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Here are some submissions from Nebraska for the Professional Papers.  
2016 Analysis Summary – Quick Facts 2016

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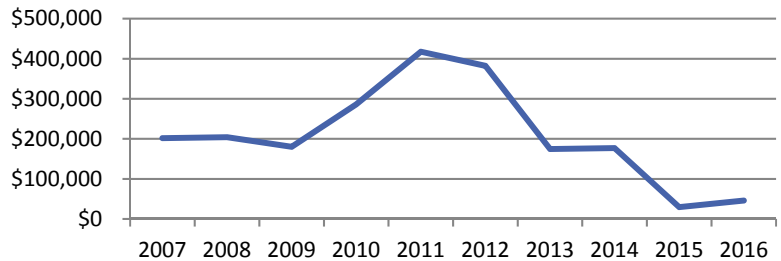
# 2016 Whole State Quick Facts

Each year the data seems to present a theme and this year's seems to be surprising. A continual decline in net farm income was expected by many. We really didn't see a significant boost in gross income during 2016, other than record high soybean yields. However, we saw a 50% increase in net farm income indicating that a significant part of that was on the expense side.

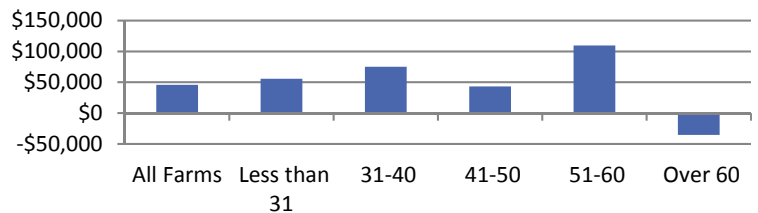
While 44% of the operations in 2015 saw negative net farm income, only 30% saw similar numbers in 2016 and the majority of those were largely livestock operations. The income for operations that are predominately crop operations (more than 70% of their gross income comes from crops) rebounded to the 2014 levels after a drop in 2015 but those with a significant beef component saw continued losses.

Overall 2016 brought surprises in the data, but also some potential optimism for 2017.

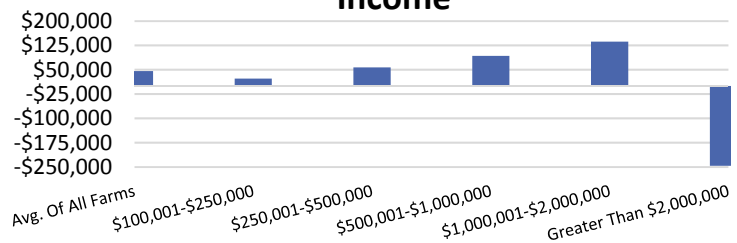
**Net Farm Income Trend**



**2016 Net Farm Income By Age of Operator**



**2016 Net Farm Income By Gross Farm Income**



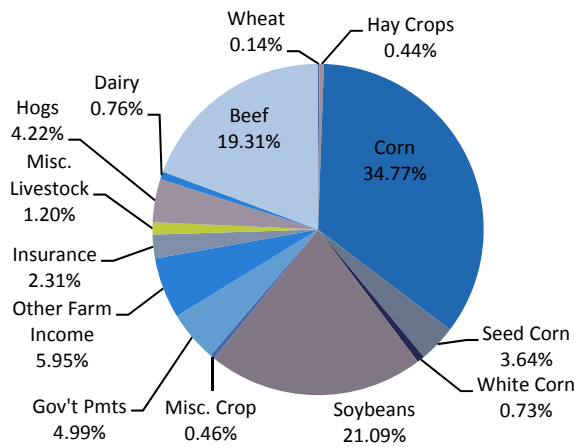
Nebraska Farm Business, Inc. has been gathering farm income data since 1976 through our financial analysis program. Individual farm participants receive a detailed financial analysis of their own business as well as comparative data through the averages. The mission of NFBI is to:

**[Help Nebraska's Farms & Ranches Remain Profitable and Competitive Through Financial Analysis](#)**

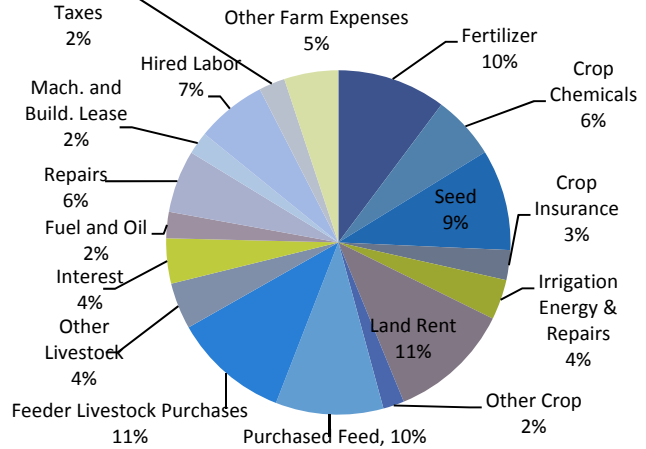
Participants can also take advantage of any or all of our full range accounting services including monthly accounting processing, tax planning & preparation, year-round cash flow planning, and in-depth business planning as needed by their operation. We offer a unique opportunity to producers to take advantage of over 100 years of combined financial experience specialized in agriculture.

