

2007 Nebraska Farm & Ranch Annual Report *Adams County*



UNIVERSITY OF
Nebraska
Lincoln
University of Nebraska
Cooperative Extension



In cooperation with Nebraska Farm
Business, Inc. and Nebraskaland 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, 2007

Farm Income

Gross Cash Farm Income	537,554
Inventory Change - Income Items	132,001
Gross Revenue	\$669,555
Cash Farm Operating Expenses	381,619
Interest Expense	29,161
Depreciation	48,481
Inventory Change - Expense Items	-4,881
Total Farm Expense	\$454,380
Net Accrual Farm Income	\$215,175

Net Worth Change

Net Farm Income	(+)	\$215,175
Nonfarm Income	(+)	25,489
Family Living/Owner Withdrawals	(-)	63,375
Income & Social Security Tax	(-)	12,991
Market Value Adjustment	(-)	\$2,336
Earned Net Worth Change	(=)	\$161,962
Ending Net Worth *		\$964,051

*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	1.5	2.09
Working Capital	\$98,996	\$233,312
<u>Solvency (Market)</u>		
Debt to Asset Ratio	41%	38%
Debt to Equity Ratio	57%	62%
<u>Profitability (Cost)</u>		
Rate of Return on Assets		23.2%
Rate of Return on Equity		39.4%
Operating Profit Margin		32.0%
<u>Efficiency</u>		
Asset Turnover Rate (Market)		72.5%
Operating Expense Ratio		56.2%
Depreciation Ratio		7.2%
Interest Expense Ratio		4.4%
Net Farm Income Ratio		32.1%

Term Debt Coverage

Balance Available for Term Debt	194,615
Average Intermediate Debt	110,516
Term Debt Coverage	413%

Table 2A: Adams County - Gross Cash Farm Income, 2007

	Average Of <u>All Farms</u>
Crop Income	
Corn	291,034
Seed Corn	14,695
Soybeans	140,379
Wheat	2,716
Hay Crops	0
Grain Sorghum	0
White Corn	26,809
Miscellaneous Crop Income	10,195
<hr/>	
Total Crop Income	\$485,828
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Livestock and Product Income	
Beef Finishing	0
Beef Calves	0
Cull Breeding Livestock	0
Miscellaneous Livestock Income	0
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Total Livestock Income	\$0
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Other Farm Income	
LDP Payments	327
Direct & CC Gov't Payments	23,911
CRP & Other Gov't Payments	9,649
Custom Work	812
Patronage Dividends, Cash	1,599
Insurance Income	1,322
Cash from Hedging Accounts	5,175
Other Miscellaneous Farm Income	8,931
<hr/>	
Total Other Farm Income	\$51,726
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Gross Cash Farm Income	\$537,554
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Table 2B: Adams County - Gross Cash Farm Expenses, 2007

	<u>Average Of All Farms</u>
Crop Expense	
Seed	45,427
Fertilizer	58,114
Crop Chemicals	33,683
Crop Insurance	21,801
Drying Fuel	1,435
Storage	77
Irrigation Energy	19,004
Irrigation Repairs	4,187
Crop Marketing	3,006
Crop Miscellaneous	4,174
CCC Buyback	11,676
Total Crop Expense	\$202,584
Livestock Expense	
Feeder Livestock Purchases	0
Purchased Feed	0
Breeding Fees	0
Veterinary	0
Other Livestock Expense	200
Total Livestock Expense	\$200
Other Farm Expense	
Interest	29,161
Fuel and Oil	22,332
Repairs	27,222
Building Repair	2,509
Custom Hire	2,811
Hired Labor	9,794
Land Rent	46,873
Machinery and Building Lease	24,430
Real Estate Taxes	8,529
Personal Property Taxes	3,008
Farm Insurance	6,696
Utilities	4,175
Dues and Professional Fees	3,074
Hedging Account Deposits	14,436
Miscellaneous	2,946
Total Other Cash Farm Expense	\$207,996
Total Cash Operating Expense	\$410,780
Summary	
Gross Cash Farm Income (Table 2A)	\$537,554
- Total Cash Operating Expense	\$410,780
= Net Cash Farm Income	\$126,774

Table 3: Adams County - Inventory Changes, 2007

	Average Of All Farms
Net Cash Farm Income	\$126,774
Crops and Feed	
Ending Inventory	380,623
Beginning Inventory	244,903
Inventory Change	<u>135,720</u>
Market Livestock	
Ending Inventory	0
Beginning Inventory	0
Inventory Change	<u>0</u>
Accounts Receivable & Other Current Assets	
Ending Inventory	399
Beginning Inventory	4,118
Inventory Change	<u>(3,719)</u>
Prepaid Expenses and Supplies	
Ending Inventory	11,728
Beginning Inventory	6,450
Inventory Change	<u>5,278</u>
Accounts Payable	
Beginning Inventory	27,639
Ending Inventory	28,036
Inventory Change	<u>(397)</u>
Total Inventory Change	\$136,882
Net Accrual Operating Income	\$263,656

