

**Western**

**2009  
Nebraska  
Farm & Ranch  
Annual Report**



*NFB* Nebraska Farm  
Business, Inc.

UNIVERSITY OF  
Nebraska  
Lincoln

**EXTENSION**

Know how. Know now.

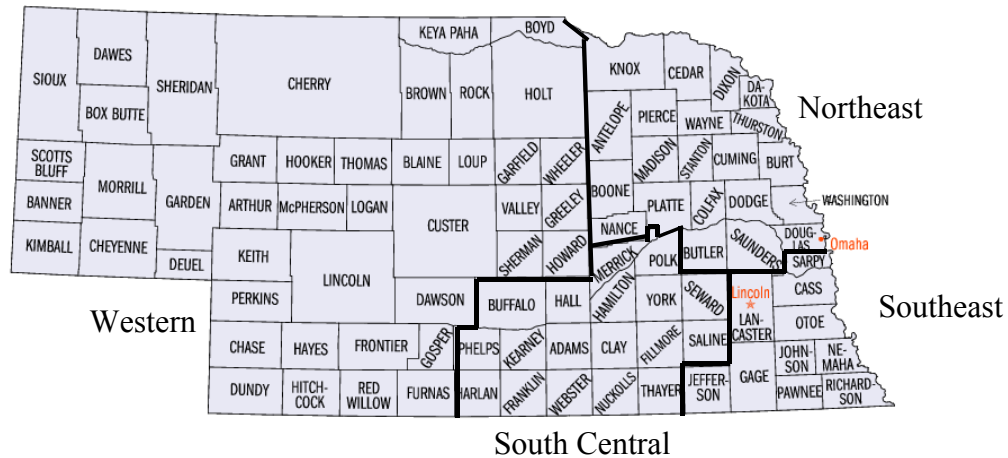
# Table of Contents

<b>Regional Comments</b>	1
<b>Nebraska Farm Business, Inc. Staff</b>	2
<b>Western Region Summary</b>	
Table 1: Summary Information, 2009	3
Table 2A: Farm/Ranch Business Income, 2009	4
Table 2B: Farm/Ranch Business Expense, 2009	5
Table 3A: Gross Cash Farm Income, 2009	6
Table 3B: Gross Cash Farm Expense, 2009	7
Table 4: Inventory Changes & Depreciation, 2009	8-9
Table 5A: Profitability Analysis at Cost Value, 2009	10
Table 5B: Profitability Analysis at Market Value, 2009	11
Table 6: Liquidity & Repayment Capacity Measures, 2009	12
Table 7: Statement of Cash Flows, 2009	13
Table 8A: Balance Sheet - Assets at Cost Value, 2009	14
Table 8B: Balance Sheet - Liabilities at Cost Value, 2009	15
Table 9A: Balance Sheet - Assets at Market Value, 2009	16
Table 9B: Balance Sheet – Liabilities at Market Value, 2009	17
Table 10A: Financial Guidelines Measures, 2009	18
Table 10B: Compare Your Financial Guidelines, 2009	19
Graphs 1: Financial Ratios, 2009	20-22
Table 11A: Household and Personal Expenses, 2009	23
Table 11B: Family Living Summary Trend, 2009	24
Graphs 2: Family Living	25
Table 12: Operator Information and Non-Farm Summary, 2009	26
Graphs 3: Operator Information	27
Table 13: Crop Production, Marketing & Labor Summary, 2009	28
<b>Whole Farm Comparisons</b>	
Table 14: Size of Farm Sorted by Gross Cash Farm Income, 2009	29-30
<b>Other Regional Averages</b>	
Table 15: Northeast Nebraska Averages, 2009	31-32
Table 16: Southeast Nebraska Averages, 2009	33-34
Table 17: South Central Nebraska Averages, 2009	35-36
<b>Appendix</b>	
Appendix 1: Financial Guideline Ratios	37-38
Appendix 2: Prices Used in the Analysis Report	39

## Regional Comments

When driving across Nebraska, it doesn't take long to see the incredibly diverse landscape and farming practices. It also doesn't take long when working with production agriculture to know the profitability and financial outlook of operations are incredibly diverse across the state. In an effort to provide more detailed educational and resource materials, four books have been published that detail the average financial situation of members in each of the four regions. Each book contains details on one region followed by general information about the other three.

The counties are split into the following four regions:



These regions were selected for differences in farming practices such as irrigation potential versus dry land, special opportunities such as seed corn contracts, and other historical differences. The Western region covers a very large territory, and although there are vast differences within this area, it cannot be broken down any further due to limited number of operations. If you would like to order other books, please contact us at (402) 464-6324, or order from our website: [www.nfbi.net](http://www.nfbi.net).

# Nebraska Farm Business, Inc. Staff



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**Table 1: Western - Summary Information, 2009**

**Farm Income**

Cash Farm Income	1,136,353
Accrual Adjustments to Income	-6,648
Gross Farm Income	\$1,129,705
Cash Operating Expenses	947,125
Accrual Adjustments to Expenses	18,702
Depreciation	53,149
Total Operating Expense	<u>\$1,018,976</u>
Interest Paid	59,702
Change in Accrued Interest	<u>-21,315</u>
Total Interest Expense	38,387
Total Expenses	\$1,057,363
Net Farm Income from Operations	\$72,342
Gain or Loss on Capital Sales	\$13,913
<b>Net Accrual Farm Income</b>	<b>\$86,255</b>

**Net Worth Change**

Net Farm Income	(+)	\$86,255
Personal Income	(+)	25,715
Family Living/Owner Withdrawals	(-)	55,448
Income & Social Security Tax	(-)	13,414
Market Value Adjustment	(+)	-71,574
<b>Earned Net Worth Change</b>	<b>(=)</b>	<b>\$114,682</b>
<b>Ending Net Worth *</b>		<b>\$1,788,030</b>

\*Please note land values are not adjusted so the Net Worth reported is a true, earned net worth.

**Farm Financial Standards Measures**

**Liquidity**

	<b><u>Beginning</u></b>	<b><u>Ending</u></b>
Current Ratio	0.97	1.41
Working Capital	-\$22,437	\$240,673
Working Capital to Gross Income	-2.0%	21.3%

**Solvency (Market)**

Debt to Asset Ratio	46%	42%
Debt to Equity Ratio	78%	72%

**Repayment Capacity**

Replacement Margin	(\$86,004)
Term Debt Coverage Ratio	0.64
Replacement Coverage Ratio	0.61

**Profitability (Cost)**

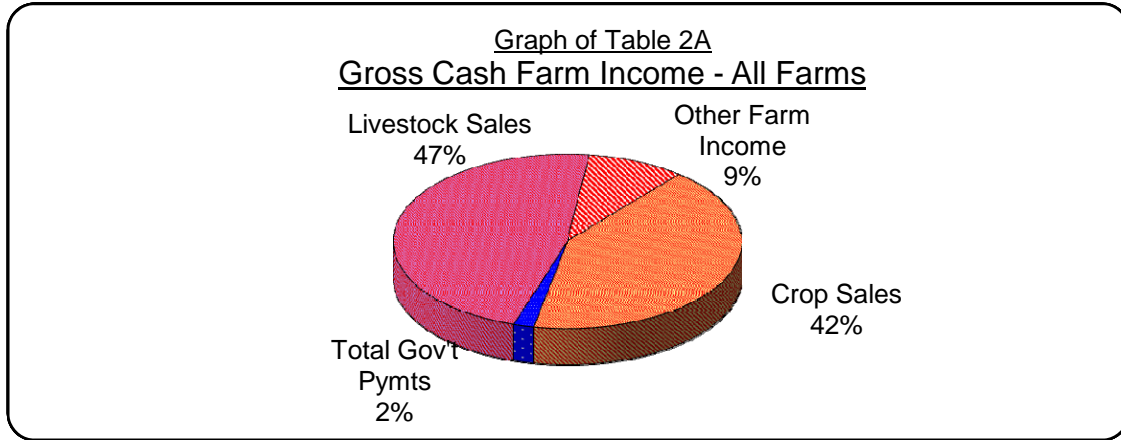
Rate of Return on Assets	3.8%
Rate of Return on Equity	5.0%
Operating Profit Margin	9.1%
EBITDA	\$86,255

**Efficiency**

Asset Turnover Rate (Cost)	42.0%
Operating Expense Ratio	85.5%
Depreciation Ratio	4.7%
Interest Expense Ratio	5.3%

**Table 2A: Farm / Ranch Business Income, 2009**

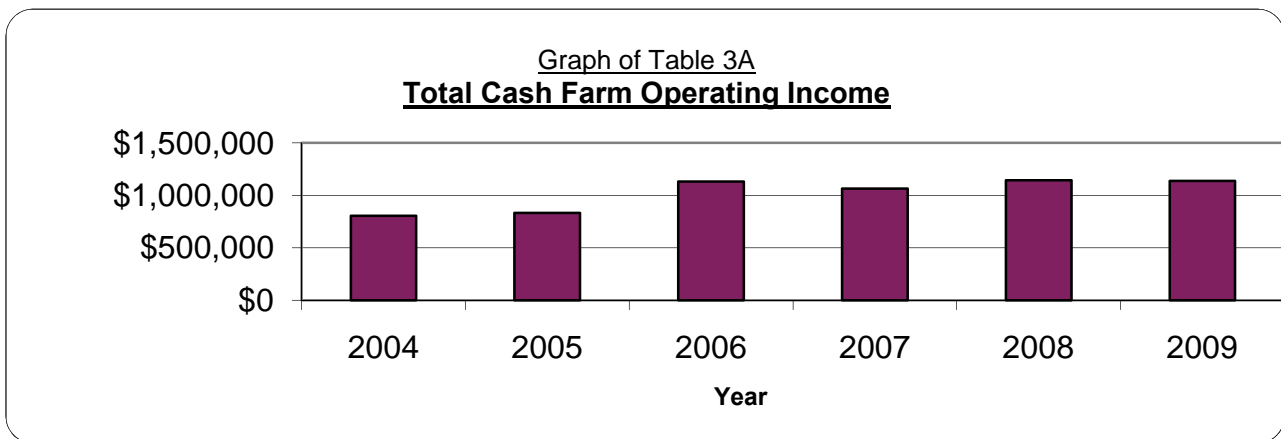
This chart shows the percentages of gross cash income of the "Average" Farm / Ranch Business. Refer to Page 6 for a detailed comparison of cash farm income.



**Government Payments as a Percent of Net Farm Income**

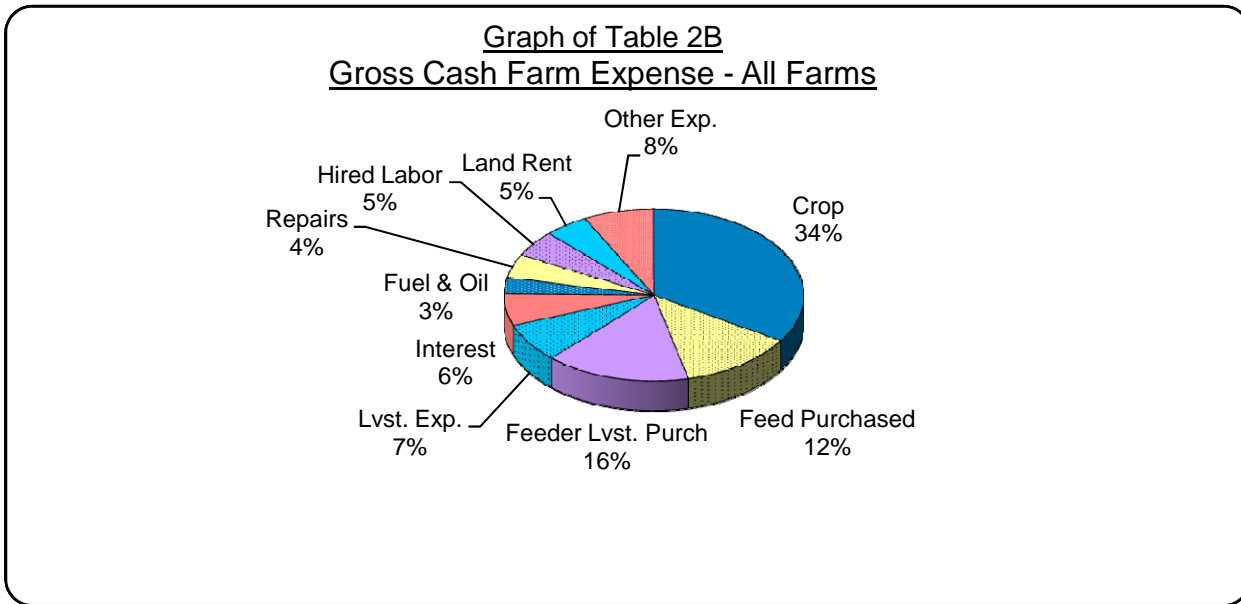
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>6 Year Average</u>
Government Payments Received	\$44,490	\$98,674	\$65,732	\$25,816	\$34,365	\$21,519	\$48,433
Net Farm Income	\$1,608	\$68,093	\$69,806	\$65,268	\$112,813	\$86,255	\$67,307
% of Net Farm	2766.8%	144.9%	94.2%	39.6%	30.5%	24.9%	516.8%
Net Worth Change (Cost)*	\$2,022	\$50,051	\$69,238	\$55,551	\$84,623	\$71,248	\$55,456
Government Payment as % of Net Worth Change	2200.3%	197.1%	94.9%	46.5%	40.6%	30.2%	434.9%

\* Net Worth Change - Cost Value: Farm capital assets are reported at cost or remaining value. Non-farm assets are included here as well and generally reported at current value.



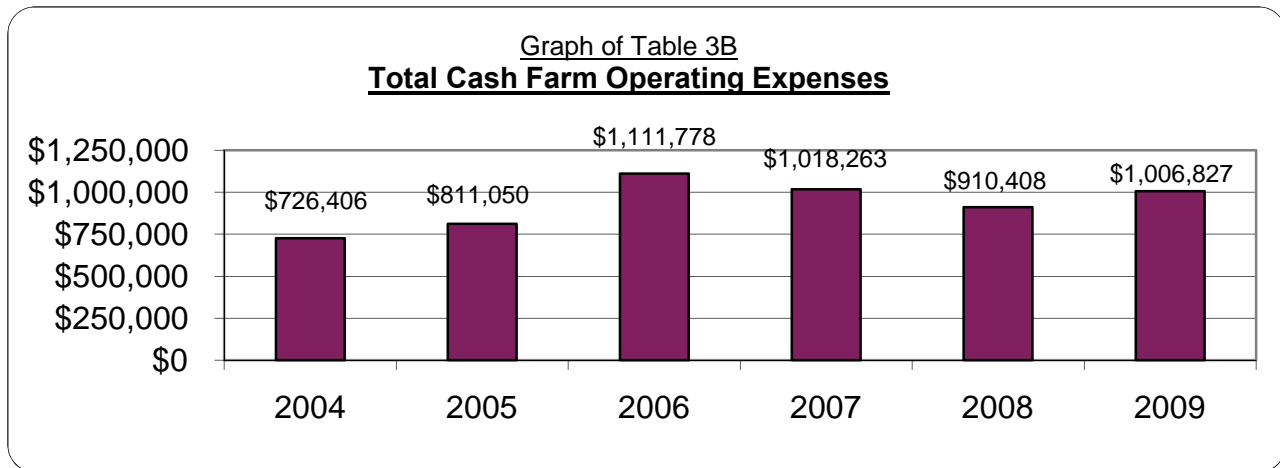
**Table 2B: Farm / Ranch Business Expense, 2009**

This chart shows the percentage in gross cash expenditures of the "Average" Farm / Ranch Business. Refer to Page 7 for a detailed comparison of cash farm expense.



