



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

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*2012 Report*

MDA Finance and Budget Division  
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February 2012

# Ethanol Plants Receiving Producer Payments From the State of Minnesota

2012 Report

This report is submitted in fulfillment of the requirement in Minnesota Statutes, 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.*

During the 2009 legislative session, M.S. 41A.09 was amended (Laws of 2009, Chapter 94, Section 82) to change the reporting of plant ownership as follows:

*Subsequent annual reports must reflect noncumulative changes in ownership of ten percent or more of the entity. Subsequent annual reports must affirm that majority ownership of the entity is held by farmers or other entities eligible to farm or own agricultural land under section 500.24 or individuals residing within 30 miles of the plant.*

This reports aggregates information from eight ethanol plants, which received deficiency payments from the State of Minnesota in calendar year 2011. These plants are:

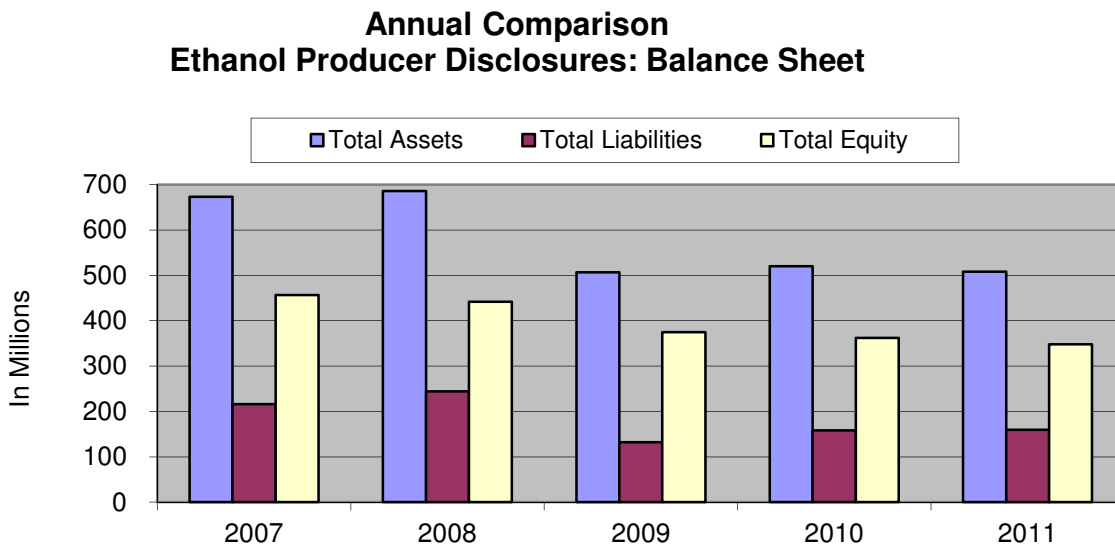
Agra-Resources Co-op; POET Glenville East (Albert Lea),  
AI-Corn Clean Fuel Limited Partnership (Claremont),  
Central Mn Ethanol Co-op (Little Falls),  
Chippewa Valley Ethanol Company, LLLP (Benson),  
CornPlus, LLLP (Winnebago),  
Ethanol 2000, LLP; POET Bingham Lake (Bingham Lake),  
Heartland Corn Products (Winthrop),  
Pro-Corn, LLC; POET Preston (Preston).

This is one fewer plant than covered by the 2011 report because Agri-Energy in Luverne fell out of eligibility for payments for this year due to a change in ownership. Data received from the eight plants reporting is aggregated into a financial section, a statistical section and an ownership section.

This is the last year this report is produced. The final payments for this program went out on September 1, 2011.

### FINANCIAL SECTION:

The tables on pages 3 and 4 present aggregated comparative financial information reported by plants for 2011 and 2010. The following chart summarizes key numbers from Balance Sheet report. Note that the number of plants reporting in 2007 was thirteen, twelve for 2008, ten for 2009, nine for 2010 and eight for 2011.



