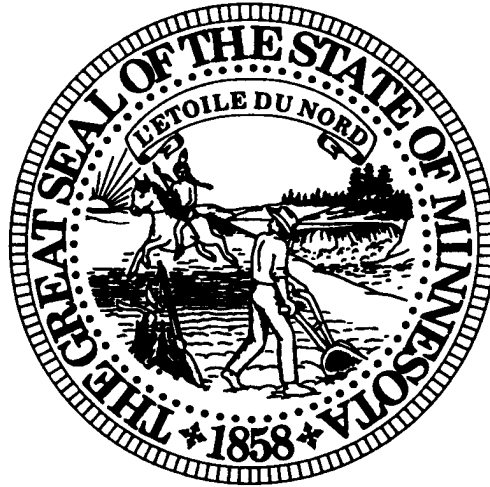


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# **Ethanol Plants Receiving Producer Payments From the State of Minnesota**

2009 Report

Minnesota Department of Agriculture

**Ethanol Plants Receiving  
Producer Payments  
From the State of Minnesota**

2009 Report

This report is submitted in fulfillment of the statutory requirement in section 41A.09, which states:

*Not later than the 15<sup>th</sup> day of February in each year the commissioner shall deliver to the chairs of the standing committees of the senate and the house of representatives that deal with agricultural policy and agricultural finance issues an annual report summarizing aggregated data from plants receiving payments under this section during the preceding calendar year. Audited financial statements and notes and disclosure statements submitted to the commissioner are nonpublic data under section 13.02, subdivision 9. Notwithstanding the provisions of chapter 13 relating to nonpublic data, summaries of the submitted audited financial reports and notes and disclosure statements will be contained in the report to the committee chairs and will be public data.*

Twelve ethanol plants received producer payments and/or deficiency payments from the State of Minnesota in calendar year 2008. These plants are:

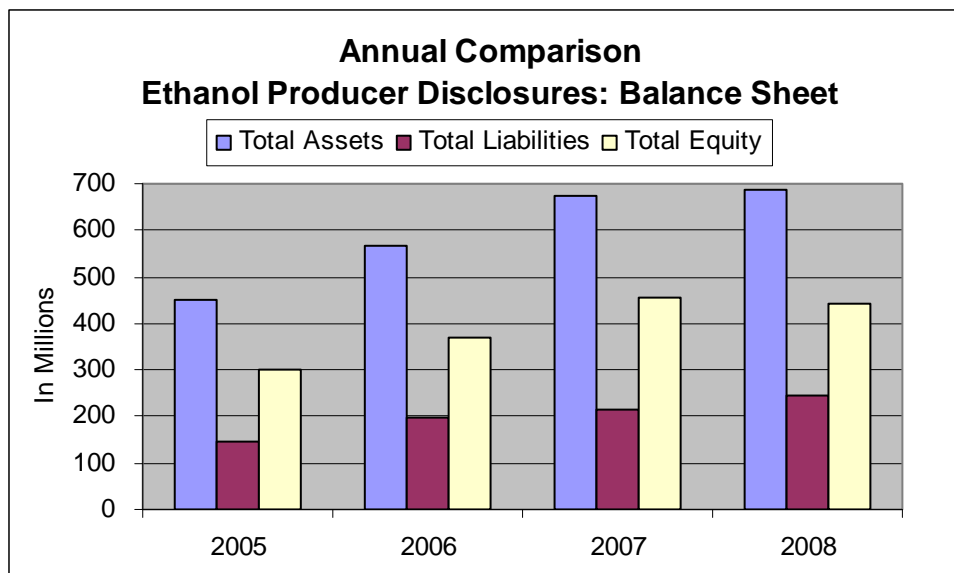
Agra-Resources Co-op; POET Glenville East (Albert Lea),  
Agri-Energy, LLC (Luverne),  
Al-Corn Clean Fuel Limited Partnership (Claremont),  
Central Mn Ethanol Co-op (Little Falls),  
Chippewa Valley Ethanol Company, LLLP (Benson),  
CornPlus, LLLP (Winnebago),  
Diversified Energy Co., LLC (Morris),  
Ethanol 2000, LLP; POET Bingham Lake (Bingham Lake),  
Heartland Corn Products (Winthrop),  
Melrose Dairy Proteins, LLC (Melrose),  
Minnesota Energy (Buffalo Lake) and  
Pro-Corn, LLC; POET Preston (Preston).

