

ALABAMA FARM ANALYSIS ASSOCIATION SUMMARY REPORT 2008

(2003-2007 Data)

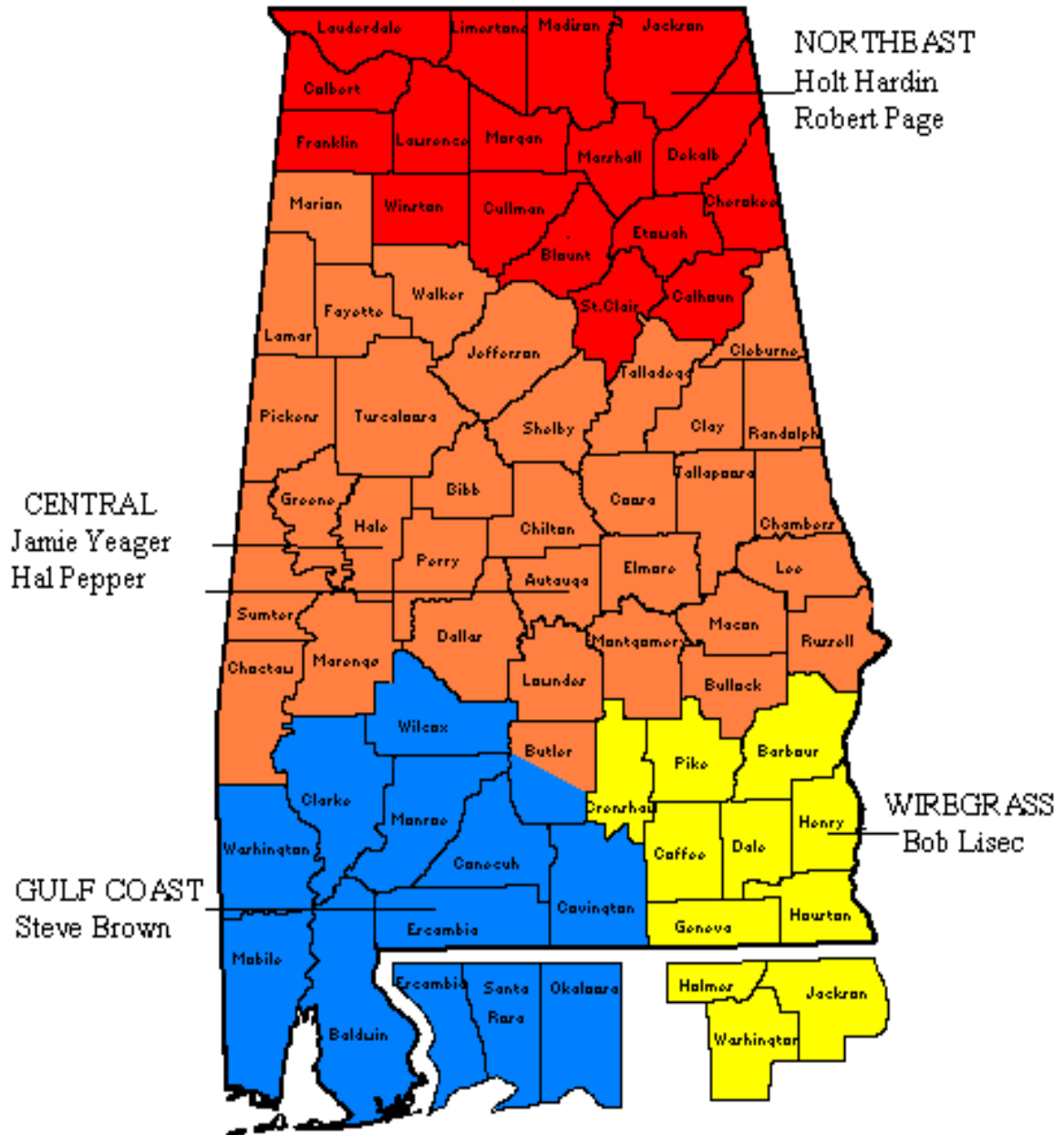


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Alabama Farm Business Management and Financial Analysis Program

Your Experts For Life

The Farm Analysis Program

- Is a cooperative educational service program that assists farmers with improved management decision-making.
- Is available to farmers in all of Alabama's 67 counties, plus 6 counties in the Florida panhandle.
- Provides help in developing business and family records, and offering computer-assisted record processing options (on-farm or mail-in service center).
- Provides financial and production business analysis reports.
- Provides experienced specialist to help interpret analytical reports and offer counsel on management problems and opportunities. As the infrastructure of agriculture changes, the specialist's objectivity is vital.
- Provides assistance with income tax and estate tax planning and management.
- Benefits farmers, lenders, researchers, and public policy makers across the state. The annual Summary Report lists average benchmark data for most major commodities produced in Alabama.
- Provides economic outlook and tax law information as specialists deliver educational materials via meetings, workshops, and news articles.

Better financial management provides improved farm income and greater security for your family. Cooperators receive the following:

1. COMPLETE RECORD OF THE FARM BUSINESS

Each farmer maintains a complete production and financial record of the farm business. Receipts, expenses, inventories, and capital accounts, along with crop and livestock production records, provide information for the analytical reports. At the end of the accounting period, totals are transferred into a computer program that summarizes, analyzes, and prints the reports.

2. DETAILED BUSINESS REPORTS

- INCOME STATEMENT shows farm profitability and the amount of money available for family living and new investments. The income statement answers the question, "How much money did the farm make?"
- SOURCES AND USES REPORT shows how funds were used for operating expenses, capital purchases, family living needs, and taxes. It answers, "Where did all the money go?"
- STATEMENT OF CASH FLOW reveals the sources of cash flow – operating, investing, and financing activities.
- BALANCE SHEET provides a list of assets and liabilities, and measures the net worth of the business.

- COMPARATIVE ANALYSIS compares returns and cost structures of the farm and enterprises with similar farms.
- FINANCIAL TREND ANALYSIS lists measures of liquidity, solvency, profitability, repayment capacity, and financial efficiency, over the past five years.
- ENTERPRISE REPORTS are provided as requested and needed by the cooperator.

1. COUNSEL WITH A SPECIALIST

An experienced farm analysis specialist edits the record information and supervises the preparation of all reports. The specialist meets regularly with each cooperator to help interpret analysis reports and counsel on financial management problems and opportunities. Present cooperators say that the opportunity to discuss management decisions with a specialist who understands their situations and spends time working with commercial farmers is of tremendous value to them. Each cooperator's information remains confidential and is not shared with anyone without permission.

2. NEWSLETTERS AND PUBLICATIONS

Specialists prepare and distribute, in cooperation with the Alabama Cooperative Extension System and the Department of Agricultural Economics and Rural Sociology of Auburn University, newsletters offering timely management tips, latest information on state and federal tax regulations, and useful farm planning information.

3. YEAR-ROUND SUPPORT

JANUARY. The specialist meets with the farmer and checks his or her records to see that they are complete. The records of all cooperators are then summarized. Assistance is provided for accurate completion of required forms, such as 1099s, W2 statements, and other quarterly and annual employer reports.

FEBRUARY - MARCH. Financial reports of the year's business are returned to each cooperator: sources and uses of funds summary, beginning and end-of-year net worth statement, end-of-year balance sheet, business analysis sheet, income statement/profit-loss statement, and farm enterprise reports. Information required to file income tax is also provided: Schedule F worksheet, Detailed Depreciation Schedule, Form 4797 work sheet, and Form 4562 summary.

APRIL - MAY- JUNE. Each cooperator meets individually with the specialist (either in the office or on the farm) to discuss the financial and business analysis reports and to review major management decisions.

JULY - AUGUST - SEPTEMBER. The specialist schedules a visit to each cooperating farm. In addition to editing the record-keeping activities, the visit provides an opportunity to inspect progress and to continue planning for next year's business operation.

OCTOBER - NOVEMBER - DECEMBER. Tax planning assistance is provided. Current management problems and opportunities including tax law changes are also reviewed.

4. LOCAL ASSOCIATION MEMBERSHIP

Alabama has four Farm Analysis Associations, organized as not-for-profit corporations that co-sponsor the program with the Alabama Cooperative Extension System and in cooperation with the Department of Agricultural Economics and Rural Sociology at Auburn University. These local associations are directed by boards of directors that are elected by and from farmers participating in the association's activities. These boards provide input into the activities and policies of each

association and set membership fees for participation. This money is used to pay the direct costs each association incurs and to make annual grants to the Alabama Cooperative Extension System. The grants from the local associations defray a portion of the cost incurred by the Alabama Cooperative Extension System as it delivers this intensive one-on-one program to farmers in the state.

1. STATE ASSOCIATION REPRESENTATION

The Alabama Farm Analysis Association is a separate not-for-profit corporation, made up of representatives from each of the four local associations. The major purpose of the state association is to facilitate communication among the four local associations concerning future needs and directions to be explored.

Why Cooperators Like This Program

About 95 percent of the cooperators in this program maintain their enrollment from year to year. Here are some of the reasons:

"YOU LEARN MORE ABOUT YOUR BUSINESS. The comparative analysis report provides a comprehensive review of your total business. You learn about its strong points and how you can use them to retain profits in your business."

"YOU GAIN CONFIDENCE in making and implementing better financial management decisions."

"YOU ENJOY BETTER LIVING. By studying your analysis reports, you can organize your business with a better chance of attaining your business and family goals."

2. WHAT DOES ALL THIS COST?

The exact cost to an individual farmer depends on the size of the farm, the volume of livestock produced, and the special services requested. Each cooperator is advised to enroll for more than one year to receive the maximum benefits of participation.

FOR MORE INFORMATION:

For further information, contact one of the following Extension specialists, or the county Extension agent that is located nearest your place of business.

- Auburn University

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DEFINITION OF TERMS

Tillable Acres - capable of sustained crop production, whether planted to crops or not.

Operator Acres - portion of tillable acres from which the farmer gets production after subtracting the landlord's share. If the landlord receives a one-fifth share on 100 acres, the Operator Acres used is the farmer's portion--80 acres.

Crop Returns - total cash sales of hay, grain, seed, and feed; plus the value of farm-raised seed and pasture used, the value of feed fed to livestock, government program payments received and accrued, and the change in inventory value of crop, feed, and seed; less the value of feed and grain purchased.

Value of Feed Fed - purchased hay, feed, and grain, plus the value of raised crops fed on farm, plus the cash cost of producing pasture grazing.

Pasture Cost - assigned value of grazing consumed by livestock. Prior to 2004, this was assigned a value of \$.22 per day per animal unit. Beginning in 2004, pasture cost was changed to be the cash outlay for fertilizer, seed, and chemicals on pasture consumed by livestock.

Livestock Returns Above Feed - total receipts from sales of market and breeding livestock as well as livestock products; plus change in inventory value of all livestock; less the value of feed fed.

Gross Farm Returns - represents the value of farm production for the year, whether sold, used on farm, or kept in inventory. The cost of feed and livestock purchased is considered cost of goods sold and is subtracted from gross receipts.

Labor Paid - the cost of wages, benefits, and payroll taxes.

Livestock Supplies and Services - cost of veterinary services, animal health, and supplies, such as ear tags, used in livestock production.

Total Non-Feed Cost - total cash and accrued expenses and farm-raised inputs directly attributable to the year's production. Feed and livestock purchases are not included but are deducted from gross receipts.

Return Above Operating Expenses - Gross Farm Returns minus Total Non-Feed Cost. It is net income remaining after the year's accrued and cash expenses are subtracted from the value of the year's total production.

Capital Account Adjustment - capital gain or loss on sale of buildings and equipment.

Net Farm Income - Gross Farm Returns, less Total Non-Feed Cost and Depreciation, plus or minus Capital Account Adjustment. It is Profit for the year from the farm and represents the return to the operator(s) for unpaid labor, management, equity capital, and leasing cost used in the farm.

Labor Unpaid - value placed on labor contributed to the farm without compensation to the farm operator(s) and family. It is the opportunity cost of the operator(s) physical labor -- what could have been earned had they been employed on another farm. See the Value Tables for the rates used for unpaid labor.

Interest on Equity Capital - return assumed to be paid on capital invested in the farm. It is the opportunity cost of the operators' investment -- what could have been earned if the capital had been invested elsewhere. See the Value Tables for rates used to calculate opportunity cost of equity capital.