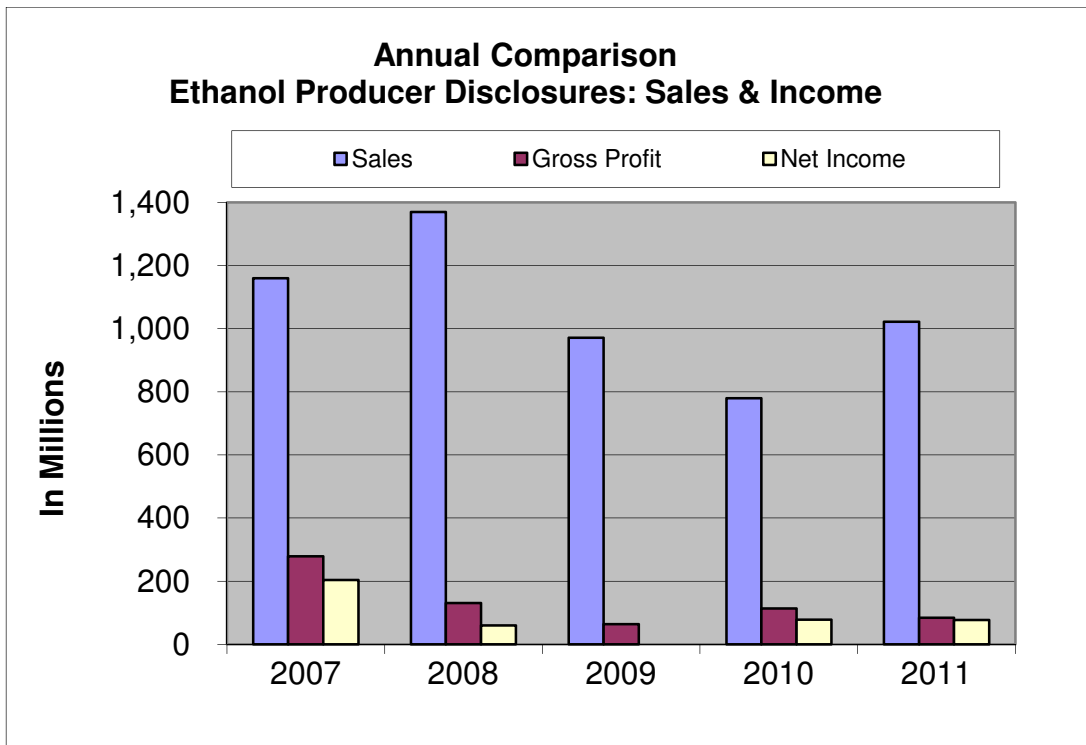
Minnesota Department of Agriculture  
Balance Sheet Summary Data  
Comparison of 2011 & 2010 Ethanol Producer Disclosures  
Ethanol Report for February 2012

