

Western

**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.**

**UNIVERSITY OF
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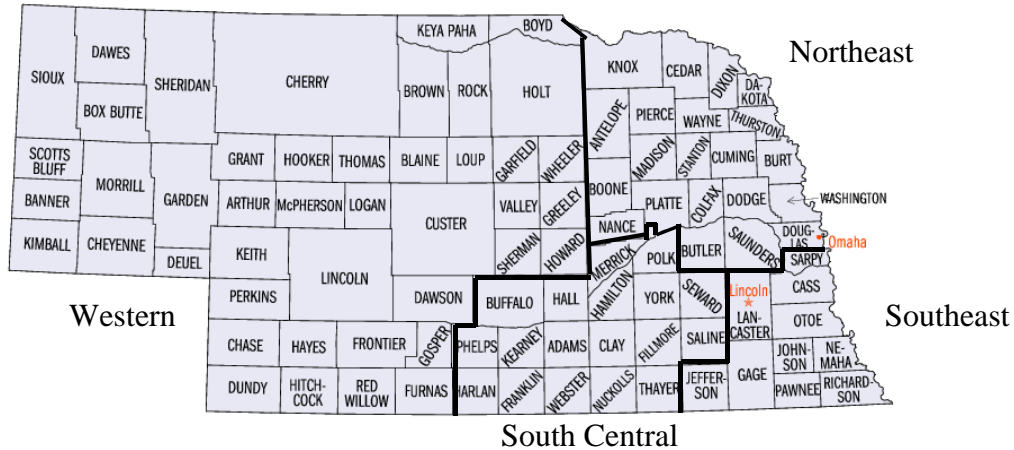
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Regional Comments

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.

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Table 1: Western - Summary Information, 2008

Farm Income

Gross Cash Farm Income		1,144,407
Inventory Change - Income Items		18,931
Gross Revenue		\$1,163,338
Cash Farm Operating Expenses		910,408
Interest Expense		77,847
Depreciation		68,535
Total Farm Expense		\$1,056,790
Net Accrual Farm Income From Operations		\$106,548

Net Worth Change

Net Farm Income From Operations	(+)		\$106,548
Personal Income	(+)		30,533
Family Living/Owner Withdrawals	(-)		40,146
Income & Social Security Tax	(-)		13,712
Market Value Adjustment	(-)		-\$17,713
Earned Net Worth Change	(=)		\$100,936
Ending Net Worth *			\$1,809,733

*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	1.40	0.97
Working Capital	\$245,259	-\$31,569
Working Capital to Gross Income		
<u>Solvency (Market)</u>		
Debt to Asset Ratio	42%	46%
Debt to Equity Ratio	72%	85%
<u>Profitability (Cost)</u>		
Rate of Return on Assets		8.2%
Rate of Return on Equity		10.2%
Operating Profit Margin		18.0%
EBIDTA		\$262,745
<u>Efficiency</u>		
Asset Turnover Rate (Cost)		45.4%
Operating Expense Ratio		77.5%
Depreciation Ratio		5.9%
Interest Expense Ratio		6.7%
Net Farm Income Ratio		9.7%

Term Debt Coverage

Replacement Margin	\$86,336
Term Debt Coverage Ratio	2.25
Replacement Coverage Ratio	1.96

Table 2A: Western - Gross Cash Farm Income, 2008

	Average Of All Farms	Average Of High 33%
Crop Income		
Corn	345,582	527,342
Millet	0	0
Soybeans	59,015	114,621
Wheat	53,801	83,070
Hay Crops	5,152	3,007
Grain Sorghum	0	0
White Corn	0	0
Sugar Beets	17,501	0
Dry Edible Beans	4,937	0
DDGS	1,875	0
Miscellaneous Crop Income	8,305	21,593
Total Crop Income	\$496,168	\$749,633
Livestock and Product Income		
Beef Finishing	304,225	81,642
Beef Calves	107,317	84,254
Background Beef	27,476	37,886
Farrow-to-Finish, Hogs	0	0
Finish Feeder Pigs	0	0
Dairy, Milk	0	0
Cull Breeding Livestock	15,372	16,435
Livestock Government Payments	646	1,681
Miscellaneous Livestock Income	16,599	42,386
Total Livestock Income	\$471,635	\$264,284
Other Farm Income		
LDP Payments	0	0
Direct & CC Govt Payments	31,379	42,690
CRP & Other Gov't Payments	2,986	5,327
Custom Work	3,577	3
Patronage Dividends, Cash	6,285	5,733
Insurance Income	26,846	45,004
Cash from Hedging Accounts	0	0
Contract Livestock Income	63,179	0
Other Miscellaneous Farm Income	42,352	73,264
Total Other Farm Income	\$176,604	\$172,021
Gross Cash Farm Income	\$1,144,407	\$1,185,938

Table 2B: Western - Gross Cash Farm Expenses, 2008

	<u>Average Of All Farms</u>	<u>Average Of High 33%</u>
Crop Expense		
Seed	62,553	63,906
Fertilizer	118,075	167,977
Crop Chemicals	39,279	60,886
Crop Insurance	37,160	59,351
Irrigation Energy	48,934	46,051
Irrigation Repairs	12,141	7,626
Crop Marketing	1,636	3,910
Crop Miscellaneous	42,853	72,971
Total Crop Expense	\$362,631	\$482,678
Livestock Expense		
Feeder Livestock Purchases	143,435	35,314
Purchased Feed	87,210	54,482
Breeding Fees	2,265	5,149
Veterinary	11,355	6,925
Livestock Supplies	5,993	2,551
Livestock Leases	1,170	2,904
Grazing Fees	27,263	7,432
Livestock Marketing	8,831	16,290
Livestock Miscellaneous	7,278	2,087
Total Livestock Expense	\$294,800	\$133,134
Other Farm Expense		
Interest	77,847	104,674
Fuel and Oil	46,752	39,852
Repairs	43,011	51,054
Custom Hire	14,911	23,782
Hired Labor	42,969	33,755
Land Rent	51,347	83,689
Machinery and Building Lease	7,045	5,921
Real Estate Taxes	15,616	19,254
Personal Property Taxes	2,365	2,606
Farm Insurance	9,849	9,526
Utilities	7,076	8,793
Dues and Professional Fees	7,521	9,378
Hedging Account Deposits	0	0
Miscellaneous	4,515	7,653
Total Other Cash Farm Expense	\$330,824	\$399,937
Total Cash Operating Expense	\$988,255	\$1,015,749
Summary		
Gross Cash Farm Income (Table 2A)	\$1,144,407	\$1,185,938
- Total Cash Operating Expense	\$988,255	\$1,015,749
= Net Cash Farm Income	\$156,152	\$170,189

