

# 2007 Nebraska Farm & Ranch Annual Report *Western*



UNIVERSITY OF  
**Nebraska**  
Lincoln  
University of Nebraska  
Cooperative Extension



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

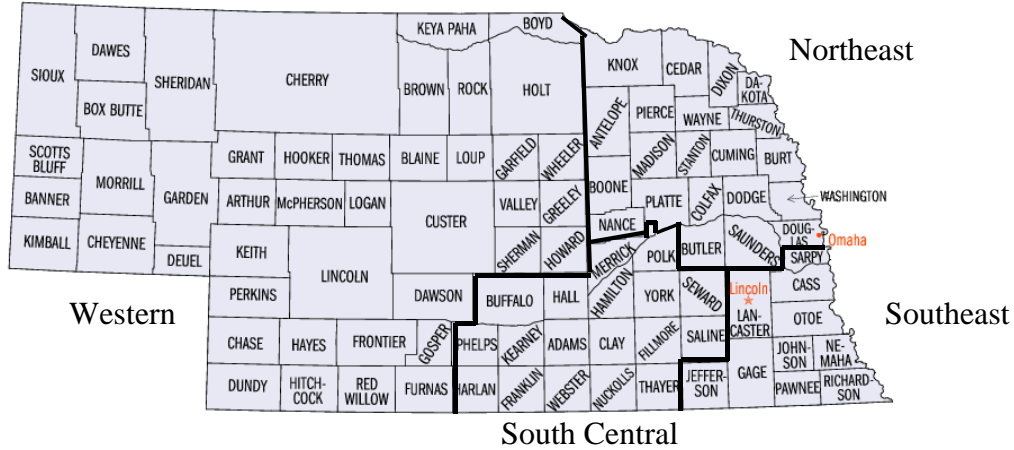
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## Regional Comments

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

The counties are split into the following four regions:



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

## NFBI Contact Information

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**Table 1: Western - Summary Information, 2007**

**Farm Income**

Gross Cash Farm Income	1,064,885
Inventory Change - Income Items	77,480
Gross Revenue	\$1,142,365
Cash Farm Operating Expenses	969,104
Interest Expense	49,159
Depreciation	45,375
Inventory Change - Expense Items	13,459
Total Farm Expense	\$1,077,097
<b>Net Accrual Farm Income</b>	<b>\$65,268</b>

**Net Worth Change**

Net Farm Income	(+) \$65,268
Non-Farm Income	(+) 23,440
Family Living/Owner Withdrawals	(-) 41,020
Income & Social Security Tax	(-) 5,746
Market Value Adjustment	(-) -\$9,546
<b>Earned Net Worth Change</b>	<b>(=) \$51,488</b>

**Ending Net Worth \*** \$1,344,289

\*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>
<b><u>Liquidity</u></b>		
Current Ratio	1.47	1.40
Working Capital	\$248,173	\$240,133
<b><u>Solvency (Market)</u></b>		
Debt to Asset Ratio	46%	47%
Debt to Equity Ratio	84%	89%
<b><u>Profitability (Cost)</u></b>		
Rate of Return on Assets		6.4%
Rate of Return on Equity		5.4%
Operating Profit Margin		14.5%
<b><u>Efficiency</u></b>		
Asset Turnover Rate (Cost)		43.9%
Operating Expense Ratio		83.9%
Depreciation Ratio		4.0%
Interest Expense Ratio		6.4%
Net Farm Income Ratio		5.7%

**Term Debt Coverage**

Balance Available for Term Debt	73,671
Average Intermediate Debt	179,809
Term Debt Coverage	158%

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**Table 2A: Western - Gross Cash Farm Income, 2007**

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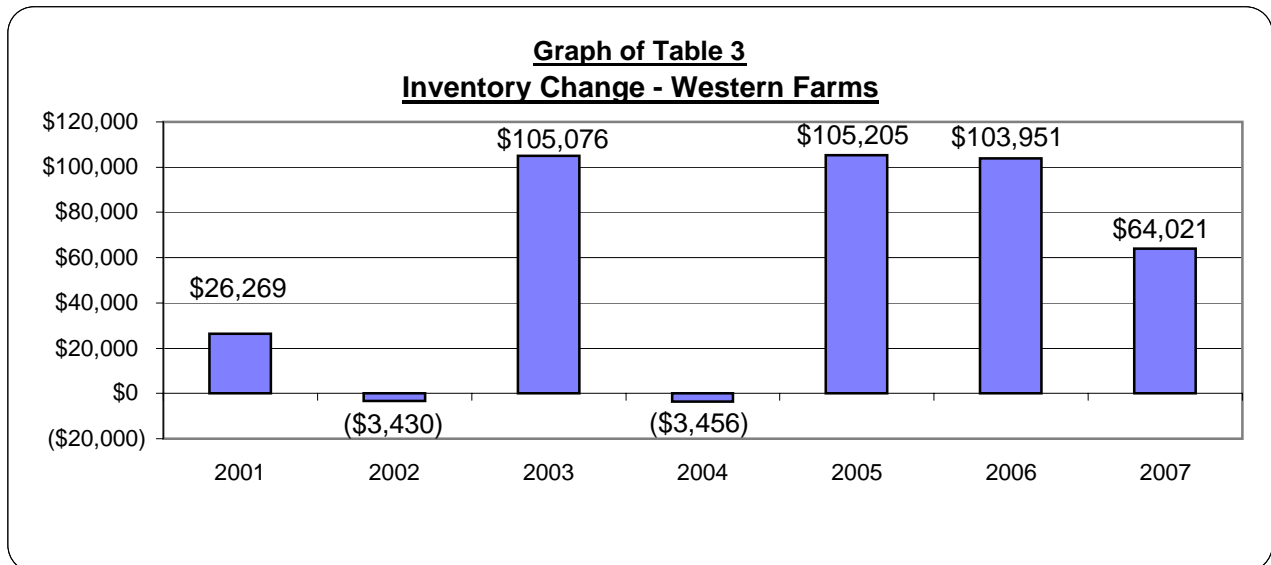
	<u>Average Of All Farms</u>
<b>Crop Income</b>	
Corn	205,455
Millet	0
Soybeans	11,700
Wheat	80,788
Hay Crops	4,017
Grain Sorghum	0
White Corn	0
Sugar Beets	8,898
Dry Edible Beans	15,234
Miscellaneous Crop Income	1,147
<b>Total Crop Income</b>	<b>\$327,239</b>
<b>Livestock and Product Income</b>	
Beef Finishing	362,781
Beef Calves	128,529
Background Beef	20,518
Farrow-to-Finish, Hogs	0
Finish Feeder Pigs	0
Dairy, Milk	0
Cull Breeding Livestock	15,762
Miscellaneous Livestock Income	9,208
<b>Total Livestock Income</b>	<b>\$536,798</b>
<b>Other Farm Income</b>	
LDP Payments	0
Direct & CC Govt Payments	24,740
CRP & Other Gov't Payments	1,076
Custom Work	3,724
Patronage Dividends, Cash	3,898
Insurance Income	15,649
Cash from Hedging Accounts	20,450
Contract Livestock Income	108,896
Other Miscellaneous Farm Income	22,415
<b>Total Other Farm Income</b>	<b>\$200,848</b>
<b>Gross Cash Farm Income</b>	<b>\$1,064,885</b>