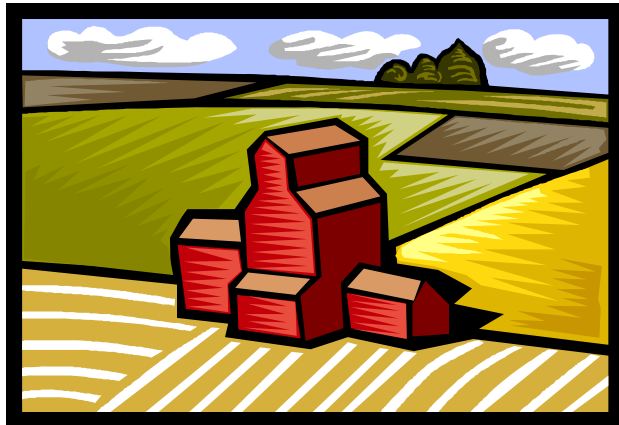


Table 4: Adams County - Depreciation and Other Capital Adjustments, 2007

	Average Of <u>All Farms</u>
Net Accrual Operating Income	\$263,656
Breeding Livestock	
Ending Inventory	0
Capital Sales	0
Beginning Inventory	0
Capital Purchases	0
Depreciation & Capital Adjustments	0
Machinery and Equipment	
Ending Inventory	136,711
Capital Sales	1,824
Beginning Inventory	104,896
Capital Purchases	77,315
Depreciation & Capital Adjustments	(43,676)
Buildings and Improvements	
Ending Inventory	41,320
Capital Sales	0
Beginning Inventory	35,042
Capital Purchases	11,078
Depreciation & Capital Adjustments	(4,800)
Other Capital Assets	
Ending Inventory	24,791
Capital Sales	5,693
Beginning Inventory	29,171
Capital Purchases	1,318
Depreciation & Capital Adjustments	(5)
Total Depreciation & Capital Adjustments	(\$48,481)
Net Farm Income	\$215,175



Table 5: Adams County - Profitability Analysis At Cost Value, 2007

	Average Of All Farms
Profitability	
Net Farm Income	\$215,175
Labor and Mgt. Earnings	\$186,344
Rate of Return on Assets	23.2%
Rate of Return on Equity	39.4%
Operating Profit Margin	32.0%
Asset Turnover Rate	72.5%
Interest on Farm Net Worth	\$28,829
Farm Interest Expense	\$29,558
Operator Labor & Mgt.	\$30,600
Return on Farm Assets	\$214,131
Average Farm Assets	\$923,968
Return on Farm Equity	\$184,573
Average Farm Equity	\$468,172
Value of Farm Production	\$669,554

Table 6: Adams County - Profitability Analysis At Market Value, 2007

	Average Of All Farms
Profitability	
Net Farm Income	\$214,513
Labor and Mgt. Earnings	\$170,896
Rate of Return on Assets	18.0%
Rate of Return on Equity	25.3%
Operating Profit Margin	31.9%
Asset Turnover Rate	56.6%
Interest on Farm Net Worth	\$43,617
Farm Interest Expense	\$29,558
Operator Labor & Mgt.	\$30,600
Return on Farm Assets	\$213,471
Average Farm Assets	\$1,182,753
Return on Farm Equity	\$183,913
Average Farm Equity	\$726,956
Value of Farm Production	\$669,554

Table 7: Adams County - Liquidity Analysis, 2007

		Average of All Farms
Liquidity (Cash)		
Net Cash Farm Income	(+)	126,774
Net Non-Farm Income	(+)	25,489
Family Living and Taxes	(-)	78,526
Real Estate Principal Payments	(-)	16,003
Cash Available for Intern. Debt	(=)	57,734
Average Intermediate Debt		\$110,516
Years to Turnover Intern. Debt		1.9
Expense as a % of Income		76%
Interest as a % of Income		5%
Working Capital to Gross Income		43%
Liquidity (Accrual)		
Total Accrual Farm Income	(+)	669,554
Total Accrual Farm Expense	(-)	405,899
Net Accrual Operating Income	(=)	263,655
Net Non-Farm Income	(+)	25,489
Family Living and Taxes	(-)	78,526
Real Estate Principle Payments	(-)	16,003
Cash & Inventory for Intern. Debt	(=)	\$194,615
Average Intermediate Debt		\$110,516
Years to Turnover Intern. Debt		0.6
Expense as a % of Income		61%
Interest as a % of Income		4%
Working Capital to Gross Income		35%