Table 3: Western - Inventory Changes & Depreciation, 2008

	Average Of Farms	Average Of High 33%
Net Cash Farm Income	\$156,152	\$170,189
Crops and Feed		
Ending Inventory	343,887	509,031
Beginning Inventory	319,405	404,385
Inventory Change	24,482	104,646
Market Livestock		
Ending Inventory	326,024	186,605
Beginning Inventory	381,566	156,978
Inventory Change	-55,542	29,627
Accounts Receivable & Other Current Assets		
Ending Inventory	50,302	53,199
Beginning Inventory	10,626	6,000
Inventory Change	39,676	47,199
Prepaid Expenses and Supplies		
Ending Inventory	55,657	50,353
Beginning Inventory	50,113	63,045
Inventory Change	5,544	-12,692
Hedging Activities		
Ending Inventory	15,832	4,866
Withdrawals	141,360	255,535
Beginning Inventory	31,909	32,353
Deposits	106,348	167,305
Gain or Loss	18,935	60,743
Other Current Assets		
Ending Inventory	13,819	33,150
Beginning Inventory	11,895	25,963
Inventory Change	1,924	7,187
Breeding Livestock		
Ending Inventory	49,242	58,255
Capital Sales	177	260
Beginning Inventory	31,822	15,703
Capital Purchases	30,859	48,166
Depreciation, Capital Adjustmensts	-13,262	-5,354
Other Capital Assets		
Ending Inventory	243,110	551,979
Capital Sales	5,083	12,629
Beginning Inventory	44,553	74,745
Capital Purchases	198,640	479,751
Depreciation, Capital Adjustments	5,000	10,112

Table 3: Western - Inventory Changes & Depreciation, 2008 (cont.)

	<u>Average Of All Farms</u>	<u>Average Of High 33%</u>
Accounts Payable		
Beginning Inventory	26,258	31,600
Ending Inventory	24,272	20,000
Inventory Change	1,986	11,600
Accrued Interest		
Beginning Inventory	47,710	55,593
Ending Inventory	57,522	76,560
Inventory Change	-9,812	-20,967
Total Inventory Change	\$18,931	\$232,101
Net Operating Profit	\$175,083	\$402,290
Machinery & Equipment		
Ending Inventory	164,393	145,724
Capital Sales	1,589	4,132
Beginning Inventory	154,535	156,186
Capital Purchases	60,623	54,317
Depreciation, Capital Adjustments	-49,176	-60,647
Titled Vehicles		
Ending Inventory	12,484	24,264
Capital Sales	83	217
Beginning Inventory	13,081	22,477
Capital Purchases	4,727	7,540
Depreciation, Capital Adjustments	-5,241	-5,536
Buildings and Improvements		
Ending Inventory	76,947	91,543
Capital Sales	0	0
Beginning Inventory	76,685	83,313
Capital Purchases	14,380	27,956
Depreciation & Capital Adjustments	-14,118	-19,726
Total Depreciation & Capital Adjustments	-\$68,535	-\$85,909
Net Farm Income From Operations	\$106,548	\$316,381
Gain or Loss on Capital Sales	6,265	4,239
Net Farm Income	\$112,813	\$320,620

Table 4: Western - Profitability Analysis At Cost Value, 2008

	Average Of All Farms	Average Of High 33 %
Profitability		
Net Farm Income From Operations	\$106,548	\$316,381
Rate of Return on Assets	8.2%	17.3%
Rate of Return on Equity	10.2%	39.7%
Operating Profit Margin	18.0%	30.7%
Asset Turnover Rate	45.4%	56.4%
<hr/>		
Farm Interest Expense	\$87,659	\$125,640
Value of Operator Labor & Mgt.	\$25,846	\$28,000
Return on Farm Assets	\$168,364	\$414,021
Average Farm Assets	\$2,058,080	\$2,394,126
Return on Farm Equity	\$80,706	\$288,381
Average Farm Equity	\$791,898	\$725,690
Value of Farm Production	\$934,973	\$1,350,300

Table 5: Western - Profitability Analysis At Market Value, 2008

	Average Of All Farms	Average Of High 33 %
Profitability		
Net Farm Income From Operations	\$122,864	\$288,823
Rate of Return on Assets	6.4%	10.7%
Rate of Return on Equity	6.0%	13.5%
Operating Profit Margin	19.8%	28.6%
Asset Turnover Rate	32.5%	37.5%
<hr/>		
Farm Interest Expense	\$87,659	\$125,640
Value of Operator Labor & Mgt.	\$25,846	\$28,000
Return on Farm Assets	\$184,676	\$386,464
Average Farm Assets	\$2,874,953	\$3,602,071
Return on Farm Equity	\$97,018	\$260,823
Average Farm Equity	\$1,608,771	\$1,933,635
Value of Farm Production	\$934,973	\$1,350,300

Table 6: Western - Liquidity Analysis, 2008

		Average of <u>All Farms</u>	Average Of <u>High 33%</u>
Liquidity			
Current Ratio		0.97	0.71
Working Capital		-31,569	-387,163
Working Capital to Gross Income		-2.7%	-26.9%
Current Assets		891,668	941,019
Current Liabilities		923,238	1,328,181
Gross Revenues (Accrual)		1,165,618	1,440,097
Repayment Capacity			
Net Farm Income From Operations		106,548	316,381
Depreciation	(+)	68,535	85,909
Personal Income	(+)	30,533	16,354
Family Living/Owner Withdrawals	(-)	40,146	41,138
Payments on Personal Debt	(-)	0	0
Income & Social Security Tax Paid	(-)	13,712	15,171
Interest on Term Debt	(+)	24,503	45,608
Capital Debt Repayment Capacity	(=)	\$176,261	\$407,943
Scheduled Term Debt Payments	(-)	78,214	115,652
Capital Debt Repayment Margin	(=)	\$98,047	\$292,291
Cash Replacement Allowance	(-)	11,713	9,716
Replacement Margin	(=)	\$86,334	\$282,575
Term Debt Coverage Ratio		2.25	3.53
Replacement Coverage Ratio		1.96	3.25



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

	Average Of All Farms		Average Of High 33%	
	Beginning	Ending	Beginning	Ending
Current Farm Assets				
Cash and Checking Accounts	25,341	60,771	-27,288	37,834
Prepaid Expenses & Supplies	50,113	55,657	63,045	50,353
Growing Crops	11,895	13,819	25,963	33,150
Accounts Receivable	10,626	50,302	6,000	53,199
Hedging Accounts	31,909	15,831	32,353	4,866
Crops Held for Sale or Feed	308,763	354,528	376,716	536,700
Crops Under Government Loan	36,019	14,735	93,649	38,311
Market Livestock Held for Sale	381,566	326,024	156,978	186,605
Other Current Assets	0	0	0	0
Total Current Farm Assets	\$856,232	\$891,667	\$727,416	\$941,018
Intermediate Farm Assets				
Breeding Livestock	31,822	49,242	15,703	58,255
Machinery and Equipment	154,535	164,393	156,186	145,724
Titled Vehicles	13,081	12,484	22,477	24,264
Other Intermediate Assets	32,477	209,722	43,547	474,576
Total Interm. Farm Assets	\$231,915	\$435,841	\$237,913	\$702,819
Long Term Farm Assets				
Farm Land	710,940	790,467	886,641	1,008,988
Buildings and Improvements	76,685	76,947	83,313	91,543
Other Long Term Assets	12,076	33,388	31,198	77,402
Total Long Term Farm Assets	\$799,701	\$900,802	\$1,001,152	\$1,177,933
Total Farm Assets	\$1,887,848	\$2,228,310	\$1,966,481	\$2,821,770
Non-Farm Assets	138,865	162,124	124,056	142,788
Total Farm & Non-Farm Assets	\$2,026,713	\$2,390,434	\$2,090,537	\$2,964,558

