

Adams County

2008 Nebraska Farm & Ranch Annual Report

In cooperation with Nebraska Farm Business, Inc., the University of Nebraska—Lincoln and Nebaskaland Farm & Ranch Management Education Program.



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Adams County Comments

Growth of our analysis program allows not only for better, more accurate information for the State of Nebraska, but it also allows us an opportunity to look at a more condensed view of Nebraska than ever before. Adams County is the first county where we have been able to provide meaningful, confidential averages and that information is located in the next 21 pages.

As with the regional books, the fewer number of farms mean the number of reports decreases, but coupled with the South Central and the Whole State Averages those farming in Adams County now have even more specific data to compare their operations to. Hopefully, with even more individual participation the book will be able to continue and grow into a very valuable tool.

Remember, the Annual Report contains data from the whole state with a larger number of farms and contains the most information we can gather. If you would like to order other books, please contact us at (402) 464-6324, or order from our website: www.nfbi.net.

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Table 1: Adams County - Summary Information, 2008

Farm Income

Gross Cash Farm Income	\$691,293
Inventory Changes - Income Items	161,648
Gross Revenue	\$852,941
Cash Farm Operating Expenses	\$482,309
Interest Expense	29,868
Depreciation	66,413
Total Farm Expense	\$578,590
Net Accrual Farm Income From Operations	\$274,351

Net Worth Change

Net Farm Income From Operations	(+) \$274,351
Personal income	(+) 18,564
Family Living/Owner Withdrawals	(-) 77,593
Income & Social Security Tax	(-) 14,318
Market Value Adjustment	(-) -\$19,271
Earned Net Worth Change	(=) \$220,275

Ending Net Worth * \$1,204,590

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

Farm Financial Standards Measures

	<u>Beginning</u>	<u>Ending</u>
<u>Liquidity</u>		
Current Ratio	2.1	2.87
Working Capital	\$232,700	\$387,343
Working Capital to Gross Income		46.70%
<u>Solvency (Market)</u>		
Debt to Asset Ratio	37%	31%
Debt to Equity Ratio	50%	45%
<u>Profitability (Cost)</u>		
Rate of Return on Assets		24.5%
Rate of Return on Equity		36.7%
Operating Profit Margin		33.2%
EBIDTA		\$372,428
<u>Efficiency</u>		
Asset Turnover Rate (Market)		73.7%
Operating Expense Ratio		55.1%
Depreciation Ratio		8.0%
Interest Expense Ratio		3.6%
Net Farm Income Ratio		33.1%

Repayment Capacity

Replacement Margin	216,587
Term Debt Coverage Ratio	6.58
Replacement Coverage Ratio	4.68

Table 2A: Adams County - Gross Cash Farm Income, 2008

	Average Of <u>All Farms</u>
Crop Income	
Corn	312,544
Seed Corn	73,962
Soybeans	180,868
Wheat	17,732
Hay Crops	88
Grain Sorghum	0
White Corn	47,407
Miscellaneous Crop Income	4,165
<hr/>	
Total Crop Income	\$636,766
<hr/>	
Livestock and Product Income	
Beef Finishing	0
Beef Calves	0
Cull Breeding Livestock	0
Miscellaneous Livestock Income	0
<hr/>	
Total Livestock Income	\$0
<hr/>	
Other Farm Income	
LDP Payments	0
Direct & CC Gov't Payments	30,313
CRP & Other Gov't Payments	4,370
Custom Work	1,094
Patronage Dividends, Cash	2,599
Insurance Income	6,812
Other Miscellaneous Farm Income	9,339
<hr/>	
Total Other Farm Income	\$54,527
<hr/>	
Gross Cash Farm Income	\$691,293
<hr/>	

Table 2B: Adams County - Gross Cash Farm Expenses, 2008

	Average Of All Farms
Crop Expense	
Seed	67,483
Fertilizer	70,731
Crop Chemicals	58,088
Crop Insurance	41,028
Drying Fuel	2,525
Storage	286
Irrigation Energy	22,361
Irrigation Repairs	3,621
Crop Marketing	4,234
Crop Miscellaneous	1,997
CCC Buyback	18,172
Total Crop Expense	\$290,526
Livestock Expense	
Feeder Livestock Purchases	0
Purchased Feed	0
Breeding Fees	0
Veterinary	0
Other Livestock Expense	0
Total Livestock Expense	\$0
Other Farm Expense	
Interest	29,868
Fuel and Oil	18,628
Repairs	31,647
Building Repairs	6,195
Custom Hire	4,253
Hired Labor	8,505
Land Rent	66,516
Machinery and Building Lease	21,592
Real Estate Taxes	8,276
Personal Property Taxes	2,859
Farm Insurance	7,729
Utilities	4,791
Dues and Professional Fees	5,039
Miscellaneous	5,753
Total Other Cash Farm Expense	\$221,651
Total Cash Operating Expense	\$512,177
Summary	
Gross Cash Farm Income (Table 2A)	\$691,293
- Total Cash Operating Expense	\$512,177
= Net Cash Farm Income	\$179,116