The following table indicates percentage of gross income used for operating, depreciation, and interest expense. The remaining percent is net farm income.

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>6 Year Average</u>
Operating Expense	80.6%	84.1%	83.9%	77.5%	85.5%	85.5%	82.9%
Depreciation Expense	6.4%	4.3%	4.0%	5.9%	4.7%	4.7%	5.0%
Interest Expense	5.7%	6.1%	6.4%	6.7%	5.3%	5.3%	5.9%
Net Farm Income	7.3%	5.6%	5.7%	9.7%	7.6%	7.6%	7.3%



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**Table 3A: Gross Cash Farm Income, 2009**

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	Average Of <u>All Farms</u>
<b>Crop Income</b>	
Corn	317,746
Seed Corn	0
Waxy Corn	9,245
Soybeans	108,819
Wheat	29,905
Hay Crops	8,594
Grain Sorghum	0
Sugar Beets	0
Great Northern Beans	0
Miscellaneous Crop Income	2,554
<b>Total Crop Income</b>	<b>\$476,863</b>
<b>Livestock and Product Income</b>	
Beef Finishing	293,378
Beef Calves	98,299
Background Beef	10,786
Farrow-to-Finish, Hogs	0
Finish Feeder Pigs	0
Dairy, Milk	0
Cull Breeding Livestock	10,017
Contract Livestock Income	108,599
Miscellaneous Livestock Income	13,689
<b>Total Livestock Income</b>	<b>\$534,768</b>
<b>Other Farm Income</b>	
LDP Payments	0
Direct and CC Gov't Payments	15,879
CRP & Other Gov't Payments	5,640
Custom Work	6,379
Patronage Dividends, Cash	3,803
Insurance Income	47,353
Other Miscellaneous Farm Income	45,667
<b>Total Other Farm Income</b>	<b>\$124,721</b>
<b>Total Gross Cash Farm Income</b>	<b>\$1,136,352</b>

**Table 3B: Gross Cash Farm Expenses, 2009**

	Average Of All Farms
<b>Crop Expense</b>	
Seed	66,668
Fertilizer	123,452
Crop Chemicals	36,585
Crop Insurance	27,510
Drying Fuel and Storage	5,438
Irrigation Energy	26,913
Irrigation Repairs	10,095
Crop Marketing	1,218
Crop Miscellaneous	33,172
CCC Buyback	10,221
<b>Total Crop Expense</b>	<b>\$341,272</b>
<b>Livestock Expense</b>	
Feeder Livestock Purchases	158,233
Purchased Feed	124,207
Breeding Fees	1,798
Veterinary	11,176
Livestock Supplies	4,990
Livestock Repairs	3,014
Livestock Leases	919
Grazing Fees	34,865
Livestock Marketing	10,691
Livestock Custom Hire	6,928
<b>Total Livestock Expense</b>	<b>\$356,821</b>
<b>Other Farm Expense</b>	
Interest	59,702
Fuel and Oil	30,083
Repairs	40,971
Building Repairs	3,769
Custom Hire	14,001
Hired Labor	49,774
Land Rent	48,027
Machinery and Building Lease	7,093
Real Estate Taxes	19,106
Personal Property Taxes	2,914
Farm Insurance	9,492
Utilities	6,736
Dues and Professional Fees	11,039
Miscellaneous	6,027
<b>Total Other Cash Farm Expense</b>	<b>\$308,734</b>
<b>Total Gross Cash Operating Expense</b>	<b>\$1,006,827</b>
<b>Summary</b>	
Gross Cash Farm Income (Table 3A)	\$1,136,352
- Total Cash Operating Expense	\$1,006,827
<b>= Net Cash Farm Income</b>	<b>\$129,525</b>

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**Table 4A: Inventory Changes & Depreciation, 2009**

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	<u>Average Of All Farms</u>
<b>Net Cash Farm Income</b>	\$129,525
<b>Crops and Feed</b>	
Ending Inventory	346,410
Beginning Inventory	333,420
Inventory Change	12,990
<b>Market Livestock</b>	
Ending Inventory	321,585
Beginning Inventory	314,134
Inventory Change	7,451
<b>Accounts Receivable</b>	
Ending Inventory	22,873
Beginning Inventory	39,641
Inventory Change	-16,768
<b>Prepaid Expenses and Supplies</b>	
Ending Inventory	41,023
Beginning Inventory	54,682
Inventory Change	-13,659
<b>Hedging Activities</b>	
Ending Inventory	21,755
Withdrawals	22,511
Beginning Inventory	13,933
Deposits	31,216
Gain or Loss	-883
<b>Other Current Assets</b>	
Ending Inventory	8,354
Beginning Inventory	9,079
Inventory Change	-725
<b>Breeding Livestock</b>	
Ending Inventory	55,762
Capital Sales	1,524
Beginning Inventory	51,091
Capital Purchases	23,769
Depreciation & Capital Adjustments	-17,574
<b>Other Capital Assets</b>	
Ending Inventory	103,105
Capital Sales	150,379
Beginning Inventory	216,048
Capital Purchases	30,013
Depreciation & Capital Adjustments	7,423

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**Table 4B: Inventory Changes & Depreciation, 2009 (cont.)**

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	<u>Average Of All Farms</u>
<b>Accounts Payable</b>	
Beginning Inventory	22,538
Ending Inventory	26,142
Inventory Change	-3,604
<b>Accrued Interest</b>	
Beginning Inventory	53,282
Ending Inventory	31,967
Inventory Change	21,315
<b>Total Inventory Change</b>	-4,034
<b>Net Operating Profit</b>	125,491
<b>Machinery and Equipment</b>	
Ending Inventory	196,595
Capital Sales	668
Beginning Inventory	155,076
Capital Purchases	83,496
Depreciation & Capital Adjustments	-41,309
<b>Titled Vehicles</b>	
Ending Inventory	9,227
Capital Sales	0
Beginning Inventory	11,592
Capital Purchases	2,105
Depreciation & Capital Adjustments	-4,470
<b>Buildings and Improvements</b>	
Ending Inventory	71,631
Capital Sales	0
Beginning Inventory	72,031
Capital Purchases	6,970
Depreciation & Capital Adjustments	-7,370
<b>Total Depreciation &amp; Capital Adjustments</b>	-\$53,149
<b>Net Farm Income from Operations</b>	\$72,342
Gain or Loss on Capital Sales	\$13,913
<b>Net Farm Income</b>	\$86,255

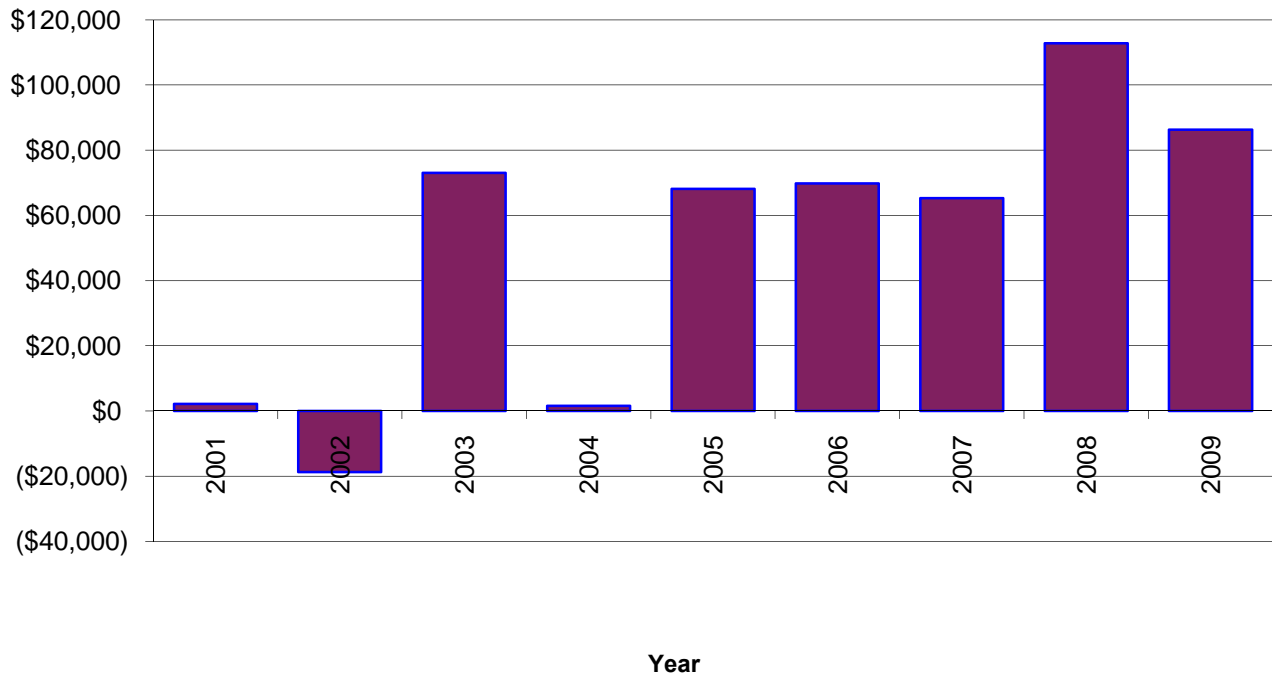
**Table 5A: Profitability Analysis At Cost Value, 2009**

Average Of  
All Farms

**Profitability**

Net Farm Income from Operations	\$72,342
Rate of Return on Assets	3.8%
Rate of Return on Equity	5.0%
Operating Profit Margin	9.1%
Asset Turnover Rate	42.0%
Farm Interest Expense	\$38,387
Value of Operator Labor & Mgt.	\$33,716
Return on Farm Assets	\$77,014
Average Farm Assets	\$2,015,497
Return on Farm Equity	\$38,627
Average Farm Equity	\$78,414
Value of Farm Production	\$847,267

**Net Farm Income Trend - All Farms**  
(From Table 4B)



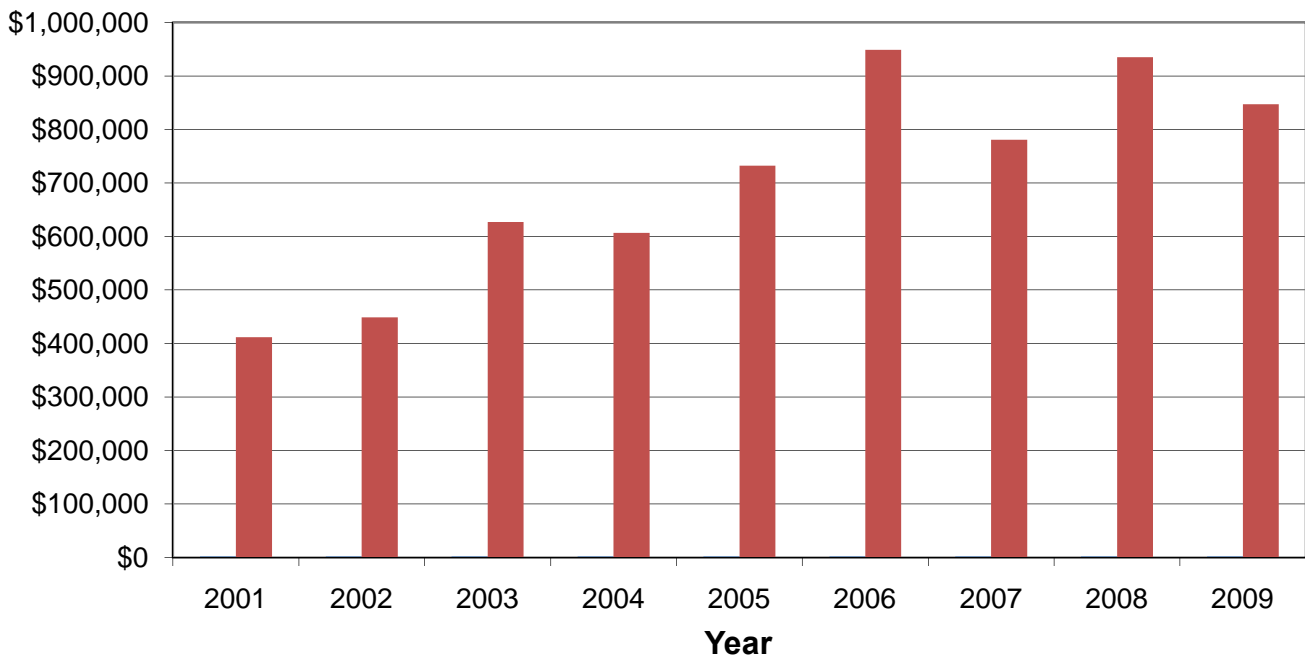
**Table 5B: Profitability Analysis At Market Value, 2009**

Average Of  
All Farms

**Profitability**

Net Farm Income from Operations	\$115,777
Rate of Return on Assets	4.3%
Rate of Return on Equity	5.2%
Operating Profit Margin	14.2%
Asset Turnover Rate	30.0%
Farm Interest Expense	\$38,387
Value of Operator Labor & Mgt	\$33,716
Return on Farm Assets	\$120,447
Average Farm Assets	\$2,823,557
Return on Farm Equity	\$82,061
Average Farm Equity	\$1,586,473
Value of Farm Production	\$847,267

**Graph of Table 5B  
Value of Farm Production**



**Table 6: Liquidity & Repayment Capacity Measures, 2009**

		Average of All Farms
<b>Liquidity</b>		
Current Ratio		1.41
Working Capital		240,673
Working Capital to Gross Inc.		21.3%
Current Assets		821,962
Current Liabilities		581,289
Gross Revenues (Accrual)		\$1,129,707
<b>Repayment Capacity</b>		
Net Farm Income From Operations		\$72,342
Depreciation	(+)	53,149
Personal Income	(+)	23,892
Family Living/Owner Withdrawals	(-)	38,691
Payments on Personal Debt	(-)	0
Income Taxes Paid	(-)	10,218
Interest on Term Debt	(+)	31,613
Capital Debt Repayment Capacity	(=)	\$132,087
Scheduled Term Debt Payments	(-)	207,088
Capital Debt Repayment Margin	(=)	-\$75,001
Cash Replacement Allowance	(-)	11,004
Replacement Margin	(=)	-\$86,005
Term Debt Coverage Ratio		0.64
Replacement Coverage Ratio		0.61