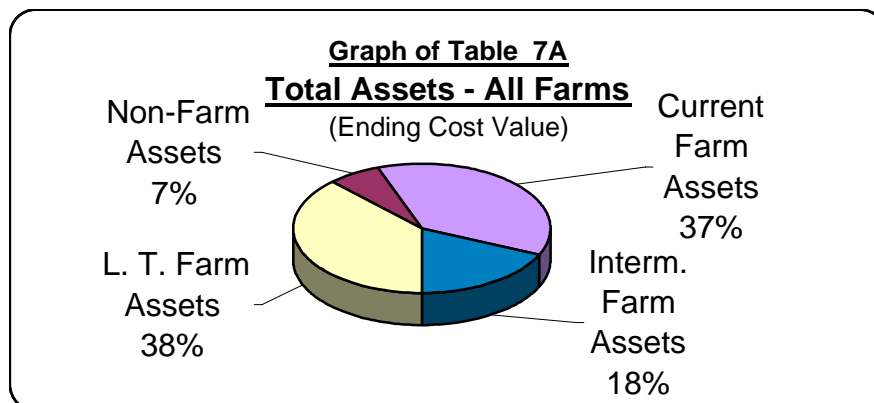


Table 7B: Western - Balance Sheet - Liabilities at Cost Value, 2008

	Average Of All Farms		Average Of High 33%	
	Beginning	Ending	Beginning	Ending
Current Farm Liabilities				
Accrued Interest	47,710	57,522	55,593	76,560
Accounts Payable	26,258	24,272	31,600	20,000
Current Notes	467,569	642,774	366,195	785,571
Government Crop Loans	15,725	7,544	40,886	19,615
Principle Due on Term Debt	53,711	191,126	70,044	426,435
Total Current Farm Liabilities	\$610,973	\$923,238	\$564,318	\$1,328,181
Intermediate Farm Liabilities	\$161,257	\$136,674	\$204,958	\$131,908
Long Term Farm Liabilities	\$354,403	\$345,819	\$607,373	\$500,135
Total Farm Liabilities	\$1,126,633	\$1,405,731	\$1,376,649	\$1,960,224
Non-Farm Liabilities	\$0.00	\$0.00	\$0.00	\$0.00
Total Liabilities	\$1,126,633	\$1,405,731	\$1,376,649	\$1,960,224
Net Worth (Farm & Non-Farm)	\$900,080	\$984,703	\$713,888	\$1,004,334
Net Worth Change (Cost Value)		\$84,623		\$290,446

Ratio Analysis

Current Farm Liabilities / Assets	71%	104%	78%	141%
Interm Farm Liab. / Assets	70%	31%	86%	19%
Long Term Farm Liab. / Assets	44%	38%	61%	42%
Total Debt to Asset Ratio	56%	59%	66%	66%

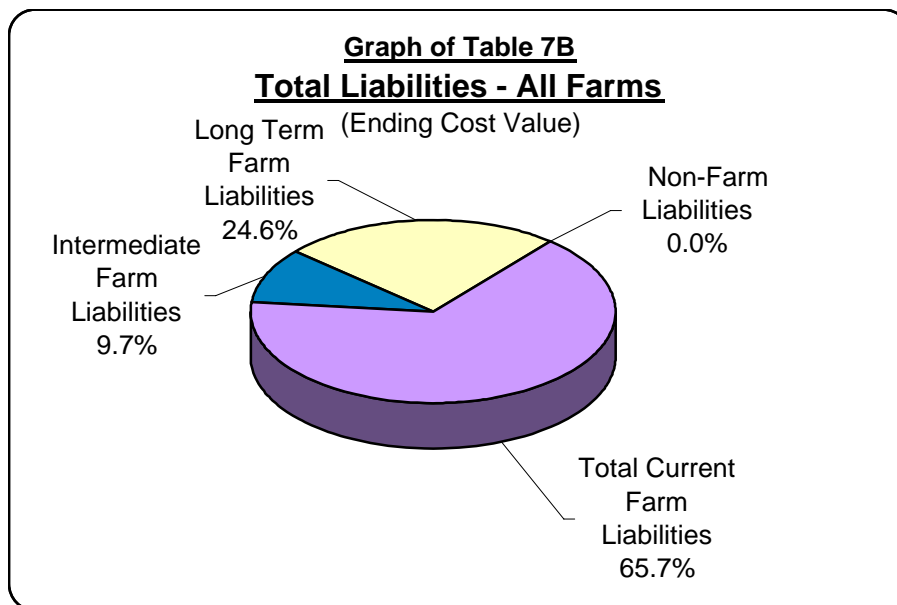


Table 8A: Western - Balance Sheet - Assets at Market Value, 2008

	Average of <u>All Farms</u>		Average of <u>High 33%</u>	
	<u>Beginning</u>	<u>Ending</u>	<u>Beginning</u>	<u>Ending</u>
Current Farm Assets				
Cash and Checking Balance	25,341	60,771	-27,288	37,834
Prepaid Expenses & Supplies	50,113	55,657	63,045	50,353
Growing Crops	11,895	13,819	25,963	33,150
Accounts Receivable	10,626	50,302	6,000	53,199
Hedging Accounts	31,909	15,831	32,353	4,866
Crops Held for Sale or Feed	308,763	354,528	376,716	536,700
Crops Under Government Loan	36,019	14,735	93,649	38,311
Market Livestock Held for Sale	381,566	326,024	156,978	186,605
Other Current Assets	0	0	0	0
Total Current Farm Assets	\$856,232	\$891,667	\$727,416	\$941,018
Intermediate Farm Assets				
Breeding Livestock	133,665	144,156	157,870	165,466
Titled Vehicles	379,131	400,388	399,937	418,179
Machinery and Equipment	18,167	20,207	7,589	12,543
Other Intermediate Assets	32,477	209,722	43,547	474,576
Total Intermediate Farm Assets	\$563,440	\$774,473	\$608,943	\$1,070,764
Long Term Farm Assets				
Farm Land	1,123,322	1,234,538	1,646,239	1,809,879
Buildings and Improvements	141,495	119,274	174,409	116,874
Other Long Term Assets	12,076	33,388	31,198	77,402
Total Long Term Farm Assets	\$1,276,893	\$1,387,200	\$1,851,846	\$2,004,155
Total Farm Assets	\$2,696,565	\$3,053,340	\$3,188,205	\$4,015,937
Non-Farm Assets	138,865	162,124	124,056	142,788
Total Farm & Non-Farm Assets	\$2,835,430	\$3,215,464	\$3,312,261	\$4,158,725