Table 3A: Adams County - Inventory Changes & Depreciation, 2008

	Average Of All Farms
Net Cash Farm Income	\$179,116
Crops and Feed	
Ending Inventory	464,645
Beginning Inventory	366,420
Inventory Change	98,225
Market Livestock	
Ending Inventory	0
Beginning Inventory	0
Inventory Change	0
Accounts Receivable	
Ending Inventory	45,716
Beginning Inventory	0
Inventory Change	45,716
Prepaid Expenses and Supplies	
Ending Inventory	31,443
Beginning Inventory	11,728
Inventory Change	19,715
Hedging Activities	
Ending Inventory	4,226
Withdrawals	27,272
Beginning Inventory	2,399
Deposits	40,674
Gain or Loss	-11,575
Other Current Assets	
Ending Inventory	0
Beginning Inventory	0
Inventory Change	0
Breeding Livestock	
Ending Inventory	0
Capital Sales	0
Beginning Inventory	0
Capital Purchases	0
Depreciation & Capital Adjustments	0
Other Capital Assets	
Ending Inventory	36,267
Capital Sales	770
Beginning Inventory	25,075
Capital Purchases	6,002
Depreciation & Capital Adjustments	5,960

Table 3B: Adams County - Inventory Changes & Depreciation, 2008 (cont.)

	Average Of <u>All Farms</u>
Accounts Payable	
Beginning Inventory	12,958
Ending Inventory	7,560
Inventory Change	5,398
Accrued Interest	
Beginning Inventory	15,674
Ending Inventory	17,465
Inventory Change	-1,791
Total Inventory Change	161,648
Net Operating Profit	340,764
Machinery and Equipment	
Ending Inventory	152,215
Capital Sales	5,637
Beginning Inventory	141,402
Capital Purchases	74,598
Depreciation & Capital Adjustments	-58,148
Titled Vehicles	
Ending Inventory	3,745
Capital Sales	0
Beginning Inventory	2,411
Capital Purchases	4,425
Depreciation & Capital Adjustments	-3,091
Buildings and Improvements	
Ending Inventory	38,902
Capital Sales	0
Beginning Inventory	41,320
Capital Purchases	2,756
Depreciation & Capital Adjustments	-5,174
Total Depreciation & Capital Adjustments	-\$66,413
Net Farm Income from Operations	\$274,351
Gain or Loss on Capital Sales	\$0
Net Farm Income	\$274,351

Table 4: Adams County - Profitability Analysis At Cost Value, 2008

	Average Of All Farms
<u>Profitability</u>	
Net Farm Income From Operations	\$274,351
Rate of Return on Assets	24.5%
Rate of Return on Equity	36.7%
Operating Profit Margin	33.2%
Asset Turnover Rate	73.7%
<hr/>	
Farm Interest Expense	\$31,659
Value of Operator Labor & Mgt.	\$30,800
Return on Farm Assets	\$275,214
Average Farm Assets	\$1,125,442
Return on Farm Equity	\$243,555
Average Farm Equity	\$663,183
Value of Farm Production	\$829,621

Table 5: Adams County - Profitability Analysis At Market Value, 2008

	Average Of All Farms
<u>Profitability</u>	
Net Farm Income From Operations	\$297,394
Rate of Return on Assets	21.5%
Rate of Return on Equity	28.8%
Operating Profit Margin	36.0%
Asset Turnover Rate	59.8%
<hr/>	
Farm Interest Expense	\$31,659
Value of Operator Labor & Mgt.	\$30,800
Return on Farm Assets	\$298,253
Average Farm Assets	\$1,388,314
Return on Farm Equity	\$266,594
Average Farm Equity	\$926,054
Value of Farm Production	\$829,621

Table 6: Adams County - Liquidity & Repayment Capacity Measures, 2008

		Average of <u>All Farms</u>
Liquidity		
Current Ratio		2.87
Working Capital		387,343
Working Capital to Gross Inc.		46.7%
Current Assets		594,563
Current Liabilities		207,221
Gross Revenues (Accrual)		\$829,621
Repayment Capacity		
Net Farm Income From Operations		\$274,351
Depreciation	(+)	66,413
Personal Income	(+)	18,564
Family Living/Owner Withdrawals	(-)	77,593
Payments on Personal Debt	(-)	4,127
Income Taxes Paid	(-)	14,318
Interest on Term Debt	(+)	12,191
Capital Debt Repayment Capacity	(=)	\$275,481
Scheduled Term Debt Payments	(-)	41,837
Capital Debt Repayment Margin	(=)	\$233,644
Cash Replacement Allowance	(-)	17,062
Replacement Margin	(=)	\$216,582
Term Debt Coverage Ratio		6.58
Replacement Coverage Ratio		4.68



