

# Leader

**KEY NEGOTIATING POINTS  
FOR ENERGY LEASES  
AND EASEMENTS**

**JOE LEISER MEMORIAL  
AGCREDIT SCHOLARSHIPS**

**FFA 110 PERCENT AWARDS**



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## Leader

is published quarterly for stockholders, directors and friends of AgCredit, Agricultural Credit Association.

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**COVER PHOTO**  
Field of Snow by Connie Ruth



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# LITTLE THINGS MATTER

The late legendary basketball coach, John Wooden, said, “It’s the little details that are vital. Little things make big things happen.” During his coaching career his teams won more than 80 percent of their games. His teams were known for strong fundamentals, attention to detail and self-discipline. While at UCLA, his teams won an unprecedented ten NCAA basketball championships. Wooden was a coach and a teacher who wrote books and taught courses on success and leadership. He developed a *Pyramid of Success* diagram used in many leadership courses today and developed 12 lessons on leadership. All of these lessons relate very well to any business, but the sixth lesson, “Little things make big things happen,” was the one that caught my attention.

One reason it caught my attention is related to the opportunity I had over the summer to meet with many member-owners and report on our cooperative’s progress. During the meetings, I shared some financial data compiled by the University of Minnesota’s Center for Farm Financial Management on over 2,100 farm operations who reported their farm financial data. The data examined crop farms over \$1 million in gross sales comparing the 20 percent most profitable with the 20 percent least profitable. The data consisted of different financial ratios, yields, prices received and some demographic data.

What differences would there be between high-and-low-profit farms? Initially when posed with this question, I thought the differences would be tied closely to crop yields and prices received. The results surprisingly did not show this correlation and low-profit farms actually grossed more per acre (\$701/acre) than high-profit farms (\$687/acre).

How can a farm operation be high-profit yet have yields and prices at or lower than low-profit farms? The answer is in the little details! The high-profit operations did a better job in managing their overall operating expenses and allocated their resources in a more efficient way. Attention to details on the operating expenses allowed for some big things to happen on the profit side and resulted in the low-profit farms having a negative operating profit margin of -12 percent while high-profit farms had a positive margin of 18 percent. One significant expense difference was in rent paid per acre. The lower profit operations paid \$236/acre average for land rent compared to \$173/acre average for higher profit operations. The results also calibrated into high-profit farms having stronger balance sheets in the areas of current ratio, working capital and debt-to-asset.

Crop farms with Greater than \$1,000,000 Gross Sales	Low Income Farms	High Income Farms
Gross sales	\$1,662,000	\$2,312,000
Median net farm income	-150,000	468,000
Debt to Assets	44%	27%
Current ration	1.01	2.37
Working capital to gross revenue	1%	55%
Term debt coverage (accrual)	-.38	1.73
Asset turnover rate	27%	24%
Operating profit margin	-12%	18%
Age	53	49
Total crop acres	2,369	3,361
Percent crop acres owned	20%	31%
Corn yield	199	195
Soybean yield	56	49
Corn Price	\$3.84	\$3.82
Soybean price	\$8.93	\$9.75
Average rent paid per acre	\$236	\$173

High Income vs. Low Income Large Minnesota Crop Farms, 2015

Though every farm operation is a little different, the data was telling on the importance of managing a number of little things to gain better results. A complete listing of the data associated with these high-and low-profit farms can be found in the following chart. A complete report on all farms in the FINBIN database can be found at <https://finbin.umn.edu>.

We are nearing the end of 2016 and have much to be thankful for. Giving renewed attention to the many little things in 2017 could

pay dividends and make some big things happen. Evaluating your balance sheet and projecting income and expenses for 2017 will prove helpful in getting your operation back to a profitable level. Some of you may be looking at changes related to succession, an expansion or diversification of your operation in 2017, while others may be looking at fine-tuning operations to become more profitable. Whatever your strategy and plans might be, AgCredit is here to help you with those plans and we look forward to serving you in 2017. ■

## TWELVE LESSONS ON LEADERSHIP FROM JOHN WOODEN

### #1. Good values attract good people.

Be a leader of value and you’ll attract the same.

### #2. Love is the most powerful four-letter word.

Be supportive. Don’t lead by fear.

### #3. Call yourself a teacher.

The best leaders are teachers. Show them what you want done and take time to mentor.

### #4. Emotion is your enemy.

Manage your emotions versus letting them manage you.

### #5. It takes 10 hands to make a basket.

You need everyone to contribute if you’re going to be successful as a team.

### #6. Little things make big things happen.

This is about discipline and practice. The little things are important. Ignoring the details will hurt you in the end.

### #7. Make each day your masterpiece.

Give your best every single day.

### #8. The carrot is mightier than the stick.

Incentives and praise are more powerful than fear and punishment.

### #9. Make greatness attainable by all.

People want to succeed. In fact, they want to be great. Make sure you give them an opportunity.

### #10. Seek significant change.

Wooden says, “Failure is not fatal, but failure to change might be.” Set your goals high.

### #11. Don’t look at the scoreboard.

In a world that looks for instant gratification, you can get caught up in checking and managing short-term results. Make sure you prepare well, work hard and set your goals high. Do that and the long-term results will be there.

### #12. Adversity is your asset.

Coach Wooden said, “Adversity is the state in which man easily becomes acquainted with himself, being especially free of admirers then.” There are always opportunities in failure. Don’t miss them because you don’t see adversity as an asset. That’s when you stretch yourself the most!



# DECLINING FARM INCOME AND THINNER MARGINSX

BY THOMAS MILLIGAN

This is the third consecutive year of declining farm income and thinner margins. Multi-Peril Crop Insurance (MPCI) was created as a safety net for farmers for reasons like these. During the past several years, many improvements have been made to the MPCI program, enhancing its performance and options. Enterprise Units, Yield Exclusions, Trend Adjustment and Whole Farm Revenue Protection are four of the newer coverages available. Subsidies have continued to greatly reduce farmer-paid premiums.

Unpredictability, change and uncertainty are all part of farming. MPCI with Revenue Protection (RP) helps with planning, budgeting and marketing by providing guarantees for revenue and bushel production.

## Planning:

When a producer knows what the minimum guaranteed levels are, he

or she can more accurately project expansion, improvements and equipment updates.

## Budgeting:

By having a predictable, guaranteed revenue amount from a crop, a farmer can make expenditure projections to be sure funds will be available to meet needs even if there is a serious crop failure.

## Marketing:

Since RP also guarantees a minimum bushel production, forward contracting can be considered for a known bushel amount. RP can also help protect in the event of a commodity price increase because fulfilling a contract can be costly if insufficient bushels are raised. This works because increasing prices may be factored into the program when the harvest price is calculated.