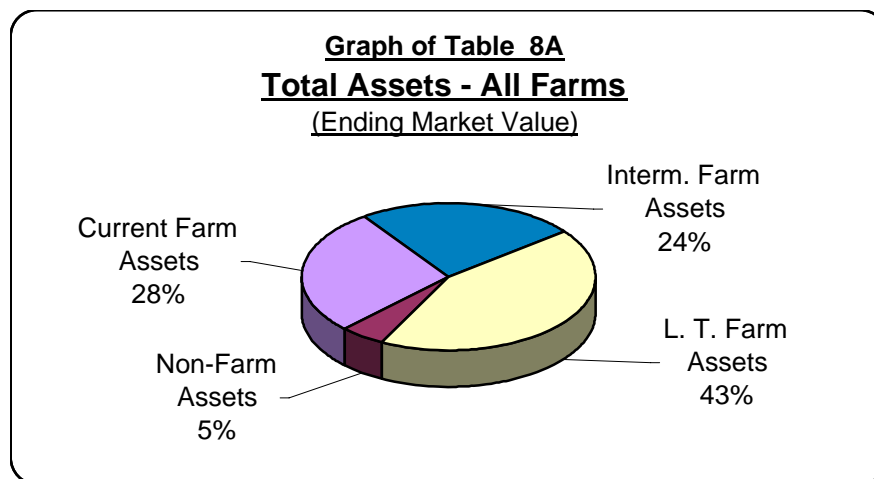


Table 8B: Western - Balance Sheet - Liabilities at Market Value, 2008

	Average of All Farms		Average of High 33%	
	Beginning	Ending	Beginning	Ending
Current Farm Liabilities				
Accrued Interest	47,710	57,522	55,593	76,560
Accounts Payable	26,258	24,272	31,600	20,000
Current Notes	467,569	642,774	366,195	785,571
Government Crop Loans	15,725	7,544	40,886	19,615
Principle Due on Term Debt	53,711	191,126	70,044	426,435
Total Current Farm Liabilities	\$610,973	\$923,238	\$564,318	\$1,328,181
Intermediate Farm Liabilities	\$161,257	\$136,674	\$204,958	\$131,908
Long Term Farm Liabilities	\$354,403	\$345,819	\$607,373	\$500,135
Total Farm Liabilities	\$1,126,633	\$1,405,731	\$1,376,649	\$1,960,224
Non-Farm Liabilities	\$0.00	\$0.00	\$0.00	\$0.00
Total Deferred Liabilities	\$0.00	\$0.00	\$0.00	\$0.00
Total Farm & Non-Farm Liabilities	\$1,126,633	\$1,405,731	\$1,376,649	\$1,960,224
Net Worth (Farm and Non-Farm)	\$1,708,797	\$1,809,733	\$1,935,612	\$2,198,501
Net Worth Change (Market Value)	\$100,936		\$262,889	

Ratio Analysis

Current Farm Liabilities / Assets	71%	104%	78%	141%
Interm Farm Liab. / Assets	29%	18%	34%	12%
Long Term Farm Liab. / Assets	28%	25%	33%	25%
Total Debt to Asset Ratio	40%	44%	42%	47%

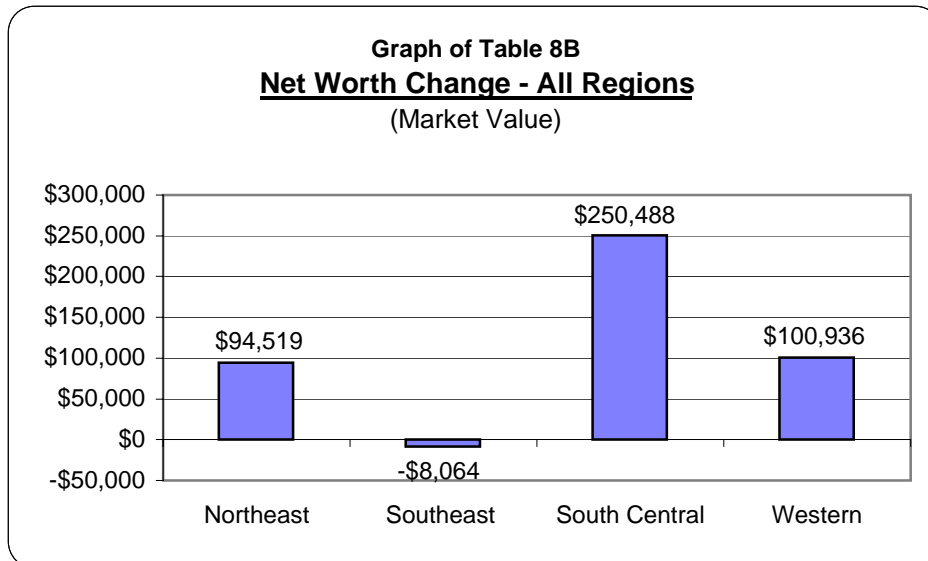


Table 9: Western - Statement of Cash Flows, 2008

		Average Of All Farms	Average Of High 33%
(A) Beginning Cash Balance (Farm & Non-Farm)		\$28,364	-\$21,033
Cash Provided By Operating Activities			
Gross Cash Farm Income	(+)	1,144,407	1,185,938
Total Cash Farm Expense	(-)	988,255	1,015,749
Net Cash from Hedging Transactions	(+)	35,012	88,230
(B) Cash Provided By Operating	(=)	\$191,164	\$258,419
Cash Provided By Investing Activities			
Sale of Breeding Livestock	(+)	1,348	1,878
Sale of Machinery & Equipment	(+)	6,716	6,840
Sale of Titled Vehicles	(+)	50	130
Sale of Farm Land	(+)	0	0
Sale of Farm Buildings	(+)	0	0
Sale of Other Farm Assets	(+)	5,083	12,629
Sale of Non-Farm Assets	(+)	0	0
Purchase of Breeding Livestock	(-)	30,859	48,166
Purchase of Machinery & Equip.	(-)	60,623	54,317
Purchase of Titled Vehicles	(-)	4,727	7,540
Purchase of Farm Land	(-)	93,157	122,347
Purchase of Farm Buildings	(-)	14,380	27,956
Purchase of Other Farm Assets	(-)	198,640	479,751
Purchase of Non-Farm Assets	(-)	19,378	6,056
(C) Cash Provided By Investing	(=)	-\$408,567	-\$724,656
Cash Provided By Financing Activities			
Money Borrowed	(+)	1,546,567	2,546,477
Principle Payments	(-)	1,275,295	1,972,268
Personal Income	(+)	30,533	16,354
Family Living/Owner Withdrawals	(-)	40,146	41,138
Income and Social Security Tax	(-)	13,712	15,171
Capital Contributions	(-)	0	0
Capital Distributions	(-)	0	0
Dividends Paid	(-)	593	0
Cash Gifts and Inheritances	(+)	7,868	0
Gifts Given	(-)	0	0
(D) Cash Provided By Financing	(=)	\$255,222	\$534,254
(E) Net Change In Cash Balance (B+C+D)		\$37,819	\$68,017
(F) Ending Cash Balance (A+E)		\$66,183	\$46,984

