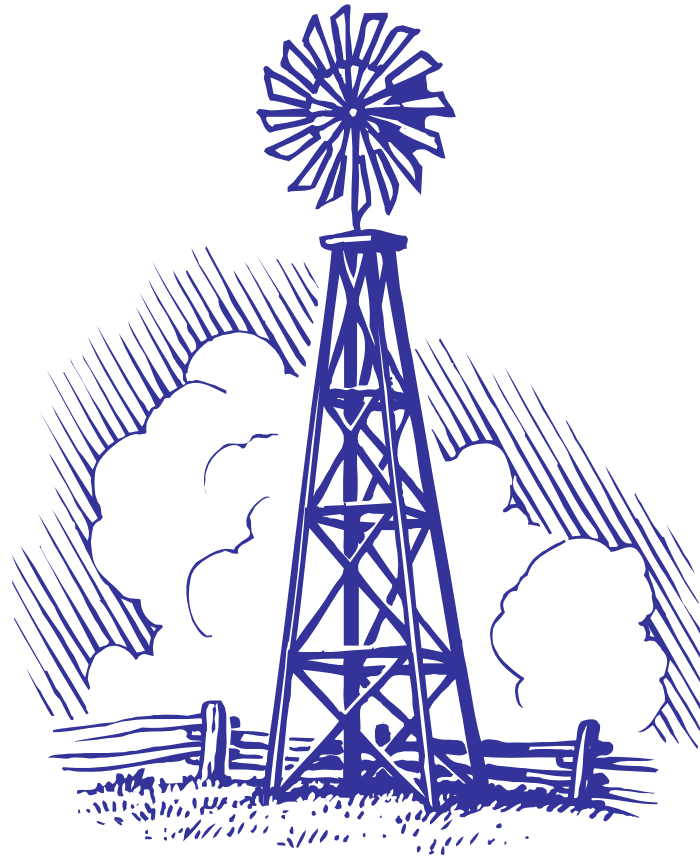


2005 Annual Report

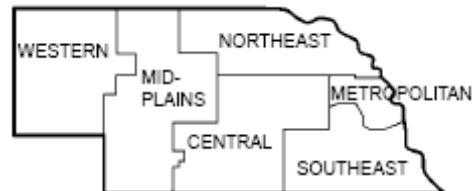
Top Efficient Farms

Nebraska Farm/Ranch Business Management



UNIVERSITY OF
Nebraska
Lincoln

University of Nebraska
Cooperative Extension



Nebraska Community Colleges

In cooperation with Nebraska Farm Business, Inc. and
Nebraskaland Farm & Ranch Management Education Program

Table of Contents

Table of Contents	i
Contacts	1
Introduction: 2005 Data Observations	2
Top Efficiency Farms	
Table 1: Gross Cash Farm Income, 2005	3
Table 2: Gross Cash Farm Expenses, 2005	4
Table 3: Inventory & Depreciation Changes, 2005	5
Table 4: Statement of Cash Flows, 2005	6
Table 5: Balance Sheet - Assets at Market Value, 2005	7
Table 6: Balance Sheet - Liabilities at Market Value, 2005	8
Table 7: Balance Sheet - Cost Value, 2005	9
Table 8: Financial Guidelines, 2005	10
Table 9: Operator Information & Non-Farm Summary, 2005	11
Crop Enterprise Reports	12
Table 10: Irrigated Corn on All Tenure Types, 2005	13
Table 11: Irrigated Corn on Owned Land, 2005	14
Table 12: Irrigated Corn on Cash Rented Land, 2005	15
Table 13: Irrigated Corn on Share Rented Land, 2005	16
Table 14: Dryland Corn on All Tenure Types, 2005	17
Table 15: Dryland Corn on Share Rented Land, 2005	18
Table 16: Irrigated Soybeans on All Tenure Types, 2005	19
Table 17: Irrigated Soybeans on Owned Land, 2005	20
Table 18: Irrigated Soybeans on Cash Rented Land, 2005	21
Table 19: Irrigated Soybeans on Share Rented Land, 2005	22
Table 20: Dryland Soybeans on All Tenure Types, 2005	23
Table 21: Dryland Soybeans on Cash Rented Land, 2005	24
Table 22: Dryland Soybeans on Share Rented Land, 2005	25
Top Efficiency Farms - 2000 thru 2005 Trend Data	
Table 23: Gross Farm Income Trend	26
Table 24: Net Farm Income Trend	27
Table 25: Net Farm Income as a % of Gross Trend	28
Table 26: Operating Expense Ratio Trend	29
Table 27: Interest Expense Ratio Trend	30
Table 28: Family Living Expense Trend	31
Table 29: Net Worth Trend	32
Table 30: Corn Price Received Trend	33
Table 31: Dryland Corn Yield Comparison Trend	34
Financial Guideline Ratios-Definitions	35

NFBI Contact Information

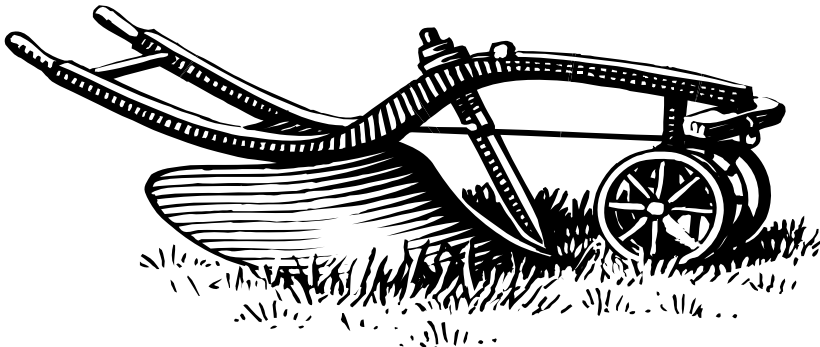
Tina Barrett, Executive Director
Gary Bredensteiner, Farm Financial Consultant
Jim Stewart, Farm Financial Consultant
Anthony Barrett, Farm Financial Consultant
Derrick Leyden, Farm Financial Consultant
Greg Gartrell, Farm Financial Consultant
Carol Talcott, Farm Business Assistant

Email: tina@nfbi.net
Email: gary@nfbi.net
Email: jim@nfbi.net
Email: anthony@nfbi.net
Email: derrick@nfbi.net
Email: greg@nfbi.net

Vicki Kempkes, Clerical Assistant
Kristina Tucker, Clerical Assistant
Nebraska Farm Business, Inc.
3815 Touzalin Avenue, Suite 105
Lincoln, NE 68507
Phone: (402) 464-NFBI (6324)
Fax: (402) 464-6355

Bonita Schuster, Consultant--Beatrice Office
Nebraska Farm Business, Inc.
Gage County Extension Office
1115 West Scott
Beatrice, NE 68310
Phone: (402) 223-1384
Fax: (402) 223-1370

Email: bonita@nfbi.net



Introduction

In 2004, we modified a study of farms in Nebraska that started as an effort to answer if a small farm could really survive in today's economy. We found that not only could a small farm survive, it could also out perform the average's profitability. Knowing that efficiency wasn't only attainable by small operations, we expanded that study to include any size operation that was consistently efficient.

To select these "efficient" farms, we gathered all the operations that attained a Net Farm Income Ratio of greater than 20% for a three year period. The Net Farm Income Ratio shows what percent of gross income is retained as net income or how many cents of each dollar brought in that is kept. We selected 20 farms and have kept the same farms consistent for a 6 year period. This trend information is available starting on page 26.

Here are a few observations about the data for these efficient farms:

1. Due to the calculation of the Net Farm Income Ratio, there is not a large representation of livestock operations, especially those in a purchased feeder operation. This does not mean that you can not be efficient if you are a livestock operation, but that we were unable to make equivalent numerical comparisons with those operations. In fact, in 2005 these efficient farms Net Farm Income dropped while the Whole State average rose. In study of the Whole State, it is obvious that the livestock industry played a huge role in the high net farm income.
2. The farms are spread across the state and are consistent with the versatility of all the farms included.
3. We've known that on a whole farm basis, it has been hard to distinguish exactly how these farms maintain the efficient level that seems so hard to do, so this year we have added enterprise information as well, starting on page 12. These enterprises are limited to corn and soybeans, but they begin to show just how different these farms are. The corn enterprises have been the most interesting to me showing some major differences, especially in fertilizer.
4. One difference that has been obvious from the beginning is the amount of debt carried by these operations. This difference is another one highlighted by the enterprise analysis.

We hope you find value in this study and can use the information presented to help your operation or ones that you work with. These farms are showing that bigger is not always better and that a very good income can be made from much less work and management.

Sincerely,



Tina Barrett
Executive Director

Table 1: Gross Cash Farm Income, 2005

	Average Of <u>20 Farms</u>	Average Of <u>Low 33%</u>	Average Of <u>High 33%</u>
Crop Income			
Corn	107,883	87,557	147,838
Seed Corn	67,613	21,039	133,746
Soybeans	98,803	75,471	130,289
Wheat	4,388	2,679	5,218
Hay Crops	1,632	163	3,639
Grain Sorghum	1,263	2,651	1,337
White Corn	0	0	0
Sugar Beets	0	0	0
Great Northern Beans	0	0	0
Miscellaneous Crop Income	5,525	0	15,635
Total Crop Income	\$287,107	\$189,560	\$437,702
Livestock and Product Income			
Beef Finishing	0	0	0
Beef Calves	12,787	6,513	9,024
Background Beef	2,953	0	4,037
Farrow-to-Finish, Hogs	5,091	16,970	0
Finish Feeder Pigs	0	0	0
Dairy, Milk	7,072	0	0
Cull Breeding Livestock	5,284	5,956	7,820
Miscellaneous Livestock Income	33	0	0
Total Livestock Income	\$33,220	\$29,439	\$20,881
Other Farm Income			
LDP Payments	19,857	7,729	31,898
Direct & CC Gov't Payments	34,490	25,427	44,886
CRP & Other Gov't Payments	9,949	7,423	11,482
Custom Work	7,018	846	14,416
Patronage Dividends, Cash	1,625	852	2,562
Insurance Income	2,637	3,495	330
Cash from Hedging Accounts	6,220	686	11,224
Contract Livestock Income	0	0	0
Other Miscellaneous Farm Income	9,798	971	5,421
Total Other Farm Income	\$91,594	\$47,429	\$122,219
Gross Cash Farm Income	\$411,921	\$266,428	\$580,802

Table 2: Gross Cash Farm Expenses, 2005

	Average Of <u>20 Farms</u>	Average Of <u>Low 33%</u>	Average Of <u>High 33%</u>
Crop Expense			
Seed	24,392	24,452	31,913
Fertilizer	26,230	22,048	30,959
Crop Chemicals	23,201	16,320	35,728
Crop Custom Hire	8,333	3,072	13,466
Crop Insurance	6,357	6,516	7,376
Drying Fuel	5,333	636	14,609
Irrigation Energy	14,928	11,720	23,685
Irrigation Repairs	0	0	0
Crop Marketing	3,952	6,058	5,104
Crop Miscellaneous	2,092	932	2,045
Total Crop Expense	\$114,818	\$91,754	\$164,885
Livestock Expense			
Feeder Livestock Purchases	1,809	0	0
Purchased Feed	4,584	5,817	703
Breeding Fees	609	1,889	0
Veterinary	1,078	2,000	301
Livestock Custom Hire	0	0	0
Livestock Supplies	505	494	171
Livestock Leases	133	442	0
Grazing Fees	1,505	1,343	188
Livestock Marketing	356	51	171
Total Livestock Expense	\$10,579	\$12,036	\$1,534
Other Farm Expense			
Interest	10,121	4,137	18,493
Fuel and Oil	18,149	15,920	24,493
Repairs	26,905	18,936	31,919
Custom Hire	3,264	3,992	4,677
Hired Labor	10,194	6,718	19,086
Land Rent	18,582	8,500	32,159
Machinery and Building Lease	1,446	1,681	590
Real Estate Taxes	13,856	8,365	20,524
Personal Property Taxes	1,033	1,186	1,570
Farm Insurance	5,759	4,200	7,888
Utilities	4,232	3,075	5,062
Dues and Professional Fees	2,565	1,830	3,432
Hedging Account Deposits	5,137	455	11,758
Miscellaneous	3,522	1,006	5,389
Total Other Cash Farm Expense	\$124,765	\$80,001	\$187,040
Total Cash Operating Expense	\$250,162	\$183,791	\$353,459
Summary			
Gross Cash Farm Income (Table 1)	\$411,921	\$266,428	\$580,802
- Total Cash Operating Expense	\$250,162	\$183,791	\$353,459
Net Cash Farm Income	\$161,759	\$82,637	\$227,343

Table 3: Inventory and Depreciation Changes, 2005

	Average Of 20 Farms	Average of Low 33%	Average of High 33%
Net Cash Farm Income	\$161,759	\$82,637	\$227,343
Inventory Change			
Crops and Feed	\$8,844	(\$8,422)	\$27,421
Market Livestock	\$2,629	(\$10)	\$1,861
Accounts Receivable & Other Current Assets	(\$1,812)	\$3,847	(\$2,753)
Prepaid Expenses and Supplies	(\$4,220)	\$40	(\$7,467)
Accounts Payable	(\$12,566)	(\$4,229)	(\$12,389)
Total Inventory Change	(\$7,125)	(\$8,774)	\$6,673
Depreciation & Capital Adjustments			
Breeding Livestock	(\$3,133)	(\$3,523)	(\$348)
Machinery and Equipment	(\$32,747)	(\$27,098)	(\$46,069)
Buildings and Improvements	(\$4,425)	(\$2,115)	(\$8,156)
Other Capital Assets	(\$1,429)	\$338	(\$561)
Total Depreciation & Capital Adjustments	(\$41,734)	(\$32,398)	(\$55,134)
Net Farm Income	\$112,900	\$41,465	\$178,882