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Current Year Average Producer</u>
<b>Assets</b>				
<i>Current</i>				
Cash.....	\$ 85,508,467	\$ 81,424,856	\$ 4,083,611	\$ 10,688,558
Accounts Receivable.....	32,343,595	41,315,536	(8,971,941)	4,042,949
Inventory.....	55,930,880	54,840,584	1,090,296	6,991,360
Other.....	33,962,895	10,975,490	22,987,405	4,245,362
<i>Total Current Assets</i>	<u>207,745,837</u>	<u>188,556,466</u>	<u>19,189,371</u>	<u>25,968,230</u>
<i>Investments</i>				
In Coops.....	10,049,626	7,871,348	2,178,278	1,256,203
Other.....	23,746,710	29,755,940	(6,009,230)	2,968,339
<i>Total Investments</i>	<u>33,796,336</u>	<u>37,627,288</u>	<u>(3,830,952)</u>	<u>4,224,542</u>
<i>Fixed Assets</i>				
Land.....	19,344,605	20,058,104	(713,499)	2,418,076
Plant & Equipment.....	518,819,771	538,779,677	(19,959,906)	64,852,471
Accumulated Depreciation.....	(310,102,388)	(297,263,436)	(12,838,952)	(38,762,799)
<i>Total Fixed Assets</i>	<u>228,061,988</u>	<u>261,574,345</u>	<u>(33,512,357)</u>	<u>28,507,749</u>
<i>Other Assets</i>				
Financing Costs.....	369,138	457,934	(88,796)	46,142
Other.....	37,829,667	31,716,805	6,112,862	4,728,708
<i>Total Other Assets</i>	<u>38,198,805</u>	<u>32,174,739</u>	<u>6,024,066</u>	<u>4,774,851</u>
<i>Total Assets</i>	<u>\$ 507,802,966</u>	<u>\$ 519,932,838</u>	<u>\$ (12,129,872)</u>	<u>\$ 63,475,371</u>
<b>Liabilities</b>				
<i>Current</i>				
Accounts Payable.....	\$ 63,626,835	\$ 54,734,599	8,892,236	\$ 7,953,354
Current Portion Long-Term Debt.....	4,158,263	9,803,368	(5,645,105)	519,783
Earnings Distribution.....	15,959,186	17,610,921	(1,651,735)	1,994,898
Other.....	12,609,770	12,934,255	(324,485)	1,576,221
<i>Total Current Liabilities</i>	<u>96,354,054</u>	<u>95,083,143</u>	<u>1,270,911</u>	<u>12,044,257</u>
<i>Long-Term</i>				
Long-Term Debt.....	62,166,047	59,033,979	3,132,068	7,770,756
Other Long Term Liabilities.....	960,250	3,321,824	(2,361,574)	120,031
<i>Total Long Term Liabilities</i>	<u>63,126,297</u>	<u>62,355,803</u>	<u>770,494</u>	<u>7,890,787</u>
<i>Total Liabilities</i>	<u>159,480,351</u>	<u>157,438,946</u>	<u>2,041,405</u>	<u>19,935,044</u>
<b>Equity</b>				
Cooperative.....	134,558,232	135,220,086	(661,854)	16,819,779
Other.....	132,660,785	138,889,545	(6,228,760)	16,582,598
Undistributed.....	81,103,598	88,384,261	(7,280,663)	10,137,950
<i>Total Equity</i>	<u>348,322,615</u>	<u>362,493,892</u>	<u>(14,171,277)</u>	<u>43,540,327</u>
<i>Total Liabilities &amp; Equity</i>	<u>\$ 507,802,966</u>	<u>\$ 519,932,838</u>	<u>\$ (12,129,872)</u>	<u>\$ 63,475,371</u>

**Minnesota Department of Agriculture**  
**Statement of Income Summary Data**  
**Comparison of 2011 & 2010 Ethanol Producer Disclosures**  
**Ethanol Report for February 2012**

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Current Year Average Producer</u>
<b><u>Sales</u></b>				
Sales	\$1,021,874,291	\$ 779,147,205	\$ 242,727,086	\$ 127,734,286
Cost of Sales	(937,561,182)	(665,129,758)	(272,431,424)	(117,195,148)
<i>Gross Profit</i>	<u>84,313,109</u>	<u>114,017,447</u>	<u>(29,704,338)</u>	<u>10,539,139</u>
<b><u>Operating Expenses</u></b>				
Employee Costs	7,728,579	7,173,531	555,048	966,072
Supplies	1,044,387	1,144,204	(99,817)	130,548
Repairs and Maintenance	464,315	1,194,308	(729,993)	58,039
Other Operating Expenses	19,056,333	22,240,020	(3,183,687)	2,382,042
Depreciation and Amortization	23,153,694	26,620,778	(3,467,084)	2,894,212
<i>Operating Expenses</i>	<u>51,447,308</u>	<u>58,372,841</u>	<u>(6,925,533)</u>	<u>6,430,914</u>
<b><u>Income from Operations</u></b>	<u>32,865,801</u>	<u>55,644,606</u>	<u>(22,778,805)</u>	<u>4,108,225</u>
<b><u>Other Income (Expenses)</u></b>				
State Ethanol Producer Payments	13,654,782	12,177,863	1,476,919	1,706,848
CCC Bioenergy Program Payments	-	-	-	-
Investment Earnings	7,544,745	9,112,387	(1,567,642)	943,093
Interest Expense	(2,464,730)	(2,388,143)	(76,587)	(308,091)
Gain (Loss) on Assets	(5,031,810)	430,278	(5,462,088)	(628,976)
Other	30,028,995	6,919,393	23,109,602	3,753,624
<i>Other Income (Expenses)</i>	<u>43,731,982</u>	<u>26,251,778</u>	<u>17,480,204</u>	<u>5,466,498</u>
<b><u>Income before Income Taxes</u></b>	<u>76,597,783</u>	<u>81,896,384</u>	<u>(5,298,601)</u>	<u>9,574,723</u>
<b><u>Income Taxes</u></b>	<u>(657,510)</u>	<u>3,857,008</u>	<u>(4,514,518)</u>	<u>(82,189)</u>
<b><u>Net Income</u></b>	<u>\$ 77,255,293</u>	<u>\$ 78,039,376</u>	<u>\$ (784,083)</u>	<u>\$ 9,656,912</u>