# Farm Profitability

### Gross Farm Income



### Gross Farm Expenses



### Farm Income Statement

	All Farms
Crop Sales	\$628,048
Crop Inventory	-6,977
<b>Gross Crop Income</b>	<b>\$621,071</b>
Livestock Sales	\$301,492
Livestock Inventory Change	-33,057
<b>Gross Livestock Income</b>	<b>\$268,435</b>
Government Payments	\$51,737
Other Cash Farm Income	84,667
Change in Accounts Receivable	-6,238
Gain or Loss on Hedging Accounts	12,608
Change in Other Assets	769
Gain or Loss on Breeding Lvst	-3,086
<b>Gross Farm Income</b>	<b>\$1,029,963</b>
Cash Operating Expenses	\$862,691
Change in Prepaids and Supplies	4,104
Change in Growing Crops	0
Change in Accounts Payable	750
Depreciation	-76,714
<b>Total Operating Expense</b>	<b>\$944,259</b>
Interest Paid	\$38,220
Change in Accrued Interest	2,536
Total Interest Expense	40,756
<b>Total Expenses</b>	<b>\$985,015</b>
Net Farm Income From Operations	\$44,948
Gain or Loss on Capital Sales	755
<b>Net Farm Income</b>	<b>\$45,703</b>

### Accrual vs. Cash

All the data presented is based on accrual adjusted accounting. Why use accrual? That is better answered if we understand the difference.

Cash Method Accounting is based on all the income recognized in the year and all expenses paid during the year.

Accrual Method Accounting is based on all the income earned in the year and all expenses incurred during the year.

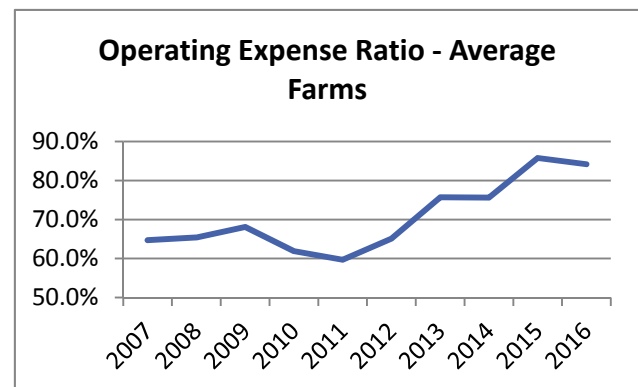
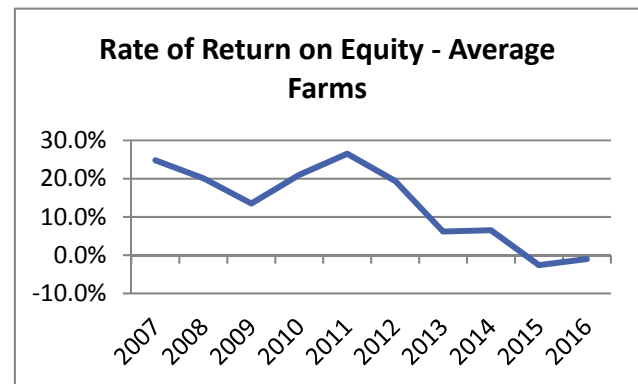
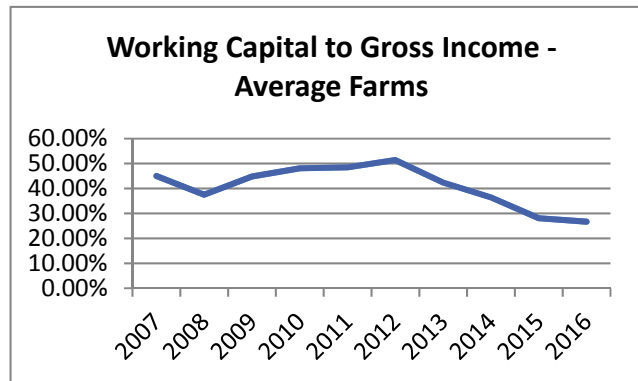
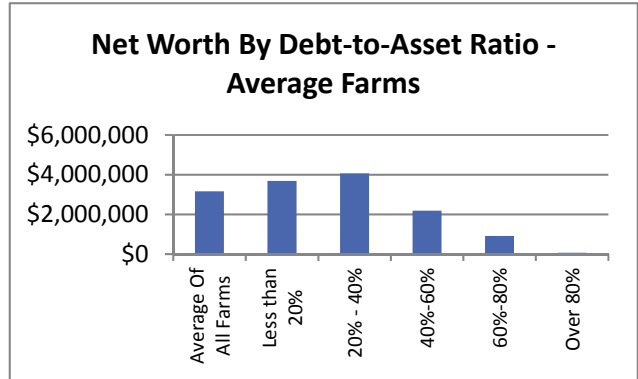
With all the year-end adjustments that are done for either management (discount savings, etc.) or for tax purposes (prepaying, holding grain, etc.) cash basis income does not do a very good job of really telling us what was earned in a year. In the same respect, since 97% of all farm returns are filed on a cash basis, tax returns don't really tell us anything about the earnings ability of a farm.