Table 7A: Adams County - Balance Sheet - Assets at Cost Value, 2008

	Average Of All Farms	
	<u>Beginning</u>	<u>Ending</u>
Current Farm Assets		
Cash and Checking Accounts	27,749	33,476
Prepaid Expenses & Supplies	11,728	31,443
Growing Crops	0	0
Accounts Receivable	0	45,716
Hedging Accounts	2,399	4,226
Crops Held for Sale or Feed	351,363	479,703
Crops Under Government Loan	55,946	0
Market Livestock Held for Sale	0	0
Other Current Assets	0	0
Total Current Farm Assets	\$449,185	\$594,564
Intermediate Farm Assets		
Breeding Livestock	0	0
Machinery and Equipment	141,402	152,215
Titled Vehicles	2,411	3,745
Other Intermediate Assets	24,975	36,167
Total Intermediate Farm Assets	\$168,788	\$192,127
Long Term Farm Assets		
Farm Land	395,815	395,815
Buildings and Improvements	41,320	38,902
Other Long Term Assets	100	100
Total Long Term Farm Assets	\$437,235	\$434,817
Total Farm Assets	\$1,055,208	\$1,221,508
Non-Farm Assets	241,642	245,370
Total Farm & Non-Farm Assets	\$1,296,850	\$1,466,878

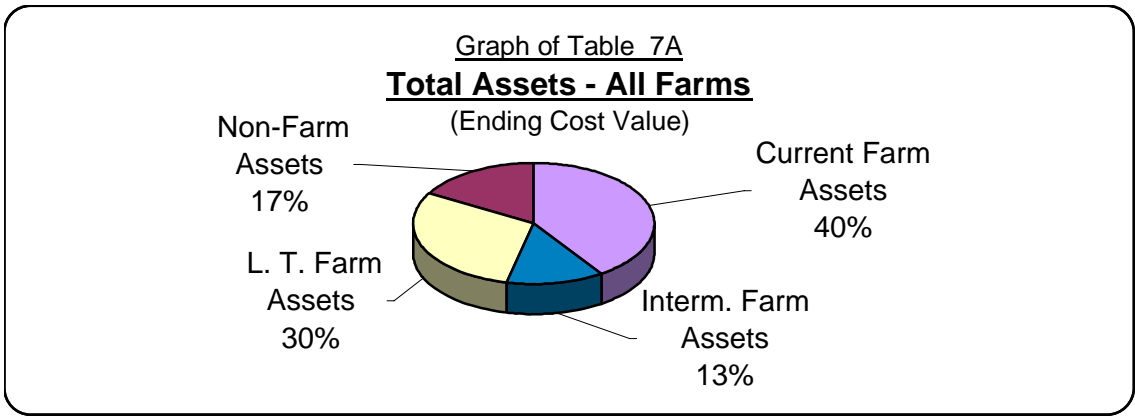


Table 7B: Adams County - Balance Sheet - Liabilities at Cost Value, 2008

	Average Of All Farms	
	<u>Beginning</u>	<u>Ending</u>
Current Farm Liabilities		
Accrued Interest	15,716	17,465
Accounts Payable	12,958	7,560
Current Notes	132,376	147,861
Government Crop Loans	25,789	0
Principal Due on Term Debt	29,646	34,335
Total Current Farm Liabilities	\$216,485	\$207,221
Intermediate Farm Liabilities	\$103,521	\$102,110
Long Term Farm Liabilities	\$169,404	\$151,610
Total Farm Liabilities	\$489,410	\$460,941
Non-Farm Liabilities	86,835	88,541
Total Liabilities	\$576,245	\$549,482
Net Worth (Farm & Non-Farm)	\$720,605	\$917,396
Net Worth Change (Cost Value)	\$196,791	

Ratio Analysis

Current Farm Liabilities / Assets	48%	35%
Intermediate Farm Liab. / Assets	61%	53%
Long Term Farm Liab. / Assets	39%	35%
Total Liabilities / Assets	44%	37%