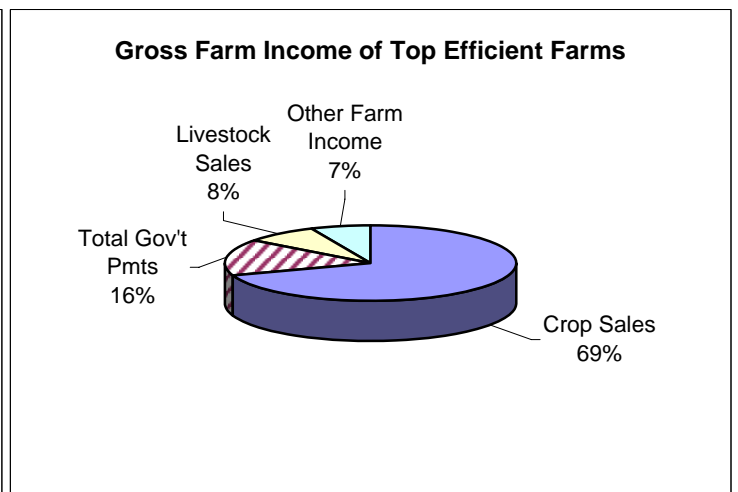
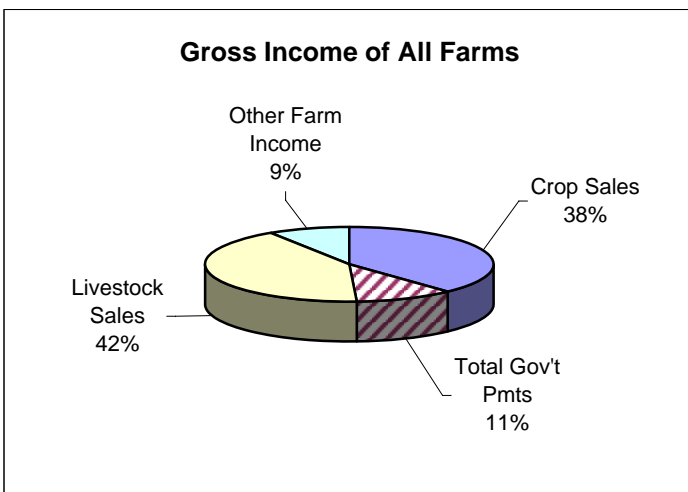


Table 4: Statement of Cash Flows, 2005

		Average Of 20 Farms	Average Of Low 33%	Average Of High 33%
(A) Beginning Cash Balance (Farm & Non-farm)		\$129,825	\$40,334	\$185,013
Cash From Operating Activities				
Gross Cash Farm Income	(+)	411,921	266,428	580,802
Net Non-farm Income	(+)	28,358	16,158	19,248
Total Cash Farm Expense	(-)	250,162	183,791	353,459
Apparent Family Living Expense	(-)	51,983	39,024	65,833
Income and Social Security Tax	(-)	19,262	15,394	20,513
(B) Net Cash From Operating Activities	(=)	\$118,872	\$44,377	\$160,245
Cash From Investing Activities				
Sale of Breeding Livestock	(+)	3,671	0	10,489
Sale of Machinery & Equipment	(+)	608	33	1,452
Sale of Farm Land	(+)	0	0	0
Sale of Farm Buildings	(+)	0	0	0
Sale of Other Farm Assets	(+)	2,908	0	43
Sale of Non-farm Assets	(+)	87,529	2,191	133,589
Purchase of Breeding Livestock	(-)	7,347	3,935	8,527
Purchase of Machinery & Equip.	(-)	49,573	16,029	90,028
Purchase of Titled Vehicles	(-)	2,293	5,346	798
Purchase of Farm Land	(-)	60,058	1,667	133,816
Purchase of Farm Buildings	(-)	7,241	0	10,588
Purchase of Other Farm Assets	(-)	3,787	0	595
Purchase of Non-farm Assets	(-)	141,210	22,195	178,436
(C) Net Cash From Investing Activities	(=)	(\$176,793)	(\$46,948)	(\$277,215)
Cash From Financing Activities				
Money Borrowed	(+)	178,180	71,109	316,150
Cash Gifts and Inheritances	(+)	5,621	0	1,240
Principal Payments	(-)	112,127	58,629	146,083
Dividends Paid	(-)	0	0	0
Gifts Given	(-)	25,721	0	47,336
(D) Net Cash From Financing Activities	(=)	\$45,953	\$12,480	\$123,971
(E) Net Change In Cash Balance (B+C+D)		(\$11,968)	\$9,909	\$7,001
(F) Ending Cash Balance (A-E)		\$117,857	\$50,243	\$192,014



Table 5: Balance Sheet - Assets at Market Value, 2005

	Average Of 20 Farms		Average Of Low 33%		Average Of High 33%	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
Current Farm Assets						
Cash and Checking Balance	37,003	39,101	2,580	9,290	48,584	57,122
Prepaid Expenses & Supplies	21,476	17,256	19,340	19,380	19,326	11,859
Growing Crops	373	460	616	696	321	500
Accounts Receivable	4,078	5,324	5,870	10,020	0	0
Hedging Accounts	6,170	2,598	2,226	1,176	8,937	5,633
Crops Held for Sale or Feed	205,129	216,238	167,867	161,720	285,735	312,184
Crops Under Government Loan	7,834	6,460	5,993	3,718	3,343	6,861
Market Livestock Held for Sale	10,827	13,456	5,024	5,014	4,360	6,221
Other Current Assets	128	555	0	667	364	736
Total Current Farm Assets	\$293,018	\$301,448	\$209,516	\$211,681	\$370,970	\$401,116
Intermediate Farm Assets						
Breeding Livestock	18,528	20,453	11,158	14,225	17,571	10,557
Machinery and Equipment	222,989	247,650	154,682	159,152	304,737	356,354
Other Intermediate Assets	24,806	24,255	21,072	21,410	18,167	18,159
Total Intermediate Farm Assets	\$266,323	\$292,358	\$186,912	\$194,787	\$340,475	\$385,070
Long Term Farm Assets						
Farm Land	659,761	719,819	363,017	364,684	790,156	923,973
Buildings and Improvements	66,916	71,125	36,843	34,992	79,854	86,496
Other Long Term Assets	519	519	0	0	1,339	1,339
Total Long Term Farm Assets	\$727,196	\$791,463	\$399,860	\$399,676	\$871,349	\$1,011,808
Total Farm Assets	\$1,286,537	\$1,385,269	\$796,288	\$806,144	\$1,582,794	\$1,797,994
Non-farm Assets	403,663	468,901	171,606	194,526	522,829	624,172
Total Farm & Non-farm Assets	\$1,690,200	\$1,854,170	\$967,894	\$1,000,670	\$2,105,623	\$2,422,166

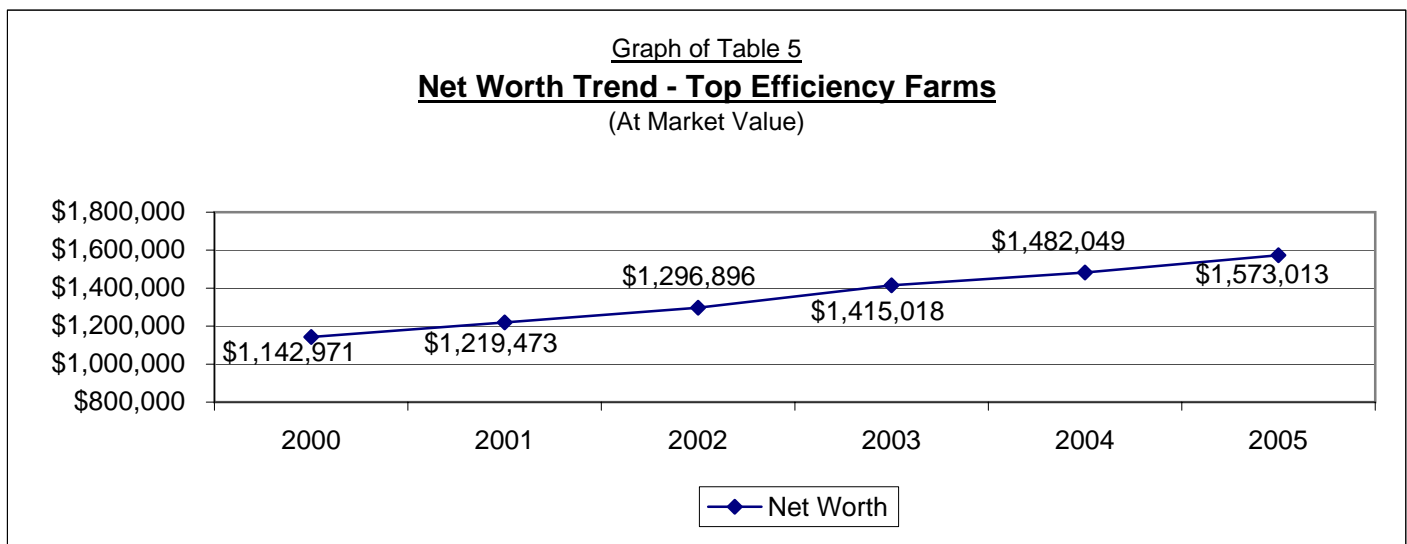


Table 6: Balance Sheet - Liabilities at Market Value, 2005

	Average Of 20 Farms		Average Of Low 33%		Average Of High 33%	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
Current Farm Liabilities						
Accrued Interest	3,555	4,995	2,442	2,574	5,753	8,853
Accounts Payable	10,280	21,406	5,917	10,014	19,196	28,484
Current Notes	50,511	56,960	48,373	40,720	47,116	67,385
Government Crop Loans	7,254	5,968	5,859	3,211	3,343	5,889
Principal Due on Term Debt	11,688	17,422	2,907	5,312	22,764	37,022
Total Current Farm Liabilities	\$83,288	\$106,751	\$65,498	\$61,831	\$98,172	\$147,633
Intermediate Farm Liabilities	\$30,573	\$35,529	\$0	\$8,522	\$52,112	\$50,066
Long Term Farm Liabilities	\$77,233	\$120,665	\$35,323	\$31,610	\$155,730	\$284,108
Total Farm Liabilities	\$191,094	\$262,945	\$100,821	\$101,963	\$306,014	\$481,807
Non-farm Liabilities	10,148	18,212	4,867	20,725	20,799	30,919
Total Deferred Liabilities	N/A	N/A	N/A	N/A	N/A	N/A
Total Farm & Non-farm Liabilities	\$201,242	\$281,157	\$105,688	\$122,688	\$326,813	\$512,726
Net Worth (Farm and Non-farm)	\$1,488,958	\$1,573,013	\$862,206	\$877,982	\$1,778,810	\$1,909,440
Net Worth Change (Market Value)		\$84,055		\$15,776		\$130,630