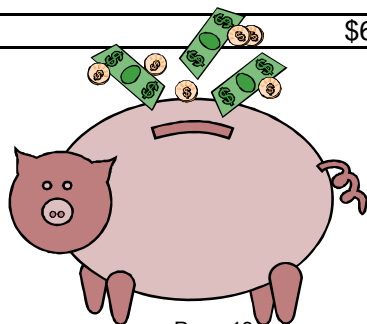


Table 10: Western - Financial Guideline Measures, 2008

	Average Of <u>All Farms</u>	Average Of <u>High 33%</u>
Liquidity		
Current Ratio	0.97	0.71
Working Capital	-\$31,569	-\$387,163
Working Capital to Gross Income	-2.7%	-26.9%
Solvency (Market)		
Farm Debt to Asset Ratio	46%	49%
Farm Equity to Asset Ratio	54%	51%
Farm Debt to Equity Ratio	85%	95%
Profitability (Cost)		
Rate of Return on Farm Assets	8.2%	17.3%
Rate of Return on Farm Equity	10.2%	39.7%
Operating Profit Margin	18.0%	30.7%
Net Farm Income	112,816	320,620
EBIDTA	262,745	527,932
Repayment Capacity		
Capital Debt Repayment Capacity	176,263	407,945
Capital Debt Repayment Margin	98,049	292,293
Replacement Margin	86,336	282,577
Term Debt Coverage Ratio	2.25	3.53
Replacement Coverage Ratio	1.96	3.25
Efficiency		
Asset Turnover Rate (Cost)	45.4%	56.4%
Operating Expense Ratio	77.5%	63.3%
Depreciation Expense Ratio	5.9%	6.0%
Interest Expense Ratio	6.7%	7.3%
Net Farm Income Ratio	9.7%	22.3%

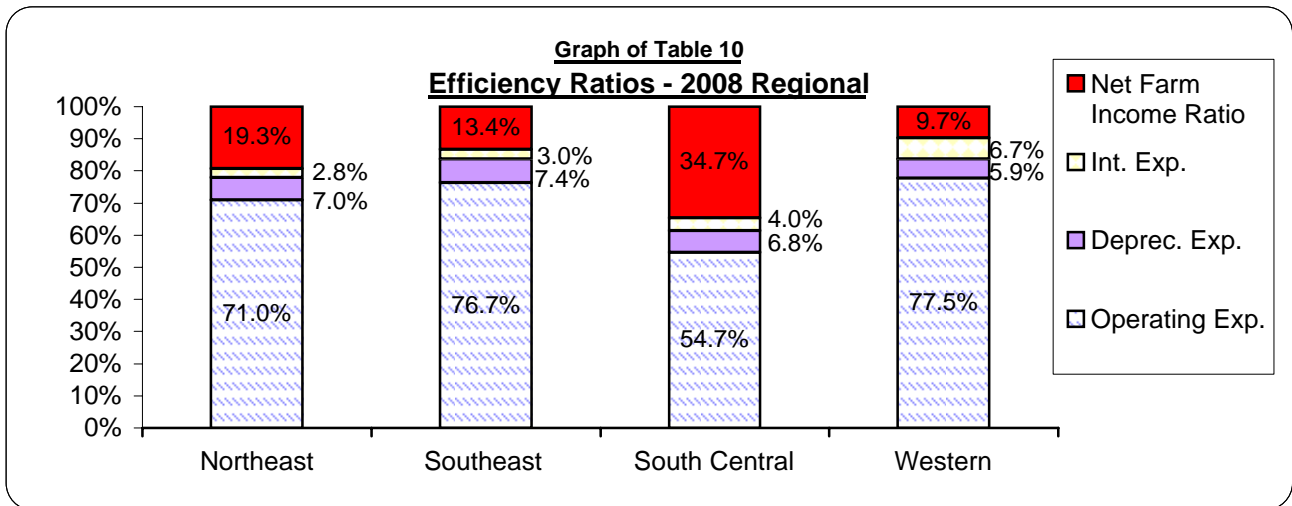


Table 11: Western - Household and Personal Expense, 2008

	Average Of All Farms
Average Family Size	2.5
Family Living Expense	
Food and Meals Expense	7,051
Medical Care	5,685
Health Insurance	8,319
Cash Donations	1,351
Household Supplies	1,672
Clothing	1,987
Personal Care	2,548
Child / Dependent Care	0
Gifts	1,838
Education	756
Recreation	2,995
Utilities (Household Share)	1,182
Personal Vehicle Operating Expense	1,300
Household Real Estate Taxes	0
Dwelling Rent	0
Household Repairs	5,245
Personal Interest	4
Disability / Long Term Care Insurance	920
Life Insurance Payments	4,853
Personal Property Insurance	0
Miscellaneous	5,334
Total Cash Family Living Expense	\$53,040
Family Living from the Farm	167
Total Family Living Expense **	\$53,207
Other Non-Farm Expense	
Income Taxes	16,097
Furnishing & Appliance Purchases	0
Non-Farm Vehicle Purchases	0
Non-Farm Real Estate Purchases	0
Other Non-Farm Capital Purchases	0
Non-Farm Savings & Investments	30,062
Total Other Non-Farm Expense	\$46,159
Total Cash Family Living, Investment & Non-Farm Capital Purchases	\$99,199

** Includes only farms that provided detailed family living expenses.

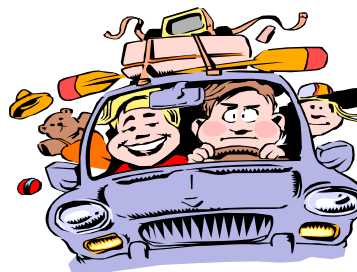


Table 12: Western - Operator Information and Non-Farm Summary, 2008

	Average Of All Farms	Average Of High 33%
Operator Information		
Average Number of Operators	1	1
Average Age of Operators	52.8	55
Average Number of Years Farming	30.2	31.6
Non-Farm Income		
Personal Wages & Salary	9,240	6,218
Non-Farm Business Income	9,918	-287
Personal Rental Income	6,826	4,800
Personal Interest Income	2,022	335
Personal Cash Dividends	8	0
Tax Refunds	2,356	5,007
Other Non-Farm Income	162	281
Gifts & Inheritances	7,868	0
Total Non-Farm Income	\$38,400	\$16,354
Non-Farm Assets (Market Value)		
Checking & Savings	5,414	9,149
Stocks & Bonds	3,469	8,658
Other Current Assets	53,024	53,005
Furniture & Appliances	1,491	2,200
Non-Farm Vehicles	2,789	770
Cash Value of Life Ins.	20,213	14,782
Retirement Accounts	43,794	33,029
Other Interm. Assets	0	0
Non-Farm Real Estate	21,931	15,195
Other Long Term Assets	10,000	6,000
Total Non-Farm Assets	\$162,125	\$142,788
Non-Farm Liabilities		
Accrued Interest	N/A	N/A
Accounts Payable	N/A	N/A
Current Notes	N/A	N/A
Princ Due on Term Debt	N/A	N/A
Total Current Liabilities	N/A	N/A
Intermediate Liabilities	N/A	N/A
Long Term Liabilities	N/A	N/A
Total Non-Farm Liabilities	\$0	\$0
Non-Farm Net Worth	\$162,125	\$142,788
Non-Farm Debt to Asset Ratio	N/A	N/A