** Income insufficient to meet debt servicing requirements.



Table 8A: Adams County - Balance Sheet - Assets at Cost Value, 2007

	Average Of All Farms	
	<u>Beginning</u>	<u>Ending</u>
Current Farm Assets		
Cash and Checking Accounts	23,403	27,909
Prepaid Expenses & Supplies	6,450	11,728
Growing Crops	0	0
Accounts Receivable	500	0
Hedging Accounts	3,618	399
Crops Held for Sale or Feed	234,166	350,509
Crops Under Government Loan	31,934	55,946
Market Livestock Held for Sale	0	0
Other Current Assets	0	0
Total Current Farm Assets	\$300,071	\$446,491
Intermediate Farm Assets		
Breeding Livestock	0	0
Machinery and Equipment	97,027	134,299
Titled Vehicles	7,869	2,411
Other Intermediate Assets	29,171	24,691
Total Intermediate Farm Assets	\$134,067	\$161,401
Long Term Farm Assets		
Farm Land	380,659	395,815
Buildings and Improvements	35,042	41,320
Other Long Term Assets	0	100
Total Long Term Farm Assets	\$415,701	\$437,235
Total Farm Assets	\$849,839	\$1,045,127
Non-Farm Assets	177,842	219,742
Total Farm & Non-Farm Assets	\$1,027,681	\$1,264,869

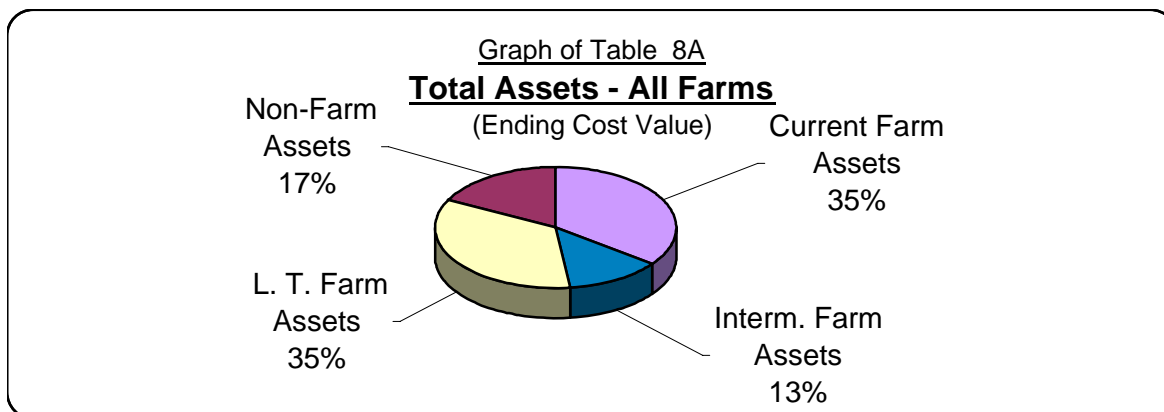


Table 8B: Adams County - Balance Sheet - Liabilities at Cost Value, 2007

	Average Of All Farms	
	Beginning	Ending
Current Farm Liabilities		
Accrued Interest	15,658	16,062
Accounts Payable	11,978	11,978
Current Notes	116,902	129,289
Government Crop Loans	21,161	25,789
Principal Due on Term Debt	35,376	30,060
Total Current Farm Liabilities	\$201,075	\$213,178
Intermediate Farm Liabilities	\$76,781	\$102,288
Long Term Farm Liabilities	\$181,428	\$183,872
Total Farm Liabilities	\$459,284	\$499,338
Non-Farm Liabilities	37,835	72,293
Total Liabilities	\$497,119	\$571,631
Net Worth (Farm & Non-Farm)	\$530,562	\$693,238
Net Worth Change (Cost Value)	\$162,676	

Ratio Analysis

Current Farm Liabilities / Assets	67%	48%
Curr. & Interm Farm Liab. / Assets	64%	52%
Long Term Farm Liab. / Assets	44%	42%
Total Liabilities / Assets	48%	45%