Total Farm Management Returns - Net Farm Income less Unpaid Labor, Interest on Equity Capital, and Leasing Cost. A measure of Profitability, it represents the part of Net Farm Income that remains as payment to the operator(s) for managing the farm. Net Farm Income (profit) is reduced by the opportunity cost of investment in the farm and physical labor to arrive at the economic reward to the farmer(s) for choices made and decisions implemented in the farming operation.

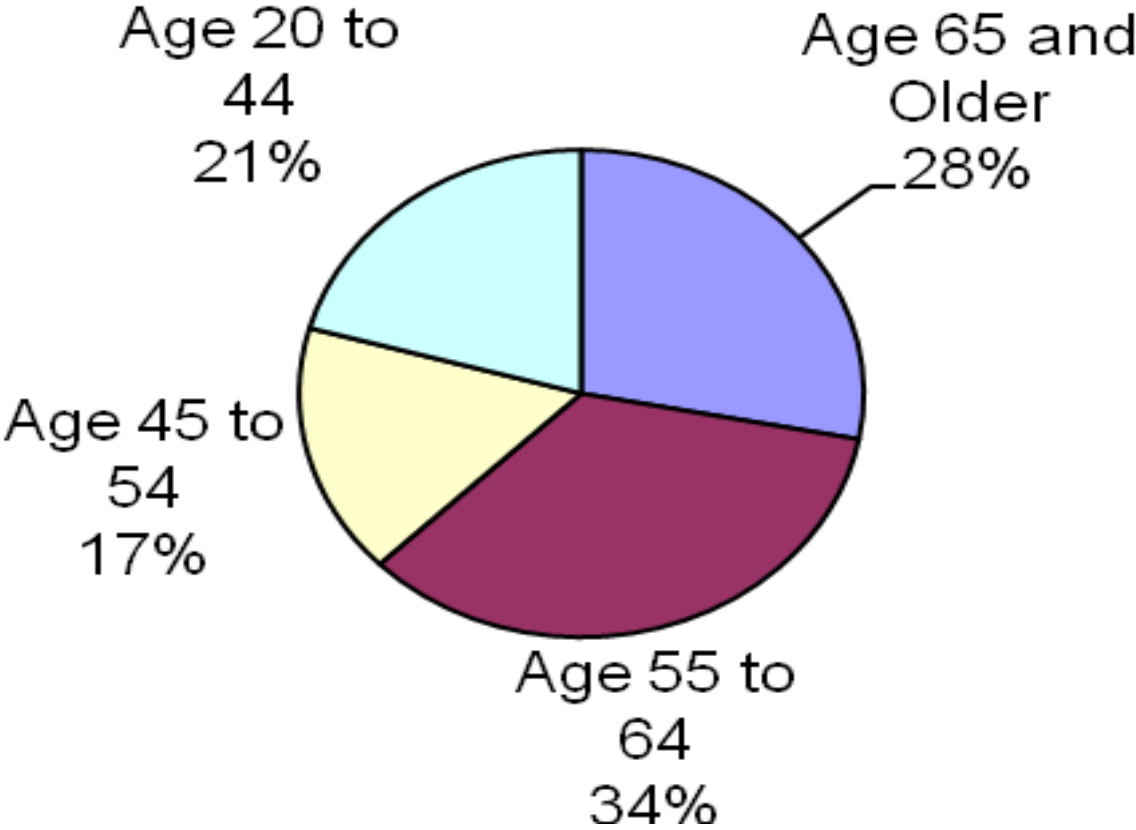
Operator Share Management Returns - Total Farm Management Returns divided by the number of months of unpaid operator labor and multiplied by 12. It reflects returns to management per operator.

Depreciation - the method of depreciation used was Economic Depreciation. Economic Depreciation is Alternative MACRS Depreciation, where cost of the asset is recovered by the straight-line method. No salvage value is considered, and Section 179 Expensing is not used.

VALUES FOR UNPAID LABOR AND INTEREST RATES

	2003	2004	2005	2006	2007
Unpaid Labor Per Month 208 hours per month	\$1,400	\$1,500	\$1,667	\$1,667	\$1,667
Land Interest	4.00%	4.00%	4.00%	4.00%	4.00%
Non-Land Interest	7.00%	7.50%	7.50%	8.00%	8.00%

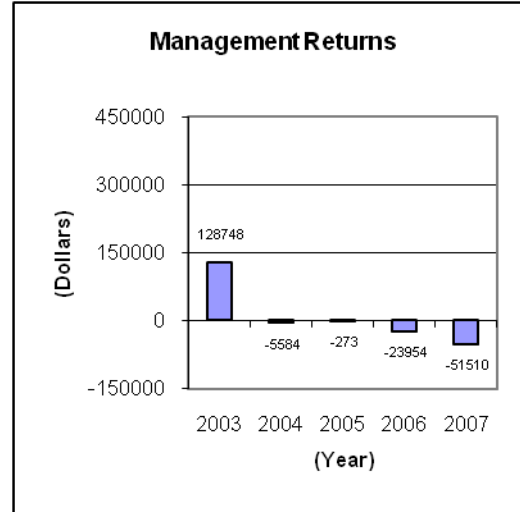
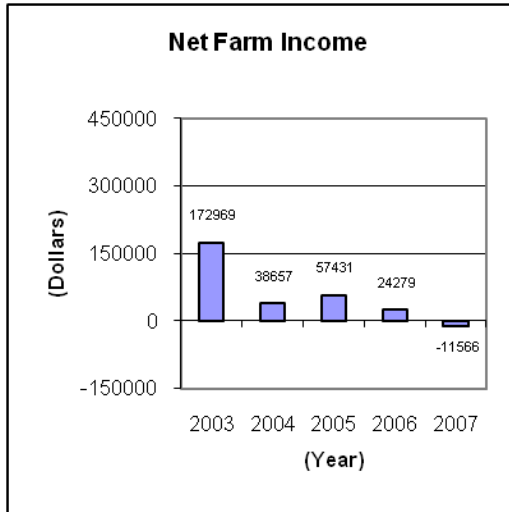
PROFILE OF COOPERATORS BY AGE



Average age of cooperator in Alabama Farm Analysis Associations is 57.
The range is 27 to 92.

CENTRAL ALABAMA COTTON

OPERATOR'S SHARE PER FARM

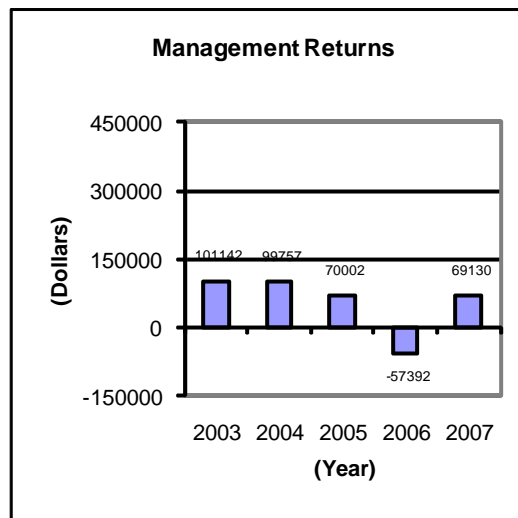
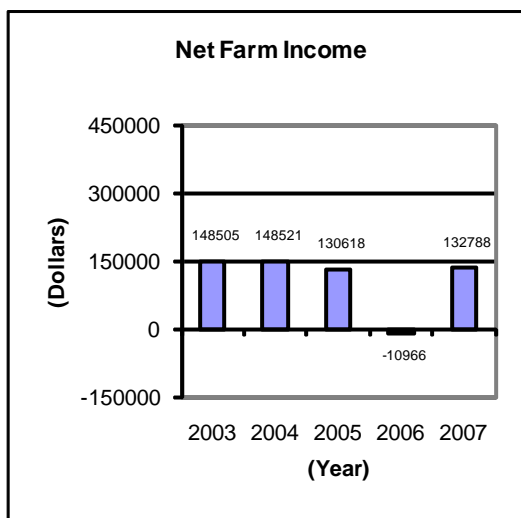


Cotton yields have suffered because of poor weather conditions in the past four years. 2003 was a good year with adequate rainfall at planting and throughout the growing and harvest season. Prospects were good for an excellent crop in 2004 and harvest had just begun when Hurricane Ivan hit the Gulf Coast and proceeded up the Alabama River. The storm reduced yields 30 percent or more. In 2005 the five tropical systems that affected central Alabama brought more destructive wind than rainfall during the growing season. In 2006 the summer long drought reduced yields to 400 pounds. Another drought in 2007 brought yields down to less than 300 pounds. Even though cotton prices increased in 2007, central Alabama growers were not able to capitalize on them because of poor yields. Net Farm Income of -\$8.02 and Management Returns of -\$35.73 per acre were the lowest in five years. If cotton is to remain a viable enterprise for these farms, yields must increase under the current cost and price structure.

CENTRAL ALABAMA COTTON

	2003	2004	2005	2006	2007
Number of Farms	9	9	9	6	8
Average Total Acres	1,369	1,326	1,643	1,621	1,774
Average Tillable Acres	1,141	1,199	1,507	1,508	1,442
Average Operator Acres	1,141	1,199	1,507	1,508	1,442
	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre
Farm Returns					
Crop Returns	484.10	354.99	420.20	328.00	276.61
Livestock Return Above Feed	26.82	14.06	15.90	5.22	9.89
Custom Work	0.05	11.56	15.76	8.77	21.20
Other Farm Receipts	30.44	12.08	20.25	21.30	42.45
Gross Farm Receipts	541.41	392.69	472.11	363.29	350.15
Farm Costs					
Soil Fertility	59.02	54.77	62.32	51.67	54.83
Pesticides	88.98	81.13	83.46	63.28	38.52
Seed	16.65	18.74	28.79	23.12	30.56
Crop Total	164.65	154.64	174.57	138.07	123.91
Utilities	5.11	4.33	4.67	4.61	4.96
Machinery Repairs	36.78	40.43	42.68	31.49	33.46
Machine Hire/Lease	28.54	34.08	37.93	20.83	22.09
Fuel & Oil	16.30	18.31	29.72	27.11	26.62
Auto Farm-Share	0.18	0.53	1.25	-0.06	1.04
Power & Equipment Total	86.91	97.68	116.25	83.98	88.17
Drying	0.00	0.14	0.04	0.00	0.00
Storage	0.26	0.14	0.00	0.00	0.00
Building Repair	3.55	4.36	2.33	2.10	5.46
Building Total	3.81	4.64	2.37	2.10	5.46
Labor Paid	19.17	17.42	21.08	21.54	21.91
Livestock Supplies & Services	6.68	2.68	0.81	1.69	1.98
Interest Paid	21.30	16.83	19.31	20.14	26.06
Insurance	16.99	17.00	18.13	20.57	14.09
Miscellaneous	4.27	6.15	6.29	4.71	6.44
Other Cost Total	68.41	60.08	65.62	68.65	70.48
Taxes	1.19	0.98	1.14	1.34	3.17
Cash Rent	25.51	23.41	45.27	25.83	23.87
Land Total	26.70	24.39	46.41	27.17	27.04
Total Non-Feed Cost	350.48	341.43	405.22	319.97	315.06
Return Above Operating Expenses	190.93	51.26	66.89	43.32	35.09
Machinery Depreciation	26.43	24.63	28.10	30.45	42.26
Building Depreciation	0.53	0.46	1.20	0.86	1.27
Capital Account Adjustment	7.70	6.09	0.51	4.10	0.42
Leasing Cost	0.00	0.00	0.00	0.00	0.00
Net Farm Income	171.67	32.26	38.10	16.11	-8.02
Labor Unpaid	15.54	12.03	10.01	8.48	12.00
Interest On Equity Capital	23.21	24.88	28.27	23.52	15.71
Total Farm Management Returns	132.92	-4.65	-0.18	-15.89	-35.73
Operator Share Management Returns	132.92	-4.65	-0.18	-15.89	-35.73
Crop Yields					
Corn (bu/acre)	92				50
Cotton (lb/acre)	781	650	681	403	280
Peanuts (lb/acre)			2476	2290	237
Wheat (bu/acre)					42

NORTH ALABAMA COTTON OPERATOR'S SHARE PER FARM



The North Alabama Cotton sort consists of cotton farms in the northeast corner of Alabama. Farm size and yields are comparable to other regions of the state.