Table 13: Western - Crop Production, Marketing & Labor Summary, 2008

	<u>Average Of All Farms</u>
Acreage Summary	
Acres Owned	2,878
Crop Acres	1,166
Crop Acres Owned	566
Crop Acres Cash Rented	212
Crop Acres Share Rented	388
Pasture Acres	5
% Crop Acres Owned	49%
Average Price Received in Dollars (Cash Sales Only)	
Corn per bu.	4.46
Soybeans per bu.	11.05
Wheat, Winter per bu.	6.98
Average Yield Per Acre	
Corn (bu.)	99.60
Winter Wheat (bu.)	37.11
Labor Analysis	
Total Unpaid Labor Hours *	1,936
Total Hired Labor Hours	2,480
Total Labor Hours per Farm	4,416
Value of Farm Production / Hour	\$211.73
Net Farm Income / Unpaid Hour	\$55.03

* Based on 2080 Hrs. Annually Per Full Time Operator

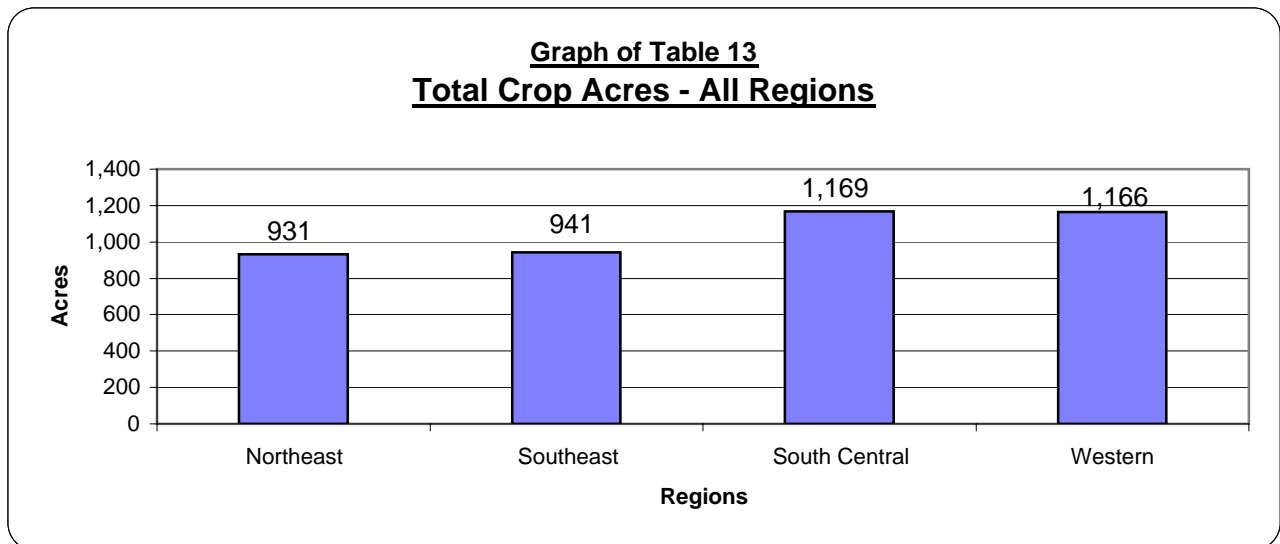


Table 14A: Northeast Nebraska Averages, 2008

	Average of All Farms	Average of Low 33%	Average of High 33%
Cash Farm Income			
Total Crop Income	459,601	385,347	657,088
Total Livestock Income	221,474	171,444	345,198
Total Other Farm Income	52,048	38,294	75,120
Gross Cash Farm Income	\$733,123	\$595,085	\$1,077,406
Cash Farm Expense			
Total Crop Expense	192,702	150,945	291,377
Total Livestock Expense	149,455	137,709	229,399
Total Other Farm Expense	214,645	166,478	332,687
Gross Cash Farm Expense	\$556,802	\$455,132	\$853,463
Net Cash Farm Income	\$176,321	\$139,953	\$223,943
Total Inventory Change	14,546	-125,840	135,661
Total Depreciation & Capital Adjustments	-51,531	-37,336	-73,069
Net Farm Income From Operations	\$139,336	-\$23,223	\$286,535
Gain or Loss on Capital Sales	\$3,067	\$5,421	\$1,265
Net Farm Income	\$142,403	-\$17,802	\$287,800
Personal Income	\$24,557	\$38,588	\$12,693
Balance Sheet at Market			
Current Farm Assets	594,783	405,368	881,457
Intermediate Farm Assets	402,895	334,842	514,410
Long Term Farm Assets	517,535	250,353	769,998
Non-Farm Assets	218,871	305,367	211,768
Total Assets	\$1,734,084	\$1,295,930	\$2,377,633
Current Farm Liabilities	174,205	164,814	182,517
Intermediate Farm Liabilities	108,531	63,774	153,500
Long Term Liabilities	147,126	56,172	270,429
Non-Farm Liabilities	22,354	56,689	4,313
Total Liabilities	\$452,216	\$341,449	\$610,759
Net Worth	\$1,281,868	\$954,481	\$1,766,874
Net Worth Change (Market Value)	\$94,519	-\$41,617	\$210,994

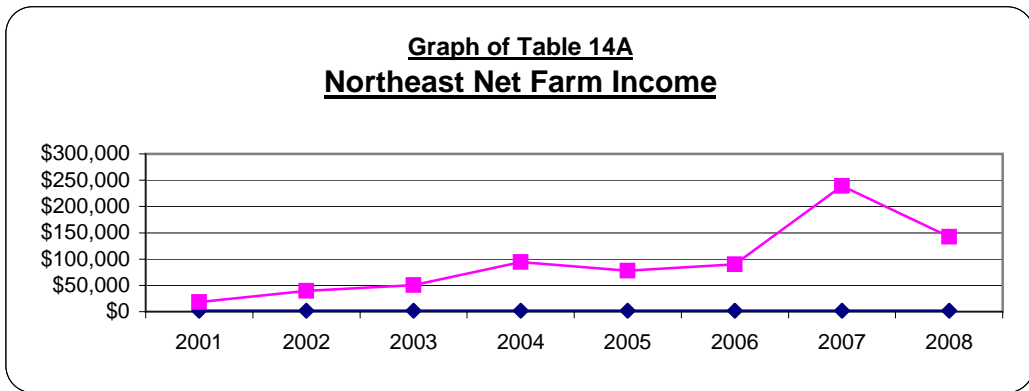


Table 14B: Northeast Nebraska Averages, 2008 (cont.)