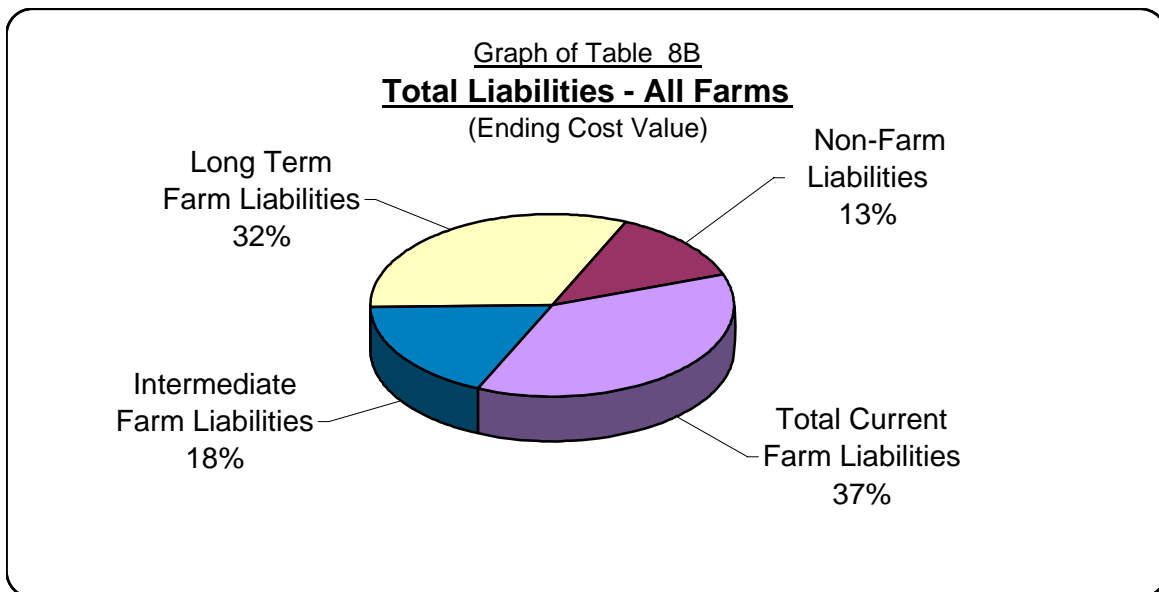


Table 9A: Adams County - Balance Sheet - Assets at Market Value, 2007

	Average Of All Farms	
	<u>Beginning</u>	<u>Ending</u>
Current Farm Assets		
Cash and Checking Balance	23,403	27,909
Prepaid Expenses & Supplies	6,450	11,728
Growing Crops	0	0
Accounts Receivable	500	0
Hedging Accounts	3,618	399
Crops Held for Sale or Feed	234,166	350,509
Crops Under Government Loan	31,934	55,946
Market Livestock Held for Sale	0	0
Other Current Assets	0	0
Total Current Farm Assets	\$300,071	\$446,491
Intermediate Farm Assets		
Breeding Livestock	0	0
Machinery and Equipment	301,984	332,246
Titled Vehicles	9,318	9,036
Other Intermediate Assets	29,171	24,691
Total Intermediate Farm Assets	\$340,473	\$365,973
Long Term Farm Assets		
Farm Land	404,528	419,685
Buildings and Improvements	63,881	71,334
Other Long Term Assets	0	100
Total Long Term Farm Assets	\$468,409	\$491,119
Total Farm Assets	\$1,108,953	\$1,303,583
Non-Farm Assets	\$190,255	\$232,099
Total Farm & Non-Farm Assets	\$1,299,208	\$1,535,682

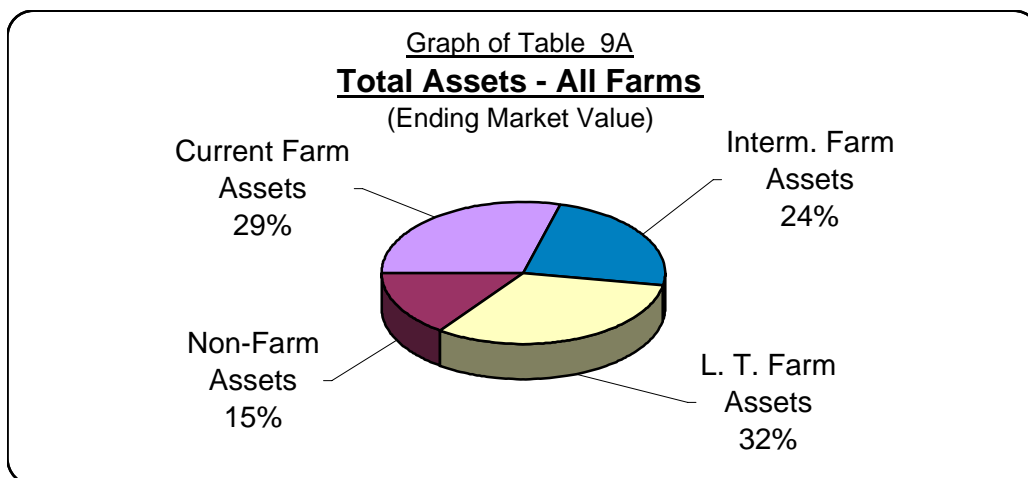


Table 9B: Adams County - Balance Sheet - Liabilities at Market Value, 2007

	Average Of All Farms	
	Beginning	Ending
Current Farm Liabilities		
Accrued Interest	15,658	16,062
Accounts Payable	11,978	11,978
Current Notes	116,902	129,289
Government Crop Loans	21,161	25,789
Principal Due on Term Debt	35,376	30,060
Total Current Farm Liabilities	\$201,075	\$213,178
Intermediate Farm Liabilities	\$76,781	\$102,288
Long Term Farm Liabilities	\$181,428	\$183,872
Total Farm Liabilities	\$459,284	\$499,338
Non-Farm Liabilities	37,835	72,293
Total Deferred Liabilities	N/A	N/A
Total Farm & Non-Farm Liabilities	\$497,119	\$571,631
Net Worth (Farm and Non-Farm)	\$802,089	\$964,051
Net Worth Change (Market Value)	\$161,962	

Ratio Analysis

Current Farm Liabilities / Assets	67%	48%
Curr. & Interm Farm Liab / Assets	43%	39%
Long Term Farm Liab. / Assets	39%	37%
Total Liabilities / Assets	38%	37%