The year 2003 saw especially heavy spring rainfall that resulted in prevented plantings in many counties. Surprisingly, the yield from harvested acres nearly rivaled the 1985 state record. The years 2004 and 2005 resulted in outstanding cotton yields in North Alabama, exceeding 2 bales per acre, in spite of threats from very active hurricane seasons.

Hot, dry conditions reduced cotton yields statewide in 2006, especially in Northeast Alabama. Yields dropped 30% in the region, from 944 pounds of lint per acre in 2005 to 667 pounds. World price for cotton fell reducing loan deficiency payments (LDPs) and cotton prices.

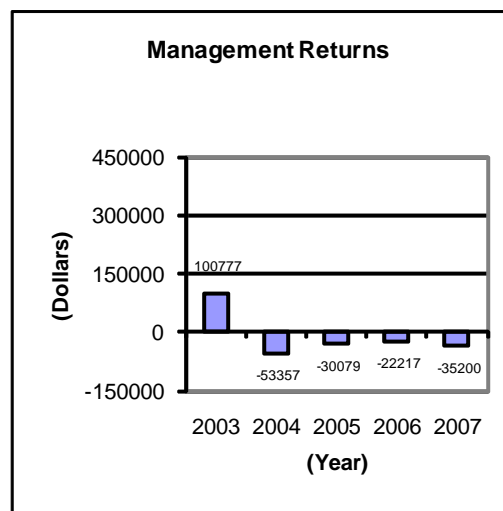
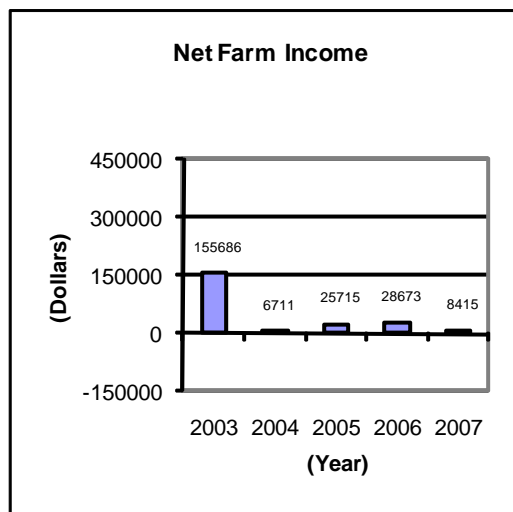
The 2007 crop season began the same way the 2006 crop season ended; conditions were extremely dry! Alabama's crop year 2007 will be remembered for the prolonged drought and hot weather conditions which resulted in low yields. Crop Returns increased slightly from \$347.77 to \$357.11 per acre.

Net Farm Income for 2007 was \$101.32 per operator acre. Management Returns were \$52.75 for the year. Compared to 2006, this was an increase of \$109.26 per acre in Net Farm Income and an increase of \$94.32 per acre in Management Returns. Net Farm Income averaged \$109,893 per farm and Management Returns averaged \$56,528 for the five-year period.

NORTH ALABAMA COTTON

	2003	2004	2005	2006	2007
Number of Farms	7	7	7	6	5
Average Total Acres	1,700	1,473	1,804	1,685	1,345
Average Tillable Acres	1,401	1,201	1,490	1,381	1,275
Average Operator Acres	1,401	1,201	1,490	1,381	1,310
	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre
Farm returns					
Crop Returns	391.82	435.05	449.99	347.77	357.11
Livestock Return Above Feed	39.15	42.80	39.32	35.89	59.39
Custom Work	5.10	6.26	1.01	0.25	1.55
Other Farm Receipts	1.73	5.44	7.33	5.25	30.45
Gross Farm Returns	437.80	489.55	497.65	389.16	448.50
Farm Costs					
Soil Fertility	39.83	47.34	63.26	44.26	61.18
Pesticides	61.37	51.28	64.95	62.59	53.06
Seed	35.54	34.09	40.83	36.29	28.13
Crop Total	136.74	132.71	169.04	143.14	142.37
Utilities	8.56	10.39	7.77	9.76	10.71
Machinery Repairs	28.60	35.09	40.00	37.36	40.92
Machine Hire/Lease	22.51	41.95	29.68	36.29	9.10
Fuel & Oil	11.09	12.41	16.77	18.51	13.09
Auto-Farm Share	0.37	1.76	1.72	0.72	1.60
Power & Equipment Total	71.13	101.60	95.94	102.64	75.42
Drying	0.00	0.00	1.12	3.65	0.00
Storage	0.42	0.59	0.00	2.36	0.97
Building Repair	1.60	5.53	2.40	0.95	0.16
Building Total	2.02	6.12	3.52	6.96	1.13
Labor Paid	29.22	26.73	29.40	29.71	13.79
Livestock Supplies & Services	2.31	4.22	7.47	10.38	6.57
Interest Paid	12.86	16.13	18.36	28.07	16.21
Insurance	12.73	13.65	11.74	14.01	13.41
Miscellaneous	3.76	3.04	2.69	2.75	3.36
Other Cost Total	60.88	63.77	69.66	84.92	53.34
Taxes	1.57	1.30	1.98	1.72	1.43
Cash Rent	28.08	27.78	37.81	21.95	30.52
Land Total	29.65	29.08	39.79	23.67	31.95
Total Non-Feed Cost	300.42	333.28	377.95	361.33	304.21
Return Above Operating Expenses	137.38	156.27	119.70	27.83	144.29
Machinery Depreciation	31.11	33.77	31.68	31.62	38.48
Building Depreciation	2.98	3.37	3.14	3.42	4.45
Capital Account Adjustment	3.46	4.49	2.92	-0.74	-0.04
Leasing Cost	0.00	0.00	0.13	0.00	0.00
Net Farm Income	106.75	123.62	87.67	-7.95	101.32
Labor Unpaid	13.05	18.61	17.40	21.77	21.93
Interest on Equity Capital	20.76	21.99	23.28	11.85	26.64
Total Farm Management Returns	72.94	83.02	46.99	-41.57	52.75
Operator Share Management Returns	72.94	83.02	46.99	-41.57	52.75
Crop Yields					
Corn (bu/acre)		124	131	73	94
Cotton (lb/acre)	917	1009	944	667	669
Double Crop Soybeans (bu/acre)					
Soybeans (bu/acre)	29				
Wheat (bu/acre)					

SOUTHEAST ALABAMA PEANUT/COTTON OPERATOR'S SHARE PER FARM



The Southeast Alabama Peanut/Cotton data reflect the typical row crop planting in the Wiregrass area of southeast Alabama and north Florida. The majority of crop land is dryland utilizing twin row peanuts for disease control and conservation tillage on cotton when possible to cut costs. Most farm operators also have a cow-calf enterprise to supplement income and utilize peanut hay.

Peanut and cotton acres decreased slightly in 2007 with irrigated corn acreage picking up the slack. More small grains were planted and double cropped with soybeans or cotton when water was available. Adequate seed for new peanut varieties will help in disease control and higher yields. There are approximately 200 acres of drip irrigated blueberries planted in the area with production set to begin in 2009.

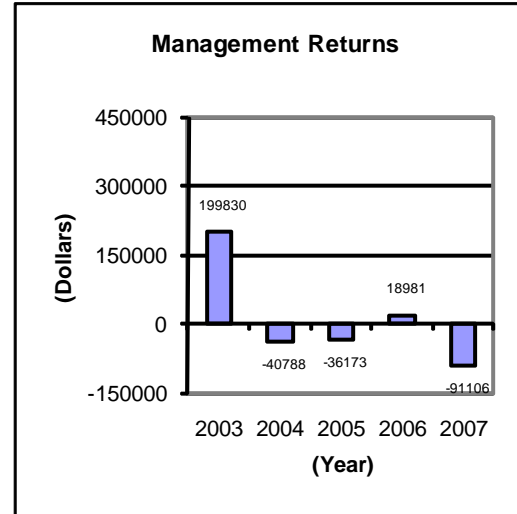
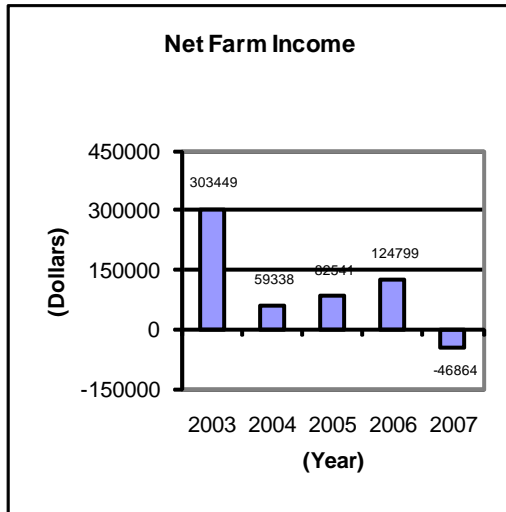
The 2007 growing season was almost a carbon copy of 2006 except there were a few more spotty showers that really helped the few who received them. Harvest weather was good with yields ranging from 1,400 to 3,600 pounds for peanuts and from 300 to 650 pounds for cotton. The averages for these farms were 2,686 pounds for peanuts and 502 pounds for cotton.

Cattle income helped cash flow again in 2007, but continued dry weather caused higher culling rates of cows and lighter selling weights of calves. Gross Farm Returns were \$502.62 per acre, an increase of 2.2% from the previous year. Non-Feed Costs were up 5.5%, with fuel increases leading the way. Net Farm Income dropped to \$8.26 per acre, down to 2004 levels. Management Returns were negative for the fourth straight year, indicating that these operators' net worth is possibly decreasing.

SOUTHEAST ALABAMA PEANUT/COTTON

	2003	2004	2005	2006	2007
Number of Farms	15	17	13	12	11
Average Total Acres	1,298	1,318	1,376	1,328	1,241
Average Tillable Acres	1,024	1,022	988	1,023	1,019
Average Operator Acres	1,024	1,022	988	1,023	1,019
	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre
Farm Returns					
Crop Returns	343.95	358.85	452.43	410.70	368.69
Livestock Return Above Feed	55.07	40.02	38.44	21.28	2.34
Custom Work	4.26	7.30	15.68	4.04	18.62
Other Farm Receipts	141.66	35.93	72.77	55.64	112.97
Gross Farm Returns	544.94	442.10	579.32	491.66	502.62
Farm Costs					
Soil Fertility	56.07	51.96	71.12	55.83	49.37
Pesticides	63.53	71.74	92.75	57.07	64.84
Seed	33.10	29.77	41.39	37.98	47.81
Crop Total	152.70	153.47	205.26	150.88	162.02
Utilities	5.90	6.60	7.81	7.65	11.14
Machinery Repairs	39.41	40.56	46.93	34.75	35.96
Machine Hire/Lease	16.41	17.49	20.90	18.52	18.82
Fuel & Oil	18.89	20.74	34.11	36.96	44.33
Auto-Farm Share	7.23	6.35	2.60	3.59	12.89
Power & Equipment Total	87.84	91.74	112.35	101.47	123.14
Drying	2.16	2.56	3.01	4.31	1.52
Storage	0.00	0.03	0.00	1.32	0.00
Building Repair	2.02	0.60	1.77	0.10	0.37
Building Total	4.18	3.19	4.78	5.73	1.89
Labor Paid	33.93	38.28	46.14	44.51	40.24
Livestock Supplies & Services	7.43	5.05	9.35	5.16	6.88
Interest Paid	18.78	17.39	32.55	35.47	42.99
Insurance	19.61	21.42	24.00	25.36	17.12
Miscellaneous	6.31	3.41	6.25	3.55	3.17
Other Cost Total	86.06	85.55	118.29	114.05	110.40
Taxes	1.40	1.66	2.00	2.06	2.28
Cash Rent	36.24	38.18	50.32	34.58	31.32
Land Total	37.64	39.84	52.32	36.64	33.60
Total Non-Feed Cost	368.42	373.79	493.00	408.77	431.05
Return Above Operating Expenses	176.52	68.31	86.32	82.89	71.57
Machinery Depreciation	35.10	66.29	67.77	56.66	58.69
Building Depreciation	2.17	1.41	1.12	0.83	3.13
Capital Account Adjustment	17.42	5.98	8.61	2.65	1.54
Leasing Cost	0.00	0.00	0.00	0.00	3.03
Net Farm Income	156.67	6.59	26.04	28.05	8.26
Labor Unpaid	20.77	20.81	24.40	21.60	26.32
Interest on Equity Capital	32.83	37.98	32.08	28.17	16.48
Total Farm Management Returns	103.07	-52.20	-30.44	-21.72	-34.54
Operator Share Management Returns	103.07	-52.20	-30.44	-21.72	-34.54
Crop Yields					
Corn (bu/acre)	120				112
Cotton (lb/acre)	587	610	708	561	502
Peanuts (lb/acre)	2,640	2,708	3,079	2,394	2,686
Soybeans (bu/acre)					
Wheat (bu/acre)	32		47	47	