**Table 2B: Western - Gross Cash Farm Expenses, 2007**

	Average Of All Farms
<b>Crop Expense</b>	
Seed	35,193
Fertilizer	94,649
Crop Chemicals	34,187
Crop Insurance	20,286
Irrigation Energy	35,091
Irrigation Repairs	5,080
Crop Marketing	723
Crop Miscellaneous	42,270
<b>Total Crop Expense</b>	<b>\$267,479</b>
<b>Livestock Expense</b>	
Feeder Livestock Purchases	243,746
Purchased Feed	104,951
Breeding Fees	2,586
Veterinary	9,735
Livestock Supplies	3,736
Livestock Leases	426
Grazing Fees	31,010
Livestock Marketing	12,236
Livestock Miscellaneous	8,012
<b>Total Livestock Expense</b>	<b>\$416,438</b>
<b>Other Farm Expense</b>	
Interest	49,159
Fuel and Oil	33,945
Repairs	39,825
Custom Hire	8,850
Hired Labor	46,185
Land Rent	30,567
Machinery and Building Lease	6,913
Real Estate Taxes	24,093
Personal Property Taxes	2,108
Farm Insurance	15,142
Utilities	6,546
Dues and Professional Fees	4,973
Hedging Account Deposits	55,207
Miscellaneous	10,833
<b>Total Other Cash Farm Expense</b>	<b>\$334,346</b>
<b>Total Cash Operating Expense</b>	<b>\$1,018,263</b>
<b>Summary</b>	
Gross Cash Farm Income (Table 2A)	\$1,064,885
- Total Cash Operating Expense	\$1,018,263
<b>= Net Cash Farm Income</b>	<b>\$46,622</b>

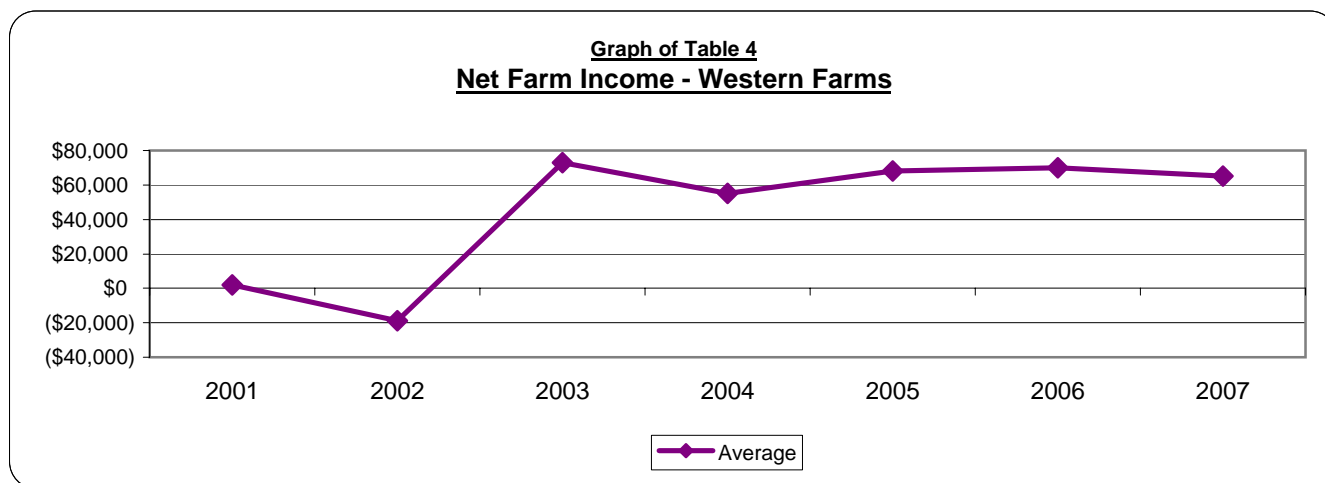
**Table 3: Western - Inventory Changes, 2007**

	Average Of All Farms
<b>Net Cash Farm Income</b>	\$46,622
<b>Crops and Feed</b>	
Ending Inventory	279,846
Beginning Inventory	236,006
Inventory Change	43,840
<b>Market Livestock</b>	
Ending Inventory	413,283
Beginning Inventory	353,616
Inventory Change	59,667
<b>Accounts Receivable &amp; Other Current Assets</b>	
Ending Inventory	52,496
Beginning Inventory	78,523
Inventory Change	-26,027
<b>Prepaid Expenses and Supplies</b>	
Ending Inventory	38,691
Beginning Inventory	32,836
Inventory Change	5,855
<b>Accounts Payable</b>	
Beginning Inventory	52,388
Ending Inventory	71,702
Inventory Change	-19,314
<b>Total Inventory Change</b>	\$64,021
<b>Net Accrual Operating Income</b>	\$110,643



**Table 4: Western - Depreciation and Other Capital Adjustments, 2007**

	Average Of <u>All Farms</u>
<b>Net Accrual Operating Income</b>	\$110,643
<b>Breeding Livestock</b>	
Ending Inventory	33,754
Capital Sales	483
Beginning Inventory	23,334
Capital Purchases	23,616
Depreciation & Capital Adjustments	-12,713
<b>Machinery and Equipment</b>	
Ending Inventory	163,632
Capital Sales	109
Beginning Inventory	135,269
Capital Purchases	64,869
Depreciation & Capital Adjustments	-36,397
<b>Buildings and Improvements</b>	
Ending Inventory	63,413
Capital Sales	0
Beginning Inventory	58,369
Capital Purchases	11,152
Depreciation & Capital Adjustments	-6,108
<b>Other Capital Assets</b>	
Ending Inventory	55,564
Capital Sales	13,074
Beginning Inventory	53,403
Capital Purchases	5,392
Depreciation & Capital Adjustments	9,843
<b>Total Depreciation &amp; Capital Adjustments</b>	-\$45,375
<b>Net Farm Income</b>	<b>\$65,268</b>



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**Table 5: Western - Profitability Analysis At Cost Value, 2007**

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	Average Of All Farms
<b>Profitability</b>	
Net Farm Income	\$65,268
Labor and Mgt. Earnings	\$21,153
Rate of Return on Assets	6.4%
Rate of Return on Equity	5.4%
Operating Profit Margin	14.5%
Asset Turnover Rate	43.9%
Interest on Farm Net Worth	\$44,111
Farm Interest Expense	\$73,580
Operator Labor & Mgt.	\$25,273
Return on Farm Assets	\$113,572
Average Farm Assets	\$1,779,975
Return on Farm Equity	\$39,992
Average Farm Equity	\$735,188
Value of Farm Production	\$780,952

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**Table 6: Western - Profitability Analysis At Market Value, 2007**

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	Average Of All Farms
<b>Profitability</b>	
Net Farm Income	\$61,202
Labor and Mgt. Earnings	-\$11,230
Rate of Return on Assets	4.9%
Rate of Return on Equity	3.0%
Operating Profit Margin	14.0%
Asset Turnover Rate	34.7%
Interest on Farm Net Worth	\$72,432
Farm Interest Expense	\$73,580
Operator Labor & Mgt.	\$25,273
Return on Farm Assets	\$109,509
Average Farm Assets	\$2,251,992
Return on Farm Equity	\$35,929
Average Farm Equity	\$1,207,204
Value of Farm Production	\$780,952

**Table 7: Western - Liquidity Analysis, 2007**

Average of  
All Farms

**Liquidity (Cash)**

Net Cash Farm Income	(+)	46,622
Net Non-Farm Income	(+)	23,440
Family Living and Taxes	(-)	47,467
Real Estate Principal Payments	(-)	12,943
Cash Available for Intern. Debt	(=)	9,648

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Average Intermediate Debt	\$179,809
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Years to Turnover Intern. Debt	18.6
Expense as a % of Income	96%
Interest as a % of Income	5%
Working Capital to Gross Income	23%

**Liquidity (Accrual)**

Total Accrual Farm Income	(+)	1,142,364
Total Accrual Farm Expense	(-)	1,031,723
Net Accrual Operating Income	(=)	110,641
Net Non-Farm Income	(+)	23,440
Family Living and Taxes	(-)	47,467
Real Estate Principle Payments	(-)	12,943
Cash & Inventory for Intern. Debt	(=)	73,671