Every farm is different with different management styles and operating procedures. Our agents attempt to meet with each producer to craft a plan tailored to individual needs and budgets. What is right for one person may not be right for their neighbor.

This is a rough outline of MPCI options. Check with your crop insurance agent for details or contact us for further information. ■



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DAVID WHITE

# PRIORITIES, PRIORITIES, PRIORITIESX

BY DAVID WHITE

From a farm and agricultural policy standpoint, there's a new sheriff in town. While the new president waits to be inaugurated and cabinet nominations approved by Congress, the administration-in-waiting is feverishly at work putting together positions, platforms and policies on a variety of issues. Hopefully this will include farm and ag policy.

For most farmers this is the second or third straight year of declining prices while inputs have not followed the same trend. With a 56 percent drop in net farm income, there is a lot of pain in farm country. Farmers are limiting or foregoing equipment purchases (new farm equipment and machinery sales are down 50 percent since 2013) and recalibrating other expenses to balance their operations against the new (declining) commodity price levels. This is why maintaining a strong farm policy, keeping crop insurance affordable and calling on Congress to provide a more adequate funding level for USDA Farm Service Agency loan programs are critical.

Earlier this year, USDA provided \$185 million of additional funding for FSA loan programs to address a funding shortfall and backlog of pending applications. However, this funding is still estimated to be approximately \$215 million short of pending requests, and no new applicants will be considered in Fiscal Year 2017 (which began October 1) until existing applications are considered.

Compounding the backlog issue even further is the fact that USDA may be operating under a continuing resolution for months. FSA loan obligations are historically frontloaded, in alignment with the normal farming and farm lending calendar. Factoring in the existing loan backlog and higher than previously anticipated demand of FSA loan programs due to lower commodity prices, there's a good chance FSA may run out of money during the continuing resolution period, just when farmers need the program the most.

Fourteen farm and lending organizations, including the Farm Credit Council that AgCredit belongs to, recently urged Congress to address the funding shortfalls

so farmers can continue to get the financing they need to operate. Let's hope Congress will be able to get this situation resolved and include an increase for direct and guaranteed loans over the amounts previously approved by congressional committees and the increased demand that will be coming.

What we don't need Congress doing is even considering recommendations from a report, "Addressing Risk in Agriculture," issued by the Heritage Foundation that calls on Congress to phase out most farm programs and end federal support for revenue-based crop insurance. The report has been nearly universally criticized by farm organizations as out of touch with the risk management needs of agriculture. Thankfully Congress has rejected this line of thinking in the past as it recognized that farmers take on extraordinary risks to produce food for a market that's been distorted and volatile in recent years.

Many farm critics, such as the Heritage Foundation Report, support eliminating the federal premium discount and excluding large operations from receiving it. The end result would be to undermine the effectiveness of crop insurance by shrinking the risk pool and making crop insurance unavailable for some and unaffordable for others. Either way, it would make an already risky endeavor more difficult while America's farmers try to feed a growing and hungry world.

From a lending perspective, crop insurance and farm policy are enormously important because they mitigate risks involved in farming. Farming is capital intensive and most farmers cannot self-fund their operations. With crop insurance and farm policy, farmers and lenders have something to help manage the risks involved. This, in turn, helps farmers obtain financing because lenders know they will have the ability to repay loans, especially now when we're experiencing a depressed farm economy. ■





RYAN CONKLIN

## KEY NEGOTIATING POINTS FOR ENERGY LEASES AND EASEMENTS

By RYAN CONKLIN, ATTORNEY

When I started with Wright & Moore just over one year ago, the first area of practice that was handed over to me involved easement and lease review. Robert, my boss and owner of the firm, happily passed the torch for these reviews. If you have ever seen a copy of these documents, then you understand why Robert wants to delegate this work. Leases and easements are usually long, complicated, and chock-full of fine print. Navigating these forms is no easy task.

North central Ohio is carving out a niche business for the energy industry. Over the last few years, the region has attracted several companies looking to install wind turbines, natural gas pipelines and solar panels. Each time a company contacts a landowner about a lease or easement, that person is staring down legal issues that could impact his or her farm for generations to come. Let's examine some of the major considerations when examining these forms.

### Indemnity

Inclusion of an indemnity clause in any agreement is a must. This will protect your farm in the event damage is caused to person or property throughout the life of the agreement. Such clauses indicate the energy company must pay for your legal fees in the event you are sued and it must also pay for your share of a damages award against you. These provisions should cover all conduct by the energy company or its agents during the course of the working relationship. Also, an indemnity provision can be written to expressly cover environmental liability.

### Repair and Restoration

Construction of a pipeline, turbine, or drilling pad may adversely impact your ground. The process is messy, inconvenient and often results in problems with compaction, drainage tile, fencing and other areas. Any contract between landowners and energy companies should feature language indicating the energy company will, at its sole expense, repair and restore your ground to its preconstruction state. If possible, it is also helpful to add terms indicating that you

may select a local contractor to conduct any tile repair and have a contractor or inspector present during construction to observe the tiling system. Several projects have already contracted with local businesses to assist with drainage concerns and those businesses may be able to assist you upon request.

### Damages

In addition to potential damage to your farmland, construction activities can result in a loss in crop production. The company acquiring the lease or easement must pay crop damages for a lost crop during the year of construction. However, this is not enough. Construction activities can result in diminished yields for years to come. Therefore, when negotiating your damages clause, look to cover your future lost yields due to compaction. Much like the price term (below), you will have one chance to get paid for lost crops, because these companies will write you one check for all crop damages. Furthermore, these calculations should be based on actual yields, rotations, acreage and prices you provide to the energy company.

### Termination Option

You have probably heard this story before. Back in the early 1900s, an energy company came through and signed several landowners to mineral leases. Now, decades later, no one knows whether the lease is still valid or, since these companies often change hands, who currently owns the lease. Now the landowner is dealing with an encumbrance he or she cannot clear. To help guard against this issue, build a termination option into your agreement. For example, a pipeline easement may terminate after five years if the company does not construct a pipeline within this timeframe. Such a clause can give you a way out of a contract if it looks like it will not be used.