SOUTHWEST ALABAMA PEANUT/COTTON OPERATOR'S SHARE PER FARM



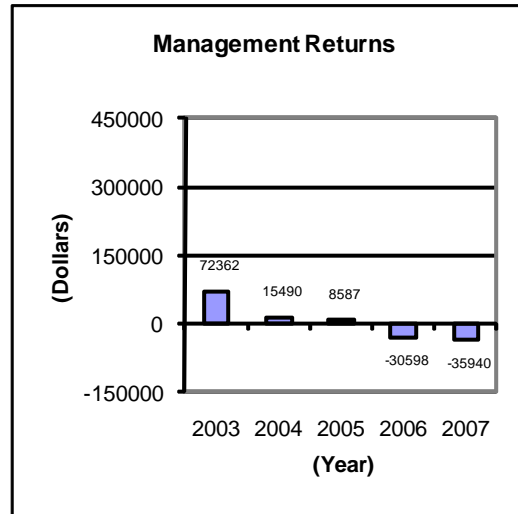
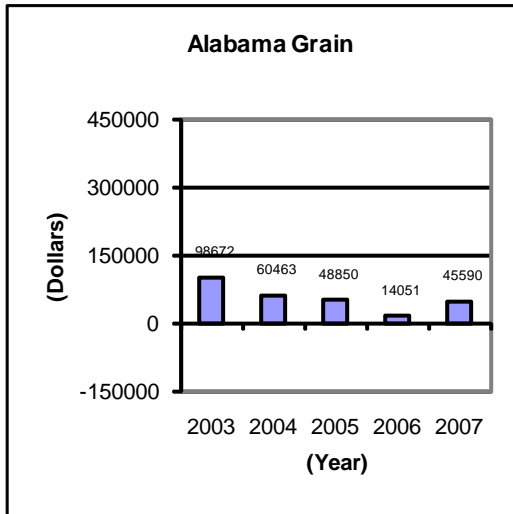
The Southwest Alabama Peanut/Cotton sort is comprised of farms whose major source of revenue comes from peanut and cotton production. Peanuts tend to be the more profitable crop year in and year out. Hurricanes, drought and disease pressure have taken their toll on profitability since 2003. In 2004 Hurricane Ivan destroyed a large portion of the cotton crop. In 2005 the Tomato Spotted Wilt Virus attacked peanuts and reduced yields drastically. Hurricanes Dennis and Katrina reduced cotton yields to some degree but not like that experienced from Hurricane Ivan in 2004. In 2007 early and mid season drought reduced yields in both cotton and peanuts. For a more detailed view of the profitability of peanuts and cotton in southwest Alabama, refer to the Peanut Enterprise Analysis and Cotton Enterprise Analysis.

In 2007, Return above Operating Expenses was \$21.33 per acre, Net Farm Income was \$-34.97 per acre, and Management Returns were \$-68.02 per acre.

SOUTHWEST ALABAMA PEANUT/COTTON

	2003	2004	2005	2006	2007
Number of Farms	12	15	14	13	12
Average Total Acres	2,581	2,332	2,533	2,893	1,617
Average Tillable Acres	2,182	1,926	2,073	2,341	1,339
Average Operator Acres	2,182	1,926	2,073	2,341	1,339
	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre
Farm Returns					
Crop Returns	668.22	553.92	580.35	531.94	552.98
Livestock Supplies & Services	7.28	12.66	12.85	5.64	-2.82
Custom Work	16.82	26.39	31.06	24.92	24.12
Other Farm Receipts	48.11	30.84	34.31	21.01	14.06
Gross Farm Returns	740.43	623.81	658.57	583.51	588.34
Farm Costs					
Soil Fertility	49.82	60.31	69.27	49.32	75.56
Pesticides	148.48	148.60	136.08	120.10	136.40
Seed	41.01	40.03	54.36	33.43	47.66
Crop Total	239.31	248.94	259.71	202.85	259.62
Utilities	4.47	4.84	5.18	4.43	5.31
Machinery Repairs	36.55	45.75	52.28	37.81	57.23
Machine Hire/Lease	25.98	36.00	22.59	30.13	22.88
Fuel & Oil	13.82	20.17	26.54	25.58	37.12
Auto-Farm Share	0.00	0.00	0.00	0.00	0.00
Power & Equipment Total	80.82	106.76	106.59	97.95	122.54
Drying	2.78	1.16	3.68	4.57	0.12
Storage	0.00	0.00	0.00	0.00	0.00
Building Repair	0.08	0.12	0.57	0.99	0.61
Building Total	2.86	1.28	4.25	5.56	0.73
Labor Paid	51.54	55.64	51.62	40.01	38.48
Livestock Supplies & Services	2.08	0.86	4.22	2.37	0.76
Interest Paid	27.18	34.09	35.57	45.73	57.91
Insurance	24.97	25.33	26.52	22.64	23.38
Miscellaneous	5.80	4.39	6.85	6.49	5.31
Other Cost Total	111.57	120.31	124.78	117.24	125.84
Taxes	1.32	1.55	1.46	1.51	1.29
Cash Rent	74.55	52.09	58.96	49.16	56.99
Land Total	75.87	53.64	60.42	50.67	58.28
Total Non-Feed Cost	510.43	530.93	555.75	474.27	567.01
Return Above Operating Expenses	230.00	92.88	102.82	109.24	21.33
Machinery Depreciation	51.60	67.08	70.44	57.53	55.54
Building Depreciation	0.96	0.88	0.94	0.75	0.76
Capital Account Adjustment	0.19	5.89	8.40	2.36	0.00
Leasing Cost	0.44	0.00	0.00	0.00	0.00
Net Farm Income	177.19	30.81	39.84	53.32	-34.97
Labor Unpaid	6.31	8.02	12.41	11.83	18.68
Interest On Equity Capital	41.17	43.97	44.87	33.38	14.37
Total Farm Management Returns	129.71	-21.18	-17.44	8.11	-68.02
Operator Share Management Returns	129.71	-21.18	-17.44	8.11	-68.02
Crop Yields					
Corn (bu/acre)	96				
Cotton (lb/acre)	819	650	757	863	574
Peanuts (lb/acre)	3,638	3,443	2,890	3,369	3,365
Soybeans (bu/acre)					
Wheat (bu/acre)					

ALABAMA GRAIN OPERATOR'S SHARE PER FARM



The Alabama Grain sort reflects the performance of producers primarily growing corn and soybeans for cash sale rather than feeding these crops to livestock. There was a downward trend in Net Farm Income from 2004 through 2006 as yields declined. Net Farm Income improved in 2007 as yields improved and custom work receipts increased.

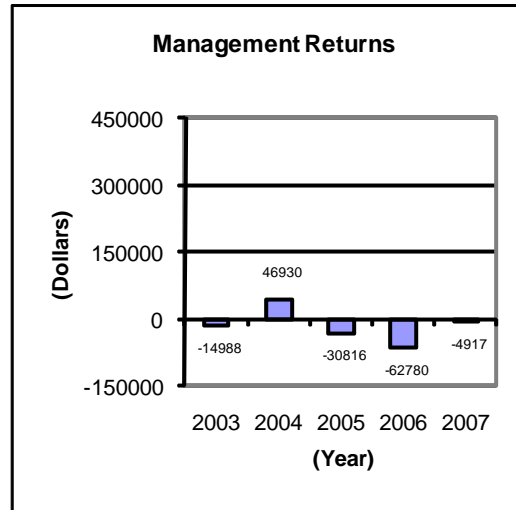
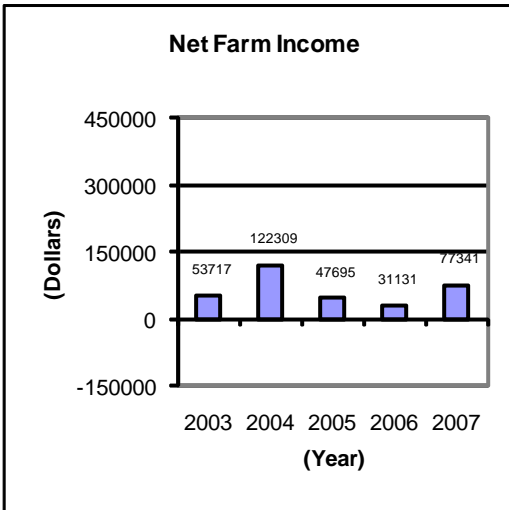
Good growing conditions in 2003 enabled farmers to produce record yields of corn and soybeans, and they also received record prices. Government payments decreased to less than half of the previous two years. In 2004, even with the effects of four hurricanes, these farms posted a record corn yield of 131 bushels per acre. Soybeans almost hit record yields; double crop and full season beans averaged 33 and 37 bushels per acre, respectively. In 2005, after the effects of two hurricanes, yields were impressive again; corn yielded 112 bushels and soybeans yielded 27 bushels. In 2006, crop yields were reduced because of prolonged drought and hot weather. Corn yielded 62 bushels, approximately half of the two previous years. In 2007 the corn yield increased to 85 bushels, but soybeans decreased to 17. Net Farm Income was \$33.11 per acre and the five year average was \$45.88 per acre. Management Returns were -\$26.11 per acre and the five year average was \$7.06 per acre.

ALABAMA GRAIN

	2003	2004	2005	2006	2007
Number of Farms	6	6	5	7	5
Average Total Acres	1,122	1,397	1,291	1,140	1,523
Average Tillable Acres	1,043	1,325	1,152	1,101	1,377
Average Operator Acres	1,033	1,325	1,152	1,101	1,377
	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre	Per Operator Acre
Farm Returns					
Crop Returns	274.66	277.48	297.52	316.92	289.24
Livestock Return Above Feed	24.25	14.12	14.77	1.44	4.78
Custom Work	0.76	1.50	1.57	4.24	107.63
Other Farm Receipts	13.78	8.30	15.21	18.84	18.44
Gross Farm Returns	313.45	301.40	329.07	341.44	420.09
Farm Costs					
Soil Fertility	41.51	50.24	66.90	67.77	107.69
Pesticides	18.53	22.45	14.59	37.09	28.10
Seed	20.81	23.28	27.34	21.56	44.65
Crop Total	80.85	95.97	108.83	126.42	180.44
Utilities	2.66	2.74	3.18	4.26	4.93
Machinery Repairs	16.36	21.68	19.05	27.91	32.34
Machine Hire/Lease	5.67	4.88	3.13	7.79	2.25
Fuel & Oil	8.23	11.05	16.42	18.62	18.85
Auto-Farm Share	0.46	0.59	0.10	0.00	0.00
Power & Equipment Total	33.38	40.94	41.88	58.58	58.37
Drying	1.92	2.65	1.52	0.35	2.31
Storage	0.35	0.00	0.00	0.00	0.00
Building Repair	0.83	0.68	1.44	1.31	5.75
Building Total	3.10	3.33	2.96	1.66	8.06
Labor Paid	13.77	26.46	24.29	30.49	35.92
Lvstk Supplies & Services	9.40	4.37	3.36	1.75	0.83
Interest Paid	13.20	9.39	20.22	16.05	13.56
Insurance	11.73	13.49	11.52	9.94	10.29
Miscellaneous	2.20	2.66	3.03	4.15	4.04
Other Cost Total	50.30	56.37	62.42	62.38	64.64
Taxes	0.65	0.52	0.71	0.52	2.74
Cash Rent	27.22	31.33	29.91	34.70	28.76
Land Total	27.87	31.85	30.62	35.22	31.50
Total Non-Feed Cost	195.50	228.46	246.71	284.26	343.01
Return Above Operating Expenses	117.95	72.94	82.36	57.18	77.08
Machinery Depreciation	19.22	27.16	39.37	48.72	43.35
Building Depreciation	0.61	1.59	1.67	2.52	2.56
Capital Account Adjustment	-0.23	1.46	1.06	6.82	1.94
Leasing Cost	2.37	0.00	0.00	0.00	0.00
Net Farm Income	95.52	45.65	42.38	12.76	33.11
Labor Unpaid	15.01	10.04	16.08	9.36	15.98
Interest on Equity Capital	10.46	23.91	18.85	31.18	43.24
Total Farm Management Returns	70.05	11.70	7.45	-27.78	-26.11
Operator Share Management Returns	70.05	11.70	7.45	-27.78	-26.11
Crop Yields					
Corn (bu/acre)	109	131	112	62	85
Double Crop Soybeans (bu/acre)	40	33			17
Soybeans (bu/acre)	34	37	27	30	
Wheat (bu/acre)	28	54		48	38

ALABAMA DAIRY

OPERATOR'S SHARE PER FARM



Increasing operator age, consolidations in the milk industry and lack of available labor continue to contribute to the decline in the number of Alabama dairy farms. There are currently fewer than 80 dairies with a total of 14,000 cows in Alabama. The dairies remaining in business are generally characterized by low debt loads, adequate labor, and efficient production.