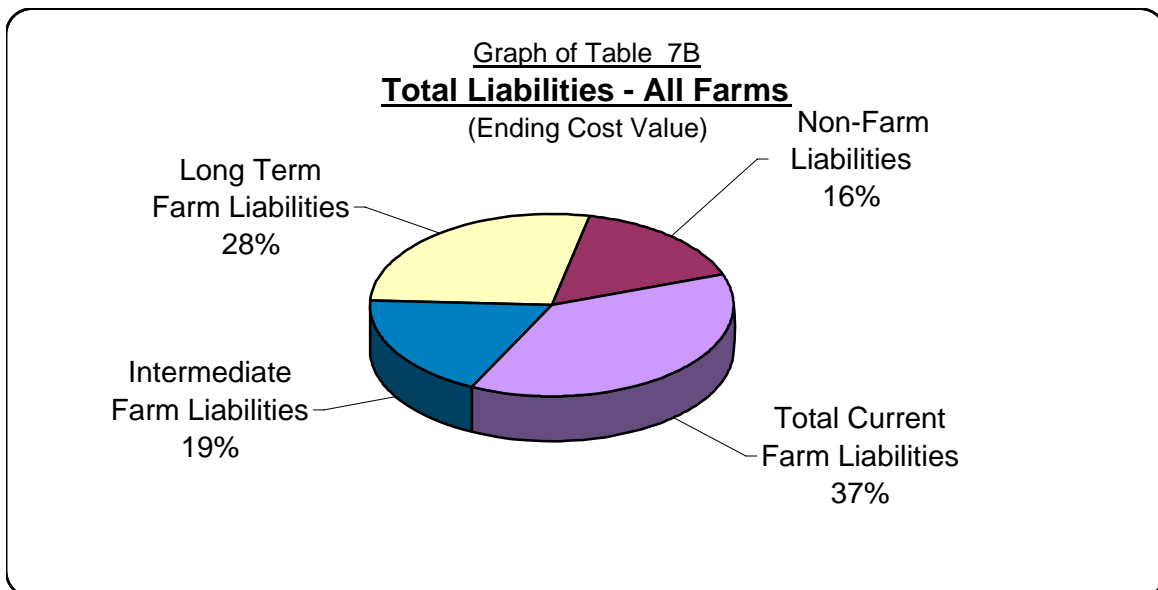


Table 8A: Adams County - Balance Sheet - Assets at Market Value, 2008

	Average Of All Farms	
	Beginning	Ending
Current Farm Assets		
Cash and Checking Balance	27,749	33,476
Prepaid Expenses & Supplies	11,728	31,443
Growing Crops	0	0
Accounts Receivable	0	45,716
Hedging Accounts	2,399	4,226
Crops Held for Sale or Feed	351,363	479,703
Crops Under Government Loan	55,946	0
Market Livestock Held for Sale	0	0
Other Current Assets	0	0
Total Current Farm Assets	\$449,185	\$594,564
Intermediate Farm Assets		
Breeding Livestock	0	0
Machinery and Equipment	332,246	365,861
Titled Vehicles	9,036	12,185
Other Intermediate Assets	24,975	34,046
Total Intermediate Farm Assets	\$366,257	\$412,092
Long Term Farm Assets		
Farm Land	419,685	419,685
Buildings and Improvements	71,334	69,460
Other Long Term Assets	100	100
Total Long Term Farm Assets	\$491,119	\$489,245
Total Farm Assets	\$1,306,561	\$1,495,901
Non-Farm Assets	\$253,999	\$258,171
Total Farm & Non-Farm Assets	\$1,560,560	\$1,754,072

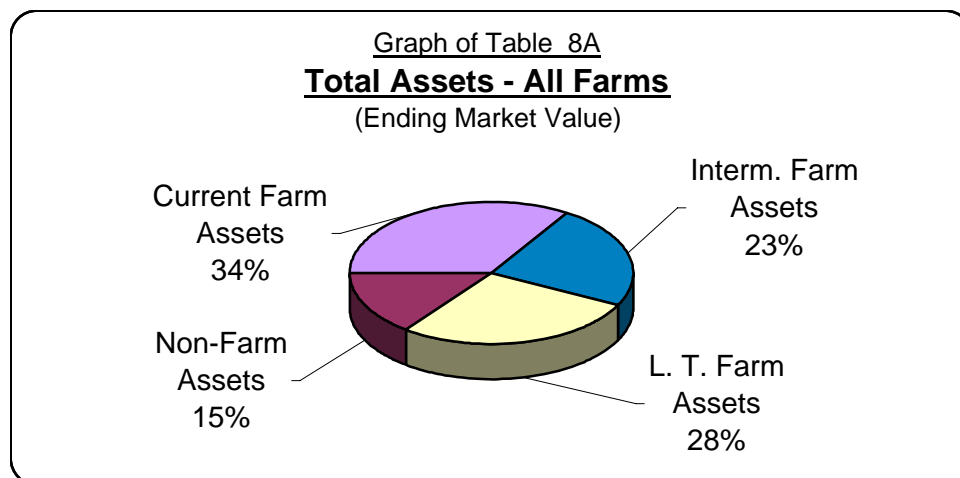


Table 8B: Adams County - Balance Sheet - Liabilities at Market Value, 2008

	Average Of All Farms	
	Beginning	Ending
Current Farm Liabilities		
Accrued Interest	15,716	17,465
Accounts Payable	12,958	7,560
Current Notes	132,376	147,861
Government Crop Loans	25,789	0
Principal Due on Term Debt	29,646	34,335
Total Current Farm Liabilities	\$216,485	\$207,221
Intermediate Farm Liabilities	\$103,521	\$102,110
Long Term Farm Liabilities	\$169,404	\$151,610
Total Farm Liabilities	\$489,410	\$460,941
Non-Farm Liabilities	86,835	88,541
Total Deferred Liabilities	\$0	\$0
Total Farm & Non-Farm Liabilities	\$576,245	\$549,482
Net Worth (Farm and Non-Farm)	\$984,315	\$1,204,590
Net Worth Change (Market Value)	\$220,275	