### Price

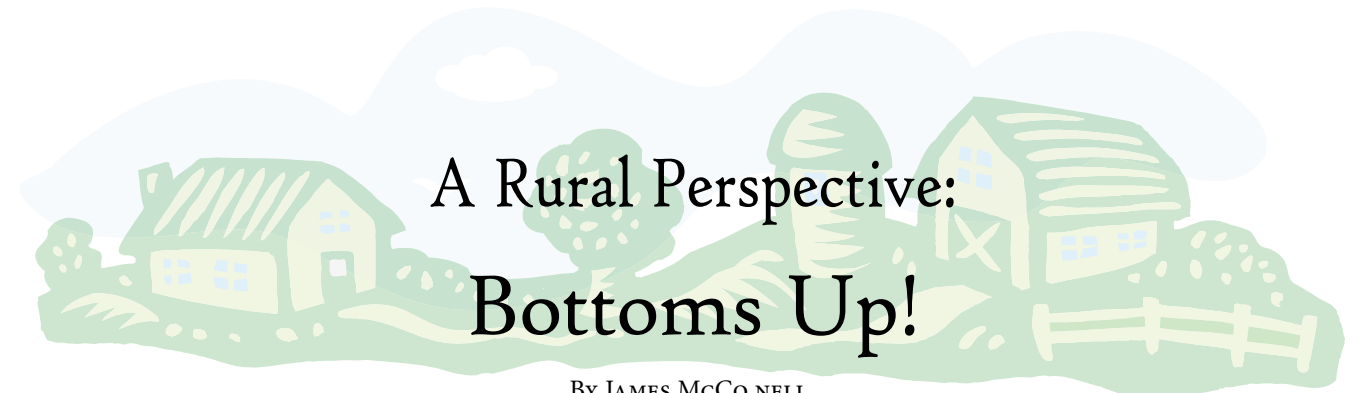
Price is arguably the most contentious part of any negotiation. From a landowner's perspective, this could be your only opportunity to get paid for your land, and



capitalizing on this opportunity is essential. Sometimes, this is not always the case. If spreading out the easement or lease income is important to you, work with the energy company to create a flexible payment structure to compensate you over time.

Also, some easements or leases leave the door open for additional projects down the road. If this is the case, ask the energy company to limit the scope of the document to one drilling pad, easement, wind turbine or otherwise. If the energy company insists on retaining future development rights, make sure the easement or lease requires the company pay fair market value at the time the future development is initiated.

The subjects listed above are just a few of the areas you may consider when negotiating an easement or lease. By no means is this a comprehensive list. Your land may require the addition of specific provisions in order to maximize protections for future landowners. Don't be afraid to take these requests to energy companies or their agents. Remember, since the two sides will be working together for a long time, these projects have an enormous incentive to build positive, long-lasting relationships with landowners. If your discussions are not prosperous, then consider working with an attorney who is fluent in these issues to ensure your easement or lease adequately addresses all concerns. ■



## A Rural Perspective: Bottoms Up!

By JAMES McCo NELL

JAMES McCONNELL IS A MEMBER OF AGCREDIT WHO FARMS 2,500 ACRES IN SOUTHERN LORAIN COUNTY WITH HIS TWO BROTHERS.



JAMES McCONNELL

Recently my wife, Sharon, and I stopped for lunch at a favorite restaurant in town. We don't do this often but the food there is always good. I was surprised when the waitress brought the large glass of milk I ordered.

Let's just say — large it was not. I was even more astonished when I found it would cost \$1.45. As near as I can tell, this "large" glass held a half pint at most. If the restaurant never bought milk on sale and always paid \$3 per gallon the milk in my "large" glass cost them less than \$0.10 by my calculations. As I mention, we don't eat there often, but previously they served me twice as much for nearly the same price.

I like milk. I like it a lot. It is my favorite beverage. Rarely do I eat a meal without a glass of milk—even at a restaurant or banquet. I have visited restaurants that don't serve milk but seldom return. I like milk for breakfast, lunch, dinner and snack times in between. Sharon packs milk and extra freeze packs in my lunch when I'll be in the field all day and to me, nothing is more refreshing than really cold milk when you have been working in the sun.

Milk goes well with everything. Breakfast wouldn't be breakfast without milk. I like milk with meat and potatoes, fish or seafood (can't speak to sushi and don't plan on finding out), pasta salads, soup or chili. Milk is essential for me with Mexican food or anything spicy. Nothing goes better with desert — like apple pie or chocolate cake — than a glass of milk. It's also great at bedtime.

I was born into a dairy farm family, so my preference for milk should not be surprising. As a kid, we always had milk in the refrigerator at home. Not only was it plentiful, fresh and nutritious, it was

inexpensive. A really large glass of milk cost my parents a few pennies since they were on the selling end, and not the buying end.

When chores were done, we drew a gallon of cold milk from the bulk milk tank and carried it into the house. We seldom had other beverages unless Mom treated us occasionally to Kool-Aid or lemonade in the summer or apple cider in the fall. Sometimes we could convince Mom we had behaved well enough and had our chores and homework done so we deserved a glass of chocolate milk or in cold weather, hot chocolate with Hershey's syrup.

Besides there not being many alternative choices, the milk we had at home was really good. We had Ayrshire dairy cattle and even after Mom skimmed the layer of cream off the top of the pasteurizer, it still tasted better than "store bought" milk. I can still remember the first glass of fresh milk I had when I returned home, in the summer of 1971, from 11 months overseas. What a treat! And 20 years ago when we were deciding whether or not to remain a dairy farm, one of the hardest things to give up was fresh milk daily from the bulk tank.

I remember being told by aunts, uncles and other adults, that when I got older I'd learn to like other beverages, especially when I went off to college. Perhaps my stubborn streak had something to do with it, but my reasoning was, if I tried coffee, beer, wine or other stronger beverages and didn't like them, why force myself to try to acquire those tastes just to be social or part of the crowd. That approach worked well for me. In college, my popularity was often based on being counted on as the designated driver. I went through college and the Army and never had to deal with a hangover.

I may appear to be just a meat and potatoes guy who doesn't know what he's missing when it comes to fine food and beverages. Certainly I am not a foodie (definition: a person with a particular interest



The next generation of milk lovers, Nate Sword, Jim's Grandson

in food: a gourmet) but I know a good meal when I taste it. Nearly all of the really good meals I've had have not been in a restaurant and every one of them, for me, included a tall glass of cold milk.

At present, I'm rethinking just how favorite this local restaurant is, with their tiny glass of very expensive milk. Instead I'd pay a ridiculous price for a tall glass of cold milk because that's what I like, but it better be a large one. ■



# JOE LEISER MEMORIAL AGCREDIT SCHOLARSHIPS

AgCredit issued three \$2,000 scholarship checks in August. The winners were selected based on their applications and letters of recommendation. Congratulations to the winners and thanks to all who completed applications. Here are the winners of the scholarships this year.