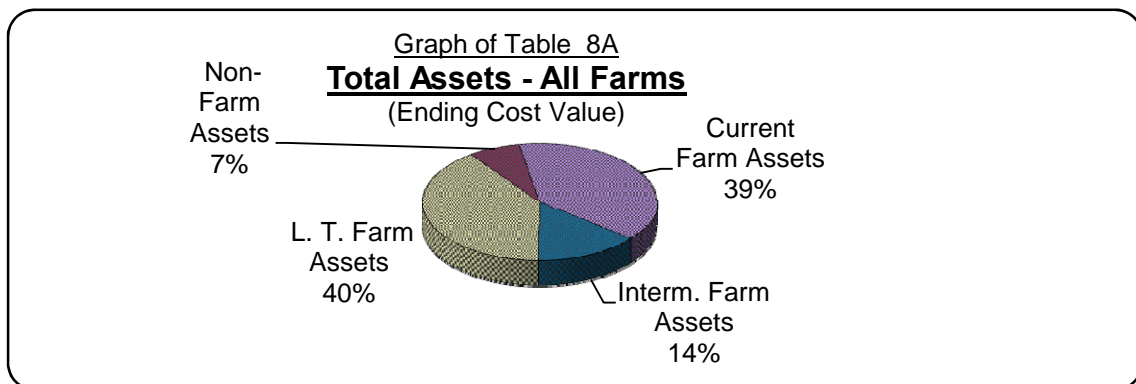


**Table 7: Statement of Cash Flows, 2009**

	Average Of All Farms	
<b>(A) Beginning Cash Balance (Farm &amp; Non-Farm)</b>		58,908
<b>Cash Provided by Operating Activities</b>		
Gross Cash Farm Income	(+)	1,136,352
Total Cash Farm Expense	(-)	1,006,827
Net Cash from Hedging Transactions	(+)	-8,705
<b>(B) Cash Provided By Operating</b>	<b>(=)</b>	<b>\$120,820</b>
<b>Cash Provided by Investing Activities</b>		
Sale of Breeding Livestock	(+)	5,794
Sale of Machinery & Equipment	(+)	668
Sale of Titled Vehicles	(+)	0
Sale of Farm Land	(+)	17,877
Sale of Farm Buildings	(+)	0
Sale of Other Farm Assets	(+)	150,379
Sale of Non-Farm Assets	(+)	456
Purchase of Breeding Livestock	(-)	23,769
Purchase of Machinery & Equip.	(-)	83,496
Purchase of Titled Vehicles	(-)	2,105
Purchase of Farm Land	(-)	17,857
Purchase of Farm Buildings	(-)	6,970
Purchase of Other Farm Assets	(-)	30,013
Purchase of Non-Farm Assets	(-)	9,222
<b>(C) Cash Provided by Investing Activities</b>	<b>(=)</b>	<b>\$1,742</b>
<b>Cash Provided by Financing Activities</b>		
Money Borrowed	(+)	1,292,609
Principle Payments	(-)	1,402,994
Personal Income	(+)	23,892
Family Living/Owner Withdrawals	(-)	38,691
Income and Social Security Tax	(-)	10,218
Capital Contribution	(-)	0
Capital Distribution	(-)	413
Dividends Paid	(-)	0
Cash Gifts and Inheritances	(+)	1,824
Gifts Given	(-)	57
<b>(D) Net Cash Provided by Financing Activities</b>	<b>(=)</b>	<b>-\$134,048</b>
<b>(E) Net Change In Cash Balance (B+C+D)</b>		<b>-11,486</b>
<b>(F) Ending Cash Balance (A+E)</b>		<b>\$47,422</b>

**Table 8A: Balance Sheet - Assets at Cost Value, 2009**

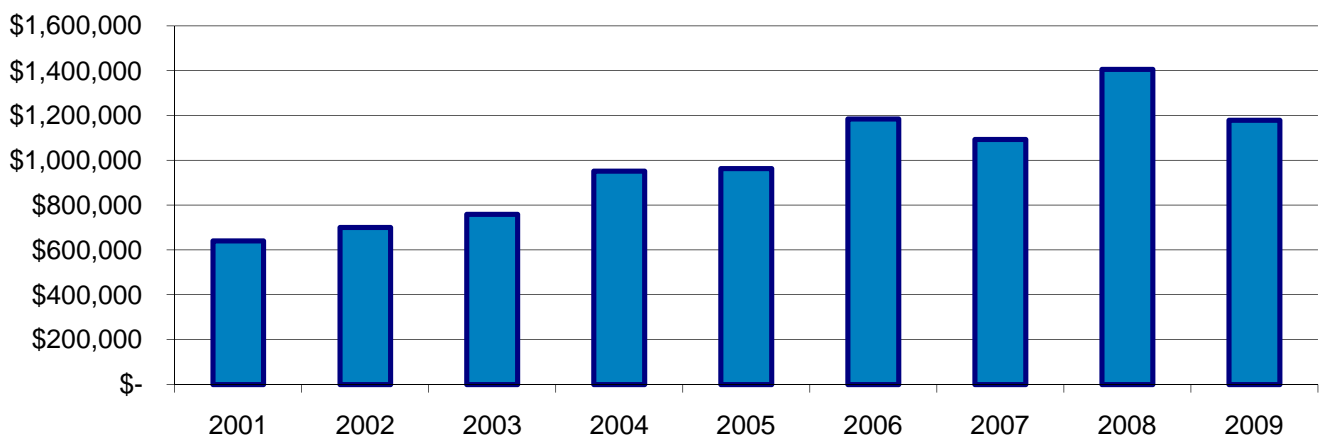
	Average Of All Farms	
	Beginning	Ending
<b>Current Farm Assets</b>		
Cash and Checking Accounts	52,703	42,225
Prepaid Expenses & Supplies	54,682	41,023
Growing Crops	9,079	7,640
Accounts Receivable	39,641	22,873
Hedging Accounts	13,933	21,755
Crops Held for Sale or Feed	331,507	348,323
Crops Under Government Loan	13,682	15,825
Market Livestock Held for Sale	314,134	321,585
Other Current Assets	0	714
<b>Total Current Farm Assets</b>	<b>\$829,361</b>	<b>\$821,963</b>
<b>Intermediate Farm Assets</b>		
Breeding Livestock	51,091	55,762
Machinery and Equipment	155,076	196,595
Titled Vehicles	11,592	9,227
Other Intermediate Assets	184,954	45,730
<b>Total Intermediate Farm Assets</b>	<b>\$402,713</b>	<b>\$307,314</b>
<b>Long Term Farm Assets</b>		
Farm Land	717,644	725,838
Buildings and Improvements	72,031	71,631
Other Long Term Assets	31,094	57,375
<b>Total Long Term Farm Assets</b>	<b>\$820,769</b>	<b>\$854,844</b>
<b>Total Farm Assets</b>	<b>\$2,052,843</b>	<b>\$1,984,121</b>
Non-Farm Assets	135,294	153,137
<b>Total Farm &amp; Non-Farm Assets</b>	<b>\$2,188,137</b>	<b>\$2,137,258</b>



**Table 8B: Balance Sheet - Liabilities at Cost Value, 2009**

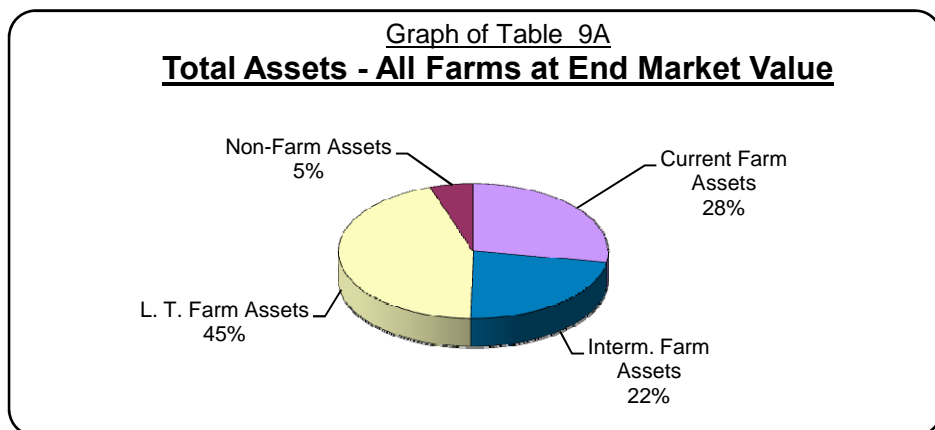
	Average Of All Farms	
	Beginning	Ending
<b>Current Farm Liabilities</b>		
Accrued Interest	53,282	31,967
Accounts Payable	22,538	26,142
Current Notes	593,498	457,525
Government Crop Loans	7,005	5,968
Principle Due on Term Debt	175,475	59,688
<b>Total Current Farm Liabilities</b>	<b>\$851,798</b>	<b>\$581,290</b>
<b>Intermediate Farm Liabilities</b>	<b>\$92,374</b>	<b>\$100,390</b>
<b>Long Term Farm Liabilities</b>	<b>\$356,959</b>	<b>\$497,324</b>
<b>Total Farm Liabilities</b>	<b>\$1,301,131</b>	<b>\$1,179,004</b>
Non-Farm Liabilities	0	0
<b>Total Deferred Liabilities</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Farm &amp; Non-Farm Liabilities</b>	<b>\$1,301,131</b>	<b>\$1,179,004</b>
<b>Net Worth (Farm and Non-Farm)</b>	<b>\$887,006</b>	<b>\$958,254</b>
<b>Net Worth Change (Cost Value)</b>		<b>\$71,248</b>

**Average Farm & Non-Farm Debt, 2001-2009**



**Table 9A: Balance Sheet - Assets at Market Value, 2009**

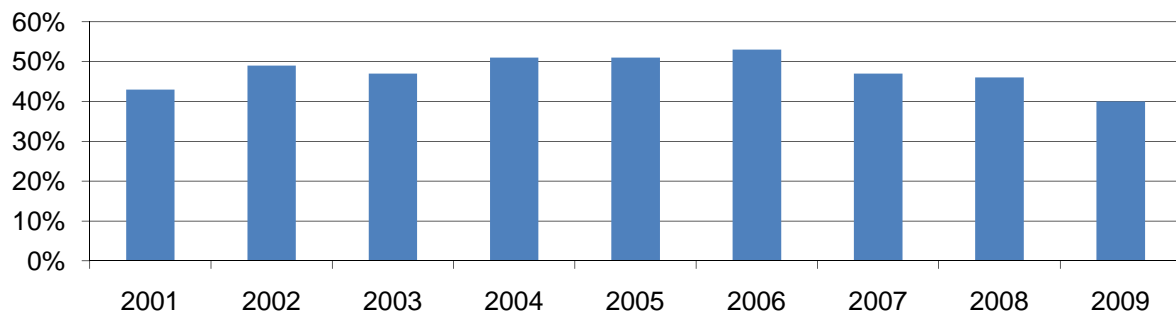
	Average Of All Farms	
	Beginning	Ending
<b>Current Farm Assets</b>		
Cash and Checking Balance	52,703	42,225
Prepaid Expenses & Supplies	54,682	41,023
Growing Crops	9,079	7,640
Accounts Receivable	39,641	22,873
Hedging Accounts	13,933	21,755
Crops Held for Sale or Feed	331,507	348,323
Crops Under Government Loan	13,682	15,825
Market Livestock Held for Sale	314,134	321,585
Other Current Assets	0	714
<b>Total Current Farm Assets</b>	<b>\$829,361</b>	<b>\$821,963</b>
<b>Intermediate Farm Assets</b>		
Breeding Livestock	181,854	208,152
Machinery and Equipment	355,097	400,534
Titled Vehicles	17,240	14,416
Other Intermediate Assets	184,954	45,730
<b>Total Intermediate Farm Assets</b>	<b>\$739,145</b>	<b>\$668,832</b>
<b>Long Term Farm Assets</b>		
Farm Land	1,132,285	1,158,572
Buildings and Improvements	107,300	107,155
Other Long Term Assets	31,094	57,375
<b>Total Long Term Farm Assets</b>	<b>\$1,270,679</b>	<b>\$1,323,102</b>
<b>Total Farm Assets</b>	<b>\$2,839,185</b>	<b>\$2,813,897</b>
Non-Farm Assets	135,294	153,137
<b>Total Farm &amp; Non-Farm Assets</b>	<b>\$2,974,479</b>	<b>\$2,967,034</b>



**Table 9B: Balance Sheet - Liabilities at Market Value, 2009**

	Average Of All Farms	
	Beginning	Ending
<b>Current Farm Liabilities</b>		
Accrued Interest	53,282	31,967
Accounts Payable	22,538	26,142
Current Notes	593,498	457,525
Government Crop Loans	7,005	5,968
Principle Due on Term Debt	175,475	59,688
<b>Total Current Farm Liabilities</b>	<b>\$851,798</b>	<b>\$581,290</b>
<b>Intermediate Farm Liabilities</b>	<b>\$92,374</b>	<b>\$100,390</b>
<b>Long Term Farm Liabilities</b>	<b>\$356,959</b>	<b>\$497,324</b>
<b>Total Farm Liabilities</b>	<b>\$1,301,131</b>	<b>\$1,179,004</b>
Non-Farm Liabilities	0	0
<b>Total Deferred Liabilities</b>	N/A	N/A
<b>Total Farm &amp; Non-Farm Liabilities</b>	<b>\$1,301,131</b>	<b>\$1,179,004</b>
<b>Net Worth (Farm and Non-Farm)</b>	<b>\$1,673,348</b>	<b>\$1,788,030</b>
<b>Net Worth Change (Market Value)</b>		<b>\$114,682</b>
<b>Ratio Analysis</b>		
Current Farm Liabilities / Assets	103%	71%
Intermediate Farm Liab / Assets	12%	15%
Long Term Farm Liab / Assets	28%	38%
Total Debt to Asset Ratio	44%	40%

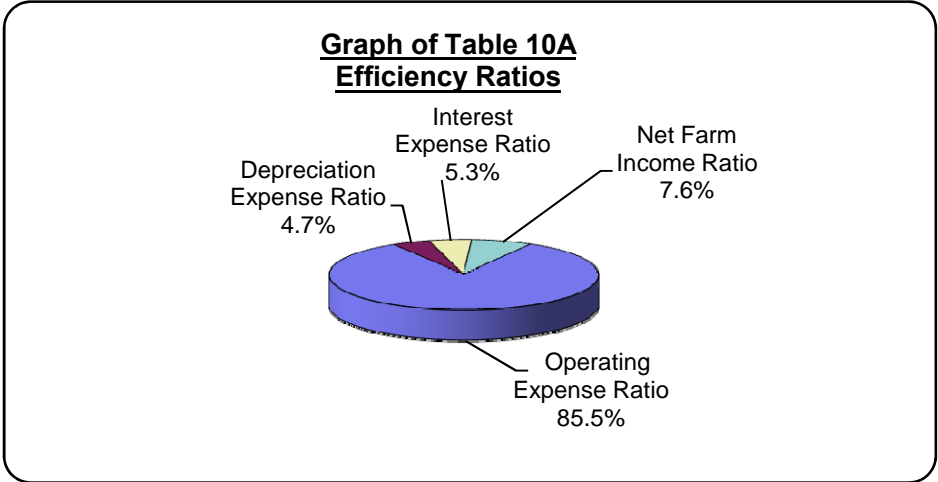
Graph of Table 9B  
**Debt to Asset Ratio - Average Farms at Ending Value**