2007 Net Worth Change

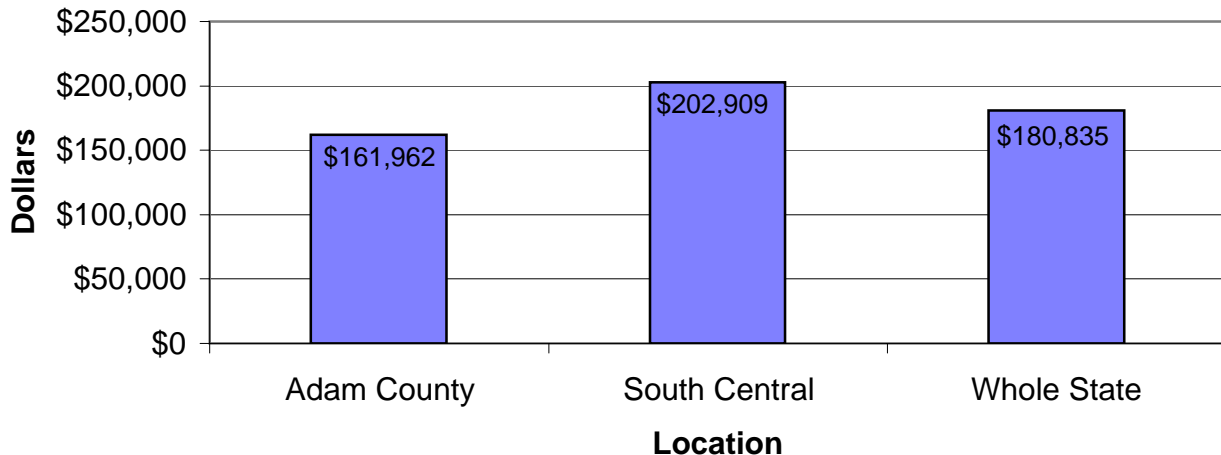


Table 10: Adams County - Statement of Cash Flows, 2007

		Average Of All Farms
(A) Beginning Cash Balance (Farm & Non-Farm)		
		\$31,853
Cash From Operating Activities		
Gross Cash Farm Income	(+) 537,554	
Net Non-Farm Income	(+) 25,489	
Total Cash Farm Expense	(-) 410,780	
Apparent Family Living Expense	(-) 63,375	
Income and Social Security Tax	(-) 12,991	
(B) Net Cash From Operating Activities	(=)	\$75,897
Cash From Investing Activities		
Sale of Breeding Livestock	(+) 0	
Sale of Machinery & Equipment	(+) 1,824	
Sale of Titled Vehicles	(+) 0	
Sale of Farm Land	(+) 0	
Sale of Farm Buildings	(+) 0	
Sale of Other Farm Assets	(+) 5,693	
Sale of Non-Farm Assets	(+) 2,478	
Purchase of Breeding Livestock	(-) 0	
Purchase of Machinery & Equip.	(-) 77,315	
Purchase of Titled Vehicles	(-) 0	
Purchase of Farm Land	(-) 15,156	
Purchase of Farm Buildings	(-) 11,078	
Purchase of Other Farm Assets	(-) 1,318	
Purchase of Non-Farm Assets	(-) 49,211	
(C) Net Cash From Investing Activities	(=)	(\$144,083)
Cash From Financing Activities		
Money Borrowed	(+) 467,156	
Cash Gifts and Inheritances	(+) 7,501	
Principal Payments	(-) 397,787	
Dividends Paid	(-) 2,160	
Gifts Given	(-) 0	
(D) Net Cash From Financing Activities	(=)	\$74,710
(E) Net Change In Cash Balance (B+C+D)		
		\$6,524
(F) Ending Cash Balance (A+E)		
		\$38,377

Table 11: Adams County - Financial Guideline Measures, 2007

	Average Of All Farms
Liquidity	
Current Ratio	2.09
Working Capital	\$233,312
Solvency (Market)	
Farm Debt to Asset Ratio	38%
Farm Equity to Asset Ratio	62%
Farm Debt to Equity Ratio	62%
Profitability (Cost)	
Rate of Return on Farm Assets	23.2%
Rate of Return on Farm Equity	39.4%
Operating Profit Margin	32.0%
Net Farm Income	\$215,175
Repayment Capacity	
Term Debt Coverage Ratio	413%
Capital Replacement Margin	\$138,452
Efficiency	
Asset Turnover Rate (Cost)	72.5%
Operating Expense Ratio	56.2%
Depreciation Expense Ratio	7.2%
Interest Expense Ratio	4.4%
Net Farm Income Ratio	32.1%



Table 12: Adams County - Crop Production, Marketing & Labor Summary, 2007

	Average Of All Farms
Acreage Summary	
Acres Owned	258
Crop Acres	1,086
Crop Acres Owned	235
Crop Acres Cash Rented	419
Crop Acres Share Rented	432
Pasture Acres	0
% Crop Acres Owned	21.64%

Average Price Received in Dollars (Cash Sales Only)	
Corn per bu.	\$3.13
Corn, Seed per bu.	N/A
Soybeans per bu.	\$7.23