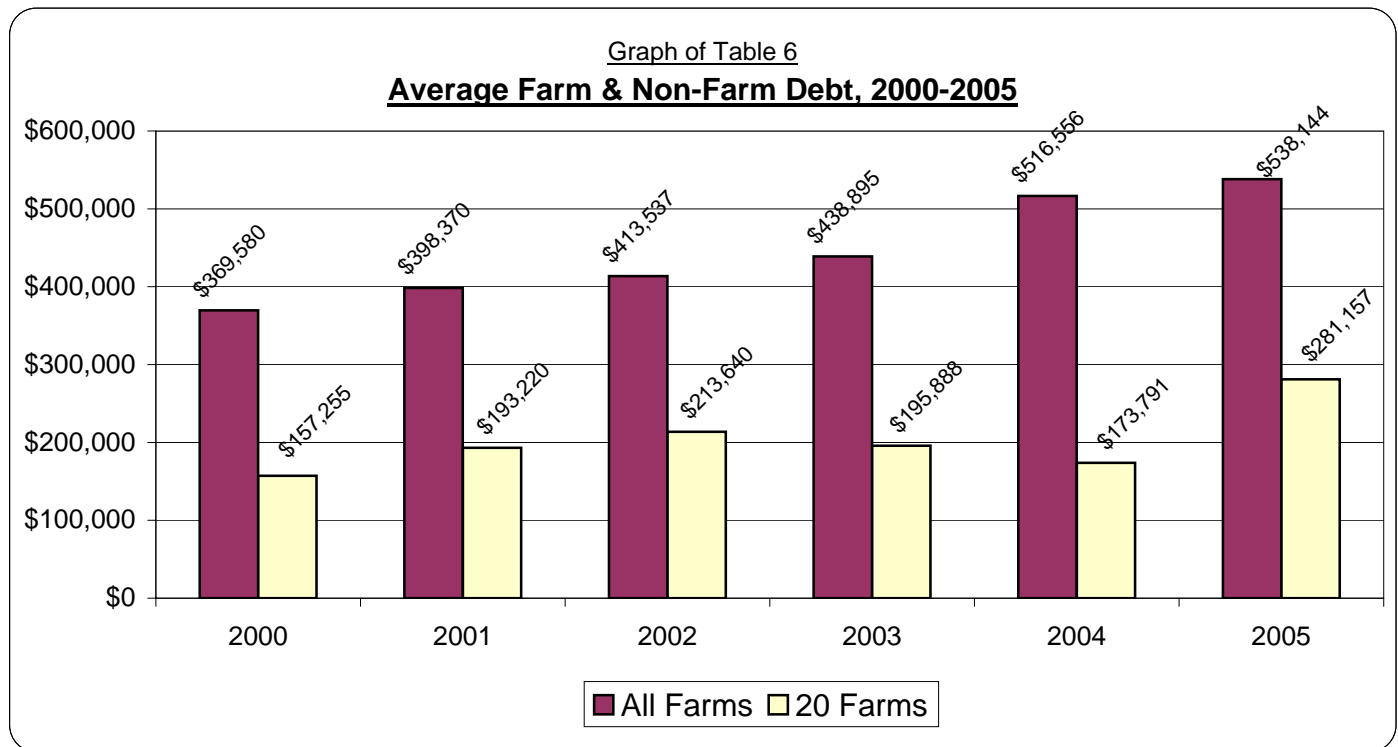


Table 7: Balance Sheet - Assets & Liabilities at Cost Value, 2005

	Average Of 20 Farms		Average of Low 33%		Average of High 33%	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
Current Farm Assets						
Cash and Checking Accounts	37,003	39,101	2,580	9,290	48,584	57,122
Prepaid Expenses & Supplies	21,476	17,256	19,340	19,380	19,326	11,859
Growing Crops	373	460	616	696	321	500
Accounts Receivable	4,078	5,324	5,870	10,020	0	0
Hedging Accounts	6,170	2,598	2,226	1,176	8,937	5,633
Crops Held for Sale or Feed	205,129	216,238	167,867	161,720	285,735	312,184
Crops Under Government Loan	7,834	6,460	5,993	3,718	3,343	6,861
Market Livestock Held for Sale	10,827	13,456	5,024	5,014	4,360	6,221
Other Current Assets	128	555	0	667	364	736
Total Current Farm Assets	\$293,018	\$301,448	\$209,516	\$211,681	\$370,970	\$401,116
Intermediate Farm Assets						
Breeding Livestock	8,493	9,036	5,077	5,488	14,370	12,060
Machinery and Equipment	88,396	106,907	61,382	55,627	137,907	181,211
Other Intermediate Assets	24,806	24,255	21,072	21,410	18,167	18,159
Total Intermediate Farm Assets	\$121,695	\$140,198	\$87,531	\$82,525	\$170,444	\$211,430
Long Term Farm Assets						
Farm Land	506,157	566,215	344,442	346,109	559,389	693,206
Buildings and Improvements	30,981	33,797	16,216	14,102	48,927	51,360
Other Long Term Assets	519	519	0	0	1,339	1,339
Total Long Term Farm Assets	\$537,657	\$600,531	\$360,658	\$360,211	\$609,655	\$745,905
Total Farm Assets	\$952,370	\$1,042,177	\$657,705	\$654,417	\$1,151,069	\$1,358,451
Non-farm Assets	385,551	447,460	171,606	196,192	480,284	570,193
Total Farm & Non-farm Assets	\$1,337,921	\$1,489,637	\$829,311	\$850,609	\$1,631,353	\$1,928,644
Current Farm Liabilities						
Accrued Interest	3,555	4,995	2,442	2,574	5,753	8,853
Accounts Payable	10,280	21,406	5,917	10,014	19,196	28,484
Current Notes	50,511	56,960	48,373	40,720	47,116	67,385
Government Crop Loans	7,254	5,968	5,859	3,211	3,343	5,889
Principal Due on Term Debt	11,688	17,422	2,907	5,312	22,764	37,022
Total Current Farm Liabilities	\$83,288	\$106,751	\$65,498	\$61,831	\$98,172	\$147,633
Intermediate Farm Liabilities	\$30,573	\$35,529	\$0	\$8,522	\$52,112	\$50,066
Long Term Farm Liabilities	\$77,233	\$120,665	\$35,323	\$31,610	\$155,730	\$284,108
Total Farm Liabilities	\$191,094	\$262,945	\$100,821	\$101,963	\$306,014	\$481,807
Non-farm Liabilities	10,148	18,212	4,867	20,725	20,799	30,919
Total Liabilities	\$201,242	\$281,157	\$105,688	\$122,688	\$326,813	\$512,726
Net Worth (Farm & Non-farm)	\$1,136,679	\$1,208,480	\$723,623	\$727,921	\$1,304,540	\$1,415,918
Net Worth Change (Cost Value)		\$71,801		\$4,298		\$111,378

Table 8: Financial Guidelines, 2005

	Average of 20 Farms	Average of Low 33%	Average of High 33%	Guideline or Range		
				Green	Yellow	Red
<u>Liquidity</u>						
1) Current Ratio	2.82	3.42	2.72	> 1.5	1.0-1.5	< 1.0
2) Working Capital	\$194,697	\$149,848	\$253,483	-	Positive	-
<u>Solvency</u>						
3) Debt to Asset Ratio (Market)	19%	13%	27%	< .30	.30-.60	> .60
4) Equity to Asset Ratio (Market)	81%	87%	73%	> .70	.40-.70	<.40
5) Debt to Equity Ratio (Market)	23%	14%	37%	< .50	.50-1.50	> 1.5
<u>Profitability</u>						
6) Rate of Return on Assets (Cost)	9.5%	3.0%	13.0%	> 6%	3-6%	< 3%
7) Rate of Return on Equity (Cost)	10.7%	2.8%	16.3%	> 6%	3-6%	< 3%
8) Operating Profit Margin (Cost)	22.9%	7.8%	26.8%	>15%	5-15%	< 5%
9) Net Farm Income (Cost)	\$112,901	\$41,464	\$178,883	>\$45,000	-	-
<u>Efficiency</u>						
10) Asset Turnover Rate (Cost)	41.4%	38.5%	48.5%	>25%	15-25%	<15%
11) Operating Expense Ratio	60.6%	70.2%	57.9%	< 55%	55-70%	>70%
12) Depreciation Expense Ratio	9.9%	12.4%	9.1%	< 10%	10-15%	>15%
13) Interest Expense Ratio	2.7%	1.6%	3.6%	< 10%	10-15%	>15%
14) Net Farm Income Ratio	26.8%	15.8%	29.5%	>20%	10-20%	< 10%

Average of Top Efficiency Farms

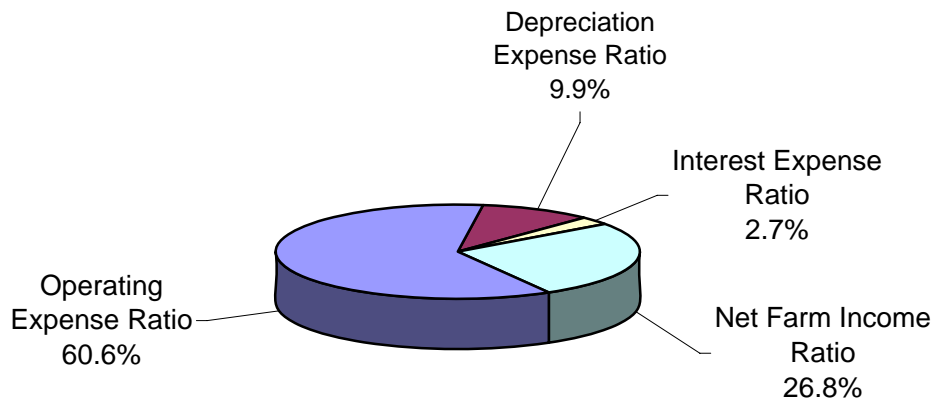


Table 9: Operator Information and Non-farm Summary, 2005

	Average Of 20 Farms	Average Of Low 33%	Average Of High 33%
Operator Information			
Average Number of Operators	1.1	1.0	1.2
Average Age of Operators	50	50.3	45.3
Average Number of Years Farming	28.1	27.2	23
Acreage Summary			
Total Acres Owned	489	352	478
Total Crop Acres	1045	796	1450
Crop Acres Owned	308	256	376
Crop Acres Cash Rented	223	104	351
Crop Acres Share Rented	514	437	723
Average Price Received (Cash Sales Only)			
Soybeans, per Bu.	\$5.76	\$5.62	\$5.89
Corn, per Bu.	\$1.95	\$1.84	\$2.02
Wheat, Winter, per Bu.	\$3.27	N/A	N/A
Non-farm Income			
Non-farm Wages & Salary	11,920	13,498	8,754
Non-farm Business Income	(1,249)	0	(361)
Non-farm Rental Income	4,176	1,695	2,314
Non-farm Interest Income	4,417	1,012	2,161
Non-farm Cash Dividends	4,129	4	191
Tax Refunds	1,228	0	1,539
Gifts and Inheritances	5,621	0	1,240
Other Non-farm Income	3,737	(51)	4,651
Total Non-farm Income	\$33,979	\$16,158	\$20,489
Non-farm Assets (Market Value)			
Checking & Savings	78,758	40,954	134,892
Stocks & Bonds	87,956	12,376	164,306
Other Current Assets	109,951	14,842	60,707
Non-farm Vehicles & Furniture	12,059	8,437	6,714
Cash Value of Life Ins.	3,967	1,181	5,037
Retirement Accounts	67,799	46,384	88,878
Other Interm. Assets	11,664	7,874	4,570
Non-farm Real Estate	90,739	62,477	144,783
Other Long Term Assets	6,009	0	14,286
Total Non-farm Assets	\$468,902	\$194,525	\$624,173
Non-farm Liabilities			
Accrued Interest & Accounts Payable	415	315	912
Current Notes	0	0	0
Princ Due on Term Debt	713	0	2,037
Total Current Liabilities	1,128	315	2,949
Intermediate Liabilities	7,136	0	17,040
Long Term Liabilities	9,948	20,409	10,930
Total Non Farm Liabilities	\$18,212	\$20,724	\$30,919
Nonfarm Net Worth	\$450,690	\$173,801	\$593,254

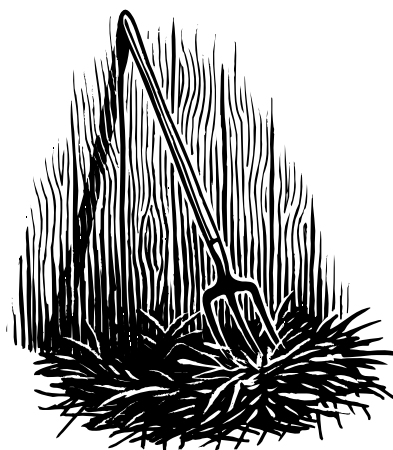
Crop Enterprise Reports

The following pages contain detailed crop enterprise data. In each report, the first column is an average of the efficient farms for which we have enterprise data, the second is the average of all the farms across the state that we work with and the third column is the line-item difference between the two. We have included all the enterprises that at least 5 of the efficient farms participated in and these may vary from year-to-year. This is done both to maintain accuracy as well as the confidentiality of the participants.

This is the first year we have been able to generate this enterprise information on the efficient farms and results show many of the things we expected them to and others that are more of a surprise. We knew these efficient farms spent less on interest, so the large per acre differences there is not a large surprise, while the significant difference between the two groups for corn fertilizer was more of a surprise. In general, the efficient farms did a few dollars better on each item, especially in the corn enterprises.

As in the Annual Report, individual crop data that is reported on the following tables provides separate detail for "Owned Land," "Cash Rented Land" and "Crop Share Land." There are also several "All Tenure Types" averages. These averages combine all the "Owned Land," "Cash Rented Land" and "Crop Share Land" into one report. Note that an opportunity charge for owner's equity is not shown here. This is important to keep that in mind when comparing return to owned vs. rented land. Also, "Share Rented Land" includes many different share rent agreements and reports only the operator's share of cost and returns divided by total acres. Therefore, Total Costs and Returns per Crop Share Acre will appear low when compared to Owned or Cash Rented Land.

The crop enterprise reports that are reported on the following tables do not reflect Direct or Counter Cyclical Farm Program Payments. Only crop insurance proceeds and any other forms of income specifically tied to a particular crop, such as LDP's, if the information was available, are included in "miscellaneous" income. These payments have been omitted since they are no longer tied to any specific crop and because it is important to know how the crop does on its own. For the purpose of long-term evaluation, program payments are not included in the 1995 through 2005 Reports. Prior years would have included deficiency payments in enterprise income for their respective crop.



"Value per Unit" represents the average harvest time price. "Direct Expenses" are out of pocket costs allocated by the producer from inventories and/or purchases. "Allocated Expenses" are expense allocated by the computer using the same formula for each producer.

