



# Sections J & K Assets and Debt

2023 ARMS III Workshop



**United States Department of Agriculture**  
National Agricultural Statistics Service



# Background

- Why so much detail on a sensitive subject?
  - A complete and accurate financial picture of the agricultural sector requires wealth measurement via the balance sheet.
    - Getting component detail ensures accuracy
    - Provides more detailed picture of the sector balance sheet's strengths and weaknesses
  - Many of the current financial concerns about agriculture involve asset (land values) and debt repayment.



# Points to Remember

- In Sections J and K, only include assets and debts for the selected operation
  - Is the house owned by the operation?
  - What if assets are used in multiple operations?
- Estimated Market Value – Dec. 31st



# Section J: Item 1

- Record market value of assets
- Item 1e (oil, gas, and mineral rights) - exclude value reported in 1e from 1f

<b>SECTION J</b>		<b>FARM ASSETS</b>	
1. What was the MARKET VALUE of the following assets OWNED by this operation on December 31, 2023: (Include owned assets on rented land.)			
		None	Dollars
a. farm producer's dwelling, if owned by the operation? (Owned by the operation means the house is recorded as an asset in farm record books or deeded as part of the farm.)	0850	<input type="checkbox"/>	\$ .00
b. all other dwellings?	0851	<input type="checkbox"/>	\$ .00
c. all other farm buildings and structures? (Include barns and other livestock facilities, cribs, grain bins, greenhouses, silos, storage sheds, fences, corrals, etc.)	0852	<input type="checkbox"/>	\$ .00
d. orchard trees and vines, nursery trees, and trees grown for woody crops?	0853	<input type="checkbox"/>	\$ .00
e. oil, gas, and mineral rights	7101	<input type="checkbox"/>	\$ .00
f. land? (Include land rented to others. Exclude houses, buildings, orchard trees and vines, and trees grown for woody crops.)	0854	<input type="checkbox"/>	\$ .00



# Section J item 2

- Item 2a-2b - Make sure value reflects pricing if goods were sold/traded in marketplace (e.g.: used-market)
- Item 2c - If there are loans from Farm Credit System (FCS) in Section K, then there should be a value here (required to purchase FCS stock to get loan)

2. What was the ESTIMATED MARKET VALUE of the following on December 31, 2023:			
a. trucks and cars owned by the operation? (Include farm share only) . . . . .	0882	<input type="checkbox"/>	\$ <input type="text"/> .00
b. tractors, machinery, tools, equipment and implements owned by the operation? (Include ATVs and UTVs) . . . . .	0883	<input type="checkbox"/>	\$ <input type="text"/> .00
c. stock in farm cooperatives and the Farm Credit System? . . . . .	0884	<input type="checkbox"/>	\$ <input type="text"/> .00





# Section J: item 3

- Livestock (3b, 3c)
  - For 3b and 3c you can cross-check against section C inventory quantities
  - EOY values can be compared to Section C
- Sunk Costs (3e)
  - Production inputs applied to plantings not yet mature
  - Expenses associated with livestock production contracts

b. breeding livestock <b>owned</b> by and <b>located</b> on or off this operation? ( <i>Include</i> aquaculture, bees, cattle, equine, hogs, mink, poultry, sheep, etc., kept for breeding purposes. <i>Exclude</i> livestock being produced under contract on another operation (reported in Section D).) . . . . .	<input type="checkbox"/>	0863 \$ - .00	0864 \$ - .00
c. non-breeding livestock <b>owned</b> by and <b>located</b> on or off this operation? ( <i>Include</i> aquaculture, bees, cattle, equine, hogs, mink, poultry, sheep, etc., kept for non-breeding purposes. <i>Include</i> livestock products such as honey, mohair, and wool. <i>Exclude</i> livestock being produced under contract on another operation (reported in Section D).) . . . . .	<input type="checkbox"/>	0876 \$ - .00	0877 \$ - .00
e. production inputs <b>already used</b> by this operation for cover crops or crops planted but not yet mature for harvest (also known as <i>sunk costs</i> ), or the value of inputs used for production contracts that have yet to be delivered? . . . . .	<input type="checkbox"/>	0880 \$ - .00	0881 \$ - .00



# Section J: Item 4

- Item 4 - Exclude accounts receivable payments from Section F

## LIQUID ASSETS

4. What was the ESTIMATED MARKET VALUE of all other farm assets not previously listed on December 31, 2023? (Include money owed to this operation (except money owed from commodity sales), cash certificates of deposit, savings and checking accounts, hedging account balances, government payments due, insurance indemnity payments due, balance of land contract sales, and any other farm assets not reported earlier. Exclude any personal debt owed to the producer(s).) . . . . . 0887  None

DEC. 31, 2023 (Dollars)	
\$	.00

a. Do you have any liquid holdings over \$250,000 at a single banking institution? Include both farm business bank accounts and personal accounts. . . . . 5774 1  Yes 3  No







## Section K



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# Section K: Items 1 & 2

- Includes lines of credit.