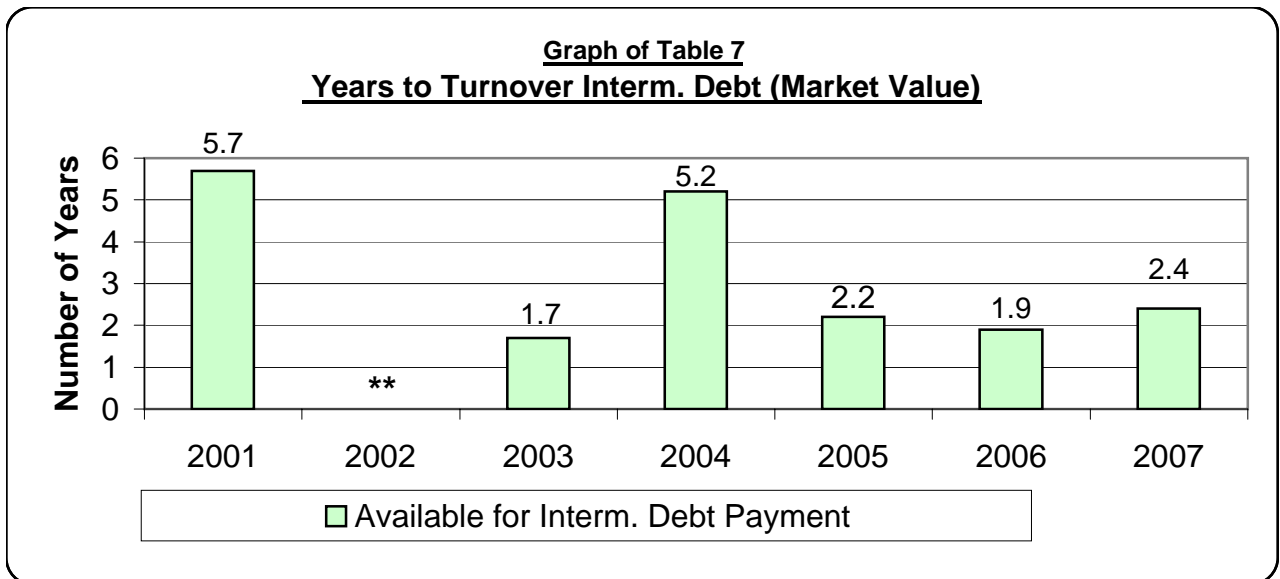
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Average Intermediate Debt	\$179,809
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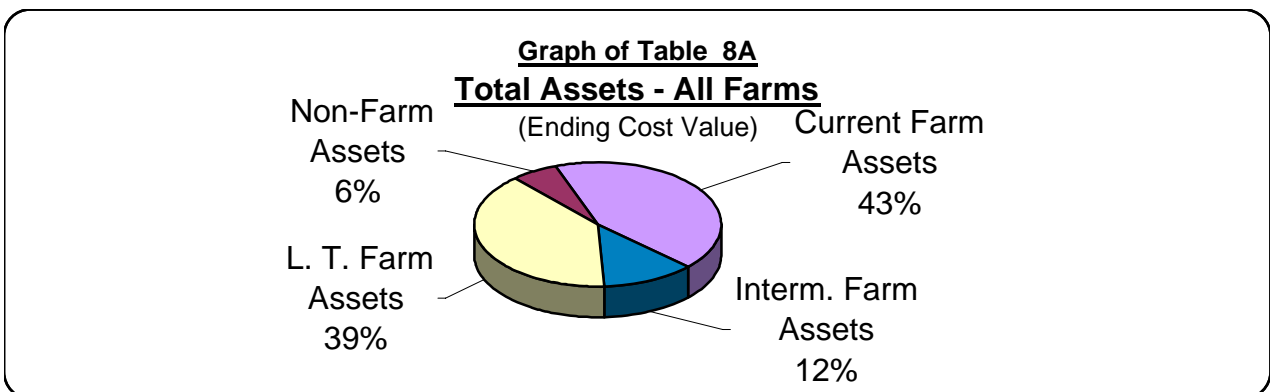
Years to Turnover Intern. Debt	2.4
Expense as a % of Income	90%
Interest as a % of Income	6%
Working Capital to Gross Income	21%

\*\* Income Insufficient to Meet Debt Servicing Requirements



**Table 8A: Western - Balance Sheet - Assets at Cost Value, 2007**

	Average Of All Farms	
	Beginning	Ending
<b>Current Farm Assets</b>		
Cash and Checking Accounts	72,784	50,912
Prepaid Expenses & Supplies	32,836	38,691
Growing Crops	16,751	14,058
Accounts Receivable	25,323	12,558
Hedging Accounts	36,449	25,880
Crops Held for Sale or Feed	236,006	237,278
Crops Under Government Loan	0	42,568
Market Livestock Held for Sale	353,616	413,283
Other Current Assets	0	0
<b>Total Current Farm Assets</b>	<b>\$773,765</b>	<b>\$835,228</b>
<b>Intermediate Farm Assets</b>		
Breeding Livestock	23,334	33,754
Machinery and Equipment	127,604	149,425
Titled Vehicles	7,665	14,207
Other Intermediate Assets	36,711	41,890
<b>Total Interm. Farm Assets</b>	<b>\$195,314</b>	<b>\$239,276</b>
<b>Long Term Farm Assets</b>		
Farm Land	669,200	695,020
Buildings and Improvements	58,369	63,413
Other Long Term Assets	16,693	13,674
<b>Total Long Term Farm Assets</b>	<b>\$744,262</b>	<b>\$772,107</b>
<b>Total Farm Assets</b>	<b>\$1,713,341</b>	<b>\$1,846,611</b>
Non-Farm Assets	108,488	120,574
<b>Total Farm &amp; Non-Farm Assets</b>	<b>\$1,821,829</b>	<b>\$1,967,185</b>