In 2004 dairy farmers experienced higher milk prices than in 2003 and they increased production, which contributed to the highest Net Farm Income in five years. While milk prices remained firm for 2005 and 2006, production declined while expenses rose. Most notable increases in 2005 were Labor Paid and Livestock Supplies. In 2006, significant increases occurred in Crop Expenses, Fuel, and Machine Hire (hauling). In 2007 milk prices reached record highs, though feed prices started to increase.

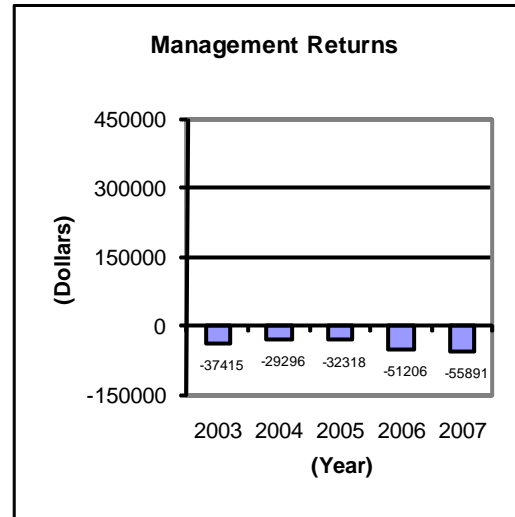
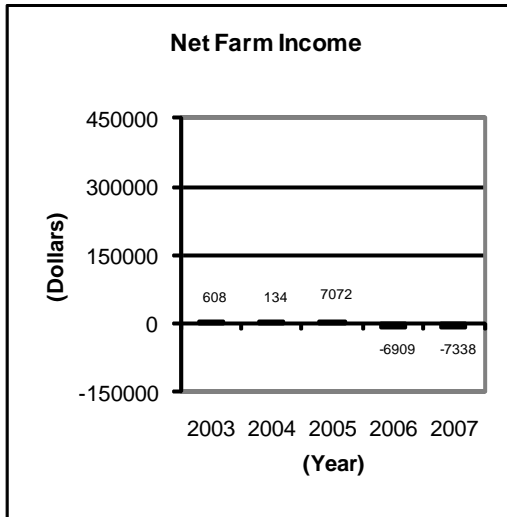
Net Farm Income increased to \$399.49 per cow, and Management Returns were -\$25.40. Net Farm Income averaged \$362 per cow over the five year period and Management Returns averaged -\$71. Positive Management Returns are essential to the long-term viability of farm operations.

ALABAMA DAIRY

	2003	2004	2005	2006	2007
Number of Farms	10	9	9	8	5
Average Total Acres	1,006	1,147	999	1,179	772
Average Tillable Acres	602	678	649	767	559
Average Operator Acres	590	678	649	767	559
Average Number Cows	187	179	175	186	194
	Per Head	Per Head	Per Head	Per Head	Per Head
Farm Returns					
Crop Returns	365.78	419.51	520.65	402.22	32.59
Livestock Return Above Feed	1,536.34	2,220.68	2,001.62	1,973.42	2,550.31
Custom Work	18.76	0.33	6.20	0.76	1.46
Other Farm Receipts	104.88	74.66	77.95	298.94	282.39
Gross Farm Returns	2,025.76	2,715.18	2,606.42	2,675.34	2,866.75
Farm Costs					
Soil Fertility	126.80	117.29	128.90	135.38	90.78
Pesticides	29.46	26.84	39.34	36.99	4.76
Seed	72.08	74.30	64.72	149.60	13.58
Crop Total	228.34	218.43	232.96	321.97	109.12
Utilities	112.81	117.64	134.33	167.69	189.20
Machinery Repairs	141.58	173.43	196.77	168.33	240.02
Machine Hire/Lease	124.79	129.41	129.49	164.42	80.64
Fuel & Oil	62.96	88.33	119.29	143.55	152.19
Auto-Farm Share	11.16	36.69	0.00	18.23	68.06
Power & Equipment Total	453.30	545.50	579.88	662.22	730.12
Drying	0.00	0.00	0.01	5.59	0.00
Storage	0.00	0.00	0.00	0.00	0.00
Building Repair	14.37	64.04	31.72	39.47	47.92
Building Total	14.37	64.04	31.73	45.06	47.92
Labor Paid	375.67	406.20	438.43	444.69	393.76
Livestock Supplies & Services	155.45	157.82	263.12	304.72	259.53
Interest Paid	132.02	161.81	210.58	191.17	239.73
Insurance	41.34	54.98	55.55	72.10	84.71
Miscellaneous	24.63	23.73	34.97	27.26	28.46
Other Cost Total	729.11	804.54	1,002.65	1,039.94	1,006.19
Taxes	10.74	16.04	15.24	17.24	15.22
Cash Rent	63.43	51.99	49.46	50.29	33.96
Land Total	74.17	68.03	64.70	67.53	49.19
Total Non-Feed Cost	1,499.29	1,700.54	1,911.92	2,136.72	1,942.54
Return Above Operating Expenses	526.47	1,014.64	694.50	538.62	924.21
Machinery Depreciation	175.67	219.50	289.34	311.47	266.13
Building Depreciation	99.14	104.80	98.92	67.63	182.25
Capital Account Adjustment	43.27	-0.68	11.25	5.44	10.46
Leasing Cost	1.78	7.47	45.27	0.00	86.80
Net Farm Income	293.15	682.19	272.22	164.96	399.49
Labor Unpaid	120.35	128.28	175.46	137.48	149.82
Interest On Equity Capital	247.64	292.15	272.66	366.26	275.07
Total Farm Management Returns	-74.84	261.76	-175.90	-338.78	-25.40
Operator Share Management Returns	-74.84	261.76	-175.90	-338.78	-25.40
Crop Yields					
Corn (bu/acre)	76			52	
DC Soybeans (bu/acre)					
Hay (tons/acre)	1	4	0	3	
Silage (tons/acre)	12			10	
Small Grain Silage (tons/acre)					
Soybeans (bu/acre)	34	19		22	

ALABAMA COW-CALF

OPERATOR'S SHARE PER FARM



The Alabama Cow-Calf sort is made up of farms whose main enterprise is a beef brood herd. Net Farm Income was -\$7,333 per farm in 2007; it has been negative or barely positive every year since 1999 except for 2005. Many producers must supplement their cash flow with off-farm income. Management Returns have consistently been negative because of the large capital investment associated with the cow-calf business.

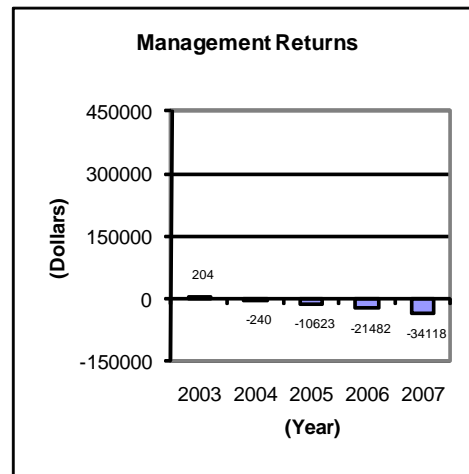
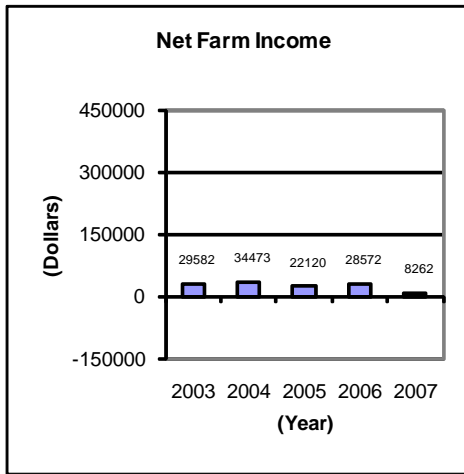
In 2007 producers received \$98.61 per cwt. for their market calves, which was a decrease of \$9.36 per cwt. from 2006. Livestock Returns Above Feed dropped from \$285 per cow to \$231. Custom Work receipts nearly doubled from \$103 to \$201. Non-Feed Costs increased from \$646 per cow to \$841; the largest increases were in repairs, machine hire, and labor. Net Farm Income was -\$45.45 per cow.

ALABAMA COW-CALF

	2003	2004	2005	2006	2007
Number of Farms	22	20	22	25	22
Average Total Acres	926	762	719	746	926
Average Tillable Acres	438	538	565	557	643
Average Crop Acres	438	538	565	557	643
Average Number Cows	145	133	148	138	161
	Per Head	Per Head	Per Head	Per Head	Per Head
Farm Returns					
Crop Returns	217.04	237.03	249.05	258.81	371.14
Livestock Return Above Feed	210.92	225.10	269.01	284.63	230.91
Custom Work	89.30	40.38	75.93	102.87	201.21
Other Farm Receipts	77.79	49.63	42.51	47.47	79.14
Gross Farm Returns	595.05	552.14	636.50	693.78	882.41
Farm Costs					
Soil Fertility	75.74	89.32	88.25	110.36	119.14
Pesticides	10.33	7.19	10.94	14.04	20.76
Seed	19.43	16.49	19.13	31.58	35.01
Crop Total	105.50	113.00	118.32	155.98	174.91
Utilities	20.51	19.07	20.58	27.89	44.71
Machinery Repairs	80.95	70.93	67.57	81.32	111.68
Machine Hire/Lease	55.34	40.81	48.56	36.63	112.25
Fuel & Oil	37.05	39.55	55.37	73.41	93.30
Auto-Farm Share	7.44	5.86	1.85	8.86	5.47
Power & Equipment Total	201.29	176.22	193.93	228.11	367.42
Drying	1.25	0.45	1.06	2.48	0.23
Storage	0.00	0.00	0.00	0.00	0.86
Building Repair	12.92	23.19	14.09	14.69	21.32
Building Total	14.17	23.64	15.15	17.17	22.41
Labor Paid	54.77	39.88	54.33	60.46	82.12
Livestock Supplies & Service	37.05	25.60	41.63	40.82	36.76
Interest Paid	32.32	32.58	32.28	44.29	55.14
Insurance	23.03	22.72	24.51	29.88	33.17
Miscellaneous	17.53	16.78	14.73	19.51	14.64
Other Cost Total	164.70	137.56	167.48	194.96	221.83
Taxes	10.81	8.40	7.31	10.61	10.16
Cash Rent	30.52	38.86	35.49	39.60	44.00
Land Total	41.33	47.26	42.80	50.21	54.15
Total Non-Feed Cost	526.99	497.68	537.68	646.43	840.72
Return Above Operating Expenses	68.06	54.46	98.82	47.35	41.69
Machinery Depreciation	58.35	63.21	80.66	112.77	105.11
Building Depreciation	7.08	7.41	12.54	14.97	9.99
Capital Account Adjustment	1.58	17.16	42.15	32.66	30.78
Leasing Cost	0.00	0.00	0.00	0.09	2.82
Net Farm Income	4.21	1.00	47.77	-47.82	-45.45
Labor Unpaid	112.09	121.95	117.59	128.03	123.99
Interest on Equity Capital	150.96	137.46	148.47	193.06	176.73
Total Farm Management Returns	-258.84	-258.41	-218.29	-368.91	-346.17
Operator Share Management Returns	-258.84	-258.41	-218.29	-368.91	-346.17
Crop Yields					
Corn (bu/acre)					
Hay (tons/acre)	1	2	1	1	1
Silage (tons/acre)					
Soybeans (bu/acre)					

ALABAMA POULTRY

OPERATOR'S SHARE PER FARM



Alabama broiler production ranks third in the nation. The farms represented in the Alabama Poultry sort are primarily broiler operations with some beef cattle to make use of the litter. Most receive some income from custom work.