Table 10: Irrigated Corn on All Tenure Types, 2005 *

	Average of Efficient Farms	Average Of All Farms	Difference
Number of Fields	33.00	100.00	
Number of Farms	10.00	39.00	
Acres	100.48	142.49	(42.01)
Bushel Yield per Acre	195.61	188.74	6.87
Operator's Share of the Yield %	74.99%	86.34%	-11.35%
Value per Bushel at Harvest	\$1.83	\$1.89	(\$0.06)
Total Product Return	\$268.44	\$307.99	(\$39.55)
Miscellaneous Income	69.56	65.02	4.54
Gross Return	\$338.00	\$373.01	(\$35.01)
Direct Expenses			
Seed	30.91	39.67	(8.76)
Fertilizer	41.45	65.90	(24.45)
Crop Chemicals	23.61	25.28	(1.67)
Crop Insurance	7.42	9.08	(1.66)
Drying Fuel	1.15	0.94	0.21
Irrigation Energy	27.39	24.03	3.36
Irrigation Repairs	1.76	3.06	(1.30)
Operating Power & Crop Machinery	47.38	58.91	(11.53)
Building Repairs	1.77	1.56	0.21
Hired Labor	7.01	12.22	(5.21)
Utilities	3.19	4.47	(1.28)
Miscellaneous	9.69	11.42	(1.73)
Land Rent	30.74	52.63	(21.89)
Operating Interest	5.85	10.99	(5.14)
Total Direct Expenses	239.32	320.16	(80.84)
Return Over Direct Expenses	\$98.68	\$52.85	\$45.83
Allocated Expenses			
Machinery & Building Depreciation	33.42	31.39	2.03
Real Estate & Personal Property Taxes	9.39	9.85	(0.46)
Farm Insurance	5.73	5.29	0.44
Interest	11.33	14.43	(3.10)
Total Allocated Expenses	59.87	60.96	(1.09)
Total Listed Expenses	299.19	381.12	(81.93)
Net Return	\$38.81	(\$8.11)	\$46.92
Supplementary Management Information			
Total Direct Expense Per Bushel	1.63	1.96	(0.33)
Total Listed Expense Per Bushel	2.04	2.34	(0.30)
Net Return Per Bushel	(\$0.21)	(\$0.45)	\$0.24
Labor & Management Charge Per Acre	27.61	23.03	4.58
Net Return Over Labor & Management	\$11.20	(\$31.14)	\$42.34
Estimated Labor Hours Per Acre	2.49	2.30	0.19
Machinery Cost per Acre	\$83.40	\$91.43	(\$8.03)

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

Table 11: Irrigated Corn on Owned Land, 2005 *

	<u>Average of Efficient Farms</u>	<u>Average Of All Farms</u>	<u>Difference</u>
Number of Fields	8	29	
Number of Farms	6	24	
Acres	76.35	140.19	-63.84
Bushel Yield per Acre	192.83	183.89	8.94
Operator's Share of the Yield %	100.00%	100.00%	0.00
Value per Bushel at Harvest	\$1.90	\$1.88	0.02
Total Product Return	\$366.38	\$345.71	\$20.67
Miscellaneous Income	82.66	56.95	25.71
Gross Return	\$449.04	\$402.66	\$46.38
Direct Expenses			
Seed	33.64	43.36	(9.72)
Fertilizer	52.18	64.85	(12.67)
Crop Chemicals	28.55	29.55	(1.00)
Crop Insurance	10.10	11.63	(1.53)
Drying Fuel	0.78	0.69	0.09
Irrigation Energy	27.99	32.71	(4.72)
Irrigation Repairs	2.09	4.54	(2.45)
Operating Power & Crop Machinery	47.30	54.32	(7.02)
Building Repairs	2.11	1.71	0.40
Hired Labor	8.76	12.42	(3.66)
Utilities	2.78	6.16	(3.38)
Miscellaneous	11.05	15.19	(4.14)
Land Rent	0.00	0.00	0.00
Operating Interest	3.58	12.69	(9.11)
Total Direct Expenses	\$230.91	\$289.82	(\$58.91)
Return Over Direct Expenses	\$218.13	\$112.84	\$105.29
Allocated Expenses			
Machinery & Building Depreciation	35.18	30.98	4.20
Real Estate & Personal Property Taxes	43.95	29.22	14.73
Farm Insurance	4.98	7.18	(2.20)
Interest	40.40	40.06	0.34
Total Allocated Expenses	\$124.51	\$107.44	\$17.07
Total Listed Expenses	\$355.42	\$397.26	(\$41.84)
Net Return	\$93.62	\$5.40	\$88.22
Supplementary Management Information			
Total Direct Expense Per Bushel	1.20	1.58	-0.38
Total Listed Expense Per Bushel	1.84	2.16	-0.32
Net Return Per Bushel	\$0.06	(\$0.28)	\$0.34
Labor & Management Charge Per Acre	\$28.99	\$29.78	(\$0.79)
Net Return Over Labor & Management	\$64.63	(\$24.38)	\$89.01
Estimated Labor Hours Per Acre	\$2.48	\$2.82	(\$0.34)
Machinery Cost per Acre	\$85.61	\$86.31	(\$0.70)

Table 12: Irrigated Corn on Cash Rented Land, 2005 *

	<u>Average of Efficient Farms</u>	<u>Average Of All Farms</u>	<u>Difference</u>
Number of Fields	6	31	
Number of Farms	5	19	
Acres	150.32	189.43	-39.11
Bushel Yield per Acre	196.90	191.64	5.26
Operator's Share of the Yield %	100.00%	100.00%	0.00
Value per Bushel at Harvest	\$1.78	\$1.90	-0.12
Total Product Return	\$350.48	\$364.12	(\$13.64)
Miscellaneous Income	91.16	85.51	5.65
Gross Return	\$441.64	\$449.63	(\$7.99)
Direct Expenses			
Seed	37.76	44.31	(6.55)
Fertilizer	54.88	89.29	(34.41)
Crop Chemicals	29.65	25.77	3.88
Crop Insurance	9.78	10.14	(0.36)
Drying Fuel	2.42	1.39	1.03
Irrigation Energy	32.39	21.91	10.48
Irrigation Repairs	2.42	2.55	(0.13)
Operating Power & Crop Machinery	47.91	73.11	(25.20)
Building Repairs	2.57	1.60	0.97
Hired Labor	5.70	14.38	(8.68)
Utilities	3.17	7.79	(4.62)
Miscellaneous	10.13	8.94	1.19
Land Rent	113.00	127.71	(14.71)
Operating Interest	6.88	13.61	(6.73)
Total Direct Expenses	\$358.66	\$442.50	(\$83.84)
Return Over Direct Expenses	\$82.98	\$7.13	\$75.85
Allocated Expenses			
Machinery & Building Depreciation	36.60	32.31	4.29
Real Estate & Personal Property Taxes	1.51	2.74	(1.23)
Farm Insurance	6.44	0.42	6.02
Interest	3.72	3.59	0.13
Total Allocated Expenses	\$48.27	\$39.06	\$9.21
Total Listed Expenses	\$406.93	\$481.56	(\$74.63)
Net Return	\$34.71	(\$31.93)	\$66.64
Supplementary Management Information			
Total Direct Expense Per Bushel	1.82	2.31	-0.49
Total Listed Expense Per Bushel	2.07	2.51	-0.44
Net Return Per Bushel	(\$0.29)	(\$0.61)	\$0.32
Labor & Management Charge Per Acre	22.35	18.29	4.06
Net Return Over Labor & Management	\$12.36	(\$50.22)	\$62.58
Estimated Labor Hours Per Acre	2.15	1.92	0.23
Machinery Cost Per Acre	\$85.43	\$104.69	(\$19.26)

Table 13: Irrigated Corn on Share Rented Land, 2005 *

	<u>Average of Efficient Farms</u>	<u>Average Of All Farms</u>	<u>Difference</u>
Number of Fields	19	40	
Number of Farms	8	20	
Acres	94.89	107.78	-12.89
Bushel Yield per Acre	195.90	189.37	6.53
Operator's Share of the Yield %	54.07%	55.01%	-0.01
Value per Bushel at Harvest	\$1.84	\$1.88	-0.04
Total Product Return	\$194.90	\$195.84	(\$0.94)
Miscellaneous Income	54.32	44.72	9.60
Gross Return	\$249.22	\$240.56	\$8.66
Direct Expenses			
Seed	26.56	29.88	(3.32)
Fertilizer	31.09	35.03	(3.94)
Crop Chemicals	18.91	20.58	(1.67)
Crop Insurance	5.33	5.23	0.10
Drying Fuel	0.63	0.57	0.06
Irrigation Energy	24.69	18.74	5.95
Irrigation Repairs	1.31	2.35	(1.04)
Operating Power & Crop Machinery	46.81	43.91	2.90
Building Repairs	1.25	1.38	(0.13)
Hired Labor	7.08	9.09	(2.01)
Utilities	3.33	3.44	(0.11)
Miscellaneous	9.35	11.49	(2.14)
Land Rent	0.00	0.00	0.00
Operating Interest	6.11	5.82	0.29
Total Direct Expenses	\$182.45	\$187.51	(\$5.06)
Return Over Direct Expenses	\$66.77	\$53.05	\$13.72
Allocated Expenses			
Machinery & Building Depreciation	31.23	30.54	0.69
Real Estate & Personal Property Taxes	1.63	1.28	0.35
Farm Insurance	5.63	4.80	0.83
Interest	5.29	5.04	0.25
Total Allocated Expenses	\$43.78	\$41.66	\$2.12
Total Listed Expenses	\$226.23	\$229.17	(\$2.94)
Net Return	\$22.99	\$11.39	\$11.60
Supplementary Management Information			
Total Direct Expense Per Bushel	1.72	1.80	-0.08
Total Listed Expense Per Bushel	2.14	2.20	-0.06
Net Return Per Bushel	(\$0.30)	(\$0.32)	\$0.02
Labor & Management Charge Per Acre	29.78	23.12	6.66
Net Return Over Labor & Management	(\$6.79)	(\$11.73)	\$4.94
Estimated Labor Hours Per Acre	2.66	2.33	0.33
Machinery Cost Per Acre	\$81.64	\$78.20	\$3.44

Table 14: Dryland Corn on All Tenure Types, 2005*

	Average Of Efficient Farms	Average Of All Farms	Difference
Number of Fields	24	169	
Number of Farms	10	47	
Acres	102.98	74.72	28.26
Bushel Yield per Acre	109.74	114.84	-5.10
Operator's Share of the Yield %	75.90%	78.23%	-0.02
Value per Bushel at Harvest	\$1.82	\$1.85	-0.03
Total Product Return	151.59	166.20	(\$14.61)
Miscellaneous Income	34.55	21.14	13.41
Gross Return	\$186.14	\$187.34	(\$1.20)
Direct Expenses			
Seed	28.03	32.23	(4.20)
Fertilizer	30.19	31.81	(1.62)
Crop Chemicals	24.25	22.49	1.76
Crop Insurance	4.29	7.06	(2.77)
Drying Fuel	0.38	0.29	0.09
Irrigation Energy	0.00	0.00	0.00
Irrigation Repairs	0.00	0.00	0.00
Operating Power & Crop Machinery	42.44	36.48	5.96
Building Repairs	2.08	1.16	0.92
Hired Labor	6.05	10.54	(4.49)
Utilities	3.96	3.05	0.91
Miscellaneous	6.07	6.79	(0.72)
Land Rent	21.02	23.21	(2.19)
Operating Interest	3.23	5.95	(2.72)
Total Direct Expenses	171.99	181.06	(\$9.07)
Return Over Direct Expenses	\$14.15	\$6.28	\$7.87
Allocated Expenses			
Machinery & Building Depreciation	18.44	21.63	(3.19)
Real Estate & Personal Property Taxes	3.82	5.93	(2.11)
Farm Insurance	5.87	4.33	1.54
Interest	1.89	7.46	(5.57)
Total Allocated Expenses	\$30.02	\$39.35	(\$9.33)
Total Listed Expenses	\$202.01	\$220.41	(\$18.40)
Net Return	(\$15.87)	(\$33.07)	\$17.20
Supplementary Management Information			
Total Direct Expense Per Bushel	2.06	2.02	0.04
Total Listed Expense Per Bushel	2.43	2.45	-0.02
Net Return Per Bushel	(\$0.61)	(\$0.60)	(\$0.01)
Labor & Management Charge Per Acre	33.58	24.58	9.00
Net Return Over Labor & Management	(\$49.45)	(\$57.65)	\$8.20
Estimated Labor Hours Per Acre	2.59	2.38	0.21
Machinery Cost Per Acre	\$60.93	\$58.27	\$2.66

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

Table 15: Dryland Corn on Share Rented Land, 2005*

	Average Of Efficient Farms	Average Of All Farms	Difference
Number of Fields	17	84	
Number of Farms	10	31	
Acres	86.73	76.28	10.45
Bushel Yield per Acre	106.11	118.56	-12.45
Operator's Share of the Yield %	58.21%	58.45%	-0.24%
Value per Bushel at Harvest	\$1.85	\$1.85	0.00
Total Product Return	\$114.27	\$128.20	(\$13.93)
Miscellaneous Income	26.45	11.04	15.41
Gross Return	\$140.72	\$139.24	\$1.48
Direct Expenses			
Seed	25.67	30.08	(4.41)
Fertilizer	23.31	24.34	(1.03)
Crop Chemicals	19.88	16.90	2.98
Crop Insurance	3.47	5.62	(2.15)
Drying Fuel	0.36	0.17	0.19
Irrigation Energy	0.00	0.00	0.00
Irrigation Repairs	0.00	0.00	0.00
Operating Power & Crop Machinery	42.23	30.60	11.63
Building Repairs	1.96	0.76	1.20
Hired Labor	8.17	10.66	(2.49)
Utilities	3.50	2.56	0.94
Miscellaneous	6.40	5.16	1.24
Land Rent	0.00	0.00	0.00
Operating Interest	4.11	5.67	(1.56)
Total Direct Expenses	139.06	132.52	\$6.54
Return Over Direct Expenses	\$1.66	\$6.72	(\$5.06)
Allocated Expenses			
Machinery & Building Depreciation	20.58	22.60	(2.02)
Real Estate & Personal Property Taxes	0.60	1.62	(1.02)
Farm Insurance	5.65	3.85	1.80
Interest	2.66	2.36	0.30
Total Allocated Expenses	\$29.49	\$30.43	(\$0.94)
Total Listed Expenses	\$168.55	\$162.95	\$5.60
Net Return	(\$27.83)	(\$23.71)	(\$4.12)
Supplementary Management Information			
Total Direct Expense Per Bushel	2.25	1.91	0.34
Total Listed Expense Per Bushel	2.73	2.35	0.38
Net Return Per Bushel	(\$0.88)	(\$0.50)	(\$0.38)
Labor & Management Charge Per Acre	29.52	23.07	6.45
Net Return Over Labor & Management	(\$57.35)	(\$46.78)	(\$10.57)
Estimated Labor Hours Per Acre	2.46	2.25	0.21
Machinery Cost Per Acre	\$63.76	\$54.50	\$9.26