**Elizabeth Hirzel** is a sophomore studying sustainable agriculture and agricultural economics at the University of Kentucky. She is the daughter of Stephen and Ann Hirzel, from Pemberville (Wood County).

**Keely Overmeyer** is a junior studying agronomy and agribusiness at The Ohio State University. She is the daughter of Amy Overmeyer and granddaughter of Marvin Overmeyer, from Burgoon (Sandusky County).

**Leah Schwinn** is a senior studying agricultural communication and human and animal interactions at The Ohio State University. She is the daughter of Robert and Becky Schwinn, from New London (Huron County).

Since 1989, AgCredit has given over \$95,000 in scholarships. ■



Elizabeth Hirzel



Keely Overmeyer



Leah Schwinn



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**Calendar Offices Closed**

- December 26** Christmas Holiday
- January 2** New Year's Holiday
- January 16** Martin Luther King Jr. Day
- February 20** Presidents' Day

**Cultivating a Cure**

AgCredit was a sponsor of the Cultivating a Cure event, held annually and sponsored by the Ohio Farm Bureau Federation. This year's event drew 260 guests and raised over \$75,000 to support cancer treatment and prevention research at The Ohio State University. Over the past six years, Cultivating a Cure has raised almost \$350,000. This year's event was held in Alexandria, Ohio, at Watts Family Farm.



*Cultivating a Cure event in Alexandria, OH*

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**Know to Grow**

Thirty-one individuals representing 18 farming operations who are AgCredit members attended the Know to Grow conference held in Cleveland July 27-29.

By attending the conference, participants learned to accurately assess the financial strengths and weaknesses of their respective farming operations and work through the process of farm profitability and financial performance.

Topics and issues discussed by speakers and presenters during general and break-out sessions included Grow Your Operation, Strategic Growth, Livestock Outlook, Stress Relief, Farm & Family Life, Succession Planning, Strategic Business Planning, Discovering Your Commitment to the Future of Agriculture, The Key to Strong Financial Statements, Understanding Profitability & Earnings, Setting Goals, Structuring Your Operation for Long-Term Potential, Keeping Your Farm in the Family for the Next Generation, Strategic Positioning and Leveraging a Competitive Advantage.



*Know to Grow Conference in Cleveland, OH*

**Senate Resolution**

Leaders representing AgCredit and Farm Credit Mid-America were honored with a resolution presented to them by the Ohio Senate recognizing the 100th anniversary of the passage of the Federal Farm Loan Act of 1916. Participating in the presentation of the resolution were (left to right) State Senator Bob Peterson (R-Washington Court House), resolution co-sponsor; Lowell Hill, Farm Credit Mid-America Director, DeGraff; Tara Durbin, Senior VP, Farm Credit Mid-America, Utica; Bill Patterson, Farm Credit Mid-America Director, Chesterland; State Senator Cliff Hite (R-Findlay), resolution sponsor; Scott Schroeder, AgCredit Board Chairman, Leipsic; Brian Ricker, President and CEO, AgCredit, Fostoria; and David White, Account Manager for Government Relations, AgCredit, Marion.



*AgCredit and Farm Credit Mid-America accepting resolution*

**Sheffield Farm Centennial Celebration**

The Sheffield Family celebrated their farm centennial in July. They have been located in Wellington, Ohio since 1916. They had around 50 family members helping to organize and host the event for the over 300 attendees. Jim has spent many years coaching 4-H and FFA Dairy Judging Teams, so it was only fitting that they held a dairy judging contest along with the many other fun events that day. They had around 100 participants in the dairy judging contest. Jim and Lora both agreed it was a perfect day.



*Sheffield Family*

**American Jersey Cattle Association Award Winner**

Congratulations to Joel Albright of Willard for receiving the Young Jersey Breeders award at the American Jersey Cattle Association's annual meeting in San Diego, California. Pictured is Bill Grammer of Grammer Jersey Farm presenting the award to Joel and his wife, Mary Beth.



*Joe Albright receiving the Young Jersey Breeders award*

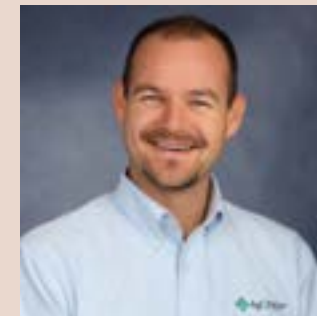
**Welcome New Employees**



**Pam Panoska** joined the Wellington team as an Operations Support Specialist on July 1.



**Jonathan M. Ewald** joined the Fremont team as an Account Officer on November 1.



**Stephen K Fruth** joined the Upper Sandusky team as an Account Officer on November 1.

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## Appreciation Days



Marion - July 6 at Marion County Fair



Wellington - August 10



Tiffin - July 27 at Seneca County Fair



Kenton - September 7 at Hardin County Fair



Upper Sandusky - July 28 at Masters Building Wyandot County Fair



Norwalk - September 15 at office



Van Wert - July 31 at the Fort Wayne TinCaps baseball game



### Napoleon Pig Scramble

Our Napoleon team sponsored the first ever pig scramble at the Henry County Fair this year. Participants and pigs were lathered up with dish soap. Pigs had to be caught and carried across the finish line. Monetary prizes went to the top three winners in each class. It was a successful first year for the event!



Contestants try to wrangle soapy pigs





### Pee Wee Pig Shows

This year AgCredit sponsored Pee Wee Pig Shows at six local fairs. The shows give kids who are too young for 4-H (8 & under) a chance to gain some experience showing a pig. While the kids are gaining some show ring experience, they put on quite the show for spectators! Visit our Facebook page to see more photos from these events.



Ottawa County Fair



Wyandot County Fair



Wood County Fair



Hancock County Fair



Seneca County Fair



Attica Independent Fair



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# YEAR-END LOAN PAYMENT AND TAX POINTERS

BY GREG SIEBENALLER, JULIE REINHART AND LOGAN KREAS

It's hard to believe we're nearing the end of another year. As the holiday season approaches, we are reminded year-end is just around the corner. With each year-end comes the task of finishing up your business plan for the current year and readying a plan for the new one. The following are a few items to keep in mind and to assist you in planning for the end of the year when making principal or interest payments and preparing for the upcoming income tax season.

## Loan Payments

**The branches close 2016 business at 2:30 p.m. on Friday, December 30, 2016.**

- Payments received after this time will be credited effective Tuesday, January 3, 2017 due to the New Year holiday on Monday, January 2.

- If possible, make your loan payments prior to December 30, 2016, to help ensure the proper application of the payment to your account for 2016.
- Please take into account mail time if you mail the payment to your local branch or the payment lockbox processor.
- We give credit based on the date we receive the payment, not the date of the check or the payment postmark date.