Average Yield Per Acre	
Corn, Dryland (bu.)	129.62
Corn, Irrigated (bu.)	187.89
Corn, Seed, Irrigated (bu.)	N/A
Soybeans, Dryland (bu.)	N/A
Soybeans, Irrigated (bu.)	59.24

Labor Analysis	
Total Unpaid Labor Hours	2,392
Total Hired Labor Hours	410
Total Labor Hours per Farm	2,802
Value of Farm Production / Hour	\$238.96
Net Farm Income / Unpaid Hour*	\$89.96

* Based on 2080 Hrs. Annually Per Full Time Operator

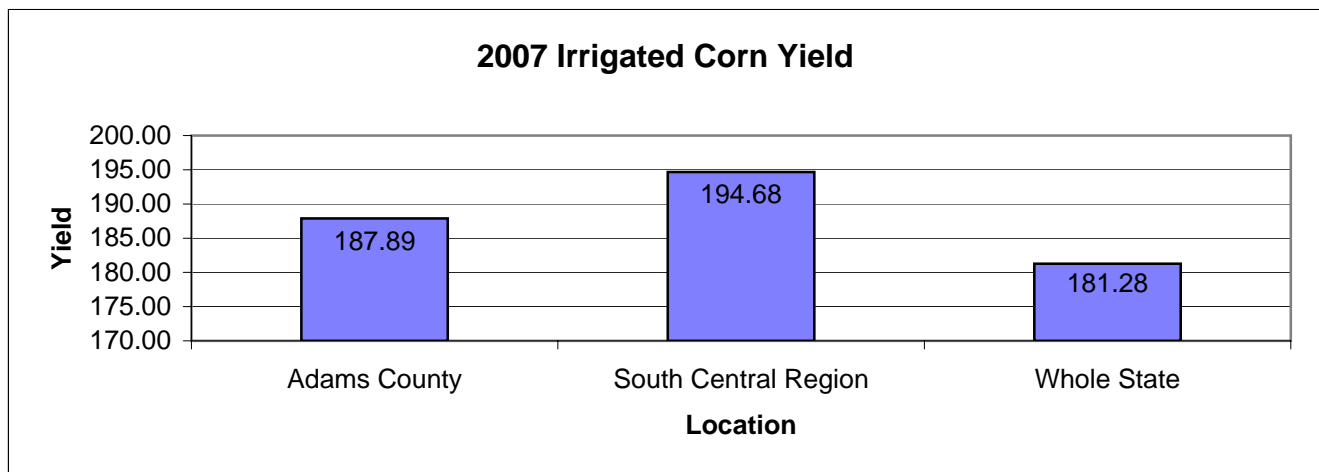


Table 13: Adams County - Operator Information and Non-farm Summary, 2007

	Average Of All Farms
Operator Information	
Average Number of Operators	1.1
Average Age of Operators	44.8
Average Number of Years Farming	21.7
Non-Farm Income	
Non-Farm Wages & Salary	14,017
Non-Farm Business Income	2,616
Non-Farm Rental Income	175
Non-Farm Interest Income	810
Non-Farm Cash Dividends	0
Tax Refunds	543
Non-taxable Non-Farm Income	0
Other Non-Farm Income	7,328
Gifts and Inheritances	0
Total Non-Farm Income	\$25,489
Non-Farm Assets (Market Value)	
Checking & Savings	10,467
Stocks & Bonds	16,581
Other Current Assets	2,497
Furniture & Appliances	1,300
Non-Farm Vehicles	9,896
Cash Value of Life Ins.	6,823
Retirement Accounts	42,687
Other Interm. Assets	580
Non-Farm Real Estate	121,335
Other Long Term Assets	19,934
Total Non-Farm Assets	\$232,100
Non-Farm Liabilities	
Accrued Interest	348
Accounts Payable	0
Current Notes	0
Princ Due on Term Debt	1,448
Total Current Liabilities	1,796
Intermediate Liabilities	6,814
Long Term Liabilities	63,683
Total Non-Farm Liabilities	\$72,293
Non-Farm Net Worth	\$159,807
Non-Farm Debt to Asset Ratio	31%

Table 14: Adams County - Irrigated Corn on All Tenure Types, 2007 *

	Average Of 7 Farms
Number of Fields	27
Acres	162.26
Bushel Yield per Acre	187.89
Operator's Share of the Yield %	82.76%
Value per Bushel at Harvest	\$3.43
Total Product Return	\$533.36
Miscellaneous Income	0.00
Gross Return	\$533.36
Direct Expenses	
Seed	41.69
Fertilizer	51.96
Crop Chemicals	30.61
Crop Insurance	19.26
Drying Fuel	1.22
Irrigation Energy	19.76
Irrigation Repairs	4.45
Operating Power & Crop Machinery	65.50
Building Repairs	1.54
Hired Labor	11.09
Utilities	3.11
Miscellaneous	15.07
Land Rent	40.16
Operating Interest	12.23
Total Direct Expenses	\$317.65
Return Over Direct Expenses	\$215.71
Allocated Expenses	
Machinery & Building Depreciation	46.31
Real Estate & Personal Property Taxes	13.42
Farm Insurance	7.22
Interest	18.85
Total Allocated Expenses	\$85.80
Total Listed Expenses	\$403.45
Net Return	\$129.91
Supplementary Management Information	
Total Direct Expense Per Bushel	2.04
Total Listed Expense Per Bushel	2.59
Net Return Per Bushel	\$0.84
Government Payments	29.57
Labor & Management Charge Per Acre	27.02
Net Return Incl. Gov't Payments and Labor & Management	\$132.46
Machinery Cost Per Acre	\$111.16
Estimated Labor Hours Per Acre	2.55