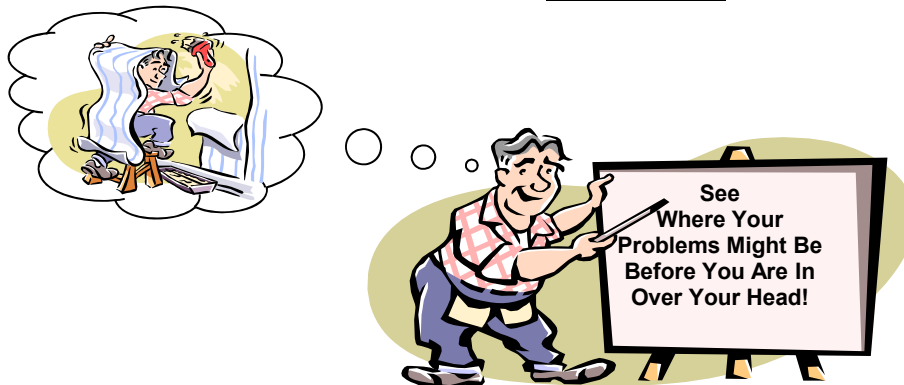
**Table 10A: Financial Guideline Measures, 2009**

	Average Of All Farms
<b>Liquidity</b>	
Current Ratio	1.41
Working Capital	\$240,673
Working Capital to Gross Revenue	21.3%
<b>Solvency (Market)</b>	
Debt to Asset Ratio	42%
Farm Equity to Asset Ratio	58%
Farm Debt to Equity Ratio	0.72
<b>Profitability (Cost)</b>	
Rate of Return on Assets	3.8%
Rate of Return on Equity	5.0%
Operating Profit Margin	9.1%
Net Farm Income	\$86,255
EBIDTA	\$163,879
<b>Repayment Capacity</b>	
Capital Debt Repayment Capacity	\$132,088
Capital Debt Repayment Margin	-\$75,000
Replacement Margin	-\$86,004
Term Debt Coverage Ratio	0.64
Replacement Coverage Ratio	0.61
<b>Efficiency</b>	
Asset Turnover Rate (Cost)	42.0%
Operating Expense Ratio	85.5%
Depreciation Expense Ratio	4.7%
Interest Expense Ratio	5.3%
Net Farm Income Ratio	7.6%



**Table 10B: Compare Your Financial Guidelines 2009**

	Group Average	Your Results	Guideline or Range		
			Green	Yellow	Red
<b><u>Liquidity</u></b>					
Current Ratio	1.41	_____	> 1.7	1.1-1.7	< 1.1
Working Capital	\$240,673	_____	-	Positive	-
Working Capital to Gross Income	21.3%	_____	>25%	10-25%	< 10%
<b><u>Solvency (Market)</u></b>					
Farm Debt to Asset Ratio (Market)	42%	_____	< 30%	30%-60%	> 60%
Farm Equity to Asset Ratio (Market)	58%	_____	> 70%	40%-70%	< 40%
Farm Debt to Equity Ratio (Market)	72%	_____	< 43%	43%-150%	> 150%
<b><u>Profitability (Cost)</u></b>					
Rate of Return on Assets (Cost)	3.8%	_____	> 8%	4-8%	< 4%
Rate of Return on Equity (Cost)	5.0%	_____	>10%	3-10%	< 3%
Operating Profit Margin (Cost)	9.1%	_____	>25%	15-25%	<15%
Net Farm Income (Cost)	\$86,255	_____			
EBIDTA	\$163,879	_____			
<b><u>Repayment Capacity</u></b>					
Capital Debt Repayment Capacity	\$132,088	_____			
Capital Debt Repayment Margin	(\$75,000)	_____			
Replacement Margin	(\$86,004)	_____			
Term Debt Coverage Ratio	0.64	_____	>1.5	1.2-1.5	<1.2
Replacement Coverage Ratio	0.61	_____	>1.4	1.1-1.4	<1.1
<b><u>Efficiency</u></b>					
Asset Turnover Rate (Cost)	42.0%	_____	> 45%	30-45%	< 30%
Operating Expense Ratio	85.5%	_____	< 60%	60-80%	> 80%
Depreciation Expense Ratio	4.7%	_____	< 5%	5-15%	> 15%
Interest Expense Ratio	5.3%	_____	< 5%	5-10%	> 10%
Net Farm Income Ratio	7.6%	_____	> 20%	10-20%	< 10%



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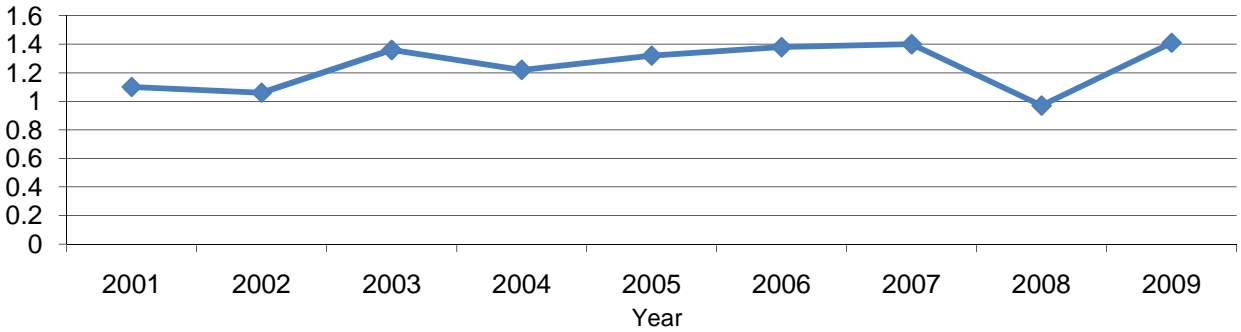
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**Graphs 1A: Financial Ratios, 2009**

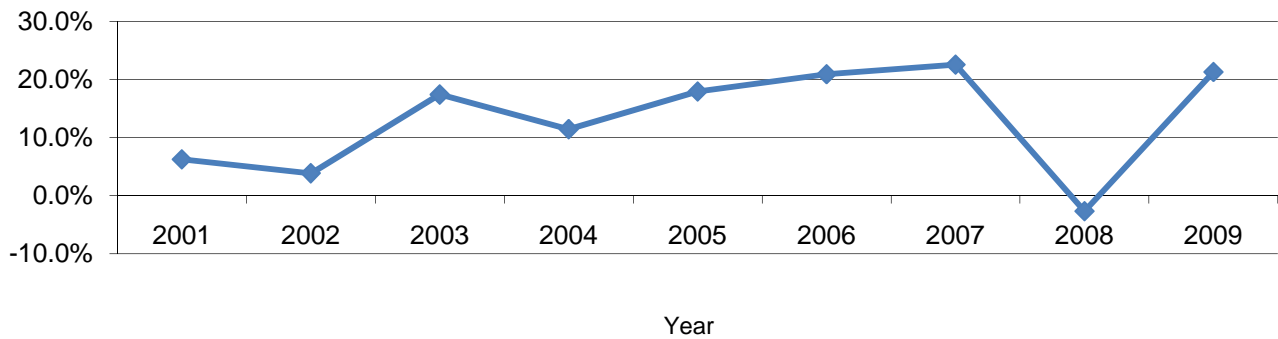
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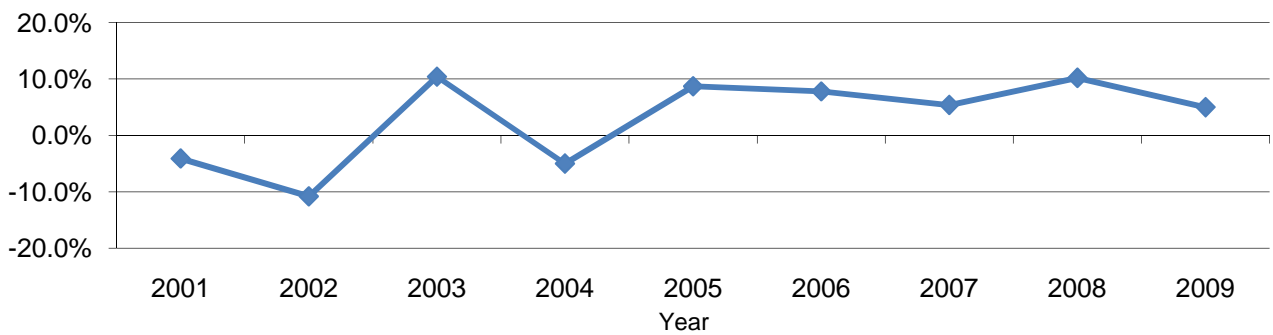
**Current Ratio - Average Farms**



**Working Capital to Gross Income - Average Farms**



**Rate of Return on Equity - Average Farms**



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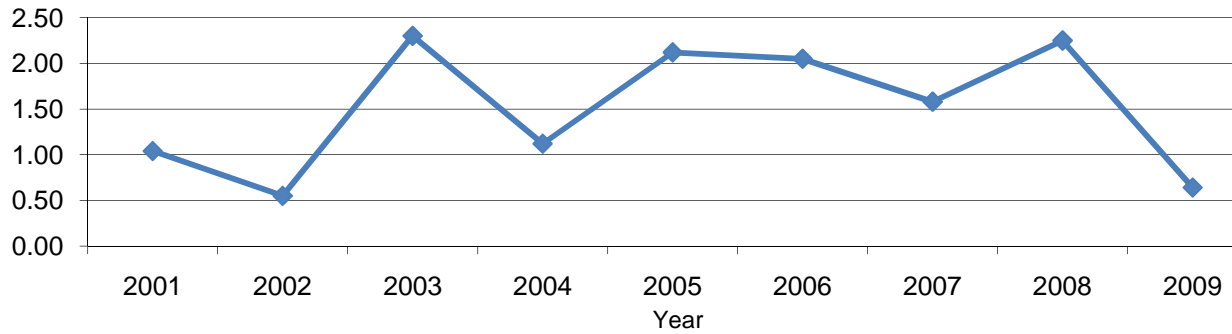
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**Graphs 1B: Financial Ratios, 2009**

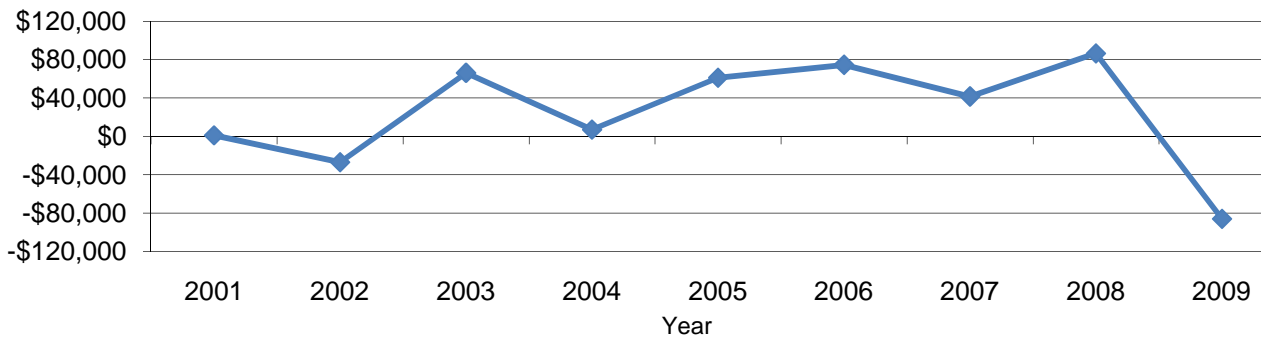
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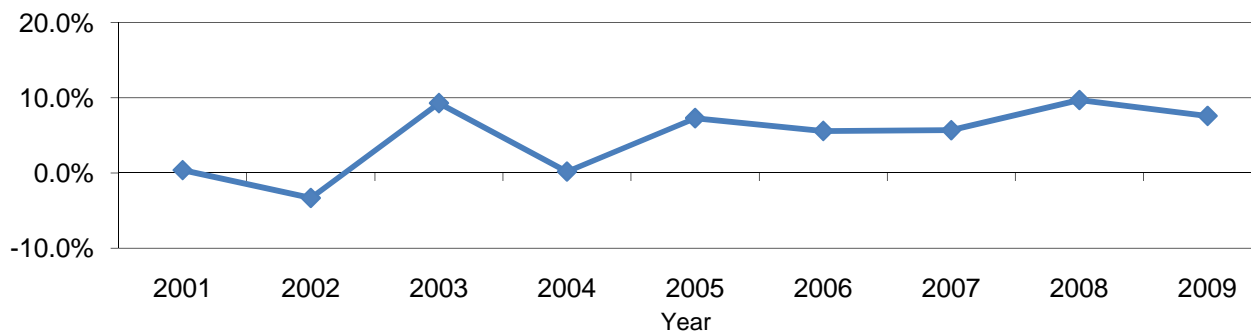
**Term Debt Coverage Ratio - Average Farms**



**Capital Replacement Margin - Average Farms**



**Net Farm Income Ratio - Average Farms**



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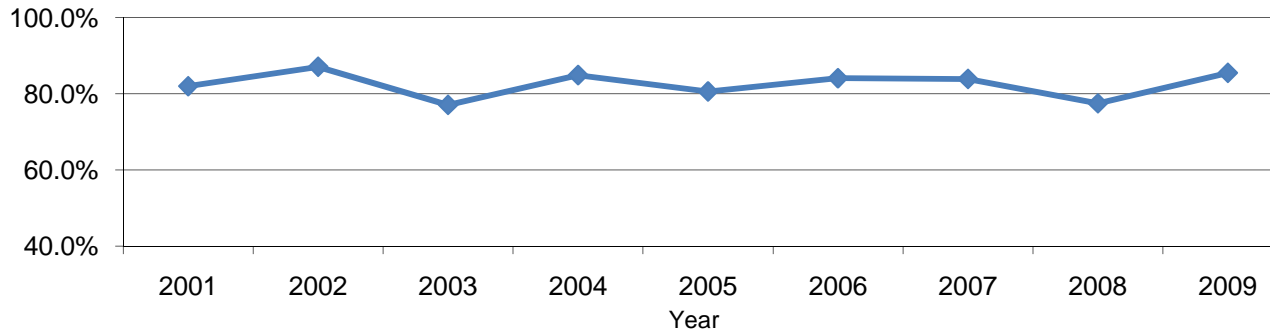
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**Graphs 1C: Financial Ratios, 2009**