**Loan payments initiated through AccountAccess prior to the daily cut off time post to your account the next business day. Payments initiated before the daily cut off time on December 30, 2016 post to the loan on Tuesday, January 3, 2017.**

- The daily cut off time is generally 2:30 p.m., but may be different on December

30, 2016. AccountAccess provides the actual cut off time.

**Can I pay my loan interest through year-end and get credit for it in 2016?**

- Yes. You can pay all or a portion of your accrued interest before the end of the year. Your local branch team can assist you with determining the amount of interest you can pay.
- If you go to your local AgCredit office to make the payment, make sure you tell the Operations Support Specialist (OSS) you want your payment applied to interest for 2016.
- The total interest paid on all of your loans for 2016 will appear on the IRS Form 1098 Mortgage Interest Statement or as part

of the annual statement you receive from AgCredit in January 2017.

Consult with your tax preparer concerning if or how to correctly report an interest deduction.

**May I pay my January 1, 2017 real estate mortgage loan payment in 2016 and get credit for the interest in 2016?**

- Yes. You can pay the entire payment before 2:30 p.m. on Friday, December 30, 2016 to ensure you receive credit for the payment in 2016.
- You cannot use escrow (funds held) interest credit to pay a portion of the payment and get credit in 2016.
- It is very important for you to provide clear instructions to the branch team as to whether you want to receive credit for your payment in 2017 or 2016.

## Review 2016 Payments through AccountAccess

**You can help ensure the accuracy of your loan transactions for 2016, especially your interest payments.**

- Use AccountAccess to review your loans to make sure payments were applied in 2016 as you intended.
- Doing this well before December 30 gives you time to notify the office of any changes you think are needed and allow time for your branch's OSS to make the changes in 2016.
- This helps make sure your tax and other annual statements are correct.

## IRS informational returns

**We report informational returns under the taxpayer identification number (social security number or employer identification number) for the person or entity listed as the primary borrower for the borrowing entity.**

**Statements are available on AccountAccess in mid-January 2017. Paper forms, along with your Member Summary Statement, will be mailed out in late January.**

- **1098 – Mortgage Interest Statements**  
This form shows interest paid to AgCredit in 2016 for any loan secured by real property and made to a person (an entity using a social security number for their tax identification number). Any interest

refinanced or paid with funds from another loan is not reported. Only interest paid by you is reported on this statement.

- **1099-INT – Interest Income**  
This form shows interest of \$10 or more earned on funds in escrow (funds held) and/or Voluntary Advanced Conditional Payment Account (also referred to as VACP or Reserve Account) during the year.
- **1099-DIV – Dividends and Distributions**  
This form shows dividends of \$10 or more earned during 2016 on Class A Preferred stock you have with AgCredit.
- **1099-PATR – Taxable Distributions Received from Cooperatives**  
This form shows the amount of taxable patronage you received, by either check or notice, during the 2016 tax year. Any patronage refund and disbursement of allocated equities is at the discretion of the board of directors. The taxable patronage for 2016 includes the following:

- 2015 cash patronage distributed in late March or early April 2016.
- 2010 Nonqualified Allocated Surplus distributed in September 2016.

Nonqualified allocated equity is taxable in the year distributed to you in cash.

Once you receive your tax statements through AccountAccess or by mail, please review them carefully for accuracy. If you find an error, please notify your local branch team right away. If you notify us in time, we can make corrections and have new notices issued to you through our normal, automated process.

## Member Summary Statements

**We produce and mail summary statements to each borrowing entity at the end of January 2017. The statement is available on-line via AccountAccess in mid-January 2017. This is an informational statement. It is not sent to the IRS.**

**Your member summary statement shows beginning and ending loan balances, interest paid, fees or late charges paid, stock and allocated equity balances.**

## AccountAccess

**Conveniently manage your account information anytime from anywhere with AccountAccess**

- Free, 24/7 access to your account.
- Quicker availability of your 2016 IRS informational tax forms and member summary statement.
- Request draws on your line of credit and make loan payments, day or night, from your home or business at your convenience.
- See loan balances, loan activity, YTD interest paid, billing statements, upcoming payments and more.
- Avoid late fees. Your payment is posted as soon as the next business day.
- Link up to three separate checking or savings accounts to make your payment.
- Download our free Mobile Banking app to your smart phone from the Apple App Store and from the Google Play store for Android devices. Search for AgCredit Mobile.

If you want to sign up for AccountAccess or have forgotten your password, contact the customer support center at 1-844-275-9534 and a customer representative will help you or email [AASupport@farmcredit.net](mailto:AASupport@farmcredit.net).

As you reflect on and close out 2016 and welcome 2017, remember to jot down your inventories and other information necessary to complete a balance sheet in preparation for the completion of the financial analysis of your business. If you need assistance with this process, contact your AgCredit account officer.

Finally, the Operation Department's team members at the administrative office in Fostoria say, "Thank you," for choosing to do business with AgCredit. We wish you a blessed holiday season and New Year. ■



# FFA 110 PERCENT AWARDS

The AgCredit FFA 110 Percent Award is given to students who give 110 percent effort in their FFA Chapters. We appreciate the hard work these young people give to their chapters and communities. ■