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

Table 15: Adams County - Irrigated Corn on Owned, Cash & Share Rented Land, 2007

	<u>Owned</u>	<u>Cash Rented</u>	<u>Share Rented</u>
Number of Fields	8	7	12
Acres	157.89	210.81	136.85
Bushel Yield per Acre	188.54	176.38	197.73
Operator's Share of the Yield %	100.00%	100.00%	56.29%
Value per Bushel at Harvest	\$3.47	\$3.44	\$3.35
Total Product Return	\$654.23	\$606.75	\$372.86
Miscellaneous Income	0.00	0.00	0.00
Gross Return	\$654.23	\$606.75	\$372.86
Direct Expenses			
Seed	42.53	39.77	42.76
Fertilizer	63.11	61.02	35.24
Crop Chemicals	36.57	32.48	24.35
Crop Insurance	23.21	20.26	15.33
Drying Fuel & Storage	2.35	0.84	0.97
Irrigation Energy	21.11	20.92	17.67
Irrigation Repairs	3.73	6.79	2.90
Operating Power & Crop Machinery	66.19	63.46	66.45
Building Repairs	0.54	1.76	2.11
Hired Labor	9.18	6.04	17.08
Utilities	3.63	2.03	3.63
Miscellaneous	16.16	14.94	14.47
Land Rent	0.00	119.23	0.00
Operating Interest	18.81	12.52	6.91
Total Direct Expenses	\$307.12	\$402.06	\$249.87
Return Over Direct Expenses	\$347.11	\$204.69	\$122.99
Allocated Expenses			
Machinery & Building Depreciation	49.86	48.89	41.26
Real Estate & Personal Property Taxes	39.19	3.87	2.19
Farm Insurance	9.96	6.10	6.12
Interest	54.12	4.38	4.71
Total Allocated Expenses	\$153.13	\$63.24	\$54.28
Total Listed Expenses	\$460.25	\$465.30	\$304.15
Net Return	\$193.98	\$141.45	\$68.71
Supplementary Management Information			
Total Direct Expense Per Bushel	1.63	2.28	2.24
Total Listed Expense Per Bushel	2.44	2.64	2.73
Net Return Per Bushel	\$1.03	\$0.80	\$0.62
Government Payments	40.98	30.87	19.61
Labor & Management Charge Per Acre	29.58	23.48	28.23
Net Return Incl. Gov't Payments and Labor & Management	\$205.38	\$148.84	\$60.09
Machinery Cost Per Acre	\$113.58	\$114.81	\$106.01
Estimated Labor Hours Per Acre	2.78	2.39	2.53

Table 16: Adams County - Dryland Corn on All Tenure Types, 2007 *

	Average Of 5 Farms
Number of Fields	11
Acres	41.09
Bushel Yield per Acre	129.62
Operator's Share of the Yield %	84.66%
Value per Bushel at Harvest	\$3.54
Total Product Return	\$388.47
Miscellaneous Income	0.00
Gross Return	\$388.47
Direct Expenses	
Seed	37.81
Fertilizer	44.44
Crop Chemicals	31.42
Crop Insurance	18.33
Drying Fuel	0.70
Irrigation Energy	0.00
Irrigation Repairs	0.00
Operating Power & Crop Machinery	66.62
Building Repairs	1.77
Hired Labor	12.88
Utilities	2.16
Miscellaneous	15.47
Land Rent	16.51
Operating Interest	15.36
Total Direct Expenses	\$263.47
Return Over Direct Expenses	\$125.00
Allocated Expenses	
Machinery & Building Depreciation	42.38
Real Estate & Personal Property Taxes	21.03
Farm Insurance	6.14
Interest	22.56
Total Allocated Expenses	\$92.11
Total Listed Expenses	\$355.58
Net Return	\$32.89
Supplementary Management Information	
Total Direct Expense Per Bushel	2.40
Total Listed Expense Per Bushel	3.24
Net Return Per Bushel	\$0.30
Government Payments	25.27
Labor & Management Charge Per Acre	24.19
Net Return Incl. Gov't Payments and Labor & Management	\$33.97
Machinery Cost Per Acre	\$110.03
Estimated Labor Hours Per Acre	2.36