	Northeast Average of All Farms	Average of Low 33%	Average of High 33%
Financial Guidelines			
Current Ratio	3.52	2.46	4.83
Working Capital	\$420,551	\$240,553	\$698,939
Working Capital to Gross Income	56.9%	52.1%	58.5%
Farm Debt to Asset Ratio (Market)	25%	29%	28%
Farm Equity to Asset Ratio (Market)	75%	71%	72%
Farm Debt to Equity Ratio (Market)	34%	40%	39%
Rate of Return on Farm Assets (Cost)	10.1%	-4.8%	18.2%
Rate of Return on Farm Equity (Cost)	11.9%	-11.9%	25.2%
Operating Profit Margin (Cost)	20.5%	-10.8%	28.5%
Net Farm Income (Cost)	\$142,402	-\$17,808	\$287,797
EBIDTA	\$214,107	\$36,596	\$390,126
Asset Turnover Rate (Cost)	49.0%	44.2%	63.8%
Operating Expense Ratio	71.0%	92.1%	67.4%
Depreciation Expense Ratio	7.0%	8.1%	6.1%
Interest Expense Ratio	2.8%	4.6%	2.1%
Net Farm Income Ratio	19.3%	-3.9%	24.1%
Capital Debt Repayment Capacity	\$143,319	-\$1,269	\$281,218
Capital Debt Repayment Margin	\$123,574	-\$16,945	\$253,360
Replacement Margin	\$105,920	-\$31,343	\$232,057
Term Debt Coverage Ratio	7.26	-0.08	10.09
Replacement Coverage Ratio	3.83	-0.04	5.72
Operator Information			
Average Number of Operators	1.2	1.0	1.4
Average Age of Operators	53.1	57.9	51.7
Average Number of Years Farming	30.3	31.6	30.2
Acreage Summary			
Total Acres Owned	381	251	477
Total Crop Acres	931	720	1,224
Crop Acres Owned	242	132	265
Crop Acres Cash Rented	463	375	769
Crop Acres Share Rented	227	213	190
Average Price Received In Dollars (Cash Sales Only)			
Corn, per bu.	\$4.53	\$4.57	\$4.52
Soybeans, per bu.	\$10.29	\$10.90	\$10.08
Alfalfa Hay, per ton	\$90.17	N/A	N/A
Winter Wheat, per bu.	\$7.46	N/A	N/A
Average Yield Per Acre			
Corn (bu.)	135.96	139.46	150.78
Soybeans (bu.)	38.18	37.25	46.97
Alfalfa Hay (ton)	4.71	N/A	N/A
Grass Hay (ton)	2.44	N/A	N/A

Table 15A: Southeast Nebraska Averages, 2008

	Southeast Average of <u>All Farms</u>	Average of <u>Low 33%</u>	Average of <u>High 33%</u>
Cash Farm Income			
Total Crop Income	415,521	532,784	496,160
Total Livestock Income	216,277	524,856	107,048
Total Other Farm Income	42,036	49,362	45,802
Gross Cash Farm Income	\$673,834	\$1,107,002	\$649,010
Cash Farm Expense			
Total Crop Expense	155,643	204,078	172,920
Total Livestock Expense	174,725	467,064	52,105
Total Other Farm Expense	178,854	290,617	160,458
Gross Cash Farm Expense	\$509,222	\$961,759	\$385,483
Net Cash Farm Income	\$164,612	\$145,243	\$263,527
Total Inventory Change	-37,997	-160,827	33,314
Total Depreciation & Capital Adjustments	-46,490	-59,707	-52,352
Net Farm Income From Operations	\$80,125	-\$75,291	\$244,489
Gain or Loss on Capital Sales	\$4,578	\$9,572	\$4,101
Net Farm Income	\$84,703	-\$65,719	\$248,590
Personal Income	\$29,951	\$41,615	\$20,777
Balance Sheet at Market			
Current Farm Assets	431,546	529,319	576,319
Intermediate Farm Assets	356,184	504,890	396,694
Long Term Farm Assets	732,640	850,891	1,043,086
Non-Farm Assets	374,141	463,787	516,916
Total Assets	\$1,894,511	\$2,348,887	\$2,533,015
Current Farm Liabilities	193,848	373,408	135,367
Intermediate Farm Liabilities	57,819	113,657	25,619
Long Term Liabilities	140,373	131,631	156,815
Non-Farm Liabilities	55,884	52,249	52,266
Total Liabilities	\$447,924	\$670,945	\$370,067
Net Worth	\$1,446,587	\$1,677,942	\$2,162,948
Net Worth Change (Market Value)	-\$8,064	-\$156,455	\$84,757

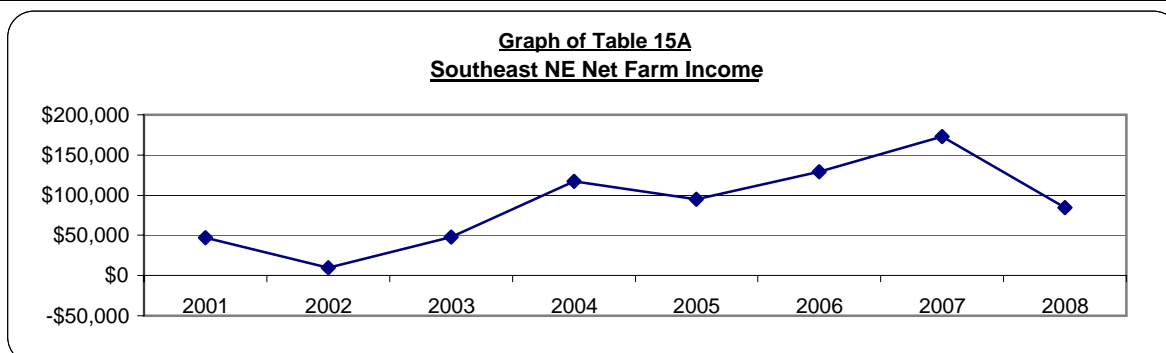


Table 15B: Southeast Nebraska Averages, 2008 (cont.)

	Average of <u>All Farms</u>	Average of <u>Low 33%</u>	Average of <u>High 33%</u>
Financial Guidelines			
Current Ratio	2.23	1.42	4.26
Working Capital	\$237,699	\$155,912	\$440,952
Working Capital to Gross Income	37.7%	16.5%	65.2%
Farm Debt to Asset Ratio (Market)	26%	33%	16%
Farm Equity to Asset Ratio (Market)	74%	67%	84%
Farm Debt to Equity Ratio (Market)	35%	49%	19%
Rate of Return on Farm Assets (Cost)	5.9%	-4.8%	15.2%
Rate of Return on Farm Equity (Cost)	5.9%	-11.1%	16.8%
Operating Profit Margin (Cost)	13.6%	-12.9%	33.8%
Net Farm Income (Cost)	\$84,703	-\$65,719	\$248,590
EBIDTA	\$147,108	\$13,016	\$313,909
Asset Turnover Rate (Cost)	43.5%	37.6%	44.9%
Operating Expense Ratio	76.7%	98.6%	53.6%
Depreciation Expense Ratio	7.4%	6.3%	7.7%
Interest Expense Ratio	3.0%	3.2%	1.7%
Net Farm Income Ratio	13.4%	-7.0%	36.8%
Capital Debt Repayment Capacity	\$70,941	-\$53,659	\$195,633
Capital Debt Repayment Margin	\$38,810	-\$122,054	\$180,263
Replacement Margin	\$23,928	-\$132,398	\$156,136
Term Debt Coverage Ratio	2.21%	-0.78%	12.73%
Replacement Coverage Ratio	1.51	-0.68	4.95
Operator Information			
Average Number of Operators	1.1	1.0	1.3
Average Age of Operators	53.8	59.4	56.7
Average Number of Years Farming	32.4	38.6	36.0
Acreage Summary			
Total Acres Owned	354	561	398
Total Crop Acres	941	988	1,247
Crop Acres Owned	210	266	280
Crop Acres Cash Rented	230	278	301
Crop Acres Share Rented	500	444	666
Average Price Received In Dollars (Cash Sales Only)			
Corn, per bu.	\$4.34	\$3.90	\$4.96
Soybeans, per bu.	\$9.88	\$9.09	\$10.65
Alfalfa Hay, per ton	\$143.29	N/A	N/A
Winter Wheat, per bu.	\$6.41	N/A	\$6.29
Average Yield Per Acre			
Corn (bu.)	138.42	104.44	170.89
Soybeans (bu.)	39.69	33.97	45.87
Alfalfa Hay (ton)	4.98	N/A	N/A
Winter Wheat (bu.)	46.64	N/A	N/A