Ratio Analysis

Current Farm Liabilities / Assets	48%	35%
Intermediate Farm Liab / Assets	28%	25%
Long Term Farm Liab. / Assets	34%	31%
Total Liabilities / Assets	37%	31%

Graph of Table 8B
2008 Net Worth Change

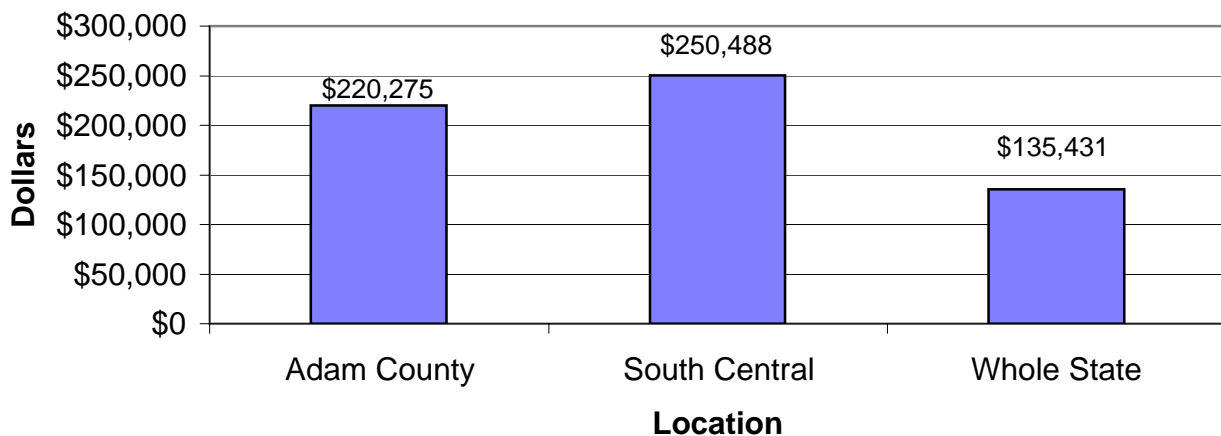


Table 9: Adams County - Statement of Cash Flows, 2008

		Average Of All Farms
(A) Beginning Cash Balance (Farm & Non-Farm)		\$38,216
Cash Provided By Operating Activities		
Gross Cash Farm Income	(+)	691,294
Total Cash Farm Expense	(-)	512,174
Net Cash From Hedging Transactions	(-)	13,401
(B) Cash Provided By Operating	(=)	\$165,719
Cash Provided By Investing Activities		
Sale of Breeding Livestock	(+)	0
Sale of Machinery & Equipment	(+)	5,637
Sale of Titled Vehicles	(+)	0
Sale of Farm Land	(+)	0
Sale of Farm Buildings	(+)	0
Sale of Other Farm Assets	(+)	770
Sale of Non-Farm Assets	(+)	0
Purchase of Breeding Livestock	(-)	0
Purchase of Machinery & Equip.	(-)	74,598
Purchase of Titled Vehicles	(-)	4,425
Purchase of Farm Land	(-)	0
Purchase of Farm Buildings	(-)	2,756
Purchase of Other Farm Assets	(-)	6,002
Purchase of Non-Farm Assets	(-)	6,727
(C) Cash Provided By Investing	(=)	-\$88,101
Cash Provided By Financing Activities		
Money Borrowed	(+)	644,293
Principle Payments	(-)	640,966
Personal Income	(+)	18,564
Family Living/Owner Withdrawals	(-)	77,593
Income and Social Security Tax	(-)	14,318
Capital Contributions	(-)	0
Capital Distributions	(-)	0
Dividends Paid	(-)	0
Cash Gifts and Inheritances	(+)	434
Gifts Given	(-)	0
(D) Cash Provided By Financing	(=)	-\$69,586
(E) Net Change In Cash Balance (B+C+D)		\$8,032
(F) Ending Cash Balance (Farm & Non-Farm) (A+E)		\$46,248

Table 10: Adams County - Financial Guidelines Measures, 2008

	Average Of <u>All Farms</u>
Liquidity	
Current Ratio	2.87
Working Capital	\$387,343
Working Capital to Gross Income	46.70%
Solvency (Market)	
Farm Debt to Asset Ratio	31%
Farm Equity to Asset Ratio	69%
Farm Debt to Equity Ratio	45%
Profitability (Cost)	
Rate of Return on Farm Assets	24.5%
Rate of Return on Farm Equity	36.7%
Operating Profit Margin	33.2%
Net Farm Income	\$274,351
EBIDTA	\$372,428
Repayment Capacity	
Capital Debt Repayment Capacity	\$275,486
Capital Debt Repayment Margin	\$233,649
Replacement Margin	\$216,587
Term Debt Coverage Ratio	6.58
Replacement Coverage Ratio	4.68
Efficiency	
Asset Turnover Rate (Cost)	73.7%
Operating Expense Ratio	55.1%
Depreciation Expense Ratio	8.0%
Interest Expense Ratio	3.6%
Net Farm Income Ratio	33.1%



