lenders, researchers, policy makers, media and U.S. Agriculture.

**Value for the producer:** build understanding of quality records and consistent recordkeeping techniques; provided the ability to benchmark their operation against others; enhances communication within the family; generates new insight into their operation; provides guidance for informed decisions; enables a higher level of questioning of practices; builds confidence for making changes/improvements and communicating with stakeholders regarding their business; and enhances their ability to share the status of Agriculture within their communities.

**Value for the educator:** provides a basis to discuss whole farm and enterprising records, and demonstrates the need for quality records in making management decisions; provides a tool to enhance the educational experience; enhances the worth of the program when working with producers and stakeholders; supports program promotion and recruitment; informs non-agriculture communities of the status of Agriculture.

**Value for lenders and other professionals:** provides quality financial and enterprise benchmarking data for working with producers; helps lenders understand typical expenses and returns; and improves communication with producers.

**Value for research:** broadens the value beyond those directly associated with the data; answers additional questions for producers; helps organizations and policy makers better understand agriculture; expands the value of the data beyond the states contributing data; provides new insight to improve U.S. Agriculture; and increases recognition of the database.

**Value for policy makers, media and U.S. Agriculture:** It is a true “national” database of reliable, quality-controlled data that is unique in the world. It provides factual data for media outlets and is effective in guiding policy decisions at the state and national level.

**What the data is:** Provided voluntarily by active producers using best practices in collecting comprehensive financial, production, and enterprise data; and using consistent quality control measures.

**What the data is NOT:** A paper survey or online, fillable form requesting only selected data with limited quality control; a private, potentially biased, request for data; or a restricted use database.

**How it demonstrates value:** Reports become the “newly revised” textbook version for farm management, complimenting curriculum development. The use goes beyond traditional agriculture industry professionals, providing research opportunities in many disciplines, enabling the use of “real” data for policy decisions, and supporting efforts to maintain or enhance funding.

**Number of Users:** In 2018, 45,127 FINBIN reports were ran by more than 8,000 unique users.

*This information is the summary of a presentation given 11/20/2019 at the National Benchmark Project Leaders Meeting presented by Kevin Klair and DelRay Lecy.*
Cooperating institutions:

Data from this report is from 111 farms. The farmers are enrolled in the Farm Business & Production Management programs in the Wisconsin Technical College System. Colleges submitting farm analysis for the report are Chippewa Valley, Fox Valley, Northeast, Southwest & Western Technical Colleges.

This report was developed using FINPACK and RANKEM software developed by the Center for Farm Financial Management at the University of Minnesota. [http://www.cffm.umn.edu/](http://www.cffm.umn.edu/)

Additional farm financial reports can be queried from the Center for Farm Financial Management FINBIN website. [https://finbin.umn.edu/](https://finbin.umn.edu/)

This report was created through the efforts of the WI FBPM instructors and edited by Sara Maass-Pate, Farm Business & Production Management Instructor at Fox Valley Technical College and the USDA NIFA Farm Business Management Benchmarking Grant: 2019-38504-29890 C00066315-4, Expanding Farming Benchmarking Results through Multi-state Collaborations and Mentoring.