The table to the left shows all the adjustments that are made to a cash set of books to find the true earnings of a farming operation. Adjustments are made for grain & livestock inventory, and also for accounts receivable, payable, interest, and more. We also use a consistent same day year-end balance sheet each year to maintain accuracy. We feel that when the balance sheets match the income statement, we get the most accurate information possible.

# Farm Liquidity

Farm Financial Guidelines	
<b>Liquidity Ratios</b>	
Current Ratio	1.52
Working Capital	\$274,654
Working Capital to Gross Income	26.7%
<b>Solvency Ratios</b>	
Debt to Asset Ratio	28%
Equity to Asset Ratio	72%
Debt to Equity Ratio	0.39
<b>Profitability Ratios</b>	
Farm Return on Assets	0.9%
Farm Return on Equity	-1.0%
Operating Profit Margin	2.9%
EBIDTA	\$162,421
<b>Repayment Capacity</b>	
Capital Debt Repayment Capacity	\$62,280
Capital Debt Repayment Margin	-\$28,202
Replacement Margin	-\$69,574
Term Debt Coverage Ratio	0.69
Replacement Coverage Ratio	0.47
<b>Efficiency Ratios</b>	
Asset Turnover Rate	30.2%
Operating Expense Ratio	84.2%
Depreciation Expense Ratio	7.4%
Interest Expense Ratio	4.0%
Net Farm Income Ratio	4.4%

Over the past few years we have been watching the amount of total debt climb within our database. 2016 saw an increase of over 10% to \$1,167,108. The growth has been slowly increasing prior to 2016 but this large increase is indicating more concern about a rapid decline in the health of the current position of many farms. The chart on the right, Working Capital to Gross Income, shows a continued drop with 25% of the operations included having negative working capital. This is the first major red flag to appear alerting producers to a major cash flow problem that without change will start to show in a total balance sheet problem as net worth erodes.

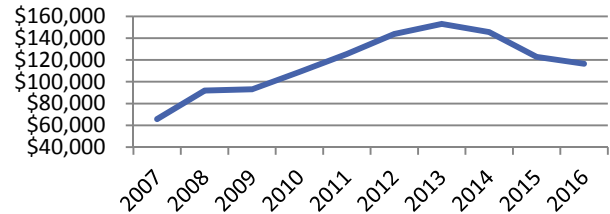


# Family Living

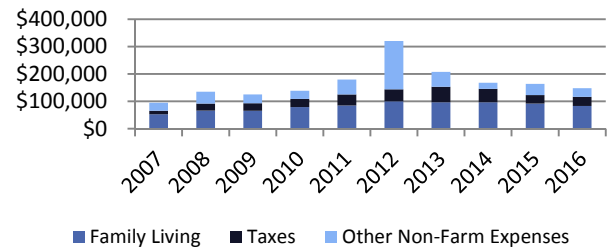
## 2016 Average Family Living Costs

Average Family Size	3.6
Food & Meals Expense	\$9,708
Medical Care	5,354
Health Insurance	7,594
Cash Donations	3,636
Household Supplies	5,023
Clothing	2,722
Personal Care	5,953
Child/Dependent Care	653
Alimony/Child Support	0
Gifts	3,839
Education	1,930
Recreation	5,187
Household Utilities	2,952
Vehicle Operation Exp	3,832
Household RE Taxes	1,196
Dwelling Rent	101
Household Repairs	2,403
Non-Farm Interest	3,167
Disability/LT Care Ins	242
Life Insurance	6,005
Non-Farm Property Ins	488
Miscellaneous	11,225
Living From Farm	0
<b>Total Cash Family Living</b>	<b>\$83,210</b>
Income Taxes	33,212
Non-Farm Vehicle Purchases	2,183
Non-Farm Real Estate Purchases	18,116
Other Capital Purchases	14,203
Savings & Investments	-3,207
<b>Total Cash Family Living, Investments, &amp; Capital Purchases</b>	<b>\$147,717</b>