Table 11: Adams County - Crop Production, Marketing & Labor Summary, 2008

	<u>Average Of All Farms</u>
Acreage Summary	
Acres Owned	258
Crop Acres	1,164
Crop Acres Owned	235
Crop Acres Cash Rented	442
Crop Acres Share Rented	487
Pasture Acres	0
% Crop Acres Owned	20.19%
Average Price Received in Dollars (Cash Sales Only)	
Corn per bu.	\$3.87
Soybeans per bu.	\$10.37
Average Yield Per Acre	
Corn, Irrigated (bu.)	198.17
Soybeans, Dryland (bu.)	48.77
Soybeans, Irrigated (bu.)	60.68
Labor Analysis	
Total Unpaid Labor Hours	2,288
Total Hired Labor Hours	410
Total Labor Hours per Farm	2,698
Unpaid Hours per Operator	2,080
Value of Farm Production / Hour	\$307.49
Net Farm Income / Unpaid Hour*	\$119.91

* Based on 2080 Hrs. Annually Per Full Time Operator

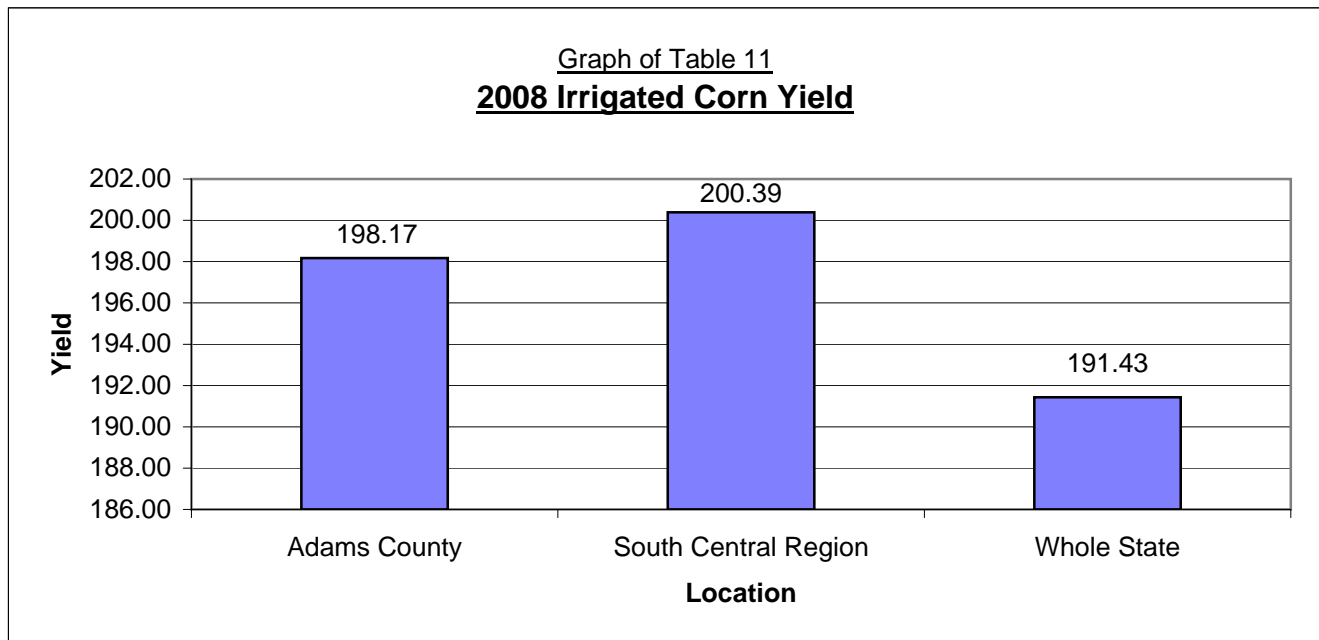


Table 12: Adams County - Operator Information and Non-farm Summary, 2008

	Average Of All Farms
Operator Information	
Average Number of Operators	1.1
Average Age of Operators	45.8
Average Number of Years Farming	22.7
Non-Farm Income	
Personal Wages & Salary	5,573
Non-Farm Business Income	1,651
Personal Rental Income	378
Personal Interest Income	88
Personal Cash Dividends	518
Tax Refunds	1,621
Other Non-Farm Income	8,735
Gifts and Inheritances	434
Total Non-Farm Income	\$18,998
Non-Farm Assets (Market Value)	
Checking & Savings	12,770
Stocks & Bonds	16,581
Other Current Assets	2,497
Furniture & Appliances	1,300
Non-Farm Vehicles	10,821
Cash Value of Life Ins.	6,823
Retirement Accounts	43,134
Other Interm. Assets	780
Non-Farm Real Estate	133,735
Personal Bus. Investment	0
Other Long Term Assets	29,730
Total Non-Farm Assets	\$258,171
Non-Farm Liabilities	
Accrued Interest	510
Accounts Payable	0
Current Notes	0
Princ Due on Term Debt	3,742
Total Current Liabilities	4,252
Intermediate Liabilities	9,015
Long Term Liabilities	75,273
Total Non-Farm Liabilities	\$88,540
Non-Farm Net Worth	\$169,631
Non-Farm Debt to Asset Ratio	34%