SECTION K		FARM DEBT	
1. Was debt used in funding the operation of this farm/ranch in 2023, including any loans obtained in earlier years? (Include seasonal production and other loans taken and repaid during 2023.)			
1080	1	<input type="checkbox"/>	Yes - Continue
	3	<input type="checkbox"/>	No - Go to Item 5
2. What was the total amount repaid on farm business loans taken out in 2023? (Record any outstanding balances of loans taken out in 2023 in Item 3.) (Include only seasonal production and other short term farm loans.)		None	Dollars
	0890	<input type="checkbox"/>	\$ <input type="text" value=""/> .00
3. To estimate the financial position of farms correctly and their ability to service debt and to categorize debt by types, we need to list loans this operation had on December 31, 2023, including any line of credit. (Include farm/ranch loans, debt on the producer's house if owned by the operation, Economic Injury Disaster Loans (EIDL), and multi-purpose loans used for both farm and non-farm purposes. Exclude CCC commodity loans and any loans used exclusively for non-farm purposes.)			



# Section K: Item 3

- Gather as much information as possible
- Verify columns 6 and 7 are consistent
- Refer to refinance year and term if applicable
- See that the 'loan purpose' column has been removed.

1 Who is the lender?  [From Lender Codes Above.] (Code)	2 What was the balance owed on January 1, 2023 including outstanding principal plus unpaid interest?  (Dollars)	3 What was the balance owed on Dec. 31, 2023 including outstanding principal plus unpaid interest?  (Dollars)	4 What was the interest rate on Dec. 31, 2023?  [Report in hundredths of a percent. Example: 9% = 09.00]  (Percent)	5 What is the type of loan?  [From Loan Type Codes Above.]  (Code)	6 What year was it obtained?  [For refinanced loans, report year refinanced]  (Year) (YYYY)	7 What is the original term of the loan?  (Number of Years)	8 What percentage is for expenses of running this farm operation?  (Percent)
1001	1050	1002	1003	1004	1005	1008	1006
	\$ .00	\$ .00	.				%
1010	1051	1011	1012	1013	1014	1017	1015
	\$ .00	\$ .00	.				%



# Section K: Item 4

4. If you had farm loans in addition to the five recorded above, what is the total amount of debt from these loans owed on December 31, 2023? (Include farm/ranch loans and debt on the producer's house if it is owned by the operation. Exclude any loans exclusively for non-farm purposes that are secured by assets of the farm/ranch.) . . . . . 1047  None 

Dollars	
\$	.00

- Item 4: “Overflow” – more than five loans



- The item that asked how much of the total debt owed was for the producer's dwelling has been removed.

# Section K: Farm Debt

- Only report debt for the producer's dwelling if it is owned by the operation.
- If the producer's dwelling is NOT owned by the operation, then see Section N, item 4a.
- If loans reported, should be interest in Section I
- New construction or repair expenses in Section I, may be debt reported.

SECTION I		OPERATING & CAPITAL EXPENDITURES			
16.	maintenance and repair of the producer's house if it was owned by the operation? .....	0726	<input type="checkbox"/>	\$	.00
19.	interest and fees paid on debts —				
a.	secured by real estate? ( <i>Include interest paid on the producer's dwelling, if owned by the operation.</i> ) .....	0738	<input type="checkbox"/>	\$	.00
37.	new construction or remodeling of the producer's dwelling, if owned by the operation? .....	0813	<input type="checkbox"/>	\$	.00