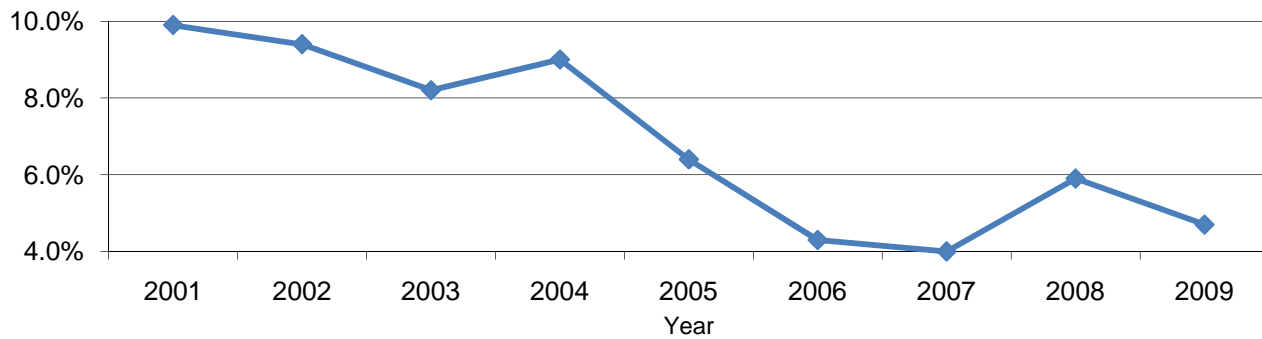
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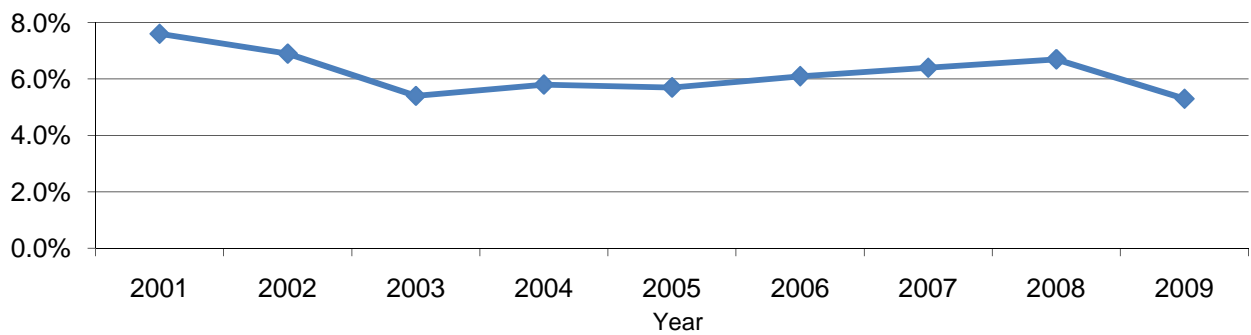
**Operating Expense Ratio - Average Farms**



**Depreciation Expense Ratio - Average Farms**



**Interest Expense Ratio - Average Farms**



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**Table 11A: Household and Personal Expense, 2009**

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	<u>Average Of All Farms</u>
<b>Average Family Size</b>	2.9
<b>Family Living Expense</b>	
Food and Meals Expense	6,494
Medical Care	7,567
Health Insurance	9,000
Cash Donations	3,297
Household Supplies	1,558
Clothing	2,046
Personal Care	1,481
Child / Dependent Care	0
Alimony and Child Support	0
Gifts	1,595
Education	1,977
Recreation	2,516
Utilities (Household Share)	2,924
Non-Farm Vehicle Operating Expense	1,913
Household Real Estate Taxes	0
Dwelling Rent	1,251
Household Repairs	2,751
Non-Farm Interest	11
Disability / Long Term Care Insurance	420
Life Insurance Payments	3,983
Non-Farm Property Insurance	0
Miscellaneous	4,664
<b>Total Cash Family Living Expense</b>	<b>\$55,448</b>
Family Living from the Farm	0
<b>Total Family Living Expense **</b>	<b>\$55,448</b>
<b>Other Non-Farm Expense</b>	
Income Taxes	13,414
Furnishing & Appliance Purchases	0
Non-Farm Vehicle Purchases	3,257
Non-Farm Real Estate Purchases	2,810
Other Non-Farm Capital Purchases	0
Non-Farm Savings & Investments	6,957
<b>Total Other Non-Farm Expense</b>	<b>\$26,438</b>
<b>Total Cash Family Living, Investment &amp; Non-Farm Capital Purchases</b>	<b>\$81,886</b>

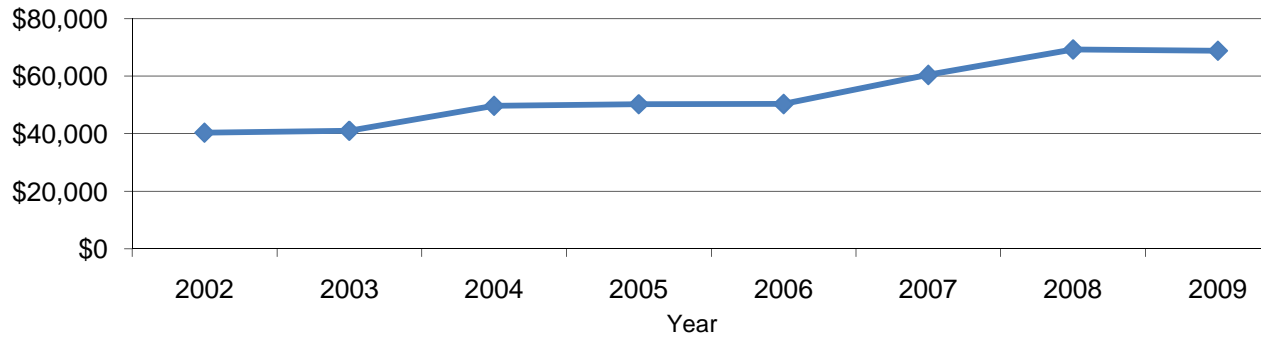
Table 11B: 2002 - 2009 Family Living Summary\*

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Average Family Size	2.3	2.7	3.5	2.6	2.6	2.4	2.5	2.9
Expense Item								
Food & Meals	\$4,850	\$4,881	\$6,128	\$4,823	\$5,586	\$6,537	\$7,051	\$6,494
Medical Expenses (2005-2007 incl. Health Ins.)	\$6,473	\$6,840	\$8,226	\$9,234	\$11,503	\$13,813	\$5,685	\$7,567
Health Insurance							\$8,319	\$9,000
Cash Donations	\$1,880	\$1,872	\$1,757	\$2,016	\$2,848	\$1,590	\$1,351	\$3,297
Minor Repairs & Supplies	\$1,295	\$1,089	\$2,055	\$2,831	\$1,619	\$1,990	\$1,672	\$4,309
Clothing	\$1,024	\$1,102	\$1,327	\$1,252	\$1,550	\$2,181	\$1,987	\$2,046
Personal Items	\$1,058	\$1,393	\$1,177	\$967	\$1,186	\$2,051	\$2,548	\$1,481
Gifts	\$1,989	\$2,423	\$1,659	\$1,658	\$2,571	\$2,161	\$1,838	\$1,595
Education	\$1,375	\$1,135	\$1,357	\$1,351	\$1,331	\$960	\$756	\$1,977
Recreation	\$2,863	\$1,315	\$1,451	\$896	\$1,781	\$1,659	\$2,995	\$2,516
Utilities & Fuel	\$1,468	\$1,978	\$1,446	\$2,226	\$2,188	\$1,671	\$1,182	\$2,924
Personal Auto	\$1,479	\$1,400	\$1,834	\$2,314	\$4,432	\$2,680	\$1,300	\$1,913
Home Improvements, Taxes & Rent	\$1,249	\$760	\$856	\$794	\$1,665	\$2,188	\$5,245	\$1,251
Personal Interest	-\$24	\$1,174	\$721	\$100	\$68	\$4,178	\$4	\$11
Insurance (Life & Home)	\$3,157	\$5,201	\$6,794	\$5,922	\$4,914	\$5,389	\$5,773	\$4,403
Miscellaneous **	\$5,023	\$5,755	\$6,466	\$5,028	\$4,004	\$5,319	\$5,334	\$4,664
New Furniture & Equipment	\$3,291	\$4,488	\$11,210	-\$2,296	\$23,028	-\$1,253	\$30,062	\$0
<b>TOTAL</b>	\$38,450	\$42,806	\$54,464	\$39,116	\$70,274	\$53,114	\$83,102	\$55,448
Income, Soc. Sec. Taxes	\$5,142	\$2,635	\$6,363	\$8,755	\$3,108	\$5,858	\$16,097	\$13,414
<b>TOTAL TAXES &amp; F.L.</b>	\$43,592	\$45,441	\$60,827	\$47,871	\$73,382	\$58,972	\$99,199	\$68,862

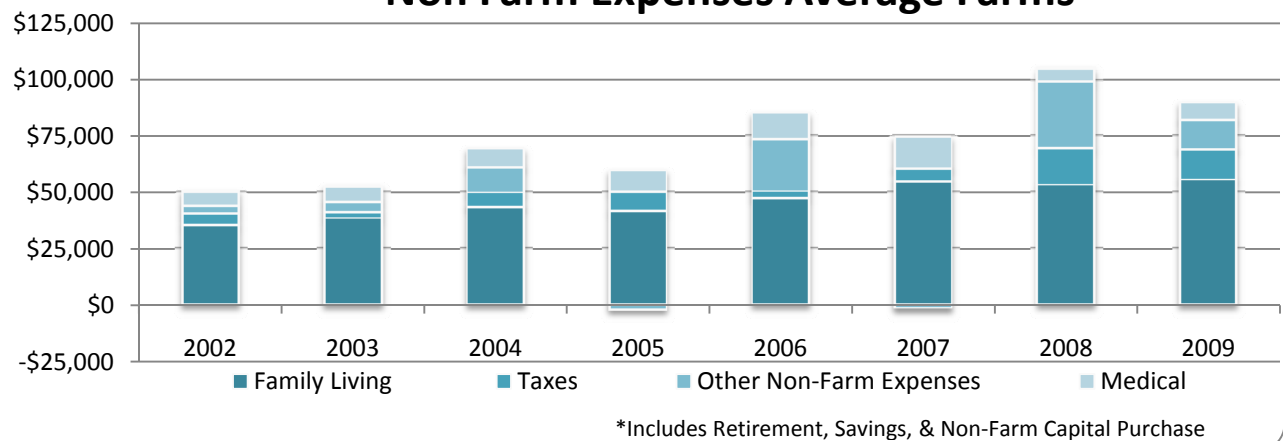
\* 2002 to 2008 includes data from both the NFBI and Nebraskaland Farm & Ranch Management Education Program.

## Graphs 2: Family Living, 2009

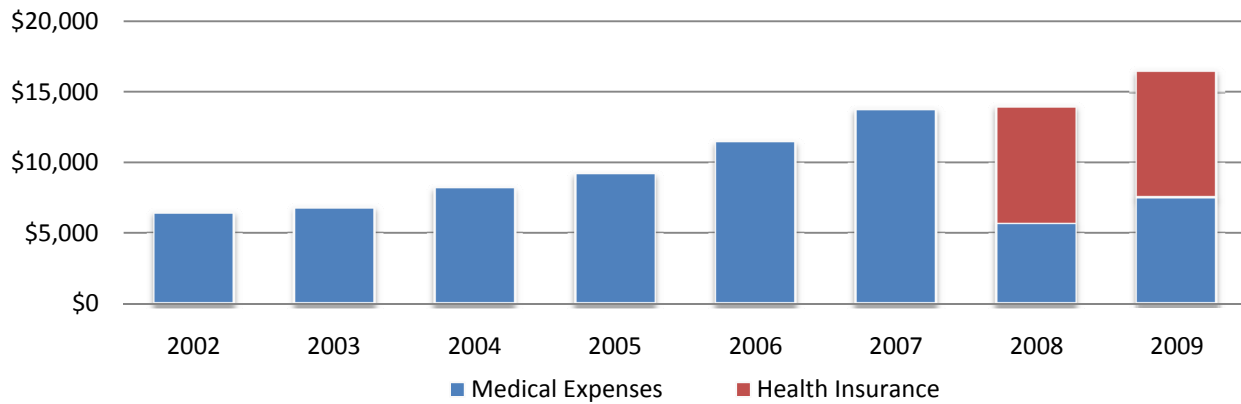
### Family Living & Taxes Average Farms



### Non Farm Expenses Average Farms



### Medical Expense Average Farms

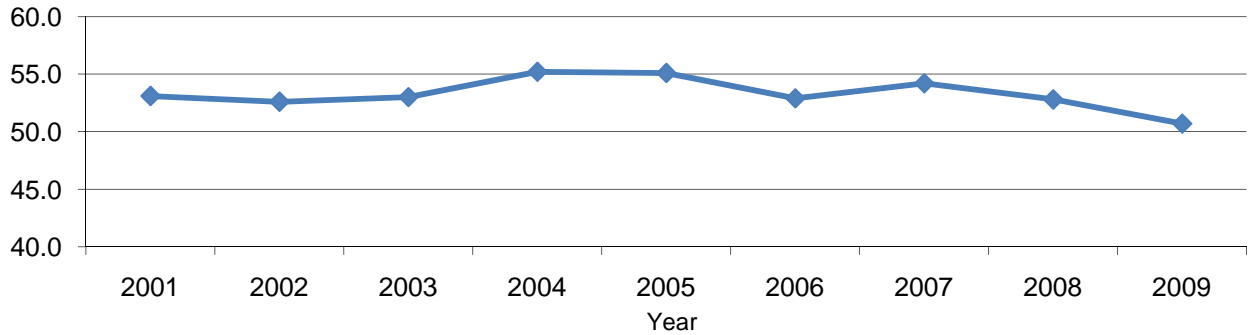


**Table 12: Operator Information and Non-Farm Summary, 2009**

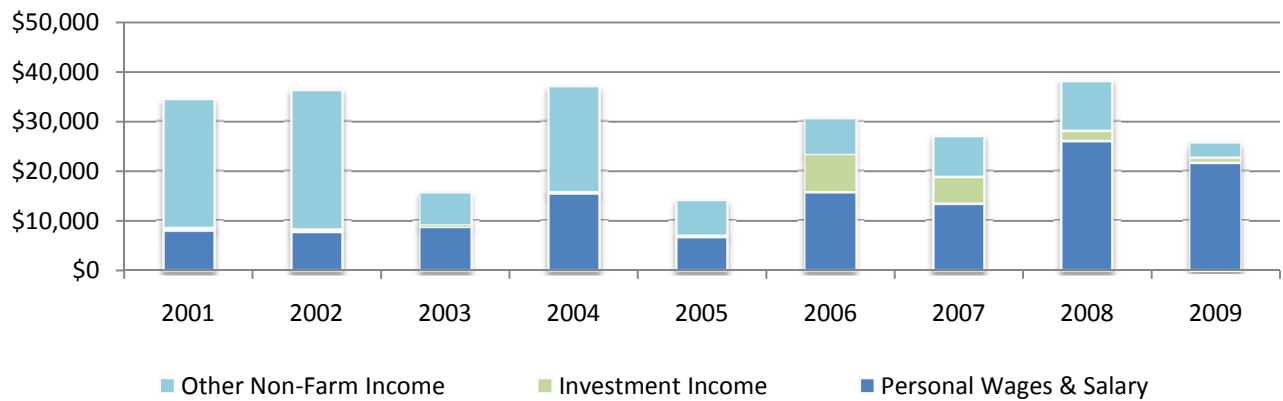
	Average Of All Farms
<b>Operator Information</b>	
Average Number of Operators	1
Average Age of Operators	50.7
Average Number of Years Farming	26.2
<b>Non-Farm Income</b>	
Personal Wages & Salary	9,484
Personal Business Income	9,980
Personal Rental Income	2,167
Personal Interest Income	1,085
Personal Cash Dividends	2
Tax Refunds	70
Other Non-Farm Income	1,103
Gifts and Inheritances	1,824
<b>Total Non-Farm Income</b>	<b>\$25,715</b>
<b>Non-Farm Assets (Market Value)</b>	
Checking & Savings	5,197
Stocks & Bonds	4,916
Other Current Assets	56,422
Furniture & Appliances	786
Non-Farm Vehicles	1,713
Cash Value of Life Ins.	15,801
Retirement Accounts	38,652
Other Interm. Assets	0
Non-Farm Real Estate	20,365
Personal Business Investment	0
Other Long Term Assets	9,286
<b>Total Non-Farm Assets</b>	<b>\$153,138</b>
<b>Total Non-Farm Liabilities</b>	<b>\$0</b>
<b>Non-Farm Net Worth</b>	<b>\$153,138</b>
<b>Non-Farm Debt to Asset Ratio</b>	<b>0%</b>