Table 16: Irrigated Soybeans on All Tenure Types, 2005*

	Average Of Efficient Farms	Average Of All Farms	Difference
Number of Fields	32	102	
Number of Farms	10	35	
Acres	95.26	115.88	-20.62
Bushel Yield per Acre	62.78	60.91	1.87
Operator's Share of the Yield %	70.37%	80.42%	-10.05%
Value per Bushel at Harvest	\$5.26	\$5.56	-0.30
Total Product Return	\$232.38	\$272.35	(\$39.97)
Miscellaneous Income	0.08	3.77	-3.69
Gross Return	\$232.46	\$276.12	(\$43.66)
Direct Expenses			
Seed	29.19	33.06	(3.87)
Fertilizer	6.32	5.30	1.02
Crop Chemicals	15.02	17.71	(2.69)
Crop Insurance	6.24	6.79	(0.55)
Drying Fuel	0.00	0.00	0.00
Irrigation Energy	27.74	25.18	2.56
Irrigation Repairs	1.75	4.51	(2.76)
Operating Power & Crop Machinery	40.31	42.02	(1.71)
Building Repairs	1.54	1.62	(0.08)
Hired Labor	6.95	9.92	(2.97)
Utilities	2.45	3.24	(0.79)
Miscellaneous	7.74	9.75	(2.01)
Land Rent	17.46	38.21	(20.75)
Operating Interest	5.94	7.20	(1.26)
Total Direct Expenses	\$168.65	\$204.51	(\$35.86)
Return Over Direct Expenses	\$63.81	\$71.61	(\$7.80)
Allocated Expenses			
Machinery & Building Depreciation	27.31	27.86	(0.55)
Real Estate & Personal Property Taxes	7.11	9.05	(1.94)
Farm Insurance	4.83	4.49	0.34
Interest	9.15	14.10	(4.95)
Total Allocated Expenses	\$48.40	\$55.50	(\$7.10)
Total Listed Expenses	\$217.05	\$260.01	(\$42.96)
Net Return	\$15.41	\$16.11	(\$0.70)
Supplementary Management Information			
Total Direct Expense Per Bushel	3.82	4.18	-0.36
Total Listed Expense Per Bushel	4.91	5.31	-0.40
Net Return Per Bushel	\$0.35	\$0.25	\$0.10
Labor & Management Charge Per Acre	23.05	20.96	2.09
Net Return Over Labor & Management	(\$7.64)	(\$4.85)	(\$2.79)
Estimated Labor Hours Per Acre	2.15	2.09	0.06
Machinery Cost Per Acre	\$69.68	\$70.84	(\$1.16)

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

Table 17: Irrigated Soybeans on Owned Land, 2005 *

	<u>Average of Efficient Farms</u>	<u>Average Of All Farms</u>	<u>Difference</u>
Number of Fields	7	23	
Number of Farms	5	19	
Acres	68.66	136.15	-67.49
Bushel Yield per Acre	53.17	58.96	-5.79
Operator's Share of the Yield %	100.00%	100.00%	0.00%
Value per Bushel at Harvest	\$5.69	\$5.63	0.06
Total Product Return	\$302.54	\$331.94	(\$29.40)
Miscellaneous Income	0.32	3.53	-3.21
Gross Return	\$302.86	\$335.47	(\$32.61)
Direct Expenses			
Seed	34.73	35.79	(1.06)
Fertilizer	6.70	5.69	1.01
Crop Chemicals	21.21	17.65	3.56
Crop Insurance	7.30	7.43	(0.13)
Drying Fuel	0.00	0.00	0.00
Irrigation Energy	27.54	28.23	(0.69)
Irrigation Repairs	0.85	6.42	(5.57)
Operating Power & Crop Machinery	40.60	44.73	(4.13)
Building Repairs	0.93	2.69	(1.76)
Hired Labor	8.22	11.19	(2.97)
Utilities	2.48	4.22	(1.74)
Miscellaneous	8.87	11.32	(2.45)
Land Rent	0.00	0.00	0.00
Operating Interest	2.78	8.28	(5.50)
Total Direct Expenses	\$162.21	\$183.64	(\$21.43)
Return Over Direct Expenses	\$140.65	\$151.83	(\$11.18)
Allocated Expenses			
Machinery & Building Depreciation	29.83	32.48	(2.65)
Real Estate & Personal Property Taxes	37.96	30.67	7.29
Farm Insurance	4.21	5.85	(1.64)
Interest	36.11	41.95	(5.84)
Total Allocated Expenses	\$108.11	\$110.95	(\$2.84)
Total Listed Expenses	\$270.32	\$294.59	(\$24.27)
Net Return	\$32.54	\$40.88	(\$8.34)
Supplementary Management Information			
Total Direct Expense Per Bushel	3.05	3.11	(0.06)
Total Listed Expense Per Bushel	5.08	5.00	0.08
Net Return Per Bushel	\$0.61	\$0.63	(\$0.02)
Labor & Management Charge Per Acre	25.46	25.69	-0.23
Net Return Over Labor & Management	\$7.08	\$15.19	(\$8.11)
Estimated Labor Hours Per Acre	2.10	2.48	-0.38
Machinery Cost Per Acre	\$70.61	\$75.45	(\$4.84)

Table 18: Irrigated Soybeans on Cash Rented Land, 2005 *

	<u>Average of Efficient Farms</u>	<u>Average Of All Farms</u>	<u>Difference</u>
Number of Fields	5	33	
Number of Farms	5	17	
Acres	112.04	108.44	3.60
Bushel Yield per Acre	65.23	59.69	5.54
Operator's Share of the Yield %	100.00%	100.00%	0.00%
Value per Bushel at Harvest	\$5.45	\$5.64	-0.19
Total Product Return	\$355.50	\$336.65	\$18.85
Miscellaneous Income	0.00	8.43	-8.43
Gross Return	\$355.50	\$345.08	\$10.42
Direct Expenses			
Seed	43.89	37.11	6.78
Fertilizer	9.79	7.25	2.54
Crop Chemicals	24.61	24.45	0.16
Crop Insurance	13.08	9.98	3.10
Drying Fuel	0.00	0.00	0.00
Irrigation Energy	34.07	26.54	7.53
Irrigation Repairs	3.87	4.32	(0.45)
Operating Power & Crop Machinery	41.64	45.01	(3.37)
Building Repairs	3.33	1.38	1.95
Hired Labor	3.05	8.99	(5.94)
Utilities	1.62	2.61	(0.99)
Miscellaneous	6.95	9.04	(2.09)
Land Rent	95.03	126.21	(31.18)
Operating Interest	3.76	7.18	(3.42)
Total Direct Expenses	\$284.69	\$310.07	(\$25.38)
Return Over Direct Expenses	\$70.81	\$35.01	\$35.80
Allocated Expenses			
Machinery & Building Depreciation	35.55	25.73	9.82
Real Estate & Personal Property Taxes	1.99	1.54	0.45
Farm Insurance	4.83	3.46	1.37
Interest	3.51	4.08	(0.57)
Total Allocated Expenses	\$45.88	\$34.81	\$11.07
Total Listed Expenses	\$330.57	\$344.88	(\$14.31)
Net Return	\$24.93	\$0.20	\$24.73
Supplementary Management Information			
Total Direct Expense Per Bushel	4.36	5.19	-0.83
Total Listed Expense Per Bushel	5.07	5.78	-0.71
Net Return Per Bushel	\$0.38	(\$0.14)	\$0.52
Labor & Management Charge Per Acre	24.65	18.43	6.22
Net Return Over Labor & Management	\$0.28	(\$18.23)	\$18.51
Estimated Labor Hours Per Acre	2.11	1.88	0.23
Machinery Cost Per Acre	\$78.93	\$71.39	\$7.54

Table 19: Irrigated Soybeans on Share Rented Land, 2005 *

	<u>Average of Efficient Farms</u>	<u>Average Of All Farms</u>	<u>Difference</u>
Number of Fields	20	46	
Number of Farms	10	25	
Acres	100.38	111.09	-10.71
Bushel Yield per Acre	64.40	62.95	1.45
Operator's Share of the Yield %	56.14%	56.18%	-0.04%
Value per Bushel at Harvest	\$5.02	\$5.41	-0.39
Total Product Return	\$181.49	\$191.33	(\$9.84)
Miscellaneous Income	0.05	0.66	-0.61
Gross Return	\$181.54	\$191.99	(\$10.45)
Direct Expenses			
Seed	23.76	28.56	(4.80)
Fertilizer	5.26	3.69	1.57
Crop Chemicals	10.86	13.04	(2.18)
Crop Insurance	4.08	4.15	(0.07)
Drying Fuel	0.00	0.00	0.00
Irrigation Energy	26.02	22.35	3.67
Irrigation Repairs	1.38	3.47	(2.09)
Operating Power & Crop Machinery	39.66	38.31	1.35
Building Repairs	1.19	1.12	0.07
Hired Labor	7.73	9.79	(2.06)
Utilities	2.67	2.81	(0.14)
Miscellaneous	7.91	9.56	(1.65)
Land Rent	0.00	0.00	0.00
Operating Interest	7.30	6.56	0.74
Total Direct Expenses	\$137.82	\$143.41	(\$5.59)
Return Over Direct Expenses	\$43.72	\$48.58	(\$4.86)
Allocated Expenses			
Machinery & Building Depreciation	24.41	26.52	(2.11)
Real Estate & Personal Property Taxes	1.16	1.06	0.10
Farm Insurance	4.99	4.37	0.62
Interest	4.27	4.04	0.23
Total Allocated Expenses	\$34.83	\$35.99	(\$1.16)
Total Listed Expenses	\$172.65	\$179.40	(\$6.75)
Net Return	\$8.89	\$12.59	(\$3.70)
Supplementary Management Information			
Total Direct Expense Per Bushel	3.81	4.06	-0.25
Total Listed Expense Per Bushel	4.78	5.07	-0.29
Net Return Per Bushel	\$0.24	\$0.34	(\$0.10)
Labor & Management Charge Per Acre	22.02	19.83	2.19
Net Return Over Labor & Management	(\$13.13)	(\$7.24)	(\$5.89)
Estimated Labor Hours Per Acre	2.18	2.01	0.17
Machinery Cost Per Acre	\$66.87	\$67.63	(\$0.76)

Table 20: Dryland Soybeans on All Tenure Types, 2005*

	Average Of Efficient Farms	Average Of All Farms	Difference
Number of Fields	24	147	
Number of Farms	10	40	
Acres	105.71	71.19	34.52
Bushel Yield per Acre	41.60	43.30	-1.70
Operator's Share of the Yield %	78.48%	79.51%	-1.03%
Value per Bushel at Harvest	\$5.65	\$5.70	-0.05
Total Product Return	\$184.46	\$196.24	(\$11.78)
Miscellaneous Income	0.00	0.27	-0.27
Gross Return	\$184.46	\$196.51	(\$12.05)
Direct Expenses			
Seed	28.49	32.13	(3.64)
Fertilizer	2.25	4.44	(2.19)
Crop Chemicals	17.51	16.44	1.07
Crop Insurance	4.37	6.30	(1.93)
Drying Fuel	0.00	0.00	0.00
Irrigation Energy	0.00	0.00	0.00
Irrigation Repairs	0.00	0.00	0.00
Operating Power & Crop Machinery	37.82	32.24	5.58
Building Repairs	1.90	0.89	1.01
Hired Labor	3.93	8.14	(4.21)
Utilities	3.36	2.50	0.86
Miscellaneous	6.38	5.99	0.39
Land Rent	25.67	26.67	(1.00)
Operating Interest	2.46	5.33	(2.87)
Total Direct Expenses	\$134.14	\$141.07	(\$6.93)
Return Over Direct Expenses	\$50.32	\$55.44	(\$5.12)
Allocated Expenses			
Machinery & Building Depreciation	17.28	19.13	(1.85)
Real Estate & Personal Property Taxes	3.63	5.60	(1.97)
Farm Insurance	4.94	3.69	1.25
Interest	1.46	5.54	(4.08)
Total Allocated Expenses	\$27.31	\$33.96	(\$6.65)
Total Listed Expenses	\$161.45	\$175.03	(\$13.58)
Net Return	\$23.01	\$21.48	\$1.53
Supplementary Management Information			
Total Direct Expense Per Bushel	4.11	4.10	0.01
Total Listed Expense Per Bushel	4.95	5.08	-0.13
Net Return Per Bushel	\$0.70	\$0.62	\$0.08
Labor & Management Charge Per Acre	26.71	20.87	5.84
Net Return Over Labor & Management	(\$3.70)	\$0.61	(\$4.31)
Estimated Labor Hours Per Acre	1.99	1.98	0.01
Machinery Cost Per Acre	\$54.47	\$51.41	\$3.06