**Aryn Copleand & Annika Gerlach**  
Wynford  
Crawford County  
Bucyrus Branch



**Samantha Martin**  
Colonel Crawford  
Crawford County  
Bucyrus Branch



**Taylor Lutz**  
Colonel Crawford  
Crawford County  
Bucyrus Branch



**Amber Dick**  
Liberty Benton  
Hancock County  
Findlay Branch



**Mike Meng**  
Genoa FFA  
Ottawa  
Fremont Branch



**Spencer King**  
Lakota  
Sandusky County  
Fremont Branch



**Hunter Sandwisch**  
Lakota  
Ottawa County  
Fremont Branch



**Robert Selvey**  
Clyde  
Sandusky County  
Fremont Branch



**Hunter Purdy**  
Ada  
Hardin County  
Kenton Branch



**Kolt Buchenroth**  
Kenton OHP  
Hardin County  
Kenton Branch



**Mikalea Ayers**  
Hardin Northern  
Hardin County  
Kenton Branch



**Samantha Friley**  
Ridgedale  
Sandusky County  
Marion Branch



**Nina Thompson**  
Elgin  
Marion County  
Marion Branch



**Dustin McCaoy**  
Mt. Gilead  
Morrow County  
Mt. Gilead Branch



**Maggie Logan**  
Northmor  
Morrow County  
Mt. Gilead Branch



**Makenna McClure**  
Cardington  
Morrow County  
Mt. Gilead Branch



**Haylee Sparks**  
Highland FFA  
Morrow County  
Mt. Gilead Branch



**Emily Kanney**  
Plymouth  
Huron/Richard County  
Norwalk Branch



**Lexa Beard**  
Tiffin Sentinel  
Seneca County  
Tiffin Branch



**Skylar Rotruck**  
Seneca East  
Seneca County  
Tiffin Branch



**Jacob Vandergriff**  
Old Fort FFA  
Seneca County  
Tiffin Branch



**Andrew Faber**  
New Riegel  
Seneca County  
Tiffin Branch



**Katelynn Shellhammer**  
Hopewell Loudon  
Seneca County  
Tiffin Branch



**Madison Kessler**  
Carey  
Wyandot County  
Upper Sandusky Branch



**Rene' Vent**  
Upper Sandusky  
Wyandot County  
Upper Sandusky Branch



**Michael Anadell**  
Firelands  
Lorain County  
Wellington Branch



**Brianna Walter**  
Wellington  
Lorain County  
Wellington Branch



## Not Pictured

NAME	SCHOOL	COUNTY	BRANCH
Morgan Mazey	Otsego	Wood	Bowling Green
Marleigh Kerr	Anthony Wayne	Wood	Bowling Green
Noah Fouty	Elmwood	Wood	Bowling Green
Rosa Bowen	Bowling Green	Wood	Bowling Green
Alicyn McClish	Eastwood	Wood	Bowling Green
Drake Spridgeon	Arcadia	Hancock	Findlay
Eric Ritter	Cory-Rawson	Hancock	Findlay
Meaghan Hummell	Arlington	Hancock	Findlay
Alaina Kessler	Liberty Center	Henry	Napoleon
Zach Brown	Holgate	Henry	Napoleon
Mikayla Shanks	Patrick Henry	Henry	Napoleon
Micayla Fincham	Western Reserve	Huron	Norwalk
Austin Hartz	Willard	Huron	Norwalk
Jeremiah Adams	South Central	Huron	Norwalk
Alexis Hinckley	New London	Huron	Norwalk
Brittany Weller	Bellevue	Huron	Norwalk
McKenzie Davis	Lincolnview	Van Wert	Van Wert
Emily Bauer	Crestview	Van Wert	Van Wert
Chantal Monnier	Paulding	Paulding	Van Wert



# RECENT LAND SALES

The information provided in this column is only a sample of recent land sales around Ohio. Since there are many factors taken into consideration when a buyer and seller establish a price, these sales may or may not reflect the current market value in any particular area and should not be used in lieu of a formal appraisal by a state certified real estate appraiser to establish a value for a particular tract of land.

AgCredit's certified specialists are qualified to prepare appraisals for residences, land, dairies, hog confinement operations, grain farms and other specialty operations. For more information about AgCredit's free appraisal service call Bill Eirich, ARA, Chief Appraiser, 419-523-6677 or 1-800-837-3678, Ext. 1107. Bill will connect you with an appraisal specialist.

The following information was provided by:

► **Bee Gee Realty & Auction Co., LTD**

122 N. Washington St.  
Van Wert, OH 45897  
www.beegeerealty.com  
419-238-5555

**Location 1:**

Acres: 80  
County: Van Wert  
Township: Harrison  
Date of Sale: 4/20/16  
Selling Price: \$8,000 per acre  
Average tiling. Open ditch and waste land. 73 tillable acres.  
Pewamo and Blount soil types.

**Location 2:**

Acres: 73.32  
County: Van Wert  
Township: Tully  
Date of Sale: 5/26/16  
Selling Price: \$8,865 per acre  
Systematically tiled.  
Toledo soil type.

**Location 3:**

Acres: 76  
County: Van Wert  
Township: Pleasant  
Date of Sale: 12/16/15  
Selling Price: \$8,600 per acre  
Average tiling. Two acres woods.  
Hoytville Clay soil type.

**Location 4:**

Acres: 103  
County: Van Wert  
Township: Pleasant  
Date of Sale: 5/26/16  
Selling Price: \$8,376 per acre  
Average to above average tiling.  
Pewamo and Blount soil types.

**Location 5:**

Acres: 33  
County: Van Wert  
Township: Pleasant  
Date of Sale: 5/26/16  
Selling Price: \$8,866 per acre  
Above average tiling.  
Pewamo and Blount soil types.

**Location 6:**

Acres: 90  
County: Van Wert  
Township: Pleasant  
Date of Sale: 5/26/16  
Selling Price: \$8,582 per acre  
Above average tiling.  
Pewamo and Blount soil types.

**Location 7:**

Acres: 76  
County: Van Wert  
Township: Pleasant  
Date of Sale: 5/26/16  
Selling Price: \$8,291 per acre  
Below average tiling.  
Pewamo and Blount soil types.

**Location 8:**

Acres: 98  
County: Van Wert  
Township: Union  
Date of Sale: 7/12/16  
Selling Price: \$9,700 per acre  
Land systematically tiled.  
Hoytville Clay soil type.

**Location 9:**

Acres: 120  
County: Van Wert  
Township: Union  
Date of Sale: 7/12/16  
Selling Price: \$8,900 per acre  
Land systematically tiled. 10 acres are non-tillable.  
Hoytville Clay soil type.

The following information was provided by:

► **Walton Realty and Auction**

227 W. Wyandot Ave.  
Upper Sandusky, OH 43351  
www.waltonrealtyandauction.com  
419-294-0007

**Location 1**

Acres: 131  
County: Seneca  
Township: Bloom  
Date of Sale: 6/30/16  
Selling Price: \$9,046 per acre  
Unimproved

**Location 2**

Acres: 78  
County: Crawford  
Township: Cranberry  
Date of Sale: 6/30/16  
Selling Price: \$9,143 per acre  
Included a home built in 1904 with old bank barn and wagon shed with lean-to.



DR. DAVID KOHL

## EDUCATION GAME CHANGER

By DR. DAVID KOHL

Regardless of age, the pursuits of lifelong learning and continual improvement include the path of education. Learning a new strategy or an additional skill can revitalize one's business and life. I believe special recognition is due to all the Farm Credit Associations that continue to sponsor young and beginning farmer programs to provide the foundation for the business journey. I enjoy participating in Farm Credit's various educational efforts along with the many, dedicated Farm Credit team members that mentor and present information. Indeed, these programs are shaping the future of agriculture.