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

Table 17: Adams County - Irrigated Soybeans on All Tenure Types, 2007*

	Average Of 7 Farms
Number of Fields	23
Acres	110.70
Bushel Yield per Acre	59.24
Operator's Share of the Yield %	74.37%
Value per Bushel at Harvest	\$8.77
Total Product Return	\$386.38
Miscellaneous Income	0.00
Gross Return	\$386.38
Direct Expenses	
Seed	36.70
Fertilizer	9.96
Crop Chemicals	17.82
Crop Insurance	14.54
Drying Fuel	0.31
Irrigation Energy	16.07
Irrigation Repairs	3.85
Operating Power & Crop Machinery	53.08
Building Repairs	1.61
Hired Labor	9.43
Utilities	3.07
Miscellaneous	11.76
Land Rent	21.65
Operating Interest	6.31
Total Direct Expenses	\$206.16
Return Over Direct Expenses	\$180.22
Allocated Expenses	
Machinery & Building Depreciation	38.02
Real Estate & Personal Property Taxes	8.23
Farm Insurance	5.72
Interest	10.89
Total Allocated Expenses	\$62.86
Total Listed Expenses	\$269.02
Net Return	\$117.36
Supplementary Management Information	
Total Direct Expense Per Bushel	4.68
Total Listed Expense Per Bushel	6.11
Net Return Per Bushel	\$2.66
Government Payments	24.58
Labor & Management Charge Per Acre	23.01
Net Return Incl. Gov't Payments and Labor & Management	\$118.93
Machinery Cost Per Acre	\$90.06
Estimated Labor Hours Per Acre	2.16

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

Financial Guideline Ratios

Current Ratio: shows the value of current assets relative to current liabilities. It is an indicator of the liquidity of the business. It measures the extent to which current farm assets, if liquidated, would cover current farm liabilities.

Working Capital: is another measure of liquidity. It approximates the operating capital available from within the business. It is calculated by subtracting current farm liabilities from current farm assets.

Farm Debt to Asset Ratio: measures the total financial solvency position of the farm or ranch by comparing the total liabilities with the total assets. It measures the portion of the farm assets that have debt against them. A higher ratio is generally considered an indicator of greater financial risk and lower borrowing capacity.

Farm Equity to Asset Ratio: measures farm equity or net worth relative to the value of farm assets. It measures the proportion of the farm assets financed by the owner's equity as opposed to debt. It is the opposite of the debt to asset ratio.

Farm Debt to Equity Ratio: measures farm debt relative to farm equity. It is calculated by dividing the Total Farm Liabilities by the Total Farm Net Worth. It measures the borrowed capital being employed for every dollar of equity capital.

Rate of Return on Farm Assets: can be thought of as the average interest rate earned on all investments in the farm business. For market value assets, this can be looked at as the "opportunity cost" versus alternate investments. For cost value assets, this more closely represents the actual return on the average dollar invested.

Rate of Return on Farm Equity: represents the interest rate being earned on your farm net worth. For market value assets, this return can be compared to returns available if the assets were liquidated and invested in alternative investments. For cost value assets, this more closely represents the actual return retained in the business.

Operating Profit Margin: is a measure of the operating efficiency of the business. It is calculated as: Return to Farm Assets divided by Value of Farm Production. If expenses are held in line relative to the value of output produced, the farm will have a healthy profit margin. Low prices, high operating expenses or inefficient production may cause a low profit margin.

Net Farm Income: represents the returns to labor, management, and equity capital invested in the business. Net farm income is the reward for investing unpaid family labor, management, and farm net worth in the farm business instead of elsewhere.

Term Debt Coverage Ratio: measures whether the business generated enough cash to cover term debt payments. It is calculated by dividing the funds generated by the business for debt repayment. A ratio less than 100 percent indicates that the business did not generate sufficient cash to meet scheduled payments in the past year. A ratio greater than 100 indicates the business generated enough cash to pay all term debt payments.

Capital Replacement Margin: is the amount of money remaining after all operating expenses, taxes, family living costs, and scheduled debt payments have been made. It is the cash generated by the farm business that is available for financing capital replacement such as machinery and equipment.

Asset Turnover Rate: is a measure of efficiency in using capital. It is calculated as the Value of Farm Production divided by Total Farm Assets. If your farm business generated a high level of production given your level of capital investment, your asset turnover rate will be strong.

Operating Expense Ratio: Subtracting Farm Interest Expense from Total Farm Operating Expense and dividing by Gross Farm Income calculates the operating expense ratio. This ratio indicates the percent of the gross farm income that was used to pay operating expenses.

Depreciation Expense Ratio: The depreciation expense ratio is calculated by dividing Depreciation by Gross Farm Income. This ratio indicates the percent of the gross farm income that was used to cover depreciation and other capital adjustments.

Interest Expense Ratio: Dividing Farm Interest Expense by Gross Farm Income calculates the interest expense ratio. This ratio indicates the percent of the gross farm income used for farm interest expenses.

Net Farm Income Ratio: The net farm income ratio is calculated by dividing Net Farm Income by Gross Farm Income. This ratio indicates the percent of the gross farm income that remained after all expenses.

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