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

Table 21: Dryland Soybeans on Cash Rented Land, 2005*

	Average Of Efficient Farms	Average Of All Farms	Difference
Number of Fields	5	44	
Number of Farms	5	22	
Acres	188.72	75.15	113.57
Bushel Yield per Acre	43.60	43.48	0.12
Operator's Share of the Yield %	100.00%	100.00%	0.00%
Value per Bushel at Harvest	\$5.68	\$5.70	-0.02
Total Product Return	\$247.65	\$247.84	(\$0.19)
Miscellaneous Income	0.00	0.05	-0.05
Gross Return	\$247.65	\$247.89	(\$0.24)
Direct Expenses			
Seed	33.00	34.11	(1.11)
Fertilizer	2.41	5.85	(3.44)
Crop Chemicals	26.26	22.23	4.03
Crop Insurance	6.68	8.29	(1.61)
Drying Fuel	0.00	0.00	0.00
Irrigation Energy	0.00	0.00	0.00
Irrigation Repairs	0.00	0.00	0.00
Operating Power & Crop Machinery	38.50	33.29	5.21
Building Repairs	2.58	1.34	1.24
Hired Labor	1.91	6.81	(4.90)
Utilities	4.39	2.40	1.99
Miscellaneous	6.05	4.99	1.06
Land Rent	69.02	84.40	(15.38)
Operating Interest	0.62	3.36	(2.74)
Total Direct Expenses	\$191.42	\$207.07	(\$15.65)
Return Over Direct Expenses	\$56.23	\$40.82	\$15.41
Allocated Expenses			
Machinery & Building Depreciation	12.93	14.36	(1.43)
Real Estate & Personal Property Taxes	0.15	1.09	(0.94)
Farm Insurance	5.09	3.79	1.30
Interest	0.00	1.21	(1.21)
Total Allocated Expenses	\$18.17	\$20.45	(\$2.28)
Total Listed Expenses	\$209.59	\$227.52	(\$17.93)
Net Return	\$38.06	\$20.37	\$17.69
Supplementary Management Information			
Total Direct Expense Per Bushel	4.39	4.76	-0.37
Total Listed Expense Per Bushel	4.81	5.23	-0.42
Net Return Per Bushel	\$0.87	\$0.47	\$0.40
Labor & Management Charge Per Acre	32.93	20.90	12.03
Net Return Over Labor & Management	\$5.13	(\$0.53)	\$5.66
Estimated Labor Hours Per Acre	2.14	1.93	0.21
Machinery Cost Per Acre	\$49.15	\$46.80	\$2.35

Table 22: Dryland Soybeans on Share Rented Land, 2005*

	Average Of Efficient Farms	Average Of All Farms	Difference
Number of Fields	16	74	
Number of Farms	10	29	
Acres	84.10	71.74	12.36
Bushel Yield per Acre	40.20	42.75	-2.55
Operator's Share of the Yield %	58.02%	59.09%	-1.07%
Value per Bushel at Harvest	\$5.63	\$5.68	-0.05
Total Product Return	\$131.31	\$143.48	(\$12.17)
Miscellaneous Income	0.01	0.33	-0.32
Gross Return	\$131.32	\$143.81	(\$12.49)
Direct Expenses			
Seed	25.25	32.11	(6.86)
Fertilizer	2.45	3.75	(1.30)
Crop Chemicals	11.82	12.96	(1.14)
Crop Insurance	3.01	4.68	(1.67)
Drying Fuel	0.00	0.00	0.00
Irrigation Energy	0.00	0.00	0.00
Irrigation Repairs	0.00	0.00	0.00
Operating Power & Crop Machinery	36.44	28.81	7.63
Building Repairs	1.34	0.54	0.80
Hired Labor	5.54	7.92	(2.38)
Utilities	2.87	2.08	0.79
Miscellaneous	6.40	4.51	1.89
Land Rent	0.00	0.00	0.00
Operating Interest	4.06	5.66	(1.60)
Total Direct Expenses	\$99.18	\$103.02	(\$3.84)
Return Over Direct Expenses	\$32.14	\$40.79	(\$8.65)
Allocated Expenses			
Machinery & Building Depreciation	18.36	18.90	(0.54)
Real Estate & Personal Property Taxes	0.52	1.40	(0.88)
Farm Insurance	5.01	3.38	1.63
Interest	1.95	1.87	0.08
Total Allocated Expenses	\$25.84	\$25.55	\$0.29
Total Listed Expenses	\$125.02	\$128.57	(\$3.55)
Net Return	\$6.30	\$15.24	(\$8.94)
Supplementary Management Information			
Total Direct Expense Per Bushel	4.25	4.08	0.17
Total Listed Expense Per Bushel	5.36	5.09	0.27
Net Return Per Bushel	\$0.27	\$0.59	(\$0.32)
Labor & Management Charge Per Acre	23.72	20.30	3.42
Net Return Over Labor & Management	(\$17.42)	(\$5.06)	(\$12.36)
Estimated Labor Hours Per Acre	1.98	1.92	0.06
Machinery Cost Per Acre	\$55.41	\$48.29	\$7.12