This report aggregates data from these plants into a financial section, a statistical section and percentage of ownership section.

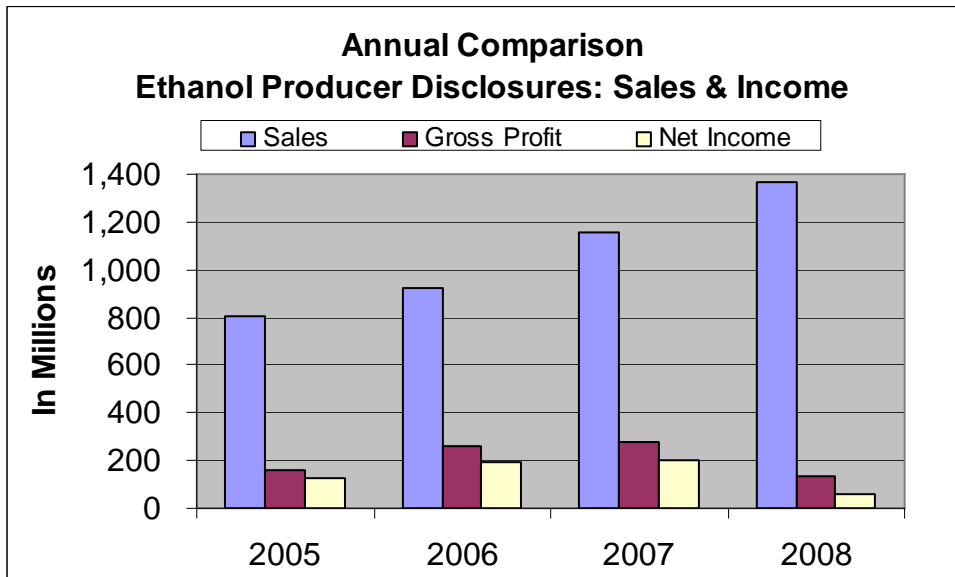
## FINANCIAL SECTION:

The financial section (page 5) presents the aggregate comparative Balance Sheet and Statement of Income for 2008 and 2007. This aggregate financial information is the total of all twelve entities presented for 2008 and 2007, the increase or decrease between these years, and the average of the twelve entities.

In summary, the Balance Sheet presents aggregate producer total assets for 2008 of \$686,296,724, an increase of \$13,060,649 from the 2007 aggregate total assets of \$673,236,075. The aggregate total liabilities for 2008 are \$244,027,008, an increase of \$27,780,110 from the 2007 aggregate total liabilities of \$216,246,898. The aggregate total equity for 2008 is \$442,269,716, a decrease of \$14,719,461 from the 2007 aggregate total equity of \$456,989,177. The following chart shows these numbers and numbers from the 2006 and 2005 reports.



The Statement of Income shows aggregate total sales for 2008 of \$1,368,759,230, an increase of \$208,739,511 from the 2007 aggregate total sales of \$1,160,019,719. The aggregate total gross profit for 2008 is \$131,469,583, a decrease of \$147,241,367 from the 2007 aggregate total gross profit of \$278,737,950. The aggregate total net income for 2008 is \$60,334,008, a decrease of \$143,230,615 from the 2007 aggregate total net income of \$203,564,623. The following chart shows these numbers and numbers from the 2006 and 2005 reports.