Many Associations offer long-standing programs that provide leadership training over multiple days. These events expose aspiring young agricultural producers and entrepreneurs to cutting-edge information and trends. The programs are designed to challenge their knowledge and stimulate their thinking on business practices. In addition, these programs are instrumental for networking and developing long-term relationships. These connections offer individuals a separate, outside group of peers with which they can share opportunities and challenges. Of course, with social media and today's rapid style of communication, the flow of ideas is ever increasing.

As an example of an educational program's potential, I remember one couple that owned and operated a traditional beef operation. After an educational course on value-added marketing, the wife was energized and wanted to market their beef locally to restaurants and other high-end venues. Now my personal friends, this couple has been very successful through the years.

Other Farm Credit Associations offer "nuts and bolts" programs that examine in detail the construction of budgets, cash flows and balance sheets. These programs explain how to run different scenarios of financials and market conditions for any new venture. From testimonials of these programs, some producers have scaled back expectations due to the scenario testing while others



abandoned an idea altogether. Certainly, it can be disappointing to discover an idea may not be profitable or sustainable, but it preserves considerable time and money for perhaps another future opportunity.

The educational focus for some Farm Credit Associations is generational business transition. These programs bring together both the younger and older generations to discuss and develop future transition plans. While a single day program does not solve the challenges of business transition, it does identify issues and start crucial conversations. Most importantly, these programs provide a format for successful future planning.

The Ag Biz Planner offered by Farm Credit University can be customized for businesses in the start-up mode, those with a family member returning, or the agricultural entrepreneur exploring niche markets. Over 750 producers have enrolled in the training, which includes a mix of online and face-to-face sessions. Often, Farm Credit team members serve as mentors for the program. At a recent session in Pennsylvania, one participant stated the course confirmed his thoughts on expanding into niche markets. At graduation from the course, another indicated that this program highlighted for him the need to ask some critical questions about

the future direction of the business and laid groundwork for successful transition planning.

Other educational efforts include trips to Washington D.C., state capitals and international markets. As the public becomes increasingly less aware of agriculture, it is important to stay connected with public interest, and changing consumer demands and trends. Each of these can prove to be educational game changers. Cooperatives continue to make the initial investment into education, but in many ways, they are generating huge dividends for the future.

Testimonials from past educational venues include phrases such as, "This returned us from recreational lifestyle farmers to ones that cash flow," and "It opened our eyes to the resources and programs available." Still others claimed it helped re-shape their goals in the planning process for better business, family and personal balance.

The side-by-side approach of education with producers, Farm Credit team members and strategic alliances is critical. In tackling the challenges and opportunities of tomorrow's agriculture, education truly is a game changer. After all, agriculture is the foundation behind the success of society. ■

Attention Auctioneers: Would you like to be featured in a future column? It's easy. Visit our website, [www.agcredit.net](http://www.agcredit.net) and click on the Auctioneer's link to find the Recent Land Sale form online. Fax the completed forms to 419 663 4120 or email to [klaubacher@agcredit.net](mailto:klaubacher@agcredit.net).



# 2017 CALENDAR PHOTO CONTEST WINNERS



*Sunrise on a Snowy Day at Walker Farms - Submitted by Kim Harvey of Galion, OH*



*"April" in Ohio - Submitted by Sandy Michaels of Clyde, OH*



*Born Cowboys; We Walk Together - Submitted by Anderia Hartman of Graytown, OH*



*Ready to Rake Some Hay - Submitted by Crystal McCown of Galion, OH*



*Takes Hard Work to Fill These Little Boots - Submitted by Lacie Green of Wakeman, OH*



*Wheat Harvest - Submitted by Linda Martin of Fremont, OH*



*Aerial Application - Submitted by Crystal McCown of Galion, OH*



*Hay Being Raked as the Sun Goes Down - Submitted by Rachel Bush of Edison, OH*



*Golden Harvest Time - Submitted by Dawn Mizen of Tiffin, OH*



*Curious Calves - Submitted by Lydia Stuckey of Tiffin, OH*



*A Stormy Evening - Submitted by Valerie Wallis of Decatur, IN*



*New Calf on the Farm Named "Fancy" - Submitted by Valerie Wallis of Decatur, IN*



# AGATES FROM AGATHA SEMI-PRECIOUS TIDBITS OF INFORMATION



COMPILED BY CONNIE RUTH, AKA AGATHA CREDIT

Note: Agatha Credit is the nickname my late husband, Dan, bestowed upon me when I first started working at Ag Credit. He enjoyed the enthusiasm I had for my new job.

## NEW TRADITIONS

Winter has just begun and I already have cabin fever. I also have a touch of the blues because all four of my grandkids now live out of state. This year, I find myself agreeing with the older-old-timers when they lament, “Ohio winters are just too long!”

I am a homebody but these days it’s easy to jump in the car for a road trip or to buy a plane ticket when I accumulate a few vacation days —especially if my destination is to go visit the grandkids. But, like most people, I have obligations at work and home and financial constraints so I can’t go as often as I would like.

I recently ran across a column I wrote a few years ago about my fear of flying. Rereading the article made me smile because my flying phobia seems like a lifetime ago. I admit, I still send up a thankful prayer each time the plane safely lifts off and each time the wheels gently touch down, but I don’t start sweating each time I even think of boarding a plane.

Getting older has really mellowed me in unexpected ways. I am no longer anxious about hundreds of worries that used to keep me up at night. Raising a family and living for 62 years helps realize most of the things I worried about didn’t come true. Dan’s long illness also cured me in ways that are hard

to explain. For years, I worried so much about his illness and death—other worries were dwarfed in comparison. Then when he died, I realized my biggest fear was now behind me.

Maybe it’s an age thing or maybe I’ve gotten to the point in my life where I realize life really is too short to spend it constantly fretting. I still worry a bit. I also spend time thinking how to be together more with family. I don’t actually fret about it but realize we need to continually make an effort for family time a priority. It’s complicated because my two married daughters now take turns sharing holidays with in-laws and extended families on both sides—one year with one side of the family and the next year with the other side.

A couple of years ago I chucked the usual tradition of Thanksgiving at home and instead spent the day on a California beach with family. We ended the day eating turkey dinner at a local family restaurant. It wasn’t fancy but the food was pretty good. Yes, it was strange to not cook the big holiday meal and it sure was odd not to have leftovers, but it was nice not spending hours in the kitchen cooking and doing dishes. There are distinct advantages to being flexible! I used to feel sorry for people who had to eat holiday meals in restaurants. But now I realize the actual meal doesn’t matter as much as being with family and friends.

Last Thanksgiving, Jim and I and extended family traveled to Kate and Chad’s new home in North Carolina. We made the traditional meal and then went to the beach

(the Atlantic ocean this time), happy to be together making new traditions.