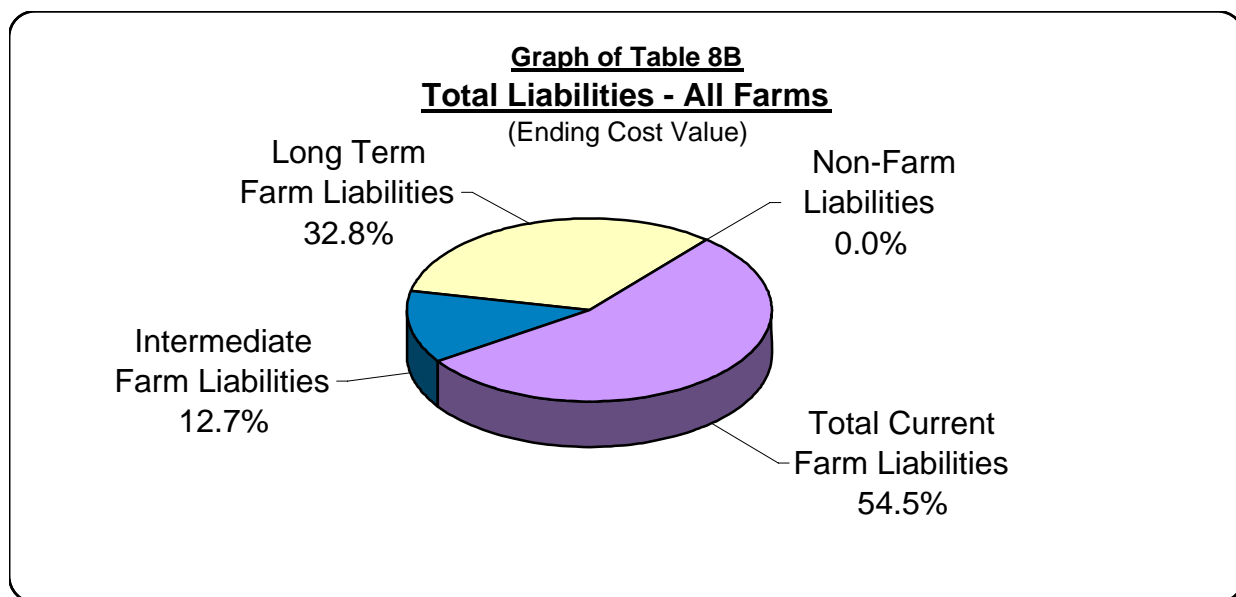


**Table 8B: Western - Balance Sheet - Liabilities at Cost Value, 2007**

	Average Of All Farms	
	Beginning	Ending
<b>Current Farm Liabilities</b>		
Accrued Interest	18,067	42,488
Accounts Payable	34,321	29,214
Current Notes	428,143	455,895
Government Crop Loans	0	18,584
Principle Due on Term Debt	45,061	48,913
<b>Total Current Farm Liabilities</b>	<b>\$525,592</b>	<b>\$595,094</b>
<b>Intermediate Farm Liabilities</b>	<b>\$159,599</b>	<b>\$139,090</b>
<b>Long Term Farm Liabilities</b>	<b>\$311,503</b>	<b>\$358,696</b>
<b>Total Farm Liabilities</b>	<b>\$996,694</b>	<b>\$1,092,880</b>
Non-Farm Liabilities	6,381	0
<b>Total Liabilities</b>	<b>\$1,003,075</b>	<b>\$1,092,880</b>
<b>Net Worth (Farm &amp; Non-Farm)</b>	<b>\$818,754</b>	<b>\$874,305</b>
<b>Net Worth Change (Cost Value)</b>		<b>\$55,551</b>

**Ratio Analysis**

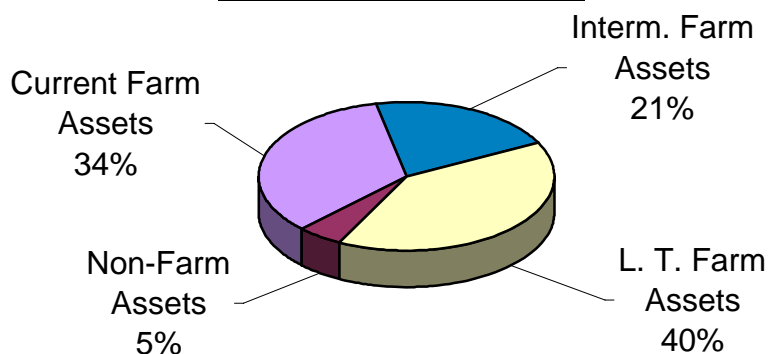
Current Farm Liabilities / Assets	68%	71%
Cur. & Inter. Farm Liab. / Assets	71%	68%
Long Term Farm Liab / Assets	42%	46%
Total Liabilities / Assets	55%	56%



**Table 9A: Western - Balance Sheet - Assets at Market Value, 2007**

	Average of All Farms	
	Beginning	Ending
<b>Current Farm Assets</b>		
Cash and Checking Balance	72,784	50,912
Prepaid Expenses & Supplies	32,836	38,691
Growing Crops	16,751	14,058
Accounts Receivable	25,323	12,558
Hedging Accounts	36,449	25,880
Crops Held for Sale or Feed	236,006	237,278
Crops Under Government Loan	0	42,568
Market Livestock Held for Sale	353,616	413,283
Other Current Assets	0	0
<b>Total Current Farm Assets</b>	<b>\$773,765</b>	<b>\$835,228</b>
<b>Intermediate Farm Assets</b>		
Breeding Livestock	110,098	116,250
Titled Vehicles	314,713	337,077
Machinery and Equipment	4,201	10,242
Other Intermediate Assets	38,145	42,982
<b>Total Intermediate Farm Assets</b>	<b>\$467,157</b>	<b>\$506,551</b>
<b>Long Term Farm Assets</b>		
Farm Land	829,000	854,881
Buildings and Improvements	100,773	106,261
Other Long Term Assets	16,693	13,674
<b>Total Long Term Farm Assets</b>	<b>\$946,466</b>	<b>\$974,816</b>
<b>Total Farm Assets</b>	<b>\$2,187,388</b>	<b>\$2,316,595</b>
Non-Farm Assets	108,488	120,574
<b>Total Farm &amp; Non-Farm Assets</b>	<b>\$2,295,876</b>	<b>\$2,437,169</b>

**Graph of Table 9A  
Total Assets - All Farms**



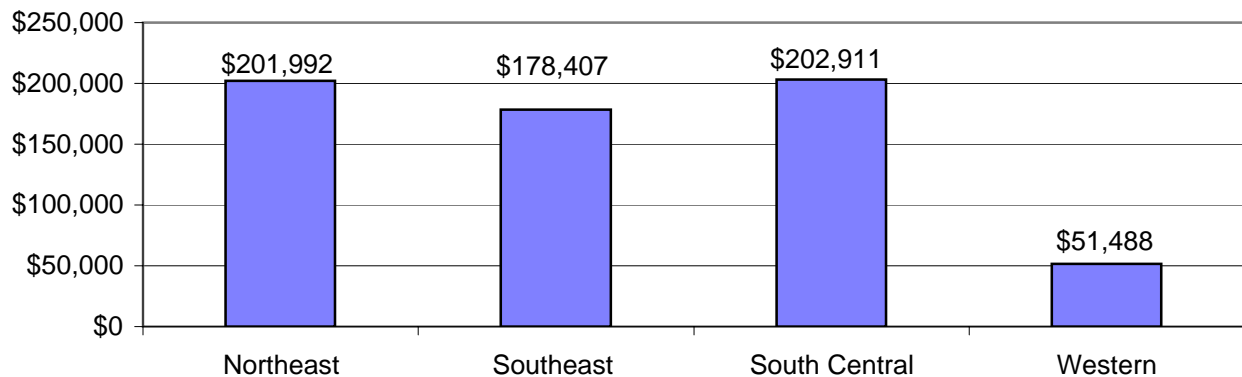
**Table 9B: Western - Balance Sheet - Liabilities at Market Value, 2007**

	Average of All Farms	
	Beginning	Ending
<b>Current Farm Liabilities</b>		
Accrued Interest	18,067	42,488
Accounts Payable	34,321	29,214
Current Notes	428,143	455,895
Government Crop Loans	0	18,584
Principle Due on Term Debt	45,061	48,913
<b>Total Current Farm Liabilities</b>	<b>\$525,592</b>	<b>\$595,094</b>
<b>Intermediate Farm Liabilities</b>	<b>\$159,599</b>	<b>\$139,090</b>
<b>Long Term Farm Liabilities</b>	<b>\$311,503</b>	<b>\$358,696</b>
<b>Total Farm Liabilities</b>	<b>\$996,694</b>	<b>\$1,092,880</b>
Non-Farm Liabilities	6,381	0
<b>Total Deferred Liabilities</b>	<b>N/A</b>	<b>N/A</b>
<b>Total Farm &amp; Non-Farm Liabilities</b>	<b>\$1,003,075</b>	<b>\$1,092,880</b>
<b>Net Worth (Farm and Non-Farm)</b>	<b>\$1,292,801</b>	<b>\$1,344,289</b>
<b>Net Worth Change (Market Value)</b>	<b>\$51,488</b>	