### Graphs 3: Operator Information, 2009

#### Operator Age Average Farms

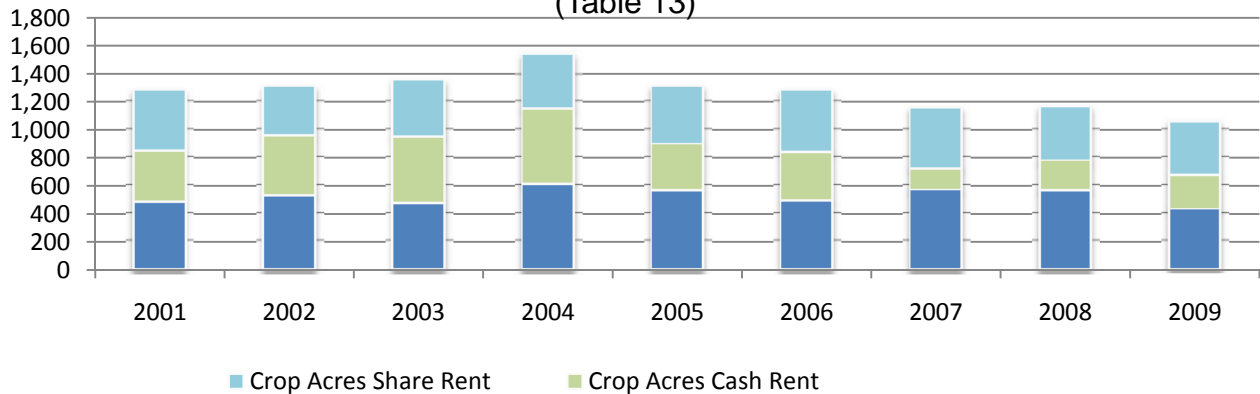


#### Personal Income Average Farms



#### Crop Acres Average Farms

(Table 13)

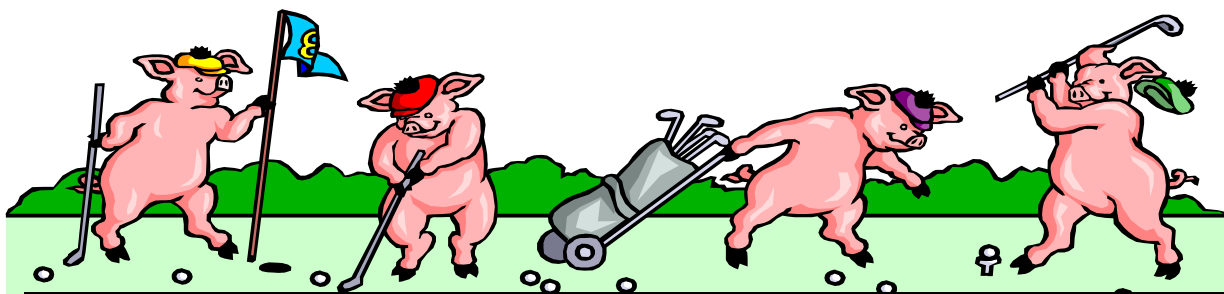


\*Includes Retirement, Savings, & Non-Farm Capital Purchase

**Table 13: Crop Production, Marketing & Labor Summary, 2009**

	Average Of All Farms
<b>Acreage Summary</b>	
Acres Owned	2,464
Crop Acres	1,057
Crop Acres Owned	430
Crop Acres Cash Rented	240
Crop Acres Share Rented	387
Pasture Acres	66
% Crop Acres Owned	41%
<b>Average Price Received in Dollars (Cash Sales Only)</b>	
Corn per bu.	\$3.78
Wheat, Winter per bu.	\$5.13
<b>Average Yield Per Acre</b>	
Corn, Dryland (bu.)	112.63
Wheat, Winter (bu.)	50.44
<b>Labor Analysis</b>	
Total Unpaid Labor Hours*	1,947
Total Hired Labor Hours	2,303
Total Labor Hours per Farm	4,250
Unpaid Hours per Operator	1,947
Value of Farm Production / Hour	\$199.40
Net Farm Income / Unpaid Hour*	\$37.16

\* Based on 2080 Hrs. Annually Per Full Time Operator



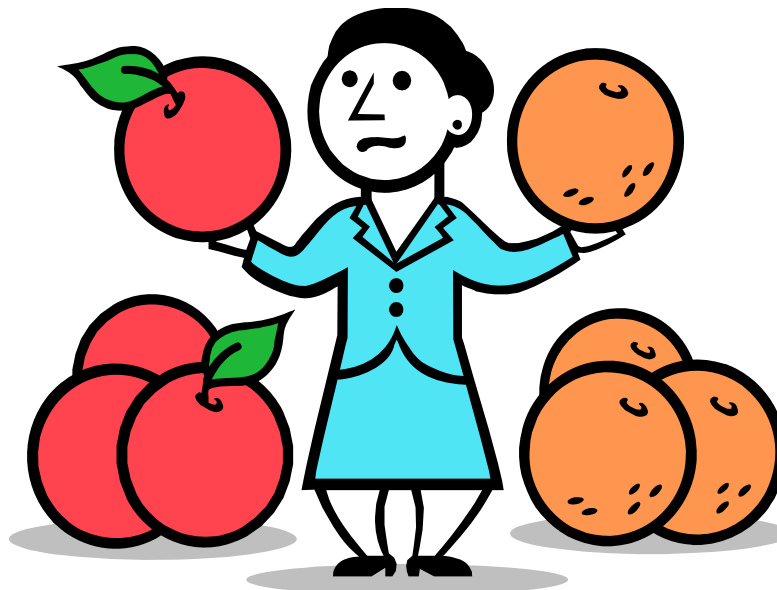


# Whole Farm Comparisons

The following section contains the whole farm data sorted in different ways. No column was included if it represents less than 5 farms to maintain the confidentiality of the farms participating. It is very valuable to have different sorts available to compare farms that are struggling. For example, if a farm is experiencing a higher than average debt-to-asset ratio, it is helpful to examine other farms in the same age range to see if they are in line with others their age. Another way to be helpful is to compare by farm type. A livestock farm may have trouble comparing net farm income with the entire group, but maybe well above average among his peers.

## **FINBIN** Farm Financial Database

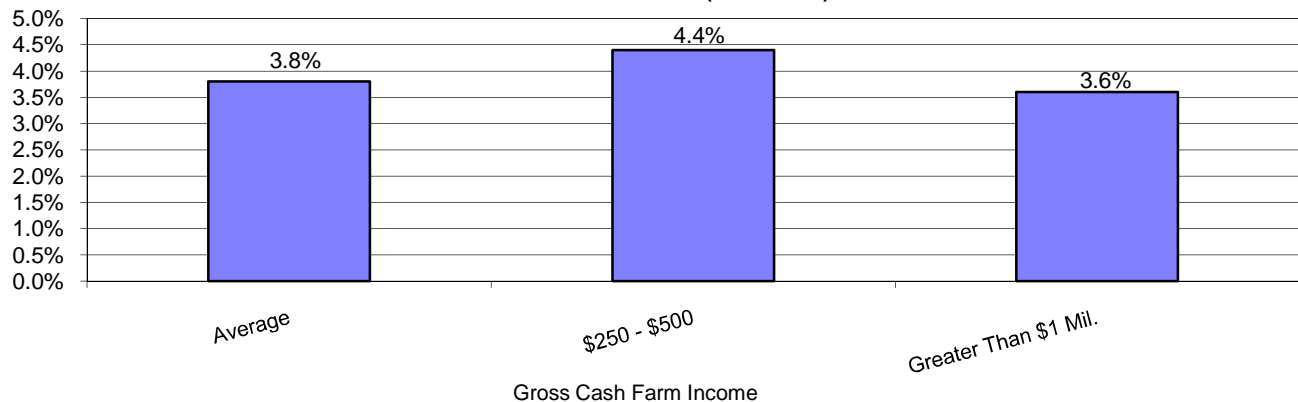
We have included as much data as we can provide in this section. If you are looking for additional sorts you can try finding more data at <http://www.finbin.umn.edu>. All of our data is available for free there as well as many other states. This is a valuable resource, especially for the livestock operations in Nebraska. We do not have any dairy averages in Nebraska, but on the website, you can compare your information with other dairies your size by enlarging the query to include Minnesota.



**Table 14: Size of Farm Sorted By Gross Cash Farm Income, 2009**

	Avg. Of All Farms	250,001- 500,000	Greater than 1,000,000
<b>Income Statement</b>			
Gross Cash Farm Income	1,136,352	365,065	2,348,834
Total Cash Farm Expense	1,006,827	322,378	2,142,529
Net Cash Farm Income	129,525	42,687	206,305
Inventory Change	-4,034	22,836	-10,179
Depreciation and Capital Adj.	-53,149	-25,051	-91,573
Net Farm Income from Operations	\$72,342	\$40,472	\$104,553
Gain or Loss on Capital Sales	\$13,913	\$22,500	\$3,752
Net Farm Income	\$86,255	\$62,972	\$108,305
Median Net Farm Income	\$90,061	\$90,061	-\$42,680
<b>Profitability (Cost Value)</b>			
Rate of Return on Assets	3.8%	4.4%	3.6%
Rate of Return on Equity	5.0%	3.4%	6.3%
Operating Profit Margin	9.1%	8.9%	8.6%
Asset Turnover Rate	42.0%	49.9%	42.5%
<b>Profitability (Market Value)</b>			
Rate of Return on Assets	4.3%	6.8%	3.3%
Rate of Return on Equity	5.2%	7.8%	4.1%
Operating Profit Margin	14.2%	22.7%	10.7%
Asset Turnover Rate	30.0%	30.0%	30.9%
<b>Liquidity &amp; Repayment (end of year)</b>			
Current Assets	821,963	265,237	1,640,615
Current Liabilities	581,290	204,927	1,306,468
Current Ratio	1.41	1.29	1.26
Working Capital	240,673	60,310	334,147
Working Capital to Gross Income	21.3%	15.4%	14.4%
Term Debt Coverage Ratio	0.64	2.51	0.42
Replacement Coverage Ratio	0.61	2.20	0.41

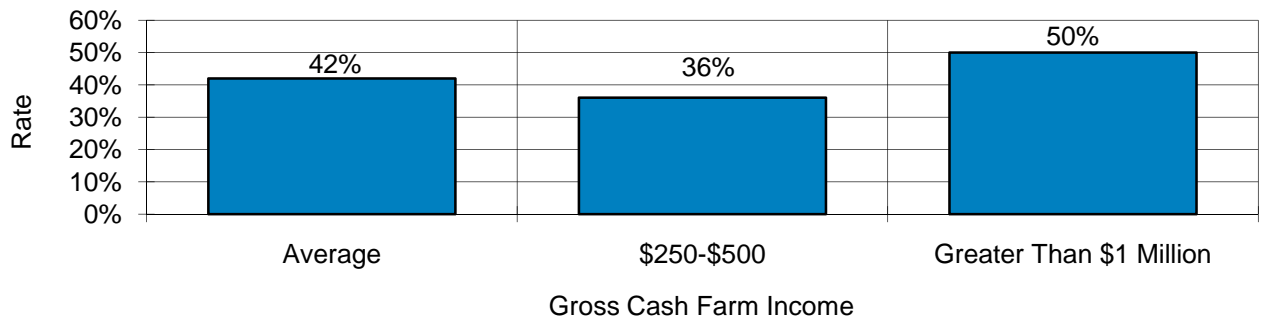
Graph of Table 15  
Rate of Return on Assets (cost value)



**Table 14: Size of Farm Sorted By Gross Cash Farm Income, 2009 (cont.)**

	Average Of All Farms	250,001 - 500,000	Greater Than 1,000,000
<b>Solvency (Cost Value)</b>			
Ending Farm Assets	1,984,121	762,698	3,599,153
Ending Farm Liabilities	1,179,004	451,123	2,528,462
Ending Total Assets	2,137,258	789,434	3,907,137
Ending Total Liabilities	1,179,004	451,123	2,528,462
Ending Net Worth	958,254	338,311	1,378,675
Net Worth Change	71,248	66,300	97,518
Ending Farm Debt to Asset Ratio	58%	59%	70%
End Total Debt to Asset Ratio	55%	57%	65%
<b>Solvency (Market Value)</b>			
Ending Farm Assets	2,813,897	1,249,613	5,034,274
Ending Farm Liabilities	1,179,004	451,123	2,528,462
Ending Total Assets	2,967,034	1,276,348	5,342,257
Ending Total Liabilities	1,179,004	451,123	2,528,462
Ending Net Worth	1,788,030	825,225	2,813,795
Net Worth Change	114,682	114,505	132,297
Ending Farm Debt to Asset Ratio	42%	36%	50%
End Total Debt to Asset Ratio	40%	35%	47%
<b>Non-Farm Information</b>			
Net Non-Farm Income	25,715	47,029	11,017
Farms Reporting Living Expenses	7	2	3
Total Family Living Expense	55,448	0	0
Total Living, Invest, & Capital Purch	81,886	0	0
<b>Crop Acres</b>			
Total Acres Owned	2,464	1,402	2,139
Total Crop Acres	1,057	467	1,596
Total Crop Acres Owned	430	0	626
Total Crop Acres Cash Rented	240	14	499
Total Crop Acres Share Rented	387	453	471