**STATISTICAL SECTION:**

The statistical section (page 8) presents current year and comparison summary information including: revenues, sales, profits, government incentives, patronage dividends, interest expense, etc. The resulting ratios include ratios of liquidity, leverage, activity and profitability. As with the financial data information, the presentation is the same with the aggregate total and the average of all twelve entities. Aggregate government incentives for 2008 total \$15,830,783 which is an increase of \$282,836 from the 2007 incentives of \$15,547,947. State producer payments were reported higher than last year, but this is because plants' fiscal reporting periods do not coincide with state fiscal years. Annual state payments per

fiscal year have remained at approximately \$15 million in each state fiscal year 2007 and 2008. For the current year, no Federal CCC Bio-energy program incentives were reported.

## **OWNERSHIP SECTION:**

The percentage of ownership section (page 10) presents aggregate producer disclosure on ethanol producer plant entity ownership. This data is presented based on overall ownership type and M.S. 500.24-defined farmer ownership.

### **For 2008:**

Overall ownership of the producer plants for 2008 was: 35% by individuals with less than 10% ownership, 49% by cooperatives, 5% by corporations and 11% by LLCs.

Ownership by farmers or other entities eligible to farm or own agricultural land in Minnesota as defined in M.S. 500.24 for 2008 totaled approximately 56%: approximately 25% by farmers with less than 10% direct ownership and approximately 31% by farmers through membership in cooperatives.

### **For 2007:**

Overall ownership of the producer plants for 2007 was: 36% by individuals with less than 10% ownership, 49% by cooperatives, 4% by corporations and 11% by LLCs.

Ownership by farmers or other entities eligible to farm or own agricultural land in Minnesota as defined in M.S. 500.24 for 2007 totaled approximately 55%: approximately 25% by farmers with less than 10% direct ownership and approximately 30% by farmers through membership in cooperatives.

# Financial Section

**Minnesota Department of Agriculture  
Balance Sheet Summary Data  
Comparison of 2008 & 2007 Ethanol Producer Disclosures  
Ethanol Report for February, 2008**