**Ratio Analysis**

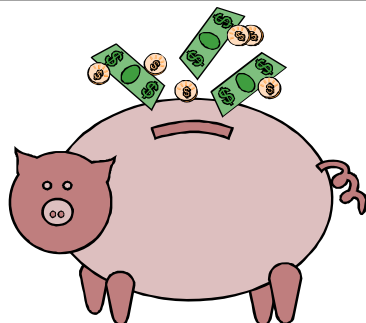
Current Farm Liabilities / Assets	68%	71%
Curr. & Interm Farm Liab / Assets	55%	55%
Long Term Farm Liab. / Assets	33%	37%
Total Liabilities / Assets	44%	45%

**Graph of Table 9B  
Net Worth Change - All Regions**



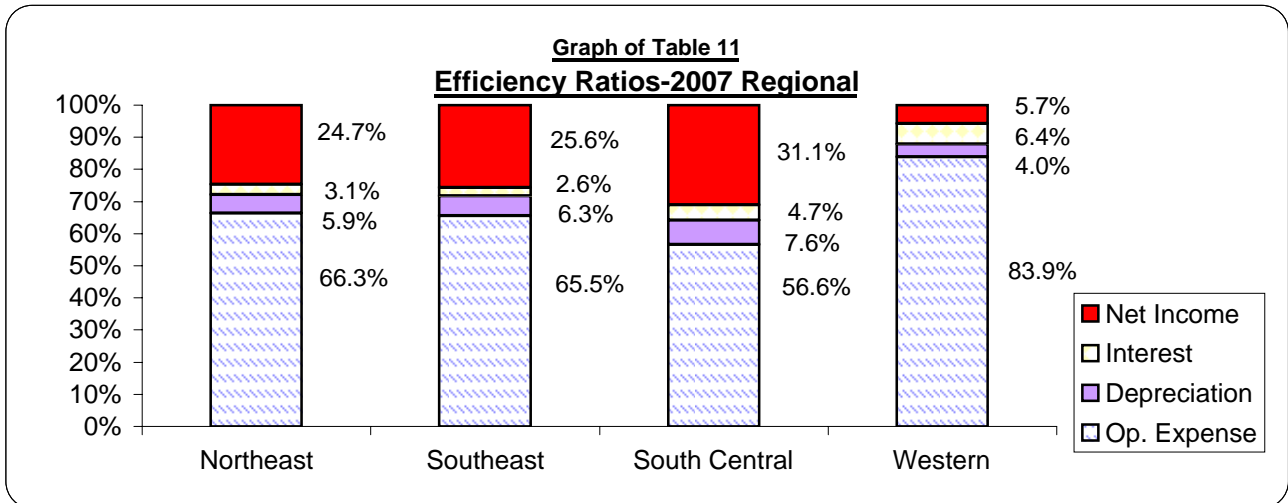
**Table 10: Western - Statement of Cash Flows, 2007**

		Average Of All Farms
<b>(A) Beginning Cash Balance (Farm &amp; Non-Farm)</b>		\$75,356
<b>Cash From Operating Activities</b>		
Gross Cash Farm Income	(+)	1,064,885
Net Non-Farm Income	(+)	23,440
Total Cash Farm Expense	(-)	1,018,263
Apparent Family Living Expense	(-)	41,020
Income & Social Security Tax	(-)	5,746
<b>(B) Net Cash From Operating Activities</b>	<b>(=)</b>	<b>\$23,296</b>
<b>Cash From Investing Activities</b>		
Sale of Breeding Livestock	(+)	483
Sale of Machinery & Equipment	(+)	109
Sale of Farm Land	(+)	0
Sale of Farm Buildings	(+)	0
Sale of Other Farm Assets	(+)	13,074
Sale of Non-Farm Assets	(+)	7,819
Purchase of Breeding Livestock	(-)	23,616
Purchase of Machinery & Equip.	(-)	64,869
Purchase of Farm Land	(-)	25,820
Purchase of Farm Buildings	(-)	11,152
Purchase of Other Farm Assets	(-)	5,392
Purchase of Non-Farm Assets	(-)	6,336
<b>(C) Net Cash From Investing Activities</b>	<b>(=)</b>	<b>-\$115,700</b>
<b>Cash From Financing Activities</b>		
Money Borrowed	(+)	1,395,808
Cash Gifts and Inheritances	(+)	3,590
Principle Payments	(-)	1,325,316
Dividends Paid	(-)	701
Gifts Given	(-)	0
<b>(D) Net Cash From Financing Activities</b>	<b>(=)</b>	<b>\$73,381</b>
<b>(E) Net Change In Cash Balance (B+C+D)</b>		<b>-\$19,023</b>
<b>(F) Ending Cash Balance (A+E)</b>		<b>\$56,333</b>



**Table 11: Western - Financial Guideline Measures, 2007**

	Average Of All Farms
<b>Liquidity</b>	
Current Ratio	1.40
Working Capital	\$240,133
<b>Solvency (Market)</b>	
Farm Debt to Asset Ratio	47%
Farm Equity to Asset Ratio	53%
Farm Debt to Equity Ratio	89%
<b>Profitability (Cost)</b>	
Rate of Return on Farm Assets	6.4%
Rate of Return on Farm Equity	5.4%
Operating Profit Margin	14.5%
Net Farm Income	\$65,265
<b>Repayment Capacity</b>	
Term Debt Coverage Ratio	158%
Capital Replacement Margin	\$41,553
<b>Efficiency</b>	
Asset Turnover Rate (Cost)	43.9%
Operating Expense Ratio	83.9%
Depreciation Expense Ratio	4.0%
Interest Expense Ratio	6.4%
Net Farm Income Ratio	5.7%



**Table 12: Western - Household and Personal Expense, 2007**

	Average Of All Farms
<b>Average Family Size</b>	2.4
<b>Family Living Expense</b>	
Food and Meals Expense	6,537
Medical Care and Health Insurance	13,813
Cash Donations	1,590
Household Supplies	1,990
Clothing	2,181
Personal Care	2,051
Child / Dependent Care	4
Gifts	2,161
Education	960
Recreation	1,659
Utilities (Household Share)	1,671
Non-Farm Vehicle Operating Expense	2,680
Household Real Estate Taxes	0
Dwelling Rent	0
Household Repairs	2188
Non-Farm Interest	4178
Disability / Long Term Care Insurance	0
Life Insurance Payments	5,389
Non-Farm Property Insurance	0
Miscellaneous	5,315
<b>Total Cash Family Living Expense</b>	<b>\$54,367</b>
Family Living from the Farm	232
<b>Total Family Living Expense **</b>	<b>\$54,599</b>
<b>Other Non-Farm Expense</b>	
Income Taxes	5,858
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	-1,253
<b>Total Other Non-Farm Expense</b>	<b>\$4,605</b>
<b>Total Cash Family Living, Investment &amp; Non-Farm Capital Purchases</b>	<b>\$58,972</b>

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



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**Table 13: Western - Operator Information and Non-Farm Summary, 2007**