Table 23: Gross Farm Income Trend, 2000-2005

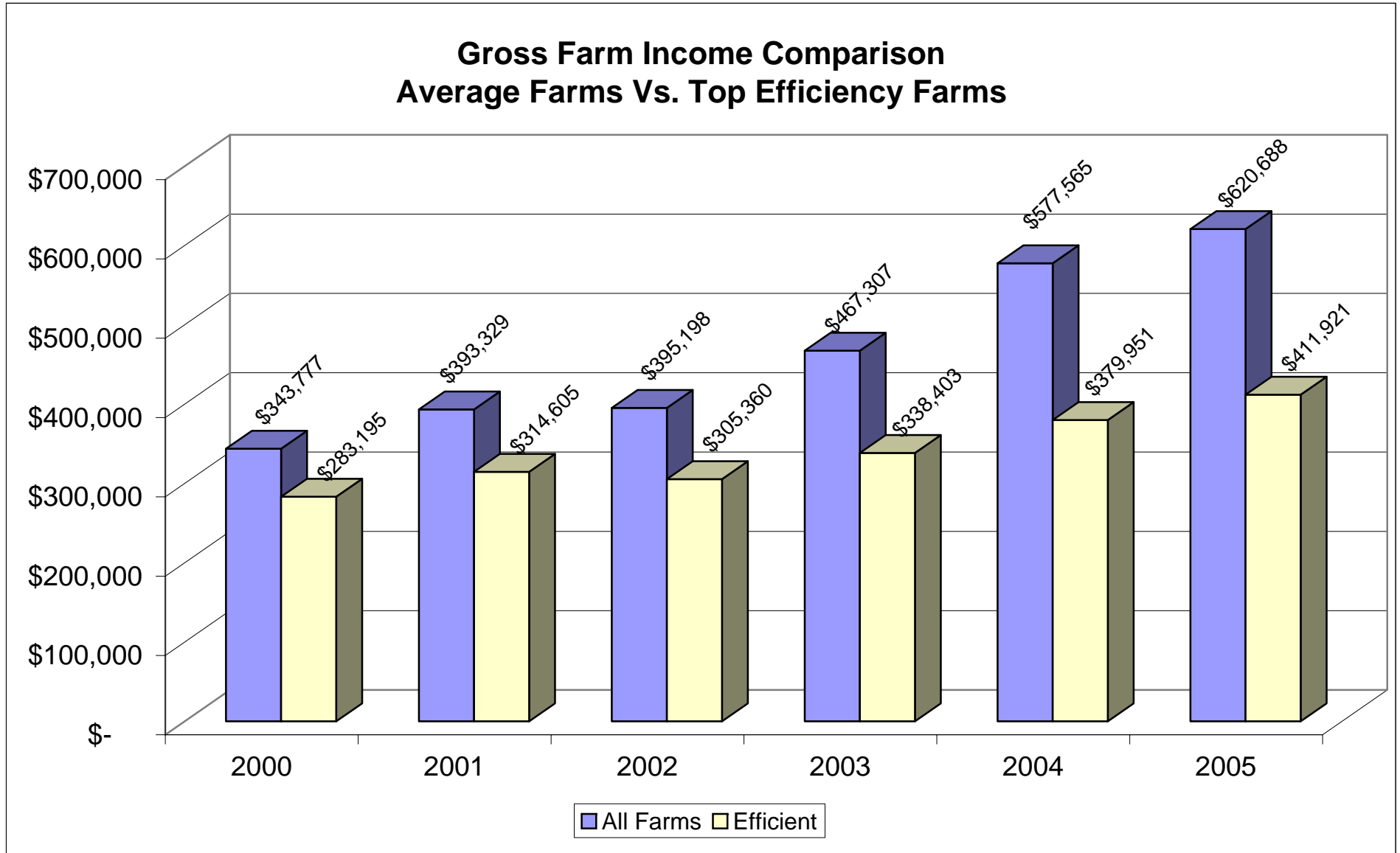


Table 24: Net Farm Income Trend, 2000-2005

**Net Farm Income Comparison
Average Farms Vs. Top Efficiency Farms**

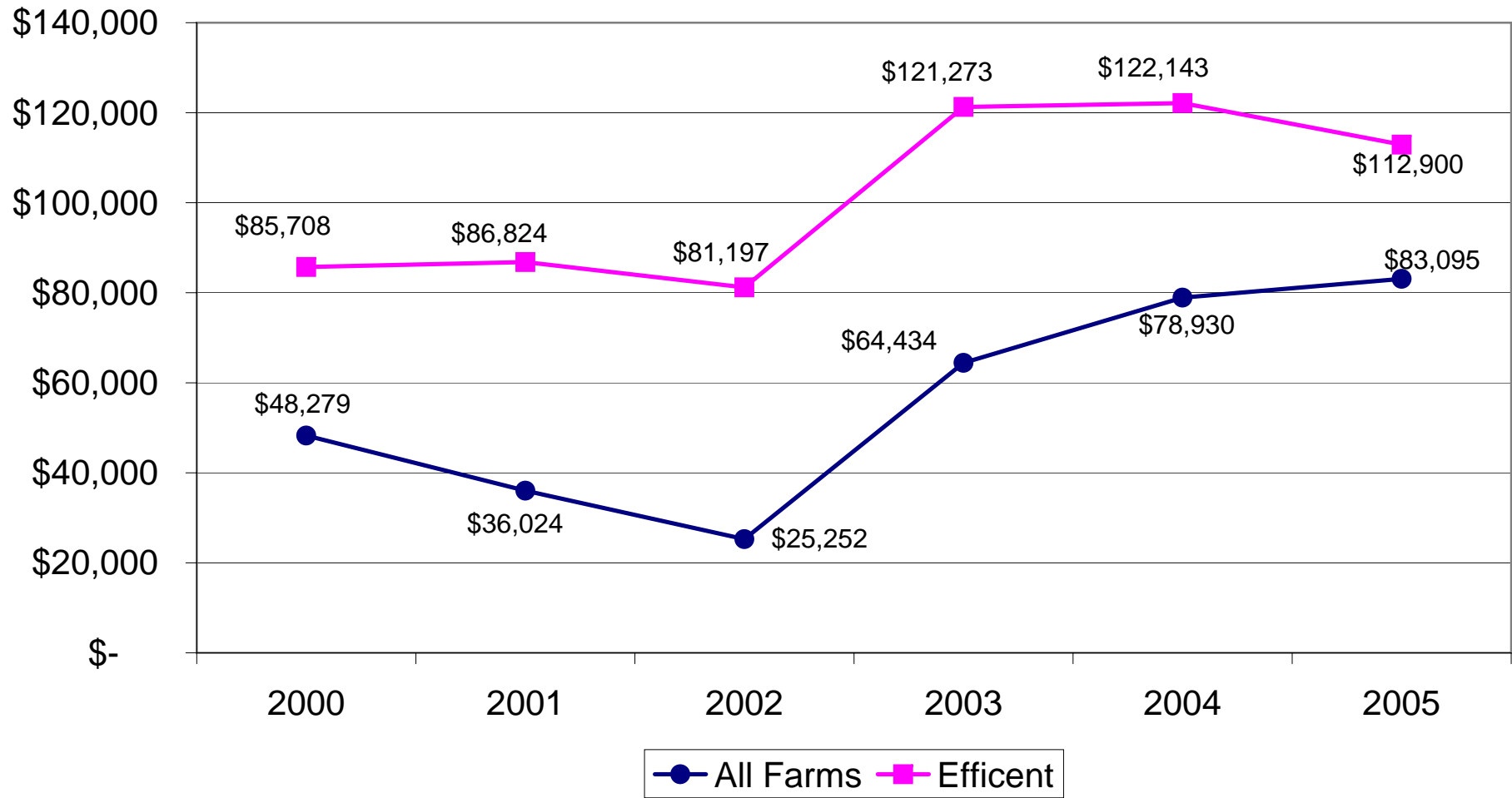


Table 25: Net Farm Income As a % of Gross Trend, 2000-2005

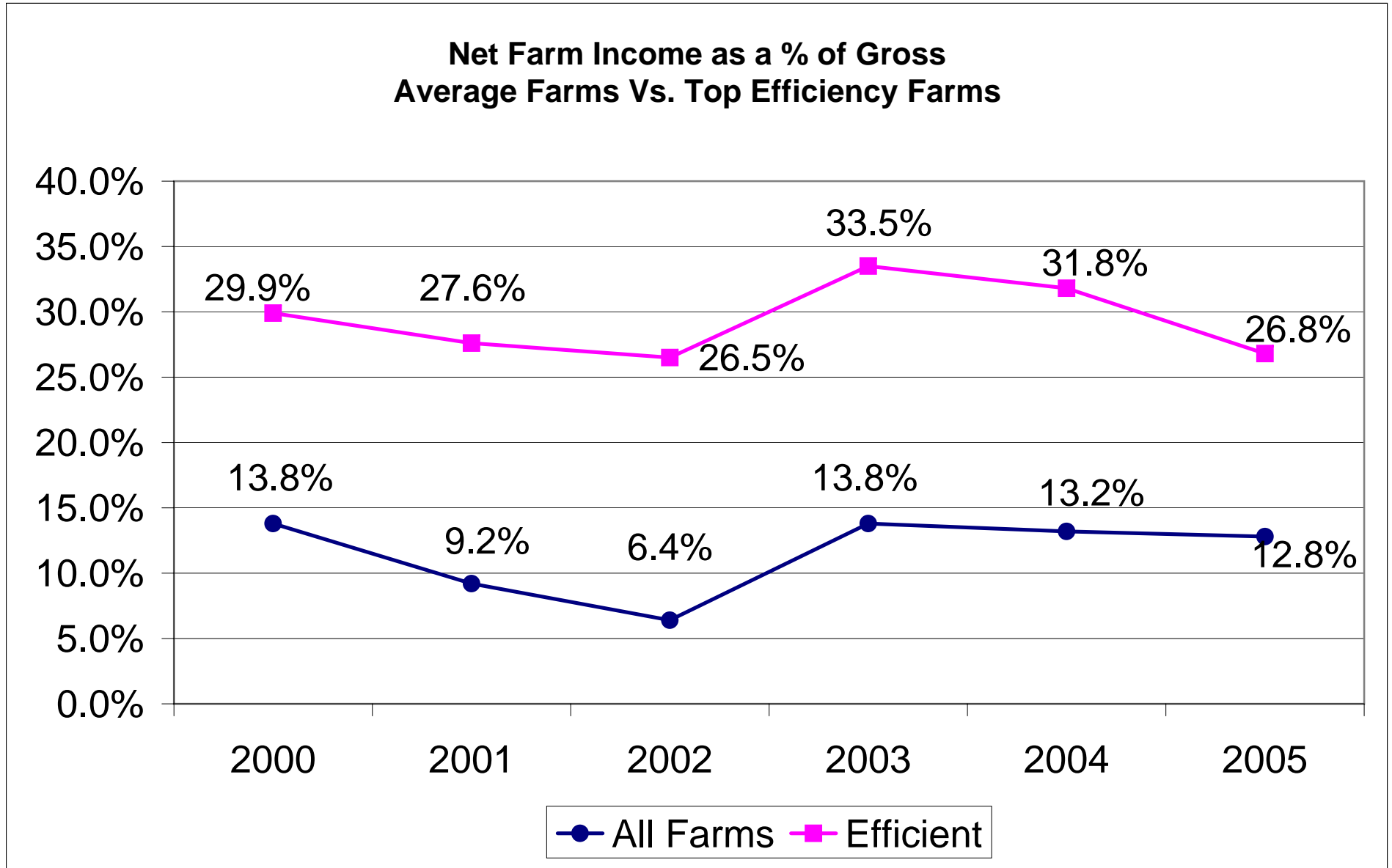


Table 26: Operating Expense Ratio Trend, 2000-2005

**Operating Expense Ratio
Average Farms vs. Top Efficiency Farms**

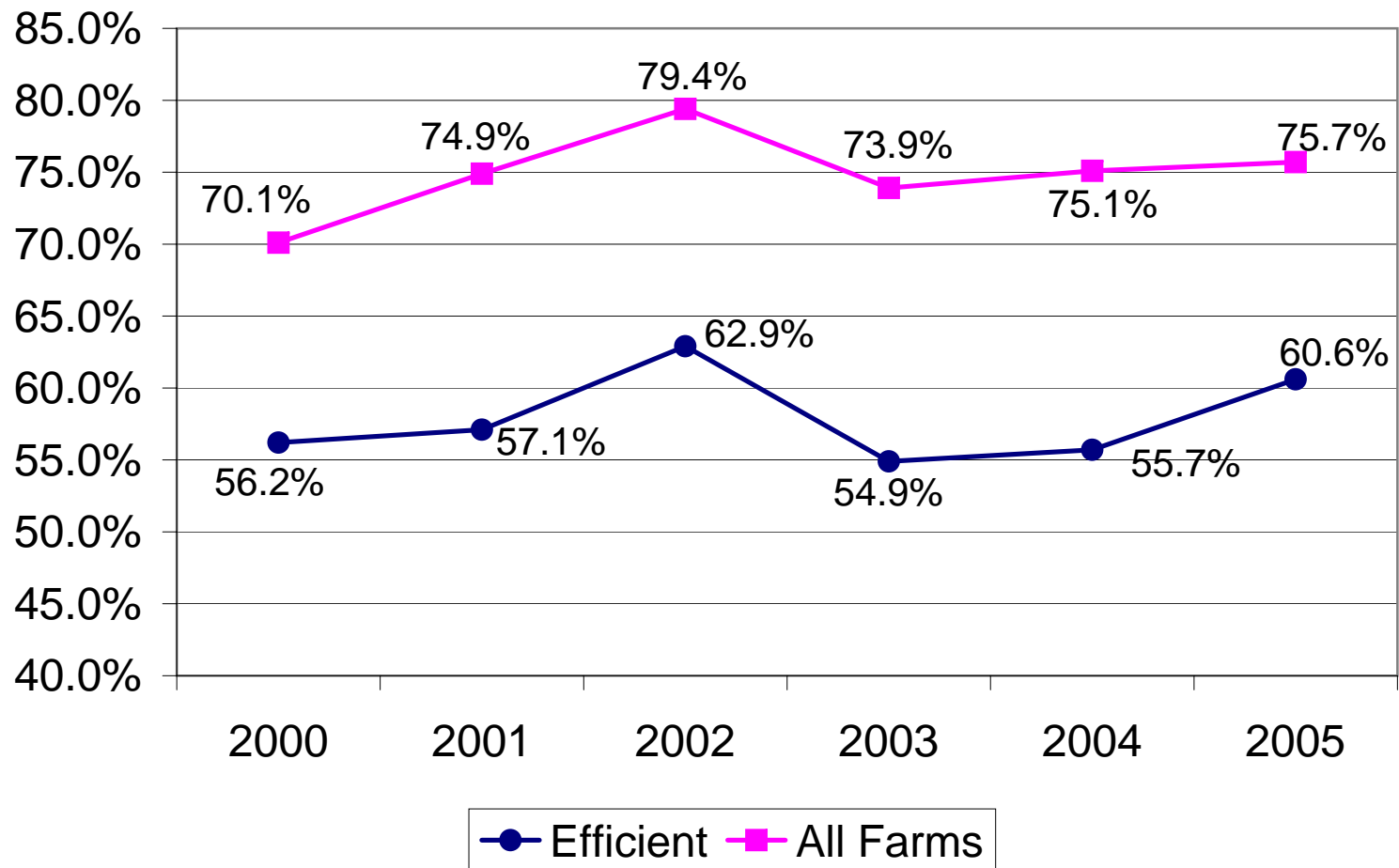


Table 27: Interest Expense Ratio Trend, 2000-2005

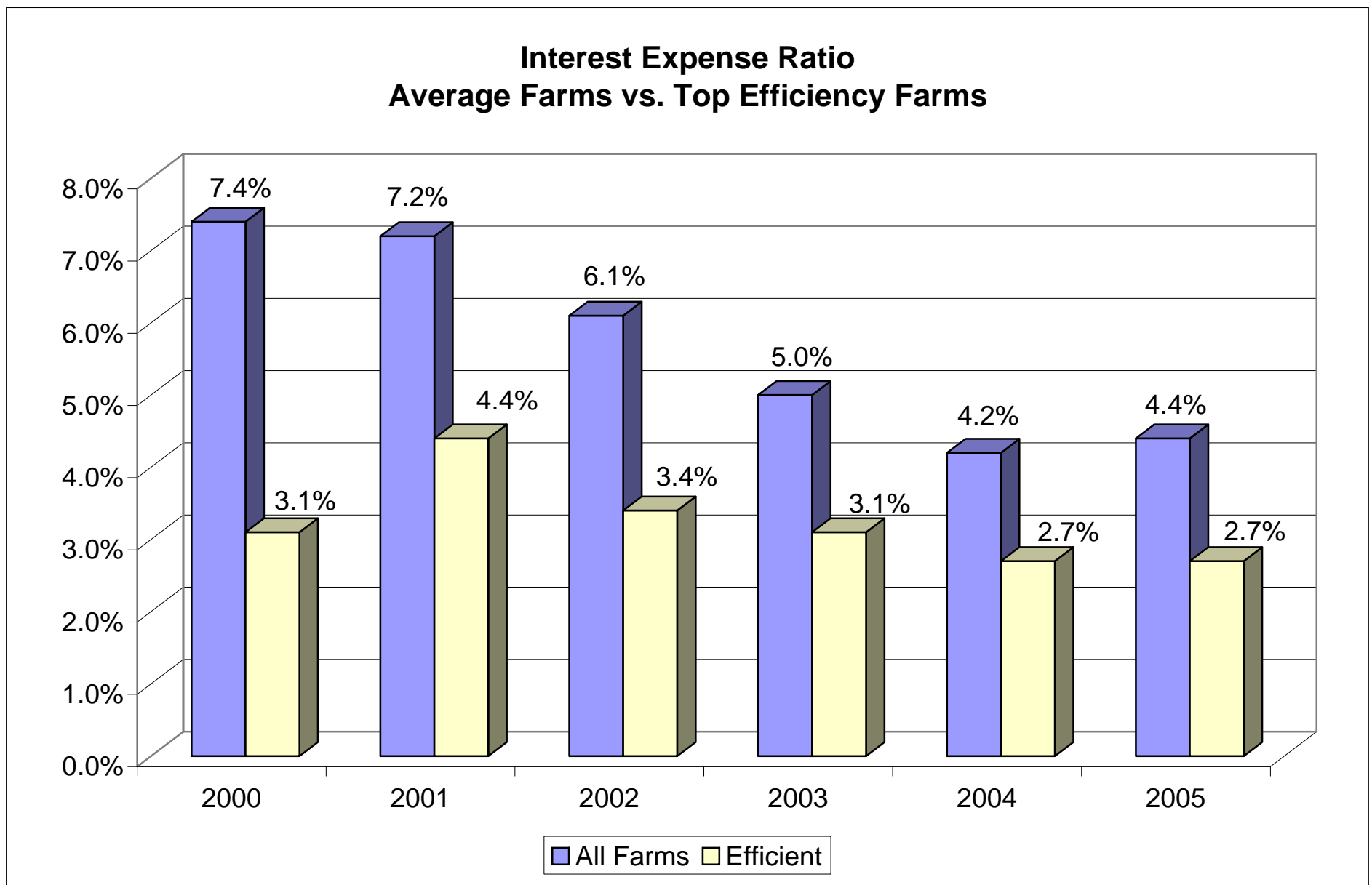


Table 28: Family Living Expense Trend, 2000-2005