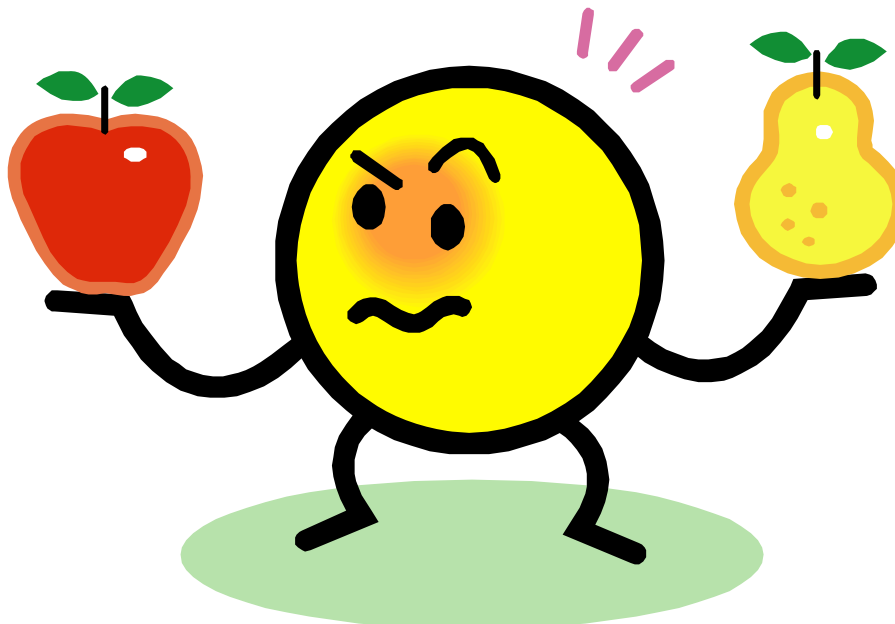
Graph of Table 15  
**Debt To Asset Ratio at Market Value**





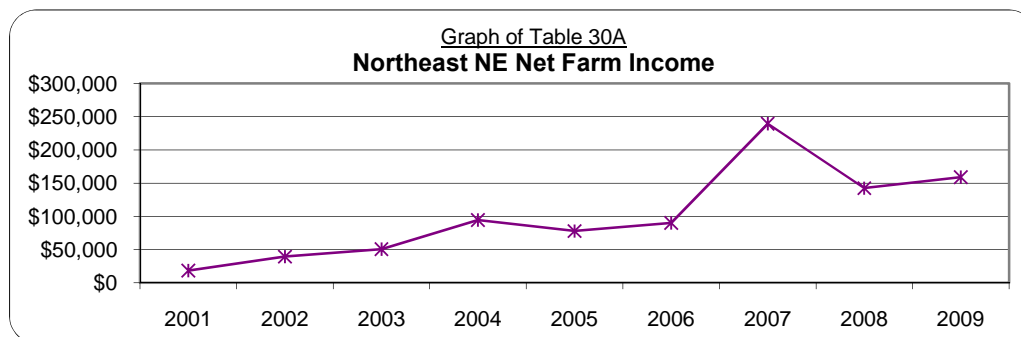
## Regional Comparisons

Since dividing the State of Nebraska into 4 regions, we have been providing some general information about the other three regions in this book. You will find just how diverse the regions can be, varying from year to year. Each region has had the highest income at some point in the history of this study. It is also helpful in understanding the whole state averages to know what happened in each region by painting a broader picture.



**Table 15: Northeast Nebraska Averages, 2009**

	Northeast Average of All Farms	Average of Low 33%	Average of High 33%
<b>Cash Farm Income</b>			
Total Crop Income	485,331	458,988	596,433
Total Livestock Income	187,538	399,761	26,457
Total Other Farm Income	45,968	46,048	49,186
<b>Gross Cash Farm Income</b>	<b>\$718,837</b>	<b>\$904,797</b>	<b>\$672,076</b>
<b>Cash Farm Expense</b>			
Total Crop Expense	194,882	197,706	217,862
Total Livestock Expense	149,432	365,111	9,733
Total Other Farm Expense	206,702	233,974	214,608
<b>Gross Cash Farm Expense</b>	<b>\$551,016</b>	<b>\$796,791</b>	<b>\$442,203</b>
<b>Net Cash Farm Income</b>	<b>\$167,821</b>	<b>\$108,006</b>	<b>\$229,873</b>
Total Inventory Change	44,738	9,791	98,338
Total Depreciation & Capital Adjustments	-55,904	-66,889	-48,899
<b>Net Farm Income From Operations</b>	<b>\$156,655</b>	<b>\$50,908</b>	<b>\$279,312</b>
Gain or Loss on Capital Sales	2,401	1,511	1,194
<b>Net Farm Income</b>	<b>\$159,056</b>	<b>\$52,419</b>	<b>\$280,506</b>
<b>Personal Income</b>	<b>\$24,693</b>	<b>\$18,918</b>	<b>\$21,661</b>
<b>Balance Sheet at Market</b>			
Current Farm Assets	665,010	779,902	751,910
Intermediate Farm Assets	410,941	473,359	372,102
Long Term Farm Assets	534,138	713,356	431,826
Non-Farm Assets	240,653	215,109	283,966
<b>Total Assets</b>	<b>\$1,850,742</b>	<b>\$2,181,726</b>	<b>\$1,839,804</b>
Current Farm Liabilities	190,042	276,381	100,942
Intermediate Farm Liabilities	104,067	70,360	115,223
Long Term Liabilities	132,445	190,724	115,574
Non Farm Liabilities	32,965	22,967	29,859
<b>Total Liabilities</b>	<b>\$459,519</b>	<b>\$560,432</b>	<b>\$361,598</b>
<b>Net Worth</b>	<b>\$1,391,223</b>	<b>\$1,621,294</b>	<b>\$1,478,206</b>
<b>Net Worth Change (Market Value)</b>	<b>\$125,352</b>	<b>\$50,709</b>	<b>\$218,776</b>

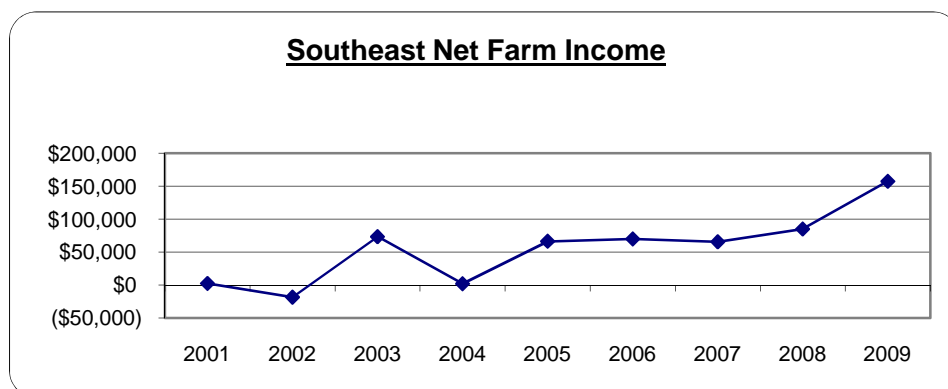


**Table 15: Northeast Nebraska Averages, 2009 (cont.)**

	Average of All Farms	Average of Low 33%	Average of High 33%
<b>Financial Guidelines</b>			
Current Ratio	3.61	2.82	8.03
Working Capital	\$474,846	\$503,521	\$631,081
Working Capital to Gross Income	62.3%	54.2%	82.2%
Farm Debt to Asset Ratio (Market)	24%	27%	16%
Farm Equity to Asset Ratio (Market)	76%	73%	84%
Farm Debt to Equity Ratio (Market)	31%	38%	19%
Rate of Return on Farm Assets (Cost)	9.6%	3.6%	15.3%
Rate of Return on Farm Equity (Cost)	10.9%	1.2%	17.4%
Operating Profit Margin (Cost)	20.2%	8.6%	30.8%
Net Farm Income (Cost)	\$159,056	\$52,419	\$280,506
EBIDTA	\$238,421	\$158,225	\$345,798
Asset Turnover Rate (Cost)	47.3%	41.4%	49.5%
Operating Expense Ratio	68.7%	83.0%	54.9%
Depreciation Expense Ratio	7.3%	7.2%	6.4%
Interest Expense Ratio	3.2%	3.8%	2.2%
Net Farm Income Ratio	20.9%	5.6%	36.5%
Capital Debt Repayment Capacity	\$161,470	\$92,272	\$260,048
Capital Debt Repayment Margin	\$132,648	\$47,523	\$234,419
Replacement Margin	\$114,583	\$32,107	\$215,751
Term Debt Coverage Ratio	5.6	2.1	10.2
Replacement Coverage Ratio	3.4	1.5	5.9
<b>Operator Information</b>			
Average Number of Operators	1.2	1.1	1.1
Average Age of Operators	52.8	53.6	53.4
Average Number of Years Farming	30	32.6	27.9
<b>Acresage Summary</b>			
Total acres owned	354	297	414
Total crop acres	965	768	1,122
Crop acres owned	239	188	237
Crop acres cash rented	487	531	568
Crop acres share rented	239	50	317
<b>Average Price Received In Dollars (Cash Sales Only)</b>			
Corn, per bu.	\$3.73	\$3.51	\$3.87
Soybeans, per bu.	\$8.01	\$6.12	\$9.67
Wheat, Winter, per bu.	\$5.53	N/A	N/A
<b>Average Yield Per Acre</b>			
Corn (bu.)	168.19	158.64	170.44
Soybeans (bu.)	52.35	53.90	54.24
Hay, Alfalfa (ton)	4.54	N/A	N/A
Hay, Grass (ton)	2.18	N/A	N/A

## HUY% . Southeast Nebraska Averages, 2009

	Average of All Farms	Average of Low 33%	Average of High 33%
<b>Cash Farm Income</b>			
Total Crop Income	422,727	132,434	754,710
Total Livestock Income	239,164	86,802	571,967
Total Other Farm Income	51,045	21,174	90,142
<b>Gross Cash Farm Income</b>	<b>\$712,936</b>	<b>\$240,410</b>	<b>\$1,416,819</b>
<b>Cash Farm Expense</b>			
Total Crop Expense	150,231	60,086	241,822
Total Livestock Expense	196,682	57,032	499,077
Total Other Farm Expense	175,032	76,555	304,290
<b>Gross Cash Farm Expense</b>	<b>\$521,945</b>	<b>\$193,673</b>	<b>\$1,045,189</b>
<b>Net Cash Farm Income</b>	<b>\$190,991</b>	<b>\$46,737</b>	<b>\$371,630</b>
Total Inventory Change	17,073	-5,135	30,016
Total Depreciation & Capital Adjustments	-54,723	-17,893	-104,492
<b>Net Farm Income From Operations</b>	<b>\$153,341</b>	<b>\$23,709</b>	<b>\$297,154</b>
Gain or Loss on Capital Sales	3,773	0	9,831
<b>Net Farm Income</b>	<b>\$157,114</b>	<b>\$23,709</b>	<b>\$306,985</b>
<b>Personal Income</b>	<b>\$38,398</b>	<b>\$33,082</b>	<b>\$56,205</b>
<b>Balance Sheet at Market</b>			
Current Farm Assets	471,697	205,269	818,835
Intermediate Farm Assets	416,033	240,220	727,553
Long Term Farm Assets	806,669	181,069	1,774,322
Non-Farm Assets	375,227	324,504	557,978
<b>Total Assets</b>	<b>\$2,069,626</b>	<b>\$951,062</b>	<b>\$3,878,688</b>
Current Farm Liabilities	136,521	47,440	288,072
Intermediate Farm Liabilities	48,061	14,200	110,203
Long Term Liabilities	166,570	47,565	312,386
Non-Farm Liabilities	47,227	38,955	65,890
<b>Total Liabilities</b>	<b>\$398,379</b>	<b>\$148,160</b>	<b>\$776,551</b>
<b>Net Worth</b>	<b>\$1,671,247</b>	<b>\$802,902</b>	<b>\$3,102,137</b>
<b>Net Worth Change (Market Value)</b>	<b>\$133,518</b>	<b>\$37,248</b>	<b>\$274,090</b>



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**HUWY% . Southeast Nebraska Averages, 2009 (cont.)**


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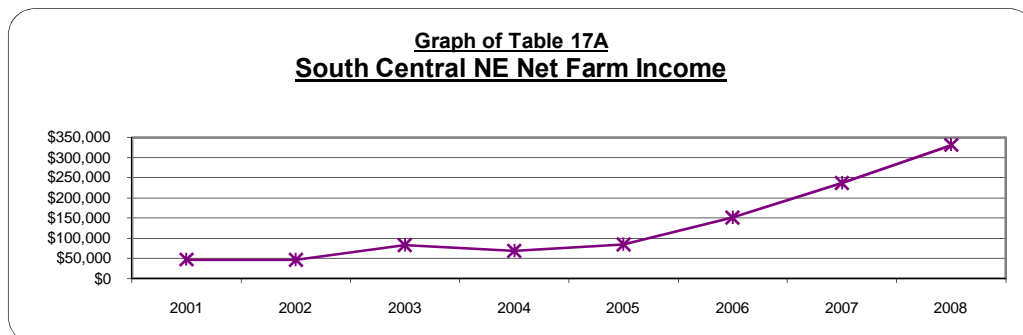