Utilities, which include electricity and heating fuel, make up the biggest component of broiler production expenses. They comprised 25% of Total Non-Feed Costs in 2007. Utility costs have increased 68% since 2003. Interest Machinery Repairs and Livestock Supplies & Services expenses (which includes medication and shavings) are the second, third and fourth largest components of production expenses. Livestock Supplies & Services expense has increased by 40% since 2003. Repairs are 13% of Total Non-Feed Costs. Note that the emerging trend is a greater reliance on the contracting of day-to-day operation and management.

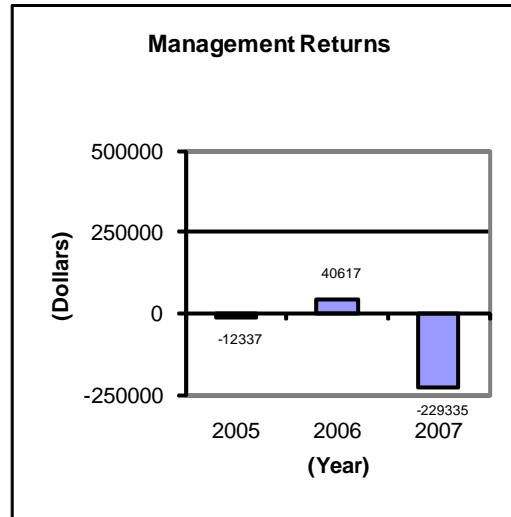
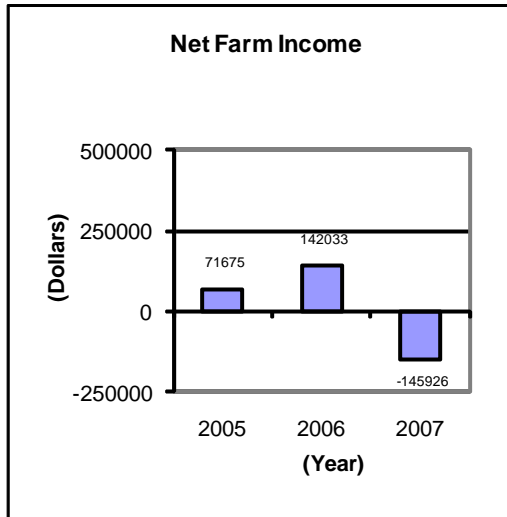
Average Net Farm Income decreased to \$75.99 per 1000 sq. ft. in 2007. For a typical 40 by 500 ft. broiler house, this translates to Net Farm Income of \$1,520 per house, compared to \$5,558 per house in 2006. Management Returns continued to decrease to -\$313.84 per 1000 sq. ft.

The gap between Management Returns and Net Farm Income has been increasing since 2003. The difference was about \$317 per 1000 sq. ft. in 2003. It was \$390 in 2007. Management Returns measure the grower's reward above the opportunity cost of his investment and the value of his labor. Opportunity cost of investment is measured by Interest on Equity Capital. Actual interest paid is deducted from Interest on Equity Capital and is charged against Net Farm Income. The remaining cost of investment is charged against Management Returns. As interest paid goes down, Net Farm Income increases. At the same time, Interest on Equity Capital (the remainder) goes up and Management Returns decrease.

ALABAMA POULTRY

	2003	2004	2005	2006	2007
Number of Farms	19	18	20	17	13
Average Total Acres	367	426	483	486	555
Average Tillable Acres	203	238	289	358	300
Average Operator Acres	203	238	289	358	300
Poultry House Capacity (Sq. Ft.)	92,541	105,404	93,966	102,820	108,714
	Per 1,000 Sq. Ft.	Per 1,000 Sq. Ft.	Per 1,000 Sq. Ft.	Per 1,000 Sq. Ft.	Per 1,000 Sq. Ft.
Farm Returns					
Crop Returns	183.63	117.96	196.01	193.72	281.77
Livestock Return Above Feed	2,099.46	2,224.52	2,052.99	2,501.53	2,086.97
Custom Work	27.44	92.86	20.89	37.12	6.39
Other Farm Receipts	71.56	122.96	138.99	42.06	437.29
Gross Farm Returns	2,382.09	2,558.30	2,408.88	2,774.43	2,812.42
Farm Costs					
Crop Total (Seed, Chem, Fert.)	57.33	42.89	62.39	115.28	161.40
Utilities	297.97	333.73	380.01	514.10	499.25
Machinery Repairs	127.74	118.19	120.33	123.37	204.76
Machine Hire/Lease	98.85	53.95	115.04	123.54	155.27
Fuel & Oil	63.90	78.21	78.35	85.04	81.11
Auto-Farm Share	6.88	8.81	4.83	6.71	12.42
Power & Equipment Total	595.34	592.89	698.55	852.74	952.81
Drying	0.00	0.00	0.00	2.86	0.00
Storage	0.00	0.00	0.00	0.00	0.00
Building Repair	78.03	61.73	27.53	49.11	59.05
Building Total	78.03	61.73	27.53	51.97	59.05
Labor Paid	189.54	268.74	155.77	183.59	94.60
Livestock Supplies & Services	139.67	176.17	154.03	218.15	190.08
Interest Paid	239.03	231.40	243.87	233.91	335.79
Insurance	72.19	80.22	77.31	94.53	89.84
Taxes	0.00	0.00	0.00	0.00	0.00
Miscellaneous	17.84	23.10	22.08	26.35	37.08
Other Cost Total	658.27	779.62	653.07	756.52	747.39
Taxes	16.87	20.78	16.36	31.79	25.86
Cash Rent	48.17	63.27	81.50	15.20	44.68
Land Total	65.04	84.05	97.87	46.99	70.54
Total Non-Feed Cost	1,454.01	1,561.19	1,539.41	1,823.51	1,991.19
Return Above Operating Expenses	928.08	997.12	869.47	950.92	821.23
Machinery Depreciation	302.51	308.39	313.75	459.70	371.22
Building Depreciation	310.05	330.51	323.96	283.83	381.45
Capital Account Adjustment	4.14	15.53	3.65	-0.67	7.43
Leasing Cost	0.00	0.00	0.00	0.00	0.00
Net Farm Income	319.66	373.74	235.41	206.73	75.99
Labor Unpaid	172.86	174.20	175.33	112.43	221.75
Interest On Equity Capital	144.60	202.14	173.13	303.23	168.08
Total Farm Management Returns	2.20	-2.60	-113.05	-208.94	-313.84
Operator Share Management Returns	2.20	-2.60	-113.05	-208.94	-313.84

WEST ALABAMA CATFISH OPERATOR'S SHARE PER FARM



Most of the catfish produced in Alabama is produced in the Blackbelt area, which is one of the poorest areas of the state. The catfish industry provides many jobs for the people of this area, and has made it possible for most of the farmers to remain on the farm full-time.

Catfish is the primary source of income for these farmers; however, most of them also own some beef cattle. The catfish in this sort are raised in ponds ranging in size from 8 to 15 acres each, and are fed a high protein diet. These fish are fed to an optimal weight of 1 to 2 pounds each and are then sold to a processor. The catfish industry in Alabama is not vertically integrated like the poultry industry in Alabama. It has some characteristics of vertical integration, but most of the producers are independent.

Average Net Farm Income for catfish producers in this group in 2007 was -\$365.13 per water acre. Pond bank prices for catfish were very good for the majority of 2006 which is the primary reason Management Returns increased from 2005 to 2006. However, pond bank prices fell to \$.55-\$.60 per pound near the end of 2007 and profits plummeted. The outlook for 2008 is more of the same with increased feed and fuel costs. Pond bank prices are rising from their 2007 lows and will need to continue to rise if producers are to cover these cost increases.

WEST ALABAMA CATFISH

	2005	2006	2007
Number of Farms	5	5	7
Average Total Acres	960	974	753
Average Water Acres	183.4	196.0	173.5
	Per Water Acre	Per Water Acre	Per Water Acre
Farm Returns			
Crop Returns	65.02	114.21	42.63
Livestock Return Above Feed	2,143.97	2,658.78	1132.05
Custom Work	0.15	0.00	21.90
Other Farm Receipts	78.52	396.48	82.43
Gross Farm Returns	2,287.66	3,169.47	1,279.01
Farm Costs			
Soil Fertility	55.80	51.03	50.91
Pesticides	77.30	102.09	106.86
Seed	7.92	6.42	0.79
Crop Total	141.02	159.55	158.56
Utilities	185.10	238.44	189.76
Machinery Repairs	194.79	303.91	187.77
Machine Hire/Lease	141.53	118.58	100.68
Fuel & Oil	128.60	173.72	100.51
Auto-Farm Share	0.00	0.00	0.00
Power & Equipment Total	650.02	834.64	578.72
Drying	0.00	0.00	0.00
Storage	0.00	0.00	0.00
Building/Pond Repair	133.81	324.34	38.53
Building Total	133.81	324.34	38.53
Labor Paid	366.41	513.60	320.31
Livestock Supplies & Services	6.38	6.81	4.30
Interest Paid	251.96	220.97	208.76
Insurance	37.13	52.32	30.79
Miscellaneous	65.12	33.30	17.29
Other Cost Total	727.00	827.00	581.45
Taxes	13.50	6.93	11.36
Cash Rent	62.06	60.97	66.55
Land Total	75.57	67.89	77.91
Total Non-Feed Cost	1,727.42	2,213.42	1,435.17
Return Above Operating Expenses	560.24	956.04	-156.16
Machinery Depreciation	172.69	174.27	148.17
Building/Pond Depreciation	46.63	47.96	49.56
Capital Account Adjustment	49.89	9.16	11.24
Leasing Cost	0.00	0.00	0.00
Net Farm Income	390.81	724.66	-365.13
Labor Unpaid	70.88	66.34	62.67
Interest On Equity Capital	387.20	451.09	59.88
Total Farm Management Returns	-67.27	207.23	-487.68
Operator Share Management Returns	-67.27	207.23	-487.68

COTTON ENTERPRISE ANALYSIS GULF COAST FARM ANALYSIS ASSOCIATION FARMS

The Cotton Enterprise Analysis is a detailed analysis of cotton production in southwest Alabama. Cotton production in southwest Alabama suffered losses four out of the last five years. Three of those four years were weather related. In 2004 Hurricane Ivan destroyed cotton that was ready to be harvested. In 2005 Hurricanes Dennis and Katrina beat down yields again. In 2007 an early and mid season drought reduced yields significantly. With these lower cotton yields, profit from cotton production came from government payments or crop insurance. Unfortunately, even with the government payments and crop insurance, producers experienced losses two out of five years.

Government payments (program payments, loan deficiency payments, and disaster payments) have been a major factor in the profitability of cotton production. Government payments have contributed from \$62.51 to \$117.06 per acre in the last five years. Crop insurance payments have contributed from \$1.49 to \$44.73 per acre. Without the assistance from government payments and crop insurance proceeds during the last five years, many of the farmers in southwest Alabama would be out of business.

A five-year average in the table shows the importance of these payments by revealing the average breakeven price and the price received with and without government payments and crop insurance. The average breakeven price for the five years was 67 cents per pound of cotton. The average price received without government payments was 55 cents per pound and the average price received with government payments and crop insurance was 70 cents per pound.