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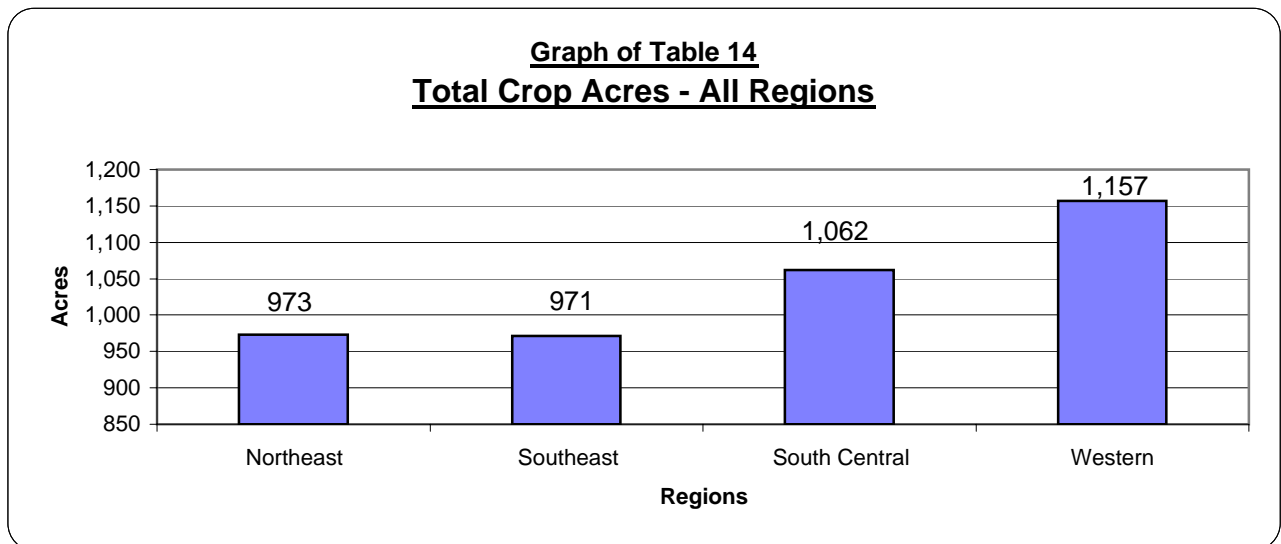
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	Average Of All Farms
<b>Operator Information</b>	
Average Number of Operators	1.1
Average Age of Operators	54.2
Average Number of Years Farming	31.2
<b>Non-Farm Income</b>	
Non-Farm Wages & Salary	3,607
Non-Farm Business Income	9,734
Non-Farm Rental Income	2,214
Non-Farm Interest Income	2,835
Non-Farm Cash Dividends	285
Tax Refunds	4
Non-taxable Non-Farm Income	0
Gifts and Inheritances	3,590
Other Non-Farm Income	4,761
<b>Total Non-Farm Income</b>	<b>\$27,030</b>
<b>Non-Farm Assets (Market Value)</b>	
Checking & Savings	5,417
Stocks & Bonds	2,554
Other Current Assets	29,514
Furniture & Appliances	1,847
Non-Farm Vehicles	3,662
Cash Value of Life Ins.	23,031
Retirement Accounts	44,540
Other Interm. Assets	0
Non-Farm Real Estate	10,010
Other Long Term Assets	0
<b>Total Non-Farm Assets</b>	<b>\$120,575</b>
<b>Non-Farm Liabilities</b>	
Accrued Interest	0
Accounts Payable	0
Current Notes	0
Princ Due on Term Debt	0
Total Current Liabilities	0
Intermediate Liabilities	0
Long Term Liabilities	0
<b>Total Non-Farm Liabilities</b>	<b>\$0</b>
<b>Non-Farm Net Worth</b>	<b>\$120,575</b>
<b>Non-Farm Debt to Asset Ratio</b>	<b>0%</b>

**Table 14: Western - Crop Production, Marketing & Labor Summary, 2007**

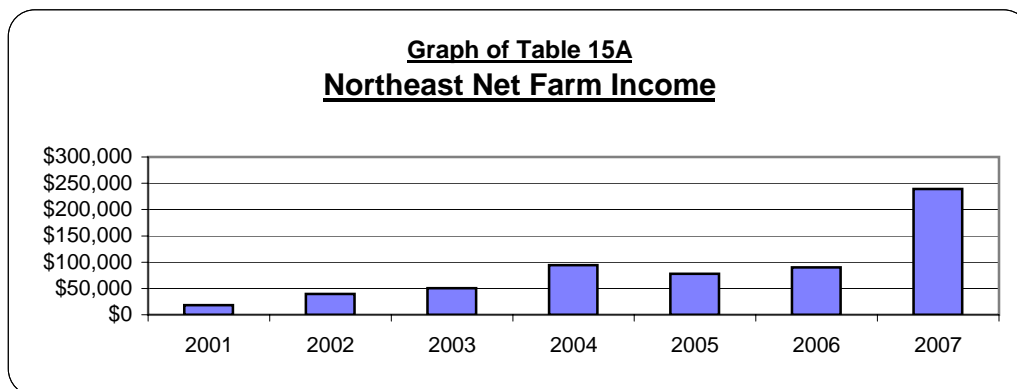
	<u>Average Of All Farms</u>
<b>Acreage Summary</b>	
Acres Owned	3,040
Crop Acres	1,157
Crop Acres Owned	568
Crop Acres Cash Rented	153
Crop Acres Share Rented	436
Pasture Acres	6
% Crop Acres Owned	49.09%
<b>Average Price Received in Dollars (Cash Sales Only)</b>	
Corn per bu.	\$3.29
Wheat, Winter per bu.	\$5.48
<b>Average Yield Per Acre</b>	
Corn (bu.)	81.77
Winter Wheat (bu.)	48.99
<b>Labor Analysis</b>	
Total Unpaid Labor Hours *	2,122
Total Hired Labor Hours	2,931
Total Labor Hours per Farm	5,053
Value of Farm Production / Hour	\$163.93
Net Farm Income / Unpaid Hour	\$34.02

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



**Table 15A: Northeast Nebraska Averages, 2007**

	Northeast Average of <u>All Farms</u>	Average of <u>Low 33%</u>	Average of <u>High 33%</u>
<b>Cash Farm Income</b>			
Total Crop Income	339,125	222,419	383,856
Total Livestock Income	391,414	251,500	657,825
Total Other Farm Income	77,541	47,691	126,461
<b>Gross Cash Farm Income</b>	<b>\$808,080</b>	<b>\$521,610</b>	<b>\$1,168,142</b>
<b>Cash Farm Expense</b>			
Total Crop Expense	151,236	81,131	208,289
Total Livestock Expense	255,516	184,967	401,165
Total Other Farm Expense	272,515	172,372	390,225
<b>Gross Cash Farm Expense</b>	<b>\$679,267</b>	<b>\$438,470</b>	<b>\$999,679</b>
<b>Net Cash Farm Income</b>	<b>\$128,813</b>	<b>\$83,140</b>	<b>\$168,463</b>
<b>Total Inventory Change</b>	<b>\$167,236</b>	<b>\$77,892</b>	<b>\$279,619</b>
<b>Total Depreciation &amp; Capital Adjustments</b>	<b>-\$56,845</b>	<b>-\$45,092</b>	<b>-\$64,570</b>
<b>Net Farm Income</b>	<b>\$239,204</b>	<b>\$115,940</b>	<b>\$383,512</b>
<b>Non-Farm Income</b>	<b>\$21,979</b>	<b>\$29,427</b>	<b>\$13,259</b>
<b>Balance Sheet at Market</b>			
Current Farm Assets	701,355	400,516	1,069,397
Intermediate Farm Assets	373,041	259,306	433,318
Long Term Farm Assets	514,742	313,872	637,338
Non-Farm Assets	185,329	147,957	225,989
<b>Total Assets</b>	<b>\$1,774,467</b>	<b>\$1,121,651</b>	<b>\$2,366,042</b>
Current Farm Liabilities	237,264	215,684	272,566
Intermediate Farm Liabilities	92,791	73,835	86,955
Long Term Liabilities	141,227	41,485	138,098
Non-Farm Liabilities	9,738	24,625	0
<b>Total Liabilities</b>	<b>\$481,020</b>	<b>\$355,629</b>	<b>\$497,619</b>
<b>Net Worth</b>	<b>\$1,293,447</b>	<b>\$766,022</b>	<b>\$1,868,423</b>
<b>Net Worth Change (Market Value)</b>	<b>\$201,992</b>	<b>\$109,265</b>	<b>\$316,934</b>