	<b>2008</b>	<b>2007</b>	<b>Increase (Decrease)</b>	<b>Current Year Average Ethanol Producer</b>
<b>Assets</b>				
<b>Current</b>				
Cash.....	\$ 51,009,377	\$ 71,059,152	\$ (20,049,775)	\$ 4,250,781
Accounts Receivable.....	78,223,992	65,177,447	13,046,545	6,518,666
Inventory.....	74,853,640	49,903,429	24,950,211	6,237,803
Other.....	28,609,692	31,939,042	(3,329,350)	2,384,141
<i>Total Current Assets</i>	<u>232,696,701</u>	<u>218,079,070</u>	<u>14,617,631</u>	<u>19,391,392</u>
<b>Investments</b>				
In Coops.....	6,213,145	5,193,639	1,019,506	517,762
Other.....	50,349,327	42,994,185	7,355,142	4,195,777
<i>Total Investments</i>	<u>56,562,472</u>	<u>48,187,824</u>	<u>8,374,648</u>	<u>4,713,539</u>
<b>Fixed Assets</b>				
Land.....	17,506,444	15,942,964	1,563,480	1,458,870
Plant & Equipment.....	634,067,288	596,695,824	37,371,464	52,838,941
Accumulated Depreciation.....	(277,719,039)	(235,263,716)	(42,455,323)	(23,143,253)
<i>Total Fixed Assets</i>	<u>373,854,693</u>	<u>377,375,072</u>	<u>(3,520,379)</u>	<u>31,154,558</u>
<b>Other Assets</b>				
Financing Costs.....	1,427,977	1,648,860	(220,883)	118,998
Other.....	21,754,881	27,945,249	(6,190,368)	1,812,907
<i>Total Other Assets</i>	<u>23,182,858</u>	<u>29,594,109</u>	<u>(6,411,251)</u>	<u>1,931,905</u>
<b>Total Assets</b>	<u>\$ 686,296,724</u>	<u>\$ 673,236,075</u>	<u>\$ 13,060,649</u>	<u>\$ 57,191,394</u>
<b>Liabilities</b>				
<b>Current</b>				
Accounts Payable.....	\$ 84,052,629	\$ 59,926,762	\$ 24,125,867	\$ 7,004,386
Current Portion Long-Term Debt.....	18,806,382	16,708,756	2,097,626	1,567,199
Earnings Distribution.....	13,487,341	27,787,906	(14,300,565)	1,123,945
Other.....	23,308,917	16,505,013	6,803,904	1,942,410
<i>Total Current Liabilities</i>	<u>139,655,269</u>	<u>120,928,437</u>	<u>18,726,832</u>	<u>11,637,939</u>
<b>Long-Term</b>				
Long-Term Debt.....	96,138,719	92,131,126	4,007,593	8,011,560
Other Long Term Liabilities.....	8,233,020	3,187,335	5,045,685	686,085
<i>Total Long Term Liabilities</i>	<u>104,371,739</u>	<u>95,318,461</u>	<u>9,053,278</u>	<u>8,697,645</u>
<i>Total Liabilities</i>	<u>244,027,008</u>	<u>216,246,898</u>	<u>27,780,110</u>	<u>20,335,584</u>
<b>Equity</b>				
Cooperative.....	137,780,659	134,836,676	2,943,983	11,481,722
Other.....	182,274,802	210,279,789	(28,004,987)	15,189,567
Undistributed.....	122,214,255	111,872,712	10,341,543	10,184,521
<i>Total Equity</i>	<u>442,269,716</u>	<u>456,989,177</u>	<u>(14,719,461)</u>	<u>36,855,810</u>
<b>Total Liabilities &amp; Equity</b>	<u>\$ 686,296,724</u>	<u>\$ 673,236,075</u>	<u>\$ 13,060,649</u>	<u>\$ 57,191,394</u>

**Minnesota Department of Agriculture**  
**Statement of Income Summary Data**  
**Comparison of 2008 & 2007 Ethanol Producer Disclosures**  
**Ethanol Report for February, 2008**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Current Year Average Ethanol Producer</u>
<b><u>Sales</u></b>				
Sales	\$ 1,368,759,230	\$ 1,160,019,719	\$ 208,739,511	\$ 114,063,269
Cost of Sales	<u>(1,237,262,647)</u>	<u>(881,281,769)</u>	<u>(355,980,878)</u>	<u>(103,105,221)</u>
<i>Gross Profit</i>	<u>131,496,583</u>	<u>278,737,950</u>	<u>(147,241,367)</u>	<u>10,958,049</u>
			-	
<b><u>Operating Expenses</u></b>				
Employee Costs	7,233,385	6,989,254	244,131	602,782
Supplies	1,783,556	2,050,924	(267,368)	148,630
Repairs and Maintenance	1,060,168	6,992,062	(5,931,894)	88,347
Other Operating Expenses	19,057,147	27,942,553	(8,885,406)	1,588,096
Depreciation and Amortization	<u>38,936,353</u>	<u>35,673,906</u>	<u>3,262,447</u>	<u>3,244,696</u>
<i>Operating Expenses</i>	<u>68,070,609</u>	<u>79,648,699</u>	<u>(11,578,090)</u>	<u>5,672,551</u>
			-	
<b><u>Income from Operations</u></b>	<u>63,425,974</u>	<u>199,089,251</u>	<u>(135,663,277)</u>	<u>5,285,498</u>
			-	
<b><u>Other Income (Expenses)</u></b>				
State Ethanol Producer Payments	15,830,783	15,445,300	385,483	1,319,232
CCC Bioenergy Program Payments	-	102,647	(102,647)	-
Investment Earnings	12,037,553	13,000,883	(963,330)	1,003,129
Interest Expense	(8,917,122)	(11,329,041)	2,411,919	(743,094)
Gain (Loss) on Assets	405,382	(1,214,376)	1,619,758	33,782
Other	<u>(18,554,145)</u>	<u>(5,618,511)</u>	<u>(12,935,634)</u>	<u>(1,546,179)</u>
<i>Other Income (Expenses)</i>	<u>802,451</u>	<u>10,386,902</u>	<u>(9,584,451)</u>	<u>66,871</u>
			-	
<b><u>Income before Income Taxes</u></b>	64,228,425	209,476,153	(145,247,728)	5,352,369
<b><u>Income Taxes</u></b>	<u>3,894,417</u>	<u>5,911,530</u>	<u>(2,017,113)</u>	<u>324,535</u>
<b><u>Net Income</u></b>	<u>\$ 60,334,008</u>	<u>\$ 203,564,623</u>	<u>\$ (143,230,615)</u>	<u>\$ 5,027,834</u>