COTTON ENTERPRISE ANALYSIS GULF COAST FARM ANALYSIS ASSOCIATION FARMS

	2003	2004*	2005**	2006	2007	5-YR AVG
Number of Farms in Average	17	15	14	14	15	
Planted Cotton Acres	1,166	1,189	1,222	1,318	663	1,112
Yield (lb/acre)	818	665	771	862	650	753
	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE
Farm Returns						
Crop Sales	315.80	247.92	310.26	356.73	142.93	274.73
Inventory Value	181.71	110.74	94.65	81.65	227.95	139.34
Total Gross	497.51	358.66	404.91	438.38	370.88	414.07
Operating Expenses						
Fertilizer	54.48	74.51	91.95	66.86	87.80	75.12
Pesticides	147.90	155.51	119.74	135.02	150.78	141.79
Seed	26.44	32.80	52.63	27.56	29.25	33.74
Utilities	4.90	4.72	4.69	4.13	4.45	4.58
Machinery Repairs	35.57	42.65	43.26	39.62	50.69	42.36
Machine Hire	16.46	17.79	20.91	17.86	16.18	17.84
Fuel & Oil	15.25	20.23	27.19	29.90	33.52	25.22
Interest	29.45	30.41	29.96	38.12	52.17	36.02
Hired Labor	43.58	47.92	53.64	40.37	31.67	43.44
Building Repair	0.05	0.11	0.49	0.45	0.40	0.30
Insurance	26.28	28.06	27.44	25.34	24.41	26.31
Taxes	1.23	2.00	0.76	0.91	1.27	1.23
Miscellaneous.	5.04	3.64	4.28	4.38	3.37	4.14
Cash Rent	48.17	48.79	49.96	45.85	58.44	50.24
Total Operating Expenses	454.80	509.14	526.90	476.37	544.40	502.32
Profit or Loss	42.71	-150.48	-121.99	-37.99	-173.52	-88.25
Government Payments	82.06	113.69	117.06	113.71	62.51	97.81
Crop Insurance	1.49	44.73	4.01	2.90	10.79	12.78
Profit or Loss With Government Payments & Crop Insurance	126.26	7.94	-0.92	78.62	-100.22	22.34
Breakeven Price/lb. Cotton (Expenses/Pounds Cotton)	0.56	0.77	0.68	0.55	0.84	0.67
Average Cash Price Received Without Government. Payments & Crop Insurance	0.61	0.54	0.53	0.51	0.57	0.55
Average Price Received With Government Payments & Crop Insurance	0.71	0.78	0.68	0.64	0.68	0.70

* - 2004 losses attributed to Hurricane Ivan

** - 2005 losses attributed to Hurricanes Dennis and Katrina

PEANUT ENTERPRISE ANALYSIS GULF COAST FARM ANALYSIS ASSOCIATION FARMS

The Peanut Enterprise Analysis is a detailed analysis of peanut production in southwest Alabama. Peanut acreage has been on the increase in southwest Alabama since 1998 with more farmers switching to peanuts as an alternative to corn, soybeans, and cotton.

In 2005 the Tomato Spotted Wilt Virus attacked peanuts in southwest Alabama and reduced yields and quality. Crop returns without crop insurance and government assistance considered were \$148.29 per acre in 2007. Adding crop insurance and government payments resulted in a profit of \$174.88 per acre. The five-year average breakeven price per pound of peanuts produced was 16 cents. The average price received without considering government payments and crop insurance was 18 cents per pound. The average price received with government payments and crop insurance was 20 cents per pound.

PEANUT ENTERPRISE ANALYSIS GULF COAST FARM ANALYSIS ASSOCIATION FARMS

	2003	2004	2005	2006	2007	5-YR AVG
Number of Farms In Average	14	14	13	13	14	
Planted Peanut Acres	600	731	784	646	437	640
Yield (lb/acre)	3,574	3,452	3,018	3,443	3,437	3,385
	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE	AVERAGE/ ACRE
Farm Returns						
Crop Sales	477.57	455.59	320.13	335.52	202.62	358.29
Inventory Value	178.89	195.96	169.96	279.11	503.86	265.56
Total Gross	656.46	651.55	490.09	614.63	706.48	623.84
Operator Expenses						
Fertilizer	24.35	32.10	35.34	17.55	21.09	26.09
Pesticides	170.73	161.72	174.19	155.41	170.17	166.44
Seed	58.54	57.74	59.16	54.13	71.42	60.20
Drying & Storage	9.14	3.28	10.48	18.01	2.44	8.67
Utilities	4.31	4.91	5.46	5.18	5.72	5.12
Machinery Repairs	44.09	50.03	52.40	43.63	53.21	48.67
Machine Hire	22.98	10.79	15.71	12.51	18.06	16.01
Fuel & Oil	16.76	20.95	27.46	29.72	33.24	25.63
Interest	25.95	33.27	28.51	39.66	51.78	35.83
Hired Labor	55.57	51.50	47.92	44.55	41.58	48.22
Building Repair	0.42	0.07	0.77	0.46	0.81	0.51
Insurance	23.72	20.91	22.66	25.49	24.50	23.46
Taxes	1.53	1.33	1.59	1.11	1.43	1.40
Miscellaneous	5.06	4.52	6.81	8.70	4.33	5.88
Cash Rent	48.85	54.53	53.84	51.58	58.41	53.44
Total Operating Expenses	512.00	507.65	542.30	507.69	558.19	525.57
Profit or Loss	144.46	143.90	-52.21	106.94	148.29	98.28
Government :Payments	53.26	43.65	47.50	50.21	23.97	43.72
Crop Insurance	1.41	1.63	26.52	12.65	2.62	8.97
Profit or Loss Including Government Payments & Crop Insurance	199.13	189.18	21.81	169.80	174.88	150.96
Breakeven Price/lb. Peanut (Expenses/Pounds Peanuts)	0.14	0.15	0.18	0.15	0.16	0.16
Average Cash Price Received Without Government Payments & Crop Insurance	0.18	0.19	0.16	0.18	0.21	0.18
Average Price Received With Government Payment & Crop Insurance	0.20	0.20	0.19	0.20	0.21	0.20

ALABAMA POULTRY ENTERPRISE ANALYSIS

The top section of this report summarizes the standard physical production measures reported by the industry's integrators. These are the standards of performance by which individual broiler operations are measured and paid. Cost Per Pound is the farmer's operating cost to achieve that physical performance and it increased in 2006 and 2007.

The middle section is a detailed enterprise analysis. It reveals the average costs and returns for these broiler operations as dollar totals and cents per pound of birds sold. Gross Income per farm has increased 2% from 2003 to 2007. Total Operating Expense increased 16%. Utilities and interest costs have traditionally been the two biggest cash costs for growers. Utility costs rose from 32% of Total Operating Expense in 2003 to 43% in 2007. Low interest rates and a general slowdown in new broiler construction kept interest costs down for most of this period. Other significant costs include Livestock Supplies (which include shavings) and Labor Paid.

Depreciation is not a cash cost, but represents an allocated portion of the original cash outlay. The typical cost of building and equipping new broiler houses runs about \$200,000 per house. Tunnel ventilated houses are now being upgraded to include solid walls and blackout curtains. Houses are typically financed for 15 years.

In 2007 the average farm in this group received Total Operating Income of \$25,838 from 101,476 square feet. For a broiler operation with four 40-by-500 foot houses, this translates into Total Operating Income of about \$20,369, which is a decrease of \$15,972 from 2006.

ALABAMA POULTRY ENTERPRISE ANALYSIS

	2003	2004	2005	2006	2007
Cost Per Pound	3.04	3.31	3.05	3.21	3.84
Weight of Birds Sold	5.23	5.30	5.40	6.57	5.43
Feed Conversion	1.86	1.97	1.97	1.89	1.91
% of Pounds Condemned	0.42%	0.44%	0.50%	0.34%	0.25%
Livability	96.29%	94.88%	95.31%	95.26%	94.97%

Costs And Returns	Total ¢ per lb.		Total ¢ per lb.		Total ¢ per lb.		Total ¢ per lb.		Total ¢ per lb.	
Gross Income	172,439	5.07	176,114	5.07	201,707	5.35	223,611	5.63	175,279	5.59
Operating Expenses										
Livestock Supply	9,922	0.29	11,103	0.32	10,584	0.28	10,515	0.26	9,030	0.29
Machinery Repairs	8,180	0.24	9,538	0.27	7,925	0.21	7,873	0.20	9,264	0.30
Machinery Hire	4,739	0.14	3,292	0.09	4,041	0.11	8,095	0.20	8,848	0.28
Fuel & Oil	1,899	0.06	3,697	0.11	4,109	0.11	5,197	0.13	4,242	0.14
Heating Fuel					22,257	0.59	31,257	0.79	31,592	1.01
Electricity					14,670	0.39	15,576	0.39	14,056	0.45
Other Utilities	33,339	0.98	37,981	1.09	5,961	0.16	6,792	0.17	5,962	0.19
Interest Paid	18,356	0.54	17,088	0.49	22,139	0.59	16,717	0.42	13,818	0.44
Labor Paid	14,540	0.43	20,521	0.59	12,284	0.33	13,867	0.35	10,072	0.32
Building Repair	2,059	0.06	2,478	0.07	1,787	0.05	2,016	0.05	3,880	0.12
Insurance	5,125	0.15	5,738	0.17	6,338	0.17	6,834	0.17	6,939	0.22
Taxes	559	0.02	451	0.01	725	0.02	827	0.02	1,530	0.05
Light Vehicle	364	0.01	95	0.00	572	0.02	168	0.00	181	0.01
Miscellaneous	882	0.03	136	0.00	1,582	0.04	1,509	0.04	954	0.03
Cash Rent	3,483	0.10	2,790	0.08	61	0.00	283	0.01	12	0.00
Total Operating Expense	103,447	3.04	114,908	3.31	115,035	3.05	127,526	3.21	120,380	3.84
Income Above Op Expense	68,992	2.03	61,206	1.76	86,673	2.30	96,084	2.42	54,899	1.75
Machinery Depreciation	16,951	0.50	15,973	0.46	20,488	0.54	16,831	0.42	11,461	0.37
Building Depreciation	21,744	0.64	21,025	0.61	28,695	0.76	30,943	0.78	17,600	0.56
Total Operating Income	30,297	0.89	24,208	0.70	37,490	0.99	48,311	1.22	25,838	0.82

Production Efficiency

Number of Farms	18	17	18	17	9
Number of Flocks	5.78	5.85	5.94	5.47	5.22
Days on Farm	48.76	49.91	49.88	52.85	51.63
Weight of Birds Sold	5.23	5.30	5.40	6.57	5.43
Pounds Feed Fed	6,326,907	6,822,207	7,411,649	7,494,926	5,978,737
Feed Conversion	1.86	1.97	1.97	1.89	1.91
Birds Placed	677,303	692,852	737,378	637,659	609,507
Birds Produced	652,159	657,356	702,810	607,426	578,849
Birds Sold	649,850	654,630	697,799	604,585	577,427
Birds Condemned	2,308	2,726	5,011	2,840	1,422
Livability	96.29%	94.88%	95.31%	95.26%	94.97%
% of Birds Placed: Condemned	0.34%	0.39%	0.68%	0.45%	0.23%
Farm Death Loss	3.71%	5.12%	4.69%	4.74%	5.03%
Sold	95.95%	94.48% ³¹	94.63%	94.81%	94.74%
Total lb Produced	3,415,408	3,486,878	3,790,321	3,984,441	3,140,494
Total lb Sold	3,401,189	3,471,401	3,771,464	3,970,960	3,132,794
Total lb Condemned	14,220	15,477	18,857	13,481	7,701

WEST ALABAMA CATFISH ENTERPRISE ANALYSIS

This analysis is a detailed analysis of catfish production in the Blackbelt area of Alabama. 2007 was a year of unease for catfish producers. Pond bank prices fell from their \$.80 per pound high to a low of \$.55 per pound in a relatively short period of time. During this same time period, the price of feed was on the rise due to higher corn and soybean prices. The price of catfish feed has increased from \$250 to \$425 per ton. The increased cost of feed and the low price of fish has many farmers struggling with the decision of whether to restock their ponds. The only bright spot in the industry is the potential for fish prices to rise in the near future.

The analysis shows the averages for several production parameters such as production per water acre, feed fed, and feed conversion. Average Net Operating Income in 2007 was -\$948.78 per water acre. The decrease in Net Operating Income from 2006 to 2007 was mainly due to the decrease in pounds of fish sold. The Breakeven Price decreased from 2006 to 2007 because producers' operating expenses dropped from \$4,613 to \$3,949 per water acre.