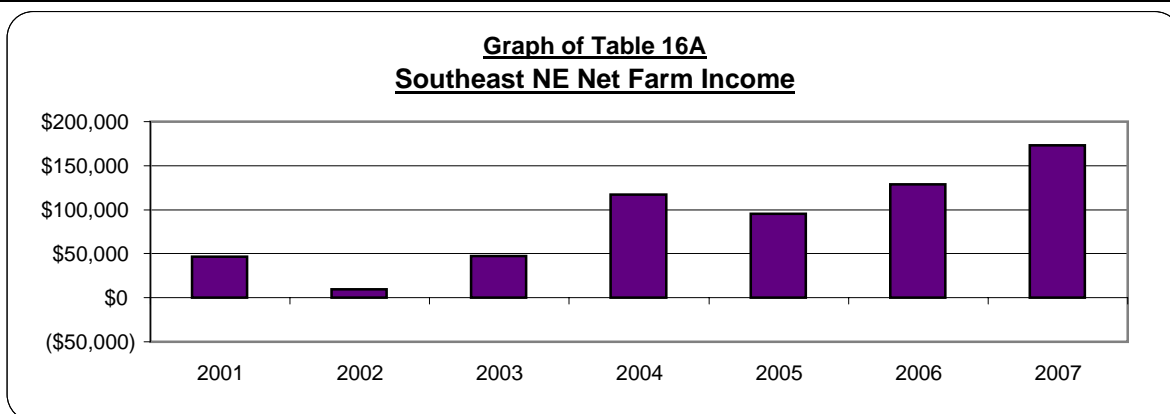


**Table 15B: Northeast Nebraska Averages, 2007 (cont.)**

	Northeast Average of All Farms	Average of Low 33%	Average of High 33%
<b>Financial Guidelines</b>			
Current Ratio	2.96	1.86	3.92
Working Capital	\$464,091	\$184,832	\$796,830
Debt to Asset Ratio (Market)	30%	34%	23%
Equity to Asset Ratio (Market)	70%	66%	77%
Debt to Equity Ratio (Market)	42%	52%	30%
Rate of Return on Assets (Cost)	20.0%	16.7%	23.0%
Rate of Return on Equity (Cost)	28.2%	23.8%	29.7%
Operating Profit Margin (Cost)	31.3%	26.5%	33.4%
Net Farm Income (Cost)	\$239,204	\$115,940	\$383,512
Asset Turnover Rate (Cost)	63.8%	63.0%	68.0%
Operating Expense Ratio	66.3%	69.0%	66.8%
Depreciation Expense Ratio	5.9%	7.4%	4.5%
Interest Expense Ratio	3.1%	4.4%	2.1%
Net Farm Income Ratio	24.7%	19.2%	26.7%
<b>Operator Information</b>			
Average Number of Operators	1.3	1.0	1.4
Average Age of Operators	52.5	49.7	58.4
Average Number of Years Farming	29.7	25.6	35.6
<b>Acreage Summary</b>			
Total acres owned	397	273	333
Total crop acres	973	875	1,065
Crop acres owned	236	200	273
Crop acres cash rented	420	203	532
Crop acres share rented	317	472	260
<b>Average Price Received In Dollars (Cash Sales Only)</b>			
Corn, per bu.	\$3.23	\$3.28	\$3.30
Soybeans, per bu.	\$7.05	\$7.32	\$7.30
Alfalfa Hay, per ton	\$80.53	N/A	\$79.61
Winter Wheat, per bu.	\$5.18	N/A	N/A
<b>Average Yield Per Acre</b>			
Corn, Irrigated (bu.)	170.41	N/A	189.70
Corn, Dryland (bu.)	133.70	125.31	154.49
Soybeans, Irrigated (bu.)	59.66	N/A	59.43
Soybeans, Dryland (bu.)	51.71	46.61	58.15
Alfalfa Hay (ton)	5.60	5.15	6.66

**Table 16A: Southeast Nebraska Averages, 2007**

	Southeast Average of <u>All Farms</u>	Average of <u>Low 33%</u>	Average of <u>High 33%</u>
<b>Cash Farm Income</b>			
Total Crop Income	306,712	186,946	532,309
Total Livestock Income	221,226	50,656	488,251
Total Other Farm Income	38,103	23,482	67,744
<b>Gross Cash Farm Income</b>	<b>\$566,041</b>	<b>\$261,084</b>	<b>\$1,088,304</b>
<b>Cash Farm Expense</b>			
Total Crop Expense	131,265	78,608	224,638
Total Livestock Expense	152,434	26,375	358,375
Total Other Farm Expense	167,543	114,892	283,801
<b>Gross Cash Farm Expense</b>	<b>\$451,242</b>	<b>\$219,875</b>	<b>\$866,814</b>
<b>Net Cash Farm Income</b>	<b>\$114,799</b>	<b>\$41,209</b>	<b>\$221,490</b>
<b>Total Inventory Change</b>	<b>\$100,921</b>	<b>\$12,650</b>	<b>\$208,122</b>
<b>Total Depreciation &amp; Capital Adjustments</b>	<b>-\$42,423</b>	<b>-\$26,368</b>	<b>-\$73,861</b>
<b>Net Farm Income</b>	<b>\$173,297</b>	<b>\$27,491</b>	<b>\$355,751</b>
<b>Non-Farm Income</b>	<b>\$33,974</b>	<b>\$40,911</b>	<b>\$37,121</b>
<b>Balance Sheet at Market</b>			
Current Farm Assets	454,561	127,148	941,898
Intermediate Farm Assets	334,893	190,430	601,222
Long Term Farm Assets	641,057	344,859	1,209,873
Non Farm Assets	327,832	321,282	480,917
<b>Total Assets</b>	<b>\$1,758,343</b>	<b>\$983,719</b>	<b>\$3,233,910</b>
Current Farm Liabilities	157,391	85,789	289,953
Intermediate Farm Liabilities	79,331	54,505	156,732
Long Term Liabilities	111,462	115,388	135,194
Non Farm Liabilities	27,263	20,975	42,850
<b>Total Liabilities</b>	<b>\$375,447</b>	<b>\$276,657</b>	<b>\$624,729</b>
<b>Net Worth</b>	<b>\$1,382,896</b>	<b>\$707,062</b>	<b>\$2,609,181</b>
<b>Net Worth Change (Market Value)</b>	<b>\$178,407</b>	<b>\$77,416</b>	<b>\$348,381</b>