# Statistical Section

**Minnesota Department of Agriculture  
Statistical Summary Data  
Comparison of 2008 & 2007 Ethanol Producer Disclosures  
Ethanol Report for February, 2008**

	<u>2008</u>	<u>2007</u>	<u>Increase (Decrease)</u>	<u>Current Year Average Ethanol Producer</u>
<b><u>Statistics</u></b>				
Gross Revenues.....	\$ 1,378,478,803	\$ 1,181,735,662	\$ 196,743,141	\$ 114,873,234
Sales.....	1,368,759,230	1,160,019,719	208,739,511	114,063,269
Operating Income.....	63,425,974	199,089,251	(135,663,277)	5,285,498
Profit before taxes.....	64,228,425	209,476,153	(145,247,728)	5,352,369
Net Income.....	60,334,008	203,564,623	(143,230,615)	5,027,834
Government Incentives:			-	
<i>MN Producer Payment</i> .....	15,830,783	15,445,300	385,483	1,319,232
<i>CCC Bio-Energy Program</i> .....	-	102,647	(102,647)	-
Patronage Dividends Paid/Other Dist....	107,104,685	165,026,495	(57,921,810)	8,925,390
Interest Expense.....	8,917,122	11,329,041	(2,411,919)	743,094
			-	
			-	
<b><u>Liquidity</u></b>				
Current Ratio.....	1.67	1.80	(0.13)	1.67
Quick Ratio.....	1.13	1.39	(0.26)	1.13
<b><u>Leverage</u></b>				
Debt to total assets.....	15.00%	14.00%	1.00%	15.00%
Debt to equity.....	55.00%	47.00%	8.00%	55.00%
Liabilities to equity.....	24.00%	21.00%	3.00%	24.00%
Times interest earned.....	8.20	19.49	-11.29	8.20
<b><u>Activity</u></b>				
Inventory turnover.....	18.29	23.25	(4.96)	18.29
Fixed assets turnover.....	3.66	3.07	0.59	3.66
Total asset turnover.....	1.99	1.72	0.27	1.99
<b><u>Profitability</u></b>				
Profit margin on sales.....	4.00%	18.00%	-14.00%	4.00%
Return on total assets.....	9.00%	30.00%	-21.00%	9.00%
Return on total equity.....	14.00%	45.00%	-31.00%	14.00%

# Ownership Section

**Minnesota Department of Agriculture  
Ownership Summary Data from Ethanol Disclosures  
Disclosures Reported in 2008  
Ethanol Report: February 15, 2009**

<b>Ownership category/name</b>	<b>Overall % of total</b>	<b>M.S. 500.24 % of total (1)</b>
Individuals < 10% ownership	35.0%	24.9%
Cooperatives	49.2%	31.4%
Corporations	4.6%	0.0%
LLCs	11.2%	0.0%
	100.0%	56.2%

Note:

(1) does not include estates/trusts which may qualify under 500.24