The following chart summarizes key numbers from Statement of Income report. When aggregated, the eight plants as a group showed \$77 million in net income for the period, \$33 million from operations and \$44 million from other income which included state producer payments, investment earnings and sale of assets. However, not all of the eight plants showed positive net income for the current period.



**STATISTICAL SECTION:**

The table on page 6 shows various ratios of liquidity, leverage, activity and profitability resulting from the aggregated information on sales, profits, and so on.

Note that the financial statements provided for this report are for the most recently audited fiscal year of each individual plant. As such, these statements represent a variety of fiscal year end dates, but in all cases are one year newer than those aggregated in last year’s report.

Minnesota Department of Agriculture  
Statistical Summary Data  
Comparison of 2011 & 2010 Ethanol Producer Disclosures  
Ethanol Report for February 2012

	<u>2011</u>	<u>2010</u>	<u>Increase (Decrease)</u>	<u>Current Year Average Ethanol Producer</u>
<b><u>Statistics</u></b>				
Gross Revenues.....	\$1,068,071,003	\$ 807,787,126	\$ 260,283,877	\$ 133,508,875
Sales.....	1,021,874,291	779,147,205	242,727,086	127,734,286
Operating Income.....	32,865,801	55,644,606	(22,778,805)	4,108,225
Profit before taxes.....	76,597,783	81,896,384	(5,298,601)	9,574,723
Net Income.....	77,255,293	78,039,376	(784,083)	9,656,912
Government Incentives:				
<i>MN Producer Payment</i> .....	13,654,782	12,177,863	1,476,919	1,706,848
<i>CCC Bio-Energy Program</i> .....	-	-	-	-
Patronage Dividends Paid/Other Dis	51,642,866	33,004,796	18,638,070	6,455,358
Interest Expense.....	2,464,730	2,388,143	76,587	308,091
<b><u>Liquidity</u></b>				
Current Ratio.....	2.16	1.98	0.18	2.16
Quick Ratio.....	1.58	1.41	0.17	1.58
<b><u>Leverage</u></b>				
Debt to total assets.....	12.00%	12.00%	0.00%	12.00%
Debt to equity.....	46.00%	43.00%	3.00%	46.00%
Liabilities to equity.....	18.00%	17.00%	1.00%	18.00%
Times investment income earned.....	32.08	35.29	(3.21)	32.08
<b><u>Activity</u></b>				
Inventory turnover.....	18.27	14.21	4.06	18.27
Fixed assets turnover.....	4.48	2.98	1.50	4.48
Total asset turnover.....	2.01	1.50	0.51	2.01
<b><u>Profitability</u></b>				
Profit margin on sales.....	8.00%	10.00%	-2.00%	8.00%
Return on total assets.....	15.00%	15.00%	0.00%	15.00%
Return on total equity.....	22.00%	22.00%	0.00%	22.00%

**OWNERSHIP SECTION:**

In accordance with M.S. 41A.09 as amended by the Laws of 2009, an official from each of the eight plants reporting signed the Ethanol Production Facility Disclosure Statement, which states:

*“I hereby affirm that majority ownership of this entity is held by farmers or other entities eligible to farm or own agricultural land under Minnesota Statutes, Section 500.24, or individuals residing within 30 miles of the plant.”*

This affirmation is a statutory requirement for these plants to continue to receive deficiency payments for past production that received payments of less than 20 cents per gallon.