WEST ALABAMA CATFISH ENTERPRISE ANALYSIS

Year	2005	2006	2007
Number of Farms	5	5	7
Average Total Acres	960	974	753
Average Water Acres	183	196	173.5
Average Number of Ponds	15	16	14
	Average/ water acre	Average/ water acre	Average/ water acre
Farm Returns			
Value of Fish Production	4,092.20	5,137.68	3,101.76
Other Receipts	32.89	391.16	104.49
Total Gross Returns	4,125.09	5,528.84	3,206.26
Operating Expenses			
Value of Feed Fed	1,593.24	1,617.28	1,714.55
Fingerlings	575.98	970.14	573.57
Labor	319.14	408.66	368.05
Utilities	176.96	323.03	244.61
Chemicals	69.92	97.37	117.52
Machine Hire	125.33	100.47	99.25
Machine Repairs	176.68	291.34	288.43
Interest	239.12	204.32	199.65
Fuel	116.45	161.82	149.76
Insurance	32.11	47.28	45.25
Taxes	9.06	6.52	6.29
Cash Rent	35.64	34.51	46.25
Miscellaneous	55.65	27.31	29.88
Pond/Bldg. Repair	126.13	322.65	66.01
Total Operating Expense	3,651.41	4,612.69	3,949.08
Income Above Op Expense	473.68	916.15	-742.83
Machinery Depreciation	154.91	161.59	162.94
Pond/Building Depreciation	44.84	47.96	43.02
Net Operating Income	273.93	706.61	-948.78
Production Efficiency			
Feed Fed (lbs)	14,076	13,146	13,069
Price Feed Fed (\$/ton)	\$244	\$246	\$263
Pounds Stocked	486	630	574
Feed conversion (lbs feed fed/lbs fish produced)	2.20	2.33	2.63
Pounds Fish Harvested	6,935	7,344	5,560
Price Received (per lb. fish sold)	\$0.67	\$0.72	\$0.73
Fish Produced (Pounds)	6,024	5,766	5,123
Breakeven Price ¹	\$0.61	\$0.80	\$0.77

1. Operating Expenses / Pounds of Fish Produced

ALABAMA COW-CALF ENTERPRISE ANALYSIS

The Alabama Cow-Calf Enterprise Analysis provides detailed costs and returns for selected brood cow herds in central Alabama. The average is compared to lower and upper groups ranked by Net Operating Income per cow. A group of 10 farms was selected for this analysis and the average farm had 272 cows.

The upper third made \$137 per cow and the lower third lost \$41. The selling weight per calf was about the same, but the top group received \$4.74 more per cwt. The top group relied more heavily on custom work receipts than the lower group. The top group spent less money on purchased feed (\$64) and grazing (\$78) than the lower group (\$116 and \$119, respectively). The Breakeven price was \$82.09 for the upper group and \$129.17 for the lower group.

ALABAMA COW-CALF ENTERPRISE ANALYSIS

Year	2007	Lower 1/3	Average	Upper 1/3
Number of Farms	10			
Average Total Acres		1,264	1,238	1,420
Average Pasture Acres		790	836	836
Average Number of Cows		278	272	262
		Average Per Cow	Average Per Cow	Average Per Cow
Farm Returns				
Value of Beef Produced		503.58	513.69	531.63
Other Farm Income		65.15	92.40	156.10
Total Gross Returns		568.73	606.09	687.73
Operating Expenses				
Value of Purchased Feed Fed ¹		115.67	91.35	64.48
Labor		60.59	61.69	64.02
Utilities		10.34	11.35	16.90
Seed		41.05	23.86	13.91
Fertilizer		71.43	56.40	46.67
Chemicals		6.06	10.37	17.24
Machine Hire		47.14	34.24	26.92
Machine Repairs		47.71	53.35	71.46
Interest		26.67	33.63	32.38
Fuel		52.90	46.76	48.77
Insurance		14.31	17.13	19.46
Taxes		10.07	6.46	1.71
Cash Rent		30.94	31.06	35.11
Miscellaneous		10.03	9.36	10.58
Fence/Bldg. Repair		2.82	12.95	20.77
Vet & Livestock Supplies		20.95	22.64	21.24
Total Operating Expense		568.67	522.59	511.62
Income Above Op Expense		0.06	83.50	176.11
Machinery Depreciation		38.24	34.22	38.07
Fence/Building Depreciation		2.90	2.33	1.15
Net Operating Income		-41.07	46.95	136.89
Production Efficiency				
Quantity of Market Beef Produced (cwt/cow)		5.20	5.28	5.76
Feed Fed (tons/cow)		0.46	0.64	0.78
Price Feed Fed (\$/ton)		\$246	\$217	\$237
Hay Fed (tons/cow)		2.33	1.76	1.65
Value Hay Fed (\$/ton)		\$55	\$66	\$65
Weight per Market Calf sold (lbs)		657	642	650
Price Received (per cwt. market calf sold)		\$98.21	\$98.61	\$102.95
Weight per Breeding animal sold (lbs)		1,265	1,209	1,155
Price Received (per cwt. breeding animal sold)		\$50.75	\$49.66	\$48.44
Breakeven ² (\$/cwt)		\$129.17	\$98.95	\$82.09

1. Includes purchased supplemental feed and purchased hay.
Does not include hay raised on farm.

2. Operating Expenses / cwt. Market Beef Produced

ALABAMA DAIRY HERD ANALYSIS

YEAR 2007	AVERAGE	
	AVG PER CWT M.E.	AVG PER COW
Number of Farms/Cows	5	193.6
Pounds of Milk Produced (Milk Equivalent)*	3,684,858	19,033
Pounds of Beef Produced	120,656	623
Milk Equivalent (M.E.)	39,965	206
Value of Milk Sales	18.72	3,863
Value of Beef Produced	1.59	328
Patronage Returns	0.09	18
Total Returns	20.39	4,210
Value of Grain & Roughage Fed	5.02	1,037
Value of Supplement Fed	5.44	1,123
Value of Feed Fed	10.46	2,160
Returns Above Feed Costs	9.93	2,050
Return Per \$100 Feed Fed	195	
Total Pounds of Feed Fed		
Grain	21	4,336
Supplement	17	3,451
Total Concentrates	38	7,787
Hay & Roughage	23	4,847
Corn Silage	0	0
Other Silage	6	1,281
Pasture Cost†	0.00	1
Hay Equivalent	0.04	7.4
	AVERAGE	
Cost/Cwt of Supplement	32.55	
Pasture Cost/Animal Unit	9	
Number of Cows	193.6	
Cows Dry %	11.4	
Animal Units in Herd	206	
Number of Calves Born	145	
Calving %	75	
Pounds of Fluid Milk Per Cow	19,033	
Butterfat %	3.65	
Pounds of Butterfat Per Cow	686	
Price Received Per Cwt. Milk	20.30	
Price Received Per Cwt. Beef Mkt.	94.23	
Average Purchase Price/Animal - Breeding	1,613	
% Cull Rate - Breeding	25.2	
Weight/Breeding Animal Sold	1,375	
Price Recd/Cwt - Breeding	44.20	
Death Loss - Total Pounds	6,320	
Death Loss - % Pounds Produced	5.2	
Market Number	6	
Breeding Number	4	
Breeding Survival Rate %	98.6	
Net Farm Income		399

* Milk Equivalent is the value of fluid milk produced **plus** the value of beef produced expressed in terms of milk price. Beef produced is divided by the average price received per cwt. of milk.

† Pasture Cost is cost of fertilizer, chemical, and seed applied to pasture.

The Alabama Dairy Herd Analysis provides details about feed costs and physical production for five dairy farms. Milk prices reached record highs in 2007 and Net Income was \$399.49 per cow, the highest since 2004. Feed prices increased 150% from 2007 levels.

ALABAMA DAIRY SUMMARY

Year	Bottom Producers		Average		Top Producers	
	Number of Cows	Net Farm Income / Cow	Number of Cows	Net Farm Income / Cow	Number of Cows	Net Farm Income / Cow
2007			193.6	\$399.49		
2006	104.0	(\$115.90)	186.4	\$164.96	268.9	\$276.38
2005	190.0	(\$207.10)	175.2	\$272.23	185.3	\$756.89
2004	112.5	\$59.17	179.3	\$682.19	273.0	\$916.38
2003	159.4	(\$99.00)	187	\$293.14	257.5	\$462.00
2002	229.6	(\$410.00)	172	(\$159.29)	200.3	\$150.00
2001	158.7	\$158.00	203	\$537.77	259.4	\$767.00
2000	182.2	(\$131.00)	218	\$285.27	295.5	\$489.00

Year	Bottom Producers		Average		Top Producers	
	Price Received Per CWT Milk	Production Per Cow	Price Received Per CWT Milk	Production Per Cow	Price Received Per CWT Milk	Production Per Cow
2007			\$20.30	19,033		
2006	\$13.21	15,642	\$12.85	16,769	\$13.06	17,205
2005	\$13.54	20,677	\$14.85	18,363	\$16.53	16,093
2004	\$14.44	12,843	\$14.04	19,048	\$13.81	21,780
2003	\$12.23	14,012	\$11.83	16,547	\$11.64	18,117
2002	\$13.94	12,731	\$14.00	14,064	\$14.05	15,593
2001	\$16.59	15,783	\$16.38	17,626	\$16.28	18,753
2000	\$15.02	17,905	\$13.49	19,024	\$12.63	19,715

Data Source: Individual Alabama dairy farms participating in the Alabama Cooperative Extension System's Farm Analysis and Financial Management Program.

GOVERNMENT PAYMENTS

	2003	2004	2005	2006	2007
Number of All Farms	112	110	109	104	91
COTTON					
NET FARM INCOME (NFI)	158,457	79,675	88,859	6,656	43,954
GOVERNMENT PAYMENTS	96,686	81,308	114,800	102,391	99,350
NFI WITHOUT GOVERNMENT PAYMENTS	61,771	-1,633	-25,941	-95,735	-55,396
GRAIN					
NET FARM INCOME (NFI)	89,988	60,463	48,850	14,051	45,590
GOVERNMENT PAYMENTS	23,129	36,824	46,584	35,847	56,301
NFI WITHOUT GOVERNMENT PAYMENTS	66,859	23,639	2,266	-21,796	-10,711
PEANUTS/COTTON					
NET FARM INCOME (NFI)	221,358	45,792	50,100	83,240	-17,485
GOVERNMENT PAYMENTS	157,443	106,285	179,927	190,944	175,204
NFI WITHOUT GOVERNMENT PAYMENTS	63,915	-60,493	-129,827	-107,704	-192,689
DAIRY					
NET FARM INCOME (NFI)	53,717	122,309	47,695	29,981	77,341
GOVERNMENT PAYMENTS	32,582	15,512	12,708	21,972	1,095
NFI WITHOUT GOVERNMENT PAYMENTS	21,135	106,797	34,987	8,009	76,246
COW-CALF					
NET FARM INCOME (NFI)	608	134	7,072	-6,909	-7,338
GOVERNMENT PAYMENTS	11,914	6,578	9,052	10,826	9,953
NFI WITHOUT GOVERNMENT PAYMENTS	-11,306	-6,444	-1,980	-17,735	-17,291
ALL FARMS					
NET FARM INCOME (NFI)	104,177	53,144	44,133	36,022	-14,676
GOVERNMENT PAYMENTS	60,971	48,069	72,840	69,085	155,993
NFI WITHOUT GOVERNMENT PAYMENTS	43,206	5,075	-28,707	-33,063	-170,669

This table illustrates the importance of government payments to the farm's bottom line. Government payments are subtracted from Net Farm Income to find what profit is derived from production and marketing. Government payments to cow-calf and dairy farmers include direct crop subsidies as well as livestock program payments. Payments to cotton, grain, and peanut farms consist of crop subsidies and disaster payments only.

The current farm program implemented in 2002 is gradually lowering payments to all farms. However, rowcrop farmers received large disaster payments in 2003 and 2005 for prior year crops. Disaster payments from the 2004 hurricane season were received in 2005.

Government payments have been the difference between profit and loss for most of this period from the farmer's perspective. Without government payments, remaining net farm income would have been negative for most years. Only in 2003 and 2004 was profit from farming greater than direct government payments.

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