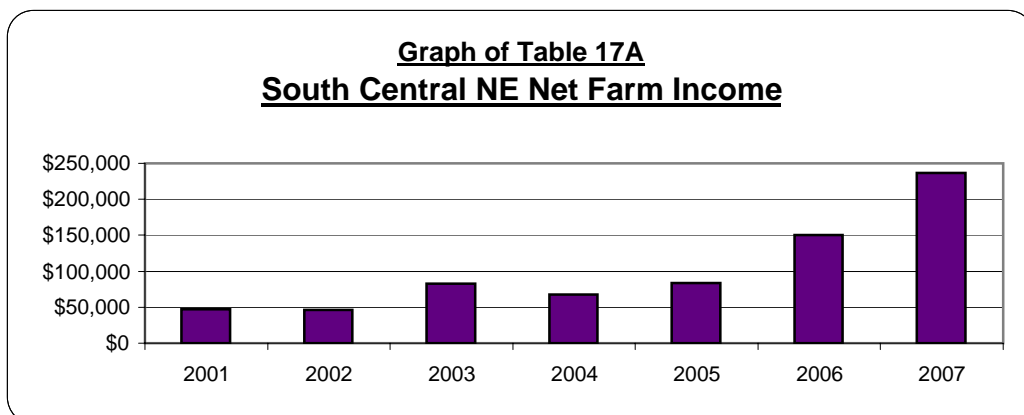


**Table 16B: Southeast Nebraska Averages, 2007 (cont.)**

	Southeast Average of All Farms	Average of Low 33%	Average of High 33%
<b>Financial Guidelines</b>			
Current Ratio	2.89	1.48	3.25
Working Capital	\$297,171	\$41,360	\$651,943
Debt to Asset Ratio (Market)	24%	39%	21%
Equity to Asset Ratio (Market)	76%	61%	79%
Debt to Equity Ratio (Market)	32%	63%	27%
Rate of Return on Assets (Cost)	16.0%	4.1%	17.6%
Rate of Return on Equity (Cost)	21.0%	40.0%	22.5%
Operating Profit Margin (Cost)	27.7%	7.5%	31.2%
Net Farm Income (Cost)	\$173,293	\$27,489	\$355,752
Asset Turnover Rate (Cost)	57.6%	54.8%	56.3%
Operating Expense Ratio	65.5%	74.2%	65.6%
Depreciation Expense Ratio	6.3%	9.5%	5.6%
Interest Expense Ratio	2.6%	6.5%	1.8%
Net Farm Income Ratio	25.6%	9.9%	27.0%
<b>Operator Information</b>			
Average Number of Operators	1.1	1.0	1.3
Average Age of Operators	52.2	54.3	53.0
Average Number of Years Farming	30.8	33.7	32.5
<b>Acreage Summary</b>			
Total acres owned	372	317	575
Total crop acres	971	658	1,601
Crop acres owned	221	204	322
Crop acres cash rented	274	357	414
Crop acres share rented	476	97	865
Total Pasture Acres	12	22	0
<b>Average Price Received In Dollars (Cash Sales Only)</b>			
Corn, per bu.	\$2.99	\$3.26	\$2.84
Soybeans, per bu.	\$7.09	\$7.32	\$7.16
Wheat, Winter, per bu.	\$5.11	N/A	\$5.45
<b>Average Yield Per Acre</b>			
Corn, Dryland (bu.)	116.64	113.82	117.45
Soybeans, Dryland (bu.)	48.66	47.93	49.65
Wheat, Winter, Dryland (bu.)	33.60	\$46.02	\$31.44
Alfalfa Hay, Dryland (ton)	3.04	\$3.05	N/A

**Table 17A: South Central Nebraska Averages, 2007**

	South Central Average of <u>All Farms</u>	Average of <u>Low 33%</u>	Average of <u>High 33%</u>
<b>Cash Farm Income</b>			
Total Crop Income	473,817	180,230	809,852
Total Livestock Income	70,179	181,655	22,796
Total Other Farm Income	90,817	125,125	101,374
<b>Gross Cash Farm Income</b>	<b>\$634,813</b>	<b>\$487,010</b>	<b>\$934,022</b>
<b>Cash Farm Expense</b>			
Total Crop Expense	181,443	76,000	306,029
Total Livestock Expense	60,328	175,426	5,265
Total Other Farm Expense	230,817	159,775	349,034
<b>Gross Cash Farm Expense</b>	<b>\$472,588</b>	<b>\$411,201</b>	<b>\$660,328</b>
<b>Net Cash Farm Income</b>	<b>\$162,225</b>	<b>\$75,809</b>	<b>\$273,694</b>
<b>Total Inventory Change</b>	<b>\$131,813</b>	<b>\$2,581</b>	<b>\$295,430</b>
<b>Total Depreciation &amp; Capital Adjustments</b>	<b>-\$57,728</b>	<b>-\$31,710</b>	<b>-\$101,230</b>
<b>Net Farm Income</b>	<b>\$236,310</b>	<b>\$46,680</b>	<b>\$467,894</b>
<b>Non-Farm Income</b>	<b>\$27,209</b>	<b>\$15,431</b>	<b>\$20,701</b>
<b>Balance Sheet at Market</b>			
Current Farm Assets	467,151	225,243	803,455
Intermediate Farm Assets	379,094	242,947	598,663
Long Term Farm Assets	771,854	247,437	1,386,948
Non Farm Assets	303,138	100,733	569,026
<b>Total Assets</b>	<b>\$1,921,237</b>	<b>\$816,360</b>	<b>\$3,358,092</b>
Current Farm Liabilities	207,219	108,589	352,704
Intermediate Farm Liabilities	94,587	75,981	136,630
Long Term Liabilities	258,725	130,696	424,681
Non Farm Liabilities	37,586	21,387	33,800
<b>Total Liabilities</b>	<b>\$598,117</b>	<b>\$336,653</b>	<b>\$947,815</b>
<b>Net Worth</b>	<b>\$1,323,120</b>	<b>\$479,707</b>	<b>\$2,410,277</b>
<b>Net Worth Change (Market Value)</b>	<b>\$202,911</b>	<b>\$18,577</b>	<b>\$412,809</b>



**Table 17B: South Central Nebraska Averages, 2007 (cont.)**

	South Central Average of All Farms	Average of Low 33%	Average of High 33%
<b>Financial Guidelines</b>			
Current Ratio	2.25	2.07	2.28
Working Capital	\$259,931	\$116,652	\$450,749
Debt to Asset Ratio (Market)	35%	44%	33%
Equity to Asset Ratio (Market)	65%	56%	67%
Debt to Equity Ratio (Market)	53%	79%	49%
Rate of Return on Assets (Cost)	20.1%	7.4%	23.8%
Rate of Return on Equity (Cost)	30.8%	6.9%	36.0%
Operating Profit Margin (Cost)	33.5%	11.0%	40.7%
Net Farm Income (Cost)	\$236,310	\$46,680	\$467,894
Asset Turnover Rate (Cost)	60.1%	66.9%	58.5%
Operating Expense Ratio	56.6%	79.8%	47.5%
Depreciation Expense Ratio	7.6%	6.3%	8.5%
Interest Expense Ratio	4.7%	4.5%	4.8%
Net Farm Income Ratio	31.1%	9.3%	39.2%
<b>Operator Information</b>			
Average Number of Operators	1.2	1.1	1.3
Average Age of Operators	47.7	45	48.8
Average Number of Years Farming	25.1	20.7	27.7
<b>Acreage Summary</b>			
Total acres owned	430	166	739
Total crop acres	1,062	436	1,160
Crop acres owned	348	104	637
Crop acres cash rented	321	216	431
Crop acres share rented	393	117	592
Total pasture acres	1	4	0
<b>Average Price Received In Dollars (Cash Sales Only)</b>			
Corn, per bu.	\$3.25	\$3.39	\$3.32
Soybeans, per bu.	\$7.36	\$7.68	\$7.36
Grain Sorghum, per bu.	\$2.91	N/A	N/A
Seed Corn, per bu.	\$5.09	N/A	\$5.50
Wheat, Winter, per bu.	\$4.38	N/A	N/A
<b>Average Yield Per Acre</b>			
Corn, Irrigated (bu.)	194.68	191.33	199.07
Corn, Dryland (bu.)	133.11	115.34	125.62
Corn Seed, Irrigated (bu.)	243.65	248.10	232.67
Soybeans, Irrigated (bu.)	61.42	61.57	64.73
Soybeans, Dryland (bu.)	46.28	42.00	56.36
Wheat, Winter (bu)	46.79	N/A	N/A

## 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.

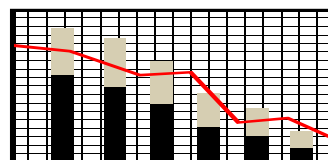
**Asset Turnover Rate:** is a measure of efficiency in using capital. It is calculated as the Value of Farm Production divided by Total Farm Assets. If your farm business generated a high level of production given your level of capital investment, your asset turnover rate will be strong.

**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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