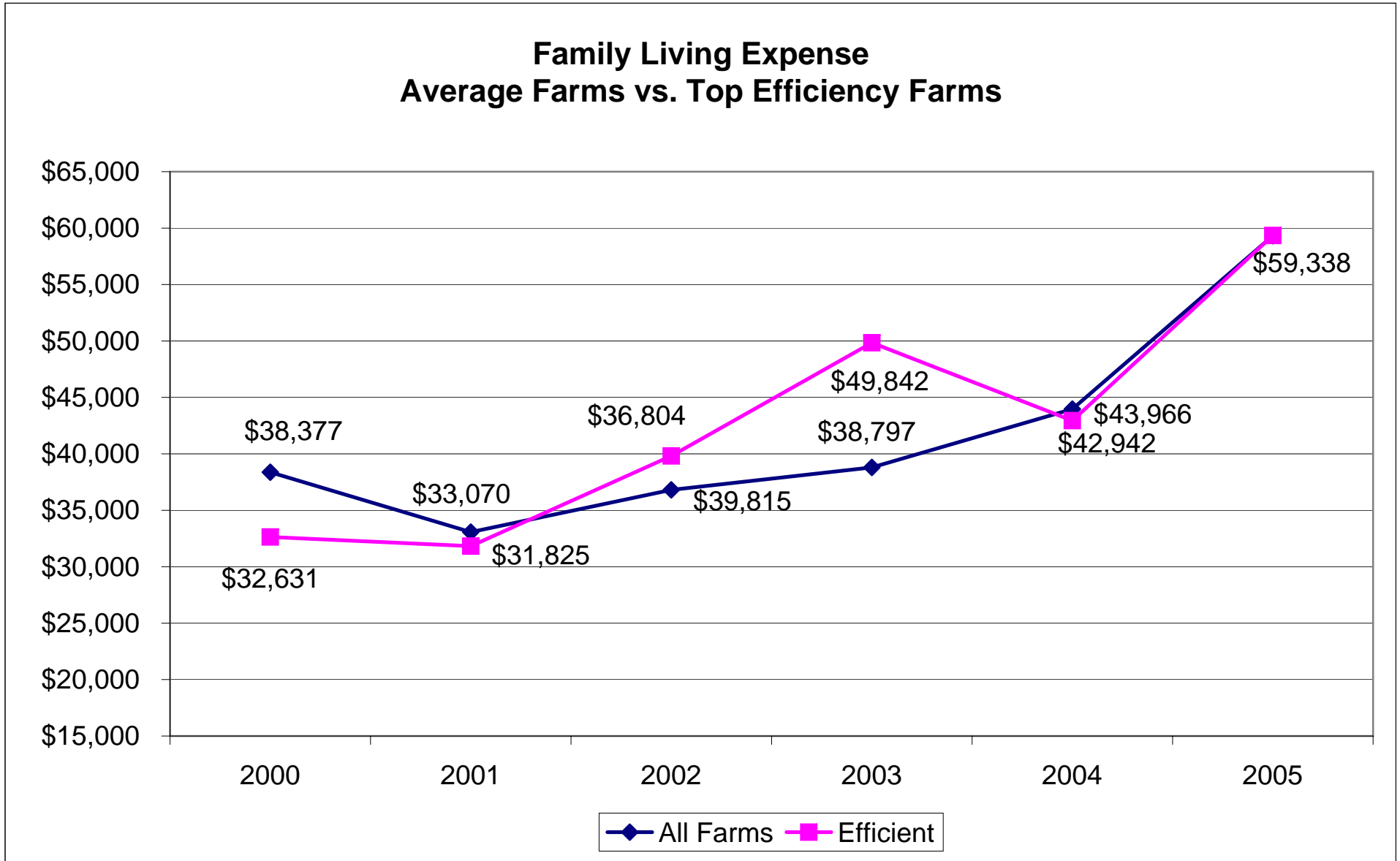


Table 29: Net Worth Trend, 2000-2005

**Net Worth Comparison
Average Farms vs. Top Efficiency Farms**

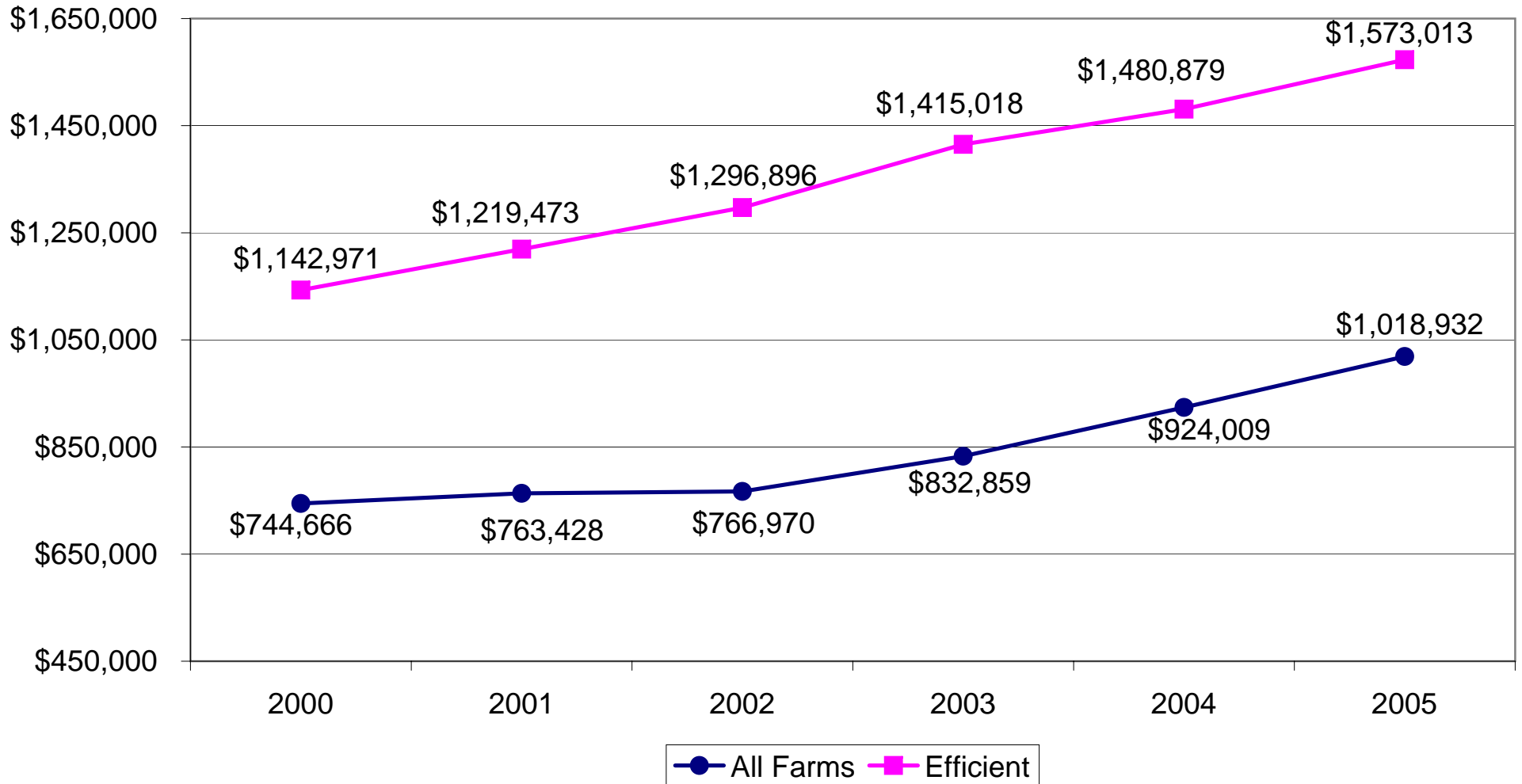


Table 30: Corn Price Received Trend, 2000-2004

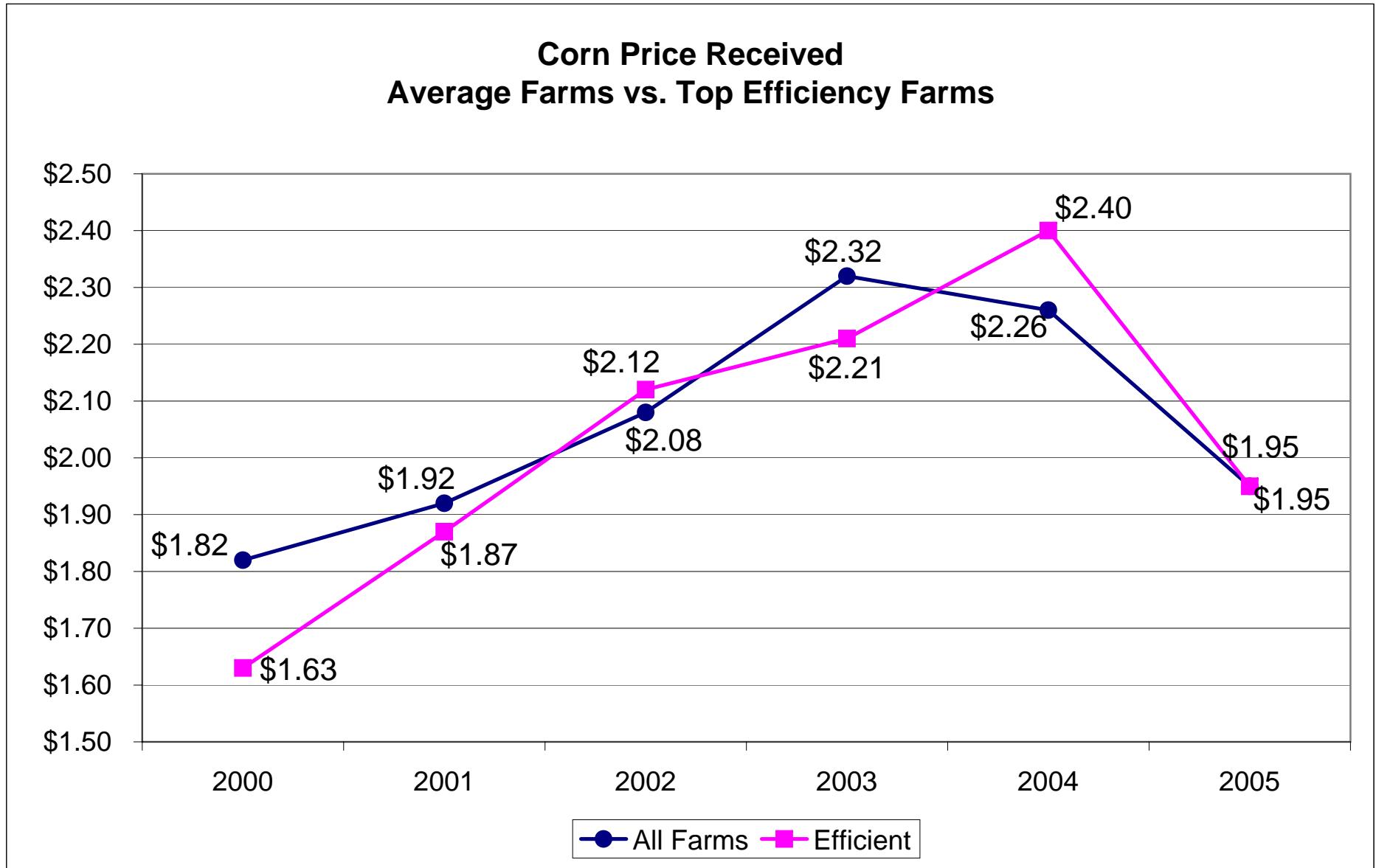
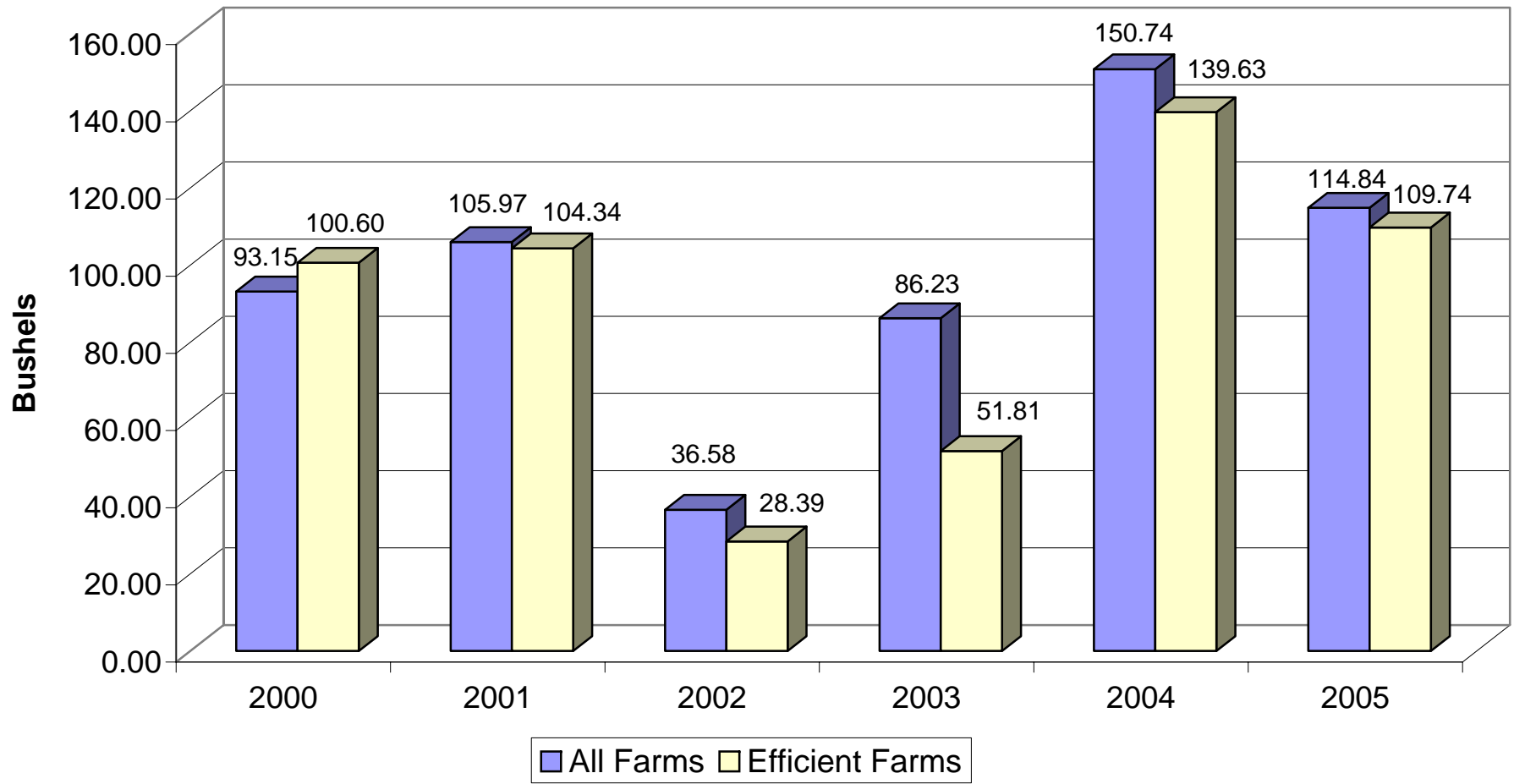


Table 31: Yield Comparison, 2000-2005

**Dryland Corn Yield Comparison
Average Farms vs. Top Efficient Farms**



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.

University of Nebraska Cooperative Extension
educational programs abide with the non-discrimination policies
of the University of Nebraska-Lincoln and the
United States Department of Agriculture