This year it was back to the homestead for another traditional Thanksgiving dinner with those who could come. How I love having family bustling in my too-small kitchen and crowded around the dining room table with all the leaves inserted Walton-family style.

I am looking forward to Christmas. Some years are quiet...very quiet. But last Christmas everyone was home crowded into the big yellow farmhouse. We had twelve stockings hanging on the mantle and I loved every moment of the chaos—even when the grandkids decided to sled down the stairs!

Church projects, food drives and other charity efforts help warm up the season and make us realize we have more to be thankful for than many of our neighbors. Let’s stop to think about those in our communities who don’t have family nearby –or don’t have family at all.

Jim and I are lucky to have close friends that feel like family. One great thing about getting older is to have many memories and ties with people we’ve known for years. Not having the whole clan together each year makes us appreciate those times we can be together. Sometimes we gather on an alternate date or even another month to celebrate. We miss those who have other obligations during our “off” years. We try to be creative and flexible when it comes to the holidays and not take family or friends for granted. Whether there are three stockings hanging on the mantle or thirteen—our hearts are full of love and we are blessed.

Enjoy the holidays with those you love.  
Happy New Year!

Agatha



## Consolidated Balance Sheets

	September 30,	December 31,
	2016	2015
(dollars in thousands)	(unaudited)	(audited)
<b>Assets</b>		
Cash	\$ 1,869	\$ 4,080
Investment securities:		
Held to maturity (fair value of \$13,858 and \$19,073, respectively) <sup>2</sup>	12,966	19,193
Loans	1,743,813	1,716,490
Allowance for loan losses	(12,972)	(13,858)
Net loans	1,730,841	1,702,632
Accrued interest receivable	33,191	23,619
Investments in other Farm Credit institutions	19,146	19,12
Premises and equipment, net	8,030	8,233
Other property owned	—	60
Accounts receivable	9,1302	0,180
Other assets	3,624	4,7972
<b>Total assets</b>	<b>\$ 1,818,797</b>	<b>\$ 1,801,916</b>
<b>Liabilities</b>		
Notes payable to AgFirst Farm Credit Bank	\$ 1,505,288	\$ 1,500,003
Accrued interest payable	3,0082	969
Patronage refunds payable	94	18,560
Accounts payable	1,696	1,715
Advanced conditional payments	491	507
Other liabilities	14,090	9,2702
<b>Total liabilities</b>	<b>1,524,667</b>	<b>1,533,024</b>
<b>Members' Equity</b>		
Capital stock and participation certificates	19,7502	19,505
Retained earnings <sup>2</sup>		
Allocated	171,450	177,0632
Unallocated	102,930	72,324
<b>Total members' equity</b>	<b>94,130</b>	<b>268,892</b>
<b>Total liabilities and members' equity</b>	<b>\$ 1,818,797</b>	<b>\$ 1,801,916</b>

## Consolidated Statements of Comprehensive Income

	For the three months ended September 30,		For the nine months ended September 30,	
	2016	2015	2016	2015
(dollars in thousands)	(unaudited)			
<b>Interest Income</b>				
Loans	\$ 20,914	\$ 19,285	\$ 61,357	\$ 55,923
Investments <sup>i</sup>	373	253	879	838
<b>Total interest income<sup>i</sup></b>	<b>21,287</b>	<b>19,538</b>	<b>62,236</b>	<b>56,761</b>
<b>Interest Expense</b>				
Notes payable to AgFirst Farm Credit Bank <sup>i</sup>	9,113	8,482	26,921	24,082
<b>Net interest income<sup>i</sup></b>	<b>12,174</b>	<b>11,056</b>	<b>35,315</b>	<b>32,679</b>
Provision for (reversal of allowance for) loan losses <sup>i</sup>	(84)	(97)	(862)	1,371
<b>Net interest income after provision for (reversal of allowance for) loan losses</b>	<b>12,258</b>	<b>11,153</b>	<b>36,177</b>	<b>31,308</b>
<b>Noninterest Income</b>				
Loan fees <sup>i</sup>	223	152	526	433
Fees for financially related services <sup>i</sup>	105	99	138	154
Patronage refunds from other Farm Credit institutions <sup>i</sup>	3,046	2,769	9,084	8,179
Gains (losses) on sales of premises and equipment, net <sup>i</sup>	(2)	(3)	1	(3)
Gains (losses) on other transactions <sup>i</sup>	2	(2)	4	—
Other noninterest income <sup>i</sup>	11	3	28	11
<b>Total noninterest income<sup>i</sup></b>	<b>3,385</b>	<b>3,018</b>	<b>9,781</b>	<b>8,774</b>
<b>Noninterest Expense</b>				
Salaries and employee benefits <sup>i</sup>	3,127	2,848	9,765	8,812
Occupancy and equipment <sup>i</sup>	225	224	772	715
Insurance Fund premiums <sup>i</sup>	475	320	1,289	917
Guarantee fees <sup>i</sup>	198	153	760	581
(Gains) losses on other property owned, net <sup>i</sup>	—	—	6	—
Other operating expenses <sup>i</sup>	1,044	897	2,755	2,414
<b>Total noninterest expense<sup>i</sup></b>	<b>5,069</b>	<b>4,442</b>	<b>15,347</b>	<b>13,439</b>
<b>Income before income taxes<sup>i</sup></b>	<b>10,574</b>	<b>9,729</b>	<b>30,611</b>	<b>26,643</b>
Provision (benefit) for income taxes <sup>i</sup>	(3)	—	(3)	—
<b>Net income<sup>i</sup></b>	<b>10,577</b>	<b>9,729</b>	<b>30,614</b>	<b>26,643</b>
<b>Other comprehensive income<sup>i</sup></b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Comprehensive income</b>	<b>\$ 10,577</b>	<b>\$ 9,729</b>	<b>\$ 30,614</b>	<b>\$ 30,614</b>

The shareholders' investment in the association is materially affected by the financial condition and results of operations of AgFirst Farm Credit Bank. Copies of AgFirst's quarterly and annual financial reports to shareholders are available free of charge at [www.agfirst.com](http://www.agfirst.com), or by writing to AgFirst Farm Credit Bank, Financial Reporting Department, P.O. Box 1499, Columbia, SC 29202-1499.





610 W. LYTLE STREET  
FOSTORIA, OH 44830

PRSR STD  
US POSTAGE  
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COLUMBIA SC  
PERMIT 1160



**AgCredit hosted an employee appreciation day at Put-in-Bay in June. Team members took the Jet Express ferry to the island and teams participated in a photo scavenger hunt around town. After a group lunch at Tippers, everyone enjoyed free time on the island. We appreciate the hard work and dedication of our team!**