Table 16A: South Central Nebraska Averages, 2008

	Average of <u>All Farms</u>	Average of <u>Low 33%</u>	Average of <u>High 33%</u>
Cash Farm Income			
Total Crop Income	660,845	341,032	1,078,853
Total Livestock Income	41,792	102,983	20,294
Total Other Farm Income	117,896	164,059	148,618
Gross Cash Farm Income	\$820,533	\$608,074	\$1,247,765
Cash Farm Expense			
Total Crop Expense	258,906	143,839	390,311
Total Livestock Expense	68,066	163,412	35,167
Total Other Farm Expense	248,743	160,847	392,883
Gross Cash Farm Expense	\$575,715	\$468,098	\$818,361
Net Cash Farm Income	\$244,818	\$139,976	\$429,404
Total Inventory Change	150,010	-43,801	336,584
Total Depreciation & Capital Adjustments	-64,493	-36,179	-99,256
Net Farm Income From Operations	\$330,335	\$59,996	\$666,732
Gain or Loss on Capital Sales	1,132	223	2,357
Net Farm Income	\$331,467	\$60,219	\$669,089
Personal Income	\$49,914	\$13,035	\$79,686
Balance Sheet at Market			
Current Farm Assets	631,707	307,981	1,099,422
Intermediate Farm Assets	443,679	324,225	698,181
Long Term Farm Assets	856,760	496,000	1,415,934
Non-Farm Assets	302,993	219,553	468,299
Total Assets	\$2,235,139	\$1,347,759	\$3,681,836
Current Farm Liabilities	217,325	144,851	350,847
Intermediate Farm Liabilities	100,161	57,736	172,731
Long Term Liabilities	301,826	172,238	492,829
Non-Farm Liabilities	37,630	37,922	50,318
Total Liabilities	\$656,942	\$412,747	\$1,066,725
Net Worth	\$1,578,197	\$935,012	\$2,615,111
Net Worth Change (Market Value)	\$250,488	\$9,323	\$572,780

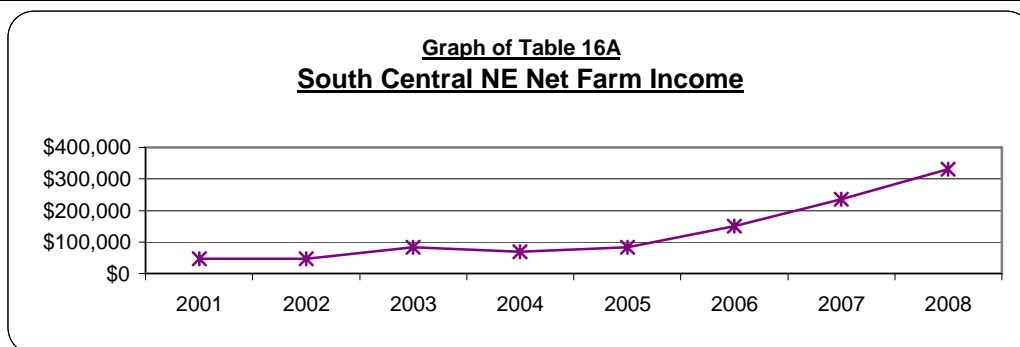


Table 16B: South Central Nebraska Averages, 2008 (cont.)

	Average of <u>All Farms</u>	Average of <u>Low 33%</u>	Average of <u>High 33%</u>
Financial Guidelines			
Current Ratio	2.91	2.13	3.13
Working Capital	\$414,381	\$163,130	\$748,575
Working Capital to Gross Income	43.4%	29.2%	48.0%
Farm Debt to Asset Ratio (Market)	32%	33%	32%
Farm Equity to Asset Ratio (Market)	68%	67%	68%
Farm Debt to Equity Ratio (Market)	47%	50%	46%
Rate of Return on Farm Assets (Cost)	23.1%	6.1%	28.2%
Rate of Return on Farm Equity (Cost)	34.6%	4.7%	43.2%
Operating Profit Margin (Cost)	36.9%	12.4%	44.6%
Net Farm Income (Cost)	\$331,467	\$60,219	\$669,089
EBIDTA	\$432,480	\$124,960	\$823,088
Asset Turnover Rate (Cost)	62.6%	48.8%	63.2%
Operating Expense Ratio	54.7%	77.6%	47.2%
Depreciation Expense Ratio	6.8%	6.5%	6.4%
Interest Expense Ratio	4.0%	5.2%	3.8%
Net Farm Income Ratio	34.7%	10.8%	42.9%
Capital Debt Repayment Capacity	\$346,726	\$43,898	\$704,864
Capital Debt Repayment Margin	\$290,272	\$19,091	\$591,140
Replacement Margin	\$276,794	\$2,694	\$575,022
Term Debt Coverage Ratio	6.22	1.77	6.20
Replacement Coverage Ratio	4.96	1.07	5.43
Operator Information			
Average Number of Operators	1.2	1.2	1.3
Average Age of Operators	49.2	54.5	49.4
Average Number of Years Farming	26.6	30.1	28.4
Acreage Summary			
Total Acres Owned	441	282	713
Total Crop Acres	1,169	549	1,977
Crop Acres Owned	363	221	606
Crop Acres Cash Rented	343	182	478
Crop Acres Share Rented	464	147	893
Average Price Received In Dollars (Cash Sales Only)			
Corn, per bu.	\$4.23	\$3.97	\$4.33
Soybeans, per bu.	\$10.27	\$9.46	\$10.55
Grain Sorghum, per bu.	\$3.77	N/A	N/A
Seed Corn, per bu.	\$5.67	N/A	\$5.40
Winter Wheat, per bu.	\$5.60	N/A	N/A
Average Yield Per Acre			
Corn, Irrigated (bu.)	200.39	203.75	202.43
Corn, Dryland (bu.)	143.18	108.07	151.48
Corn Seed, Irrigated (paid yield) (bu.)	244.60	N/A	258.20
Soybeans, Irrigated (bu.)	61.60	61.49	61.82
Soybeans, Dryland (bu.)	49.64	43.71	51.36

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