Table 13: Adams County - Irrigated Corn on All Tenure Types, 2008 *

	Average Of 7 Farms
Number of Fields	25
Acres	157.70
Bushel Yield per Acre	198.17
Operator's Share of the Yield %	82.01%
Value per Bushel at Harvest	\$3.87
Total Product Return	\$628.95
Hedging Gain/Loss	3.10
Crop Insurance	39.40
Other Crop Income	0.00
Gross Return	\$671.45
Direct Expenses	
Seed	47.91
Fertilizer	75.24
Crop Chemicals	42.19
Crop Insurance	44.47
Drying Fuel	4.28
Irrigation Energy	21.14
Irrigation Repairs	5.49
Operating Power & Crop Machinery	63.49
Building Repairs	5.56
Hired Labor	9.79
Utilities	4.52
Miscellaneous	15.32
Land Rent	34.22
Operating Interest	10.30
Total Direct Expenses	\$383.92
Return Over Direct Expenses	\$287.53
Allocated Expenses	
Machinery & Building Depreciation	69.92
Real Estate & Personal Property Taxes	14.00
Farm Insurance	8.61
Interest	18.85
Total Allocated Expenses	\$111.38
Total Listed Expenses	\$495.30
Net Return	\$176.15
Supplementary Management Information	
Total Direct Expense Per Bushel	2.36
Total Listed Expense Per Bushel	3.05
Net Return Per Bushel	\$0.82
Government Payments	19.49
Labor & Management Charge Per Acre	27.95
Net Return Incl. Gov't Payments and Labor & Management	\$167.69
Machinery Cost Per Acre	\$130.25
Estimated Labor Hours Per Acre	2.52

* Includes an average of crops grown on Owned, Cash Rented, and Share Rented Land

Table 14: Adams County - Irrigated Corn on Owned & Cash Rented Land, 2008

	<u>Owned</u>	<u>Cash Rented</u>
Number of Fields	7	6
Acres	179.73	166.85
Bushel Yield per Acre	204.55	195.36
Operator's Share of the Yield %	100.00%	100.00%
Value per Bushel at Harvest	\$3.85	\$3.80
Total Product Return	\$787.52	\$742.37
Hedging Gain/Loss	3.52	-0.55
Crop Insurance	56.22	1.27
Other Crop Income	0.00	0.00
Gross Return	\$847.26	\$743.09
Direct Expenses		
Seed	55.06	43.89
Fertilizer	81.96	95.40
Crop Chemicals	54.02	57.69
Crop Insurance	54.06	41.25
Drying Fuel & Storage	5.01	3.45
Irrigation Energy	25.47	19.29
Irrigation Repairs	8.69	7.05
Operating Power & Crop Machinery	60.11	48.59
Building Repairs	2.21	4.45
Hired Labor	9.66	17.45
Utilities	3.31	3.69
Miscellaneous	18.26	12.85
Land Rent	0.00	134.77
Operating Interest	16.78	5.10
Total Direct Expenses	\$394.60	\$494.92
Return Over Direct Expenses	\$452.66	\$248.17
Allocated Expenses		
Machinery & Building Depreciation	81.66	63.70
Real Estate & Personal Property Taxes	38.49	2.82
Farm Insurance	12.07	7.22
Interest	49.21	2.14
Total Allocated Expenses	\$181.43	\$75.88
Total Listed Expenses	\$576.03	\$570.80
Net Return	\$271.23	\$172.29
Supplementary Management Information		
Total Direct Expense Per Bushel	1.93	2.53
Total Listed Expense Per Bushel	2.82	2.92
Net Return Per Bushel	\$1.03	\$0.88
Government Payments	13.47	23.88
Labor & Management Charge Per Acre	28.84	24.32
Net Return Incl. Gov't Payments and Labor & Management	\$255.86	\$171.85
Machinery Cost Per Acre	\$141.35	\$109.25
Estimated Labor Hours Per Acre	2.47	2.48