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	Average of <u>All Farms</u>	Average of <u>Low 33%</u>	Average of <u>High 33%</u>
<b>Financial Guidelines</b>			
Current Ratio	3.46	4.33	2.84
Working Capital	\$335,175	\$157,829	\$530,763
Working Capital to Gross Income	45.5%	67.0%	36.0%
Farm Debt to Asset Ratio (Market)	21%	17%	21%
Farm Equity to Asset Ratio (Market)	79%	83%	79%
Farm Debt to Equity Ratio (Market)	26%	21%	27%
Rate of Return on Farm Assets (Cost)	11.1%	0.2%	12.1%
Rate of Return on Farm Equity (Cost)	13.9%	-1.5%	15.8%
Operating Profit Margin (Cost)	22.8%	0.4%	26.1%
Net Farm Income (Cost)	\$157,114	\$23,709	\$306,985
EBIDTA	\$222,405	\$46,924	\$426,819
Asset Turnover Rate (Cost)	48.5%	47.7%	46.3%
Operating Expense Ratio	69.8%	80.1%	71.0%
Depreciation Expense Ratio	7.4%	7.6%	7.1%
Interest Expense Ratio	2.2%	2.4%	1.9%
Net Farm Income Ratio	21.3%	10.1%	20.8%
Capital Debt Repayment Capacity	\$163,362	\$37,229	\$335,192
Capital Debt Repayment Margin	\$131,818	\$21,728	\$275,174
Replacement Margin	\$110,775	\$8,980	\$244,053
Term Debt Coverage Ratio	5.18	2.40	5.58
Replacement Coverage Ratio	3.11	1.32	3.68
<b>Operator Information</b>			
Average Number of Operators	1.1	1.1	1.1
Average Age of Operators	52.5	54.4	55.3
Average Number of Years Farming	31.0	34.0	35.9
<b>Acreage Summary</b>			
Total acres owned	407	119	849
Total crop acres	844	404	1,239
Crop acres owned	224	10	456
Crop acres cash rented	228	94	418
Crop acres share rented	392	299	365
<b>Average Price Received In Dollars (Cash Sales Only)</b>			
Corn, per bu.	\$3.64	\$3.60	\$3.68
Soybeans, per bu.	\$9.53	\$9.63	\$9.54
Winter Wheat, per bu.	\$4.97	N/A	\$5.23
<b>Average Yield Per Acre</b>			
Corn (bu.)	158.33	131.43	165.52
Soybeans (bu.)	51.37	N/A	53.06
Sorghum, Grain (bu.)	113.49	N/A	N/A
Winter Wheat (bu.)	54.38	N/A	N/A

**Table 17: South Central Nebraska Averages, 2009**

	Average of All Farms	Average of Low 33%	Average of High 33%
<b>Cash Farm Income</b>			
Total Crop Income	720,810	285,902	1,161,699
Total Livestock Income	74,838	169,885	52,399
Total Other Farm Income	77,814	35,609	128,888
<b>Gross Cash Farm Income</b>	<b>\$873,462</b>	<b>\$491,396</b>	<b>\$1,342,986</b>
<b>Cash Farm Expense</b>			
Total Crop Expense	260,185	128,671	377,646
Total Livestock Expense	58,966	143,455	34,818
Total Other Farm Expense	265,679	165,772	384,291
<b>Gross Cash Farm Expense</b>	<b>\$584,830</b>	<b>\$437,898</b>	<b>\$796,755</b>
<b>Net Cash Farm Income</b>	<b>\$288,632</b>	<b>\$53,498</b>	<b>\$546,231</b>
Total Inventory Change	967	-1,242	13,477
Total Depreciation & Capital Adjustments	-64,795	-25,793	-103,153
<b>Net Farm Income From Operations</b>	<b>\$224,804</b>	<b>\$26,463</b>	<b>\$456,555</b>
Gain or Loss on Capital Sales	4,439	1,544	10,894
<b>Net Farm Income</b>	<b>\$229,243</b>	<b>\$28,007</b>	<b>\$467,449</b>
<b>Personal Income</b>	<b>\$24,057</b>	<b>\$21,287</b>	<b>\$31,318</b>
<b>Balance Sheet at Market</b>			
Current Farm Assets	621,951	302,282	952,109
Intermediate Farm Assets	515,594	281,078	799,843
Long Term Farm Assets	938,913	361,620	1,702,363
Non-Farm Assets	325,868	163,993	482,339
<b>Total Assets</b>	<b>\$2,402,326</b>	<b>\$1,108,973</b>	<b>\$3,936,654</b>
Current Farm Liabilities	225,365	162,236	278,754
Intermediate Farm Liabilities	120,447	72,412	181,971
Long Term Liabilities	298,283	133,673	452,724
Non-Farm Liabilities	49,467	42,039	40,969
<b>Total Liabilities</b>	<b>\$693,562</b>	<b>\$410,360</b>	<b>\$954,418</b>
<b>Net Worth</b>	<b>\$1,708,764</b>	<b>\$698,613</b>	<b>\$2,982,236</b>
<b>Net Worth Change (Market Value)</b>	<b>\$141,182</b>	<b>\$15,621</b>	<b>\$301,192</b>



**Table 17: South Central Nebraska Averages, 2009 (cont.)**

	Average of All Farms	Average of Low 33%	Average of High 33%
<b>Financial Guidelines</b>			
Current Ratio	2.76	1.86	3.42
Working Capital	\$396,586	\$140,045	\$673,356
Working Capital to Gross Income	45.7%	28.4%	50.1%
Farm Debt to Asset Ratio (Market)	31%	39%	26%
Farm Equity to Asset Ratio (Market)	69%	61%	74%
Farm Debt to Equity Ratio (Market)	45%	64%	36%
Rate of Return on Farm Assets (Cost)	12.2%	2.6%	15.5%
Rate of Return on Farm Equity (Cost)	16.4%	-0.7%	20.7%
Operating Profit Margin (Cost)	24.3%	5.0%	32.2%
Net Farm Income (Cost)	\$229,243	\$28,007	\$467,449
EBIDTA	\$323,851	\$73,763	\$606,230
Asset Turnover Rate (Cost)	50.4%	52.8%	48.3%
Operating Expense Ratio	62.7%	85.0%	54.9%
Depreciation Expense Ratio	7.5%	5.2%	7.7%
Interest Expense Ratio	4.1%	4.2%	3.7%
Net Farm Income Ratio	26.4%	5.7%	34.8%
Capital Debt Repayment Capacity	\$205,713	\$35,691	\$413,675
Capital Debt Repayment Margin	\$147,059	\$5,674	\$319,829
Replacement Margin	\$126,714	-\$9,824	\$290,866
Term Debt Coverage Ratio	3.51	1.19	4.41
Replacement Coverage Ratio	2.60	0.78	3.37
<b>Operator Information</b>			
Average Number of Operators	1.2	1.3	1.3
Average Age of Operators	50.4	53.1	51.4
Average Number of Years Farming	27.7	28.1	30.6
<b>Acreage Summary</b>			
Total Acres Owned	440	197	721
Total Crop Acres	1,167	531	1,808
Crop Acres Owned	366	132	602
Crop Acres Cash Rented	358	234	431
Crop Acres Share Rented	442	165	775
<b>Average Price Received In Dollars (Cash Sales Only)</b>			
Corn, per bu.	\$3.81	\$3.49	\$3.87
Soybeans, per bu.	\$9.61	\$9.37	\$9.78
Grain Sorghum, per bu.	\$3.29	N/A	N/A
Seed Corn, per bu.	\$5.74	N/A	\$6.33
Winter Wheat, per bu.	\$5.46	N/A	N/A
<b>Average Yield Per Acre</b>			
Corn, Irrigated (bu.)	217.52	206.73	223.13
Corn, Dryland (bu.)	146.00	117.97	153.38
Corn Seed, Irrigated (paid yield) (bu.)	264.11	N/A	238.87
Soybeans, Irrigated (bu.)	65.69	62.29	66.76
Soybeans, Dryland (bu.)	51.39	40.97	54.27

# Appendix I

## Farm Financial Ratios and Guidelines

### Liquidity

Is the ability of your farm business to meet the financial obligations as they come due - to generate enough cash to pay your family living expenses and taxes, and make debt payments on time.

#### Current Ratio

Measures the extent to which current farm assets, if sold tomorrow, would pay off current farm liabilities.

Total Current Farm Assets  
/ Total Current Farm Liabilities

#### Working Capital

Tells us the operating capital available in the short term from within the business.

Total Current Farm Assets  
- Total Current Farm Liabilities

#### Working Capital to Gross Revenues

Measures operating capital available against the size of the business.

Working Capital  
/ Gross Farm Income

### Solvency

Is the ability of your business to pay all its debts if it were sold tomorrow. Solvency is important in evaluating the financial risk and borrowing capacity of the business.

#### Farm Debt-to-Asset Ratio

Is the bank's share of the business. It compares total farm debt to total farm assets. A higher ratio is an indicator of greater financial risk and lower borrowing capacity

Total Farm Liabilities  
/ Total Farm Assets

#### Farm Equity-to-Asset Ratio

Is your share of the business. It compares farm equity to total farm assets. If you add the debt-to-asset ratio and the equity-to-asset ratio, you must get 100%

Total Farm Net Worth  
/ Total Farm Assets

#### Farm Debt-to-Equity Ratio

Compares the bank's ownership to your ownership. It also indicates how much the owners have leverages (i.e., multiplied) their equity in the business.

Total Farm Liabilities  
/ Total Farm Equity

### Profitability

Is the difference between the value of goods produced and the cost of the resources used in their production.

#### Net Farm Income

Represents return to your labor, your management and your equity that you have invested in the business. It is the reward for investing your unpaid family labor, management and money in the business instead of elsewhere. Anything left in the business, i.e., not taken out for family living and taxes, will increase your farm net worth.

Gross Cash Farm Income  
- Total Cash Farm Expenses  
+ / - Inventory changes  
- Depreciation

#### Rate of Return on Farm Assets

Can be thought of as the average interest rates being earned on all (yours and creditors') investments in the farm. Unpaid labor and management are assigned a return before return on farm assets is calculated.

Net Farm Income  
+ Farm Interest  
- Value of Operator Labor & Mgt  
= Return on Farm Assets  
/ Average Farm Assets

#### Rate of Return on Farm Equity

Represents the interest rate being earned by your investment in the farm. This return can be compared to returns available if your equity were invested somewhere else, such as a certificate of deposit.

Net Farm Income  
- Value of Operator Labor & Mgt  
= Return on Farm Equity  
/ Average Farm Net Worth

#### Operating Profit Margin

Shows the operating efficiency of the business. If expenses are low relative to the value of farm production, the business will have a healthy operating profit margin. A low profit margin can be caused by low product prices, high operating expenses, or inefficient production.

Return on Farm Assets  
/ Value of Farm Production

Value of Farm Production =  
Gross Cash Farm Income  
+/- Inventory Changes  
- Feeder Livestock Purchased  
- Purchased Feed

#### EBITDA

**E**arnings **B**efore **I**nterest, **T**axes, **D**epreciation, and **A**mortization.  
Measures earnings available for debt repayment.

Net Farm Income  
+ Interest Expense  
+ Depreciation & Amortization

## **Repayment Capacity**

Shows the borrower's (i.e., your) ability to repay term debts on time. It includes non-farm income and so it is not a measure of business performance alone.

### Capital Debt Repayment Capacity

Measures the amount generated from farm and non-farm sources, to cover debt repayment and capital replacement.

Net Farm Income  
+ Depreciation  
+ Net Non-Farm Income  
- Family Living & Income Taxes  
+ Interest Expense on Term Loans

### Capital Debt Repayment Margin

Is the Amount of money remaining after all operating expenses, taxes, family living costs, and scheduled debt payments have been made. It's really the money left, after paying all bills, that is available for purchasing or financing new machinery, equipment, land or livestock.

Capital Debt Repayment Capacity  
- Scheduled principle & interest on term loans \*

### Replacement Margin

The amount of income remaining after paying principle and interest on term loans and unfunded (cash) capital purchases.

Capital Debt Repayment Capacity  
- Unfunded (Cash) Capital Replacement Allowance

### Term-Debt Coverage Ratio

Tells whether your business produced enough income to cover all intermediate and long-term debt payments. A ratio of less than 1.0 indicates that the business had to liquidate inventories, run up open accounts, borrow money, or sell assets to make scheduled payments.

Capital Debt Repayment Capacity  
/ Scheduled principle & Interest on Term Loans \*

### Replacement Margin Coverage Ratio

A Ratio Under 1.0 indicates that you did not generate enough income to cover term debt payments and unfunded capital purchases.

Capital Debt Repayment Capacity  
/ (Scheduled principle & Interest on Term Loans \*  
+ Unfunded Capital Replacement Allowance)

## **Financial Efficiency**

Shows how effectively your business uses assets to generate income. Past performance of the business could well indicate potential future accomplishments. It also answers the questions:

- ⇒ Are you using every available asset to its fullest potential?
- ⇒ What are the effects of production, purchasing, pricing, financing and marketing decisions on gross income?

### Asset-Turnover Rate

Measures efficiency in using capital. You could think of it as capital productivity. Generating a high level of production with a low level of capital investment will give a high asset-turnover rate. If, on the other hand, the turnover is low you will want to explore methods to use the capital invested much more efficiently or sell some low-return investments. (It could mean getting rid of that swamp and ledge on the Back 40 an getting something that produces income.)

Value of Farm Production  
/ Average Farm Assets

The last four ratios show how Gross Farm Income is used. The sum of the four equal 100% (of Gross Farm Income).

### Operating Expense Ratio

Shows the proportion of farm income that is used to pay operating expenses, not including principle or interest.

Total Farm Operating Expenses  
excluding Interest & Depreciation  
/ Gross Farm Income

### Depreciation Expense Ratio

Indicates how fast the business wears out capital. It tells what proportion of farm income is needed to maintain the capital used by the business.

Depreciation  
/ Gross Farm Income

### Interest Expense Ratio

Shows how much of gross income is used to pay for interest on borrowed capital

Farm Interest  
/ Gross Farm Income

### Net Farm Income Ratio

Compares profit to gross farm income. It shows how much is left after all farm expenses, except for unpaid labor and management, are paid

Net Farm Income  
/ Gross Farm Income

\* Includes payments on capital leases

## Appendix II Prices Used In the Analysis Report

Item	Beginning Inventory	Feed	Crop Enterprise Production	Ending Inventory
<u>Grain:</u>				
All Corn/ bu.	3.75	5.00	Actual	3.72
Oats/ bu.	2.40	3.00	Actual	2.40
All Wheat/ bu.	5.70	7.50	Actual	4.59
Soybeans/ bu.	9.05	9.00	Actual	9.95
Grain Sorghum/ cwt.	2.90	3.00	Actual	4.33
<u>Silage:</u>				
Haylage/ t.	30.00	30.00	30.00	30.00
Corn Silage/ t.	30.00	30.00	30.00	30.00
Sorghum Silage/ t.	25.00	25.00	35.00	35.00
Oats & Wheat Silage/ t.	25.00		30.00	30.00
<u>Hay &amp; Straw:</u>				
Praire, Mixed, Brome/ t.	70.00	72.50	75.00	75.00
Oat/Wheat Straw/ t.	55.00	52.50	50.00	50.00
Legume Hay/ t.	85.00	92.50	100.00	100.00
Frg. Sorgh. (Feed)/ t.	50.00	50.00	50.00	50.00
<u>Other:</u>				
Distillers Grain Wet/ t.	60.00	51.00	42.00	42.00
Corn Stalks/ t.	50.00	50.00	45.00	45.00
Milo Stalks/ t.	45.00	45.00	45.00	45.00
Bean Stubble/ t.	55.00	55.00	55.00	55.00

Actual prices estimated at actual selling price if sold or contracted, inventory price for balance. All feeds are valued on an as fed moisture basis. To correct for low-test weights on corn use:

Bu. x test weight/56 lbs.

Value of operator's labor is calculated by using this formula: Family Living Expenses minus Net Farm Income, with a minimum of \$30,000 for a full-time farm operator.

**Know how. Know now.**



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