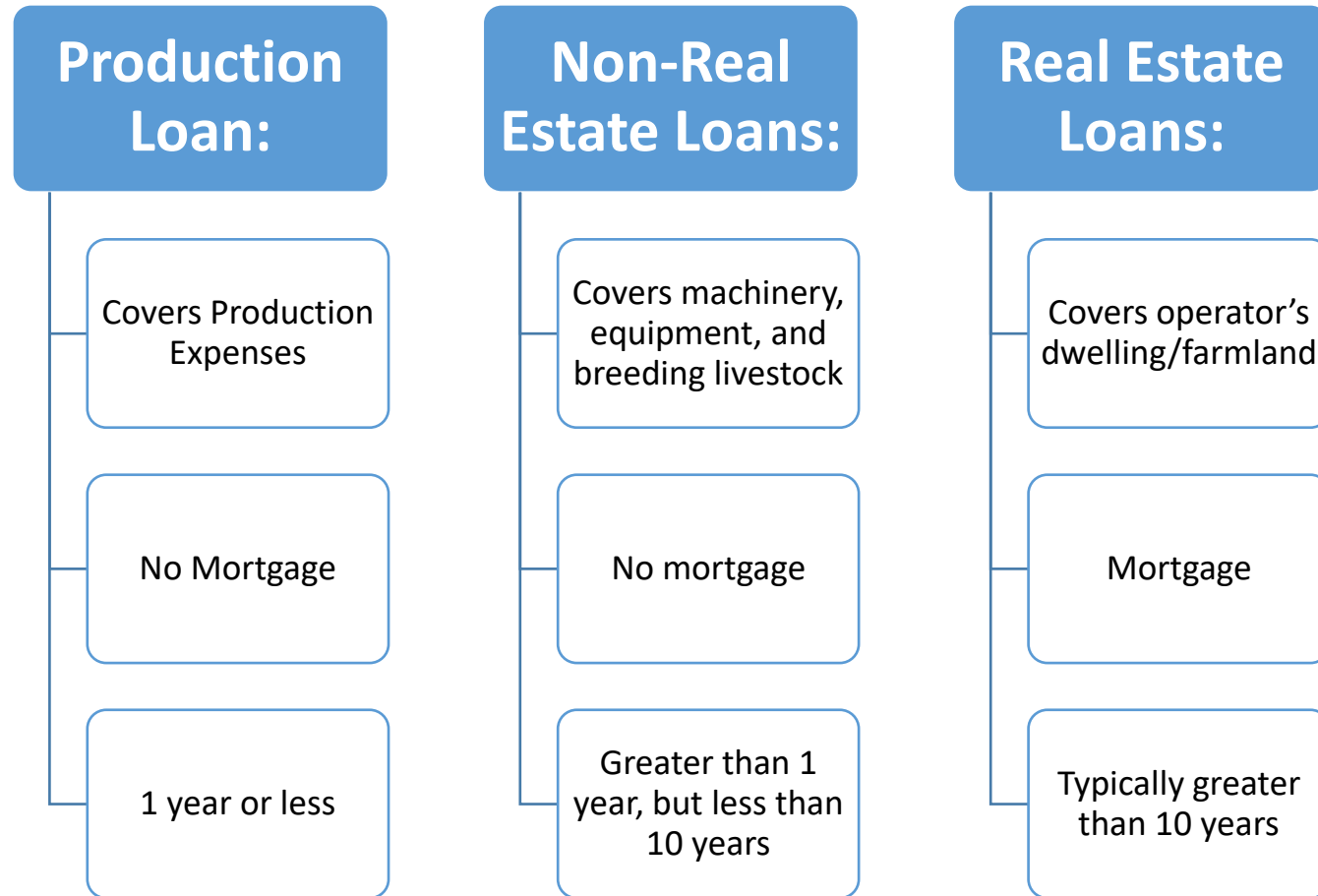


# Example – Section K

1 Who is the lender?  [From Lender Codes Above.]  (Code)	2 What was the balance owed on January 1, 2023 including outstanding principal plus unpaid interest?  (Dollars)	3 What was the balance owed on Dec. 31, 2023 including outstanding principal plus unpaid interest?  (Dollars)	4 What was the interest rate on Dec. 31, 2023?  [Report in hundredths of a percent. Example: 9% = 09.00]  (Percent)	5 What is the type of loan?  [From Loan Type Codes Above.]  (Code)	6 What year was it obtained?  [For refinanced loans, report year refinanced]  (Year) (YYYY)	7 What is the original term of the loan?  (Number of Years)	8 What percentage is for expenses of running this farm operation?  (Percent)
1001	1050	1002	1003	1004	1005	1008	1006
1	\$ dk .00	\$ 410000 .00	5 25	3	2015	15	100 %
1010	1051	1011	1012	1013	1014	1017	1015
8	\$ 0 .00	\$ 51450 .00	3 00	2	2023	3	100 %
1019	1052	1020	1021	1022	1023	1026	1024
	\$ .00	\$ .00	.				%
1028	1053	1029	1030	1031	1032	1035	1033
	\$ .00	\$ .00	.				%
1037	1054	1038	1039	1040	1041	1044	1042
	\$ .00	\$ .00	.				%



# Section K: Farm Debt





# Digital Banking

5. In 2023, what type of digital banking services did you use? Choose one. Digital banking refers to the use of either mobile or online banking. Mobile banking means banking with a smartphone, tablet, or other mobile device using an app; online banking means banking through a bank's website using a desktop or laptop computer.

5775

1

Only mobile banking

3

Both mobile and online banking

2

Only online banking

4

Neither mobile nor online banking – Go to Item 8



Question applies to business and personal banking

- Online banking – logging in to bank's website using computer
- Mobile banking – accessing bank via an app from mobile device

6. In 2023, for which finances did you use your online or mobile banking? Choose one.

5776

1

Only business finances

3

Both business and household finances

2

Only household finances



# Summing Up: Role in Sector Accounts

- A farm's assets and debt play an important role in understanding their financial well-being
- Check for duplication among assets
- Be able to explain liquid assets to respondents