Table 15: Adams County - Irrigated Soybeans on All Tenure Types, 2008*

	Average Of 7 Farms
Number of Fields	25
Acres	121.95
Bushel Yield per Acre	60.68
Operator's Share of the Yield %	80.61%
Value per Bushel at Harvest	\$9.53
Total Product Return	\$466.15
Hedging Gain/Loss	4.78
Crop Insurance	36.65
Other Crop Income	0.00
Gross Return	\$507.58
Direct Expenses	
Seed	40.53
Fertilizer	13.85
Crop Chemicals	42.19
Crop Insurance	31.19
Drying Fuel	1.44
Irrigation Energy	19.78
Irrigation Repairs	4.60
Operating Power & Crop Machinery	51.05
Building Repairs	3.86
Hired Labor	8.23
Utilities	4.09
Miscellaneous	12.12
Land Rent	40.22
Operating Interest	7.75
Total Direct Expenses	\$280.90
Return Over Direct Expenses	\$226.68
Allocated Expenses	
Machinery & Building Depreciation	56.26
Real Estate & Personal Property Taxes	9.11
Farm Insurance	6.19
Interest	12.23
Total Allocated Expenses	\$83.79
Total Listed Expenses	\$364.69
Net Return	\$142.89
Supplementary Management Information	
Total Direct Expense Per Bushel	5.74
Total Listed Expense Per Bushel	7.46
Net Return Per Bushel	\$2.07
Government Payments	21.84
Labor & Management Charge Per Acre	23.43
Net Return Incl. Gov't Payments and Labor & Management	\$141.30
Machinery Cost Per Acre	\$106.03
Estimated Labor Hours Per Acre	2.14

* Includes an average of crops grown on Owned, Cash Rented, and Share Rented Land

Table 16: Adams County - Irrigated Soybeans on Cash & Share Rented Land, 2008

	<u>Cash Rented</u>	<u>Share Rented</u>
Number of Fields	6	14
Acres	157.83	103.16
Bushel Yield per Acre	65.48	57.78
Operator's Share of the Yield %	100.00%	57.02%
Value per Bushel at Harvest	\$9.09	\$9.82
Total Product Return	\$595.21	\$323.53
Hedging Gain/Loss	-0.63	3.26
Crop Insurance	8.36	43.89
Other Crop Income	0.00	0.00
Gross Return	\$602.94	\$370.68
Direct Expenses		
Seed	36.30	39.63
Fertilizer	19.76	8.41
Crop Chemicals	64.54	30.26
Crop Insurance	40.35	23.93
Drying Fuel & Storage	3.40	0.00
Irrigation Energy	20.50	17.04
Irrigation Repairs	8.30	2.73
Operating Power & Crop Machinery	41.37	55.45
Building Repairs	2.50	5.53
Hired Labor	9.21	6.19
Utilities	1.29	4.23
Miscellaneous	13.36	11.74
Land Rent	129.48	0.00
Operating Interest	9.42	6.66
Total Direct Expenses	\$399.78	\$211.80
Return Over Direct Expenses	\$203.16	\$158.88
Allocated Expenses		
Machinery & Building Depreciation	53.23	53.37
Real Estate & Personal Property Taxes	2.16	2.05
Farm Insurance	6.55	5.13
Interest	3.39	5.64
Total Allocated Expenses	\$65.33	\$66.19
Total Listed Expenses	\$465.11	\$277.99
Net Return	\$137.83	\$92.69
Supplementary Management Information		
Total Direct Expense Per Bushel	6.11	6.43
Total Listed Expense Per Bushel	7.10	8.44
Net Return Per Bushel	\$1.99	\$1.38
Government Payments	25.22	20.62
Labor & Management Charge Per Acre	19.55	24.02
Net Return Incl. Gov't Payments and Labor & Management	\$143.50	\$89.29
Machinery Cost Per Acre	\$96.06	\$107.41
Estimated Labor Hours Per Acre	1.75	2.19

Table 17: Adams County - Dryland Soybeans on All Tenure Types, 2008*

	Average Of 5 Farms
Number of Fields	9
Acres	24.30
Bushel Yield per Acre	48.77
Operator's Share of the Yield %	75.97%
Value per Bushel at Harvest	\$9.23
Total Product Return	\$341.98
Hedging Gain/Loss	-1.41
Crop Insurance	14.41
Other Crop Income	0.00
Gross Return	\$354.98
Direct Expenses	
Seed	32.06
Fertilizer	12.54
Crop Chemicals	42.79
Crop Insurance	28.92
Drying Fuel	0.68
Irrigation Energy	0.00
Irrigation Repairs	0.00
Operating Power & Crop Machinery	51.36
Building Repairs	5.65
Hired Labor	4.07
Utilities	1.73
Miscellaneous	13.85
Land Rent	58.42
Operating Interest	9.50
Total Direct Expenses	\$261.57
Return Over Direct Expenses	\$93.41
Allocated Expenses	
Machinery & Building Depreciation	47.51
Real Estate & Personal Property Taxes	1.90
Farm Insurance	5.15
Interest	5.69
Total Allocated Expenses	\$60.25
Total Listed Expenses	\$321.82
Net Return	\$33.16
Supplementary Management Information	
Total Direct Expense Per Bushel	7.06
Total Listed Expense Per Bushel	8.69
Net Return Per Bushel	\$0.54
Government Payments	24.02
Labor & Management Charge Per Acre	20.02
Net Return Incl. Gov't Payments and Labor & Management	\$37.16
Machinery Cost Per Acre	\$100.20
Estimated Labor Hours Per Acre	1.67

* Includes an average of crops grown on Owned, Cash Rented, and Share Rented Land

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 leveraged (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

Earnings **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