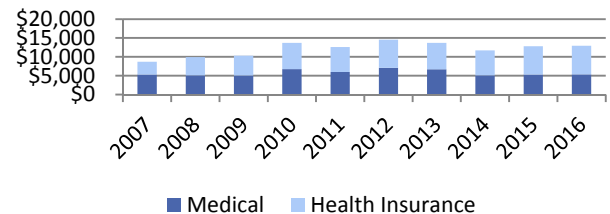
## Family Living & Taxes- Average Farms



## Non Farm Expenses - Average Farms



## Medical Expense - Average Farms



## 2016 Average Non-Farm Income

Personal Wages & Salary	\$14,303
Personal Business Income	5,795
Personal Rental Income	2,971
Personal Interest Income	700
Personal Cash Dividends	269
Tax Refunds	811
Other Non-Farm Income	7,387
Gifts & Inheritances	18,922
<b>Total Non-Farm Income</b>	<b>\$51,158</b>

# Crop Enterprise

Irrigated Corn on Cash Rented Land		
	Top Efficient Farms	Avg. of All Farms
Yield (bu.)	211.93	204.16
Average Price	\$3.33	\$3.40
Gross Return*	\$767.63	\$754.68
Seed	92.50	97.77
Fertilizer	110.53	110.18
Chemicals	54.50	47.83
Crop Insurance	25.13	31.78
Irrigation Expense	39.90	40.99
Cash Rent	251.42	238.08
Machine Costs**	127.99	140.50
Other Input Costs	90.45	86.02
Gross Expenses	\$792.42	\$793.15
Net Return per Acre	-\$24.79	-\$38.47
Net Return per bu.	-\$0.12	-\$0.19

Irrigated Soybeans on Cash Rented Land		
	Top Efficient Farms	Avg. of All Farms
Yield (bu.)	75.08	72.49
Average Price	\$9.35	\$9.23
Gross Return*	\$718.63	\$703.55
Seed	81.26	78.02
Fertilizer	53.02	52.07
Chemicals	57.95	51.84
Crop Insurance	20.17	24.80
Irrigation Expense	39.36	36.86
Cash Rent	266.06	240.10
Machine Costs**	118.18	125.35
Other Input Costs	81.24	72.35
Gross Expenses	\$717.24	\$681.39
Net Return per Acre	\$1.39	\$22.16
Net Return per bu.	\$0.02	\$0.31

Dryland Corn on Cash Rented Land		
	Top Efficient Farms	Avg. of All Farms
Yield (bu.)	149.32	163.50
Average Price	\$3.22	\$3.31
Gross Return*	\$531.75	\$569.19
Seed	85.73	94.59
Fertilizer	91.19	95.53
Chemicals	57.76	50.09
Crop Insurance	24.10	23.07
Cash Rent	176.75	192.13
Machine Costs**	123.19	127.24
Other Input Costs	67.16	65.99
Gross Expenses	\$625.88	\$648.64
Net Return per Acre	-\$94.13	-\$79.45
Net Return per bu.	-\$0.63	-\$0.49

Dryland Soybeans on Cash Rented Land		
	Top Efficient Farms	Avg. of All Farms
Yield (bu.)	66.31	60.71
Average Price	\$9.21	\$9.18
Gross Return*	\$616.20	\$573.10
Seed	71.08	78.48
Fertilizer	30.32	39.13
Chemicals	48.26	46.61
Crop Insurance	12.66	15.04
Cash Rent	152.40	190.62
Machine Costs**	99.02	108.85
Other Input Costs	51.93	50.92
Gross Expenses	\$465.67	\$529.65
Net Return per Acre	\$150.53	\$43.45
Net Return per bu.	\$2.27	\$0.72

\* *Gross Return* includes hedging gain/loss, crop insurance, and other crop income as well as income direct from the sale of crop.

\*\* *Machinery Cost* is the sum of fuel & oil, repairs, custom hire expense, machinery lease payments, machinery depreciation, and interest on intermediate debt divided by acres.

# Crop Trends

Irrigated Corn (All Tenure Types)				Irrigated Soybeans (All Tenure Types)				Irrigated Seed Corn (All Tenure Types)			
	Bu/ Acre	Net Return	Cost of Prod./Bu.		Bu/ Acre	Net Return	Cost of Prod./Bu.		Bu/ Acre	Net Return	Cost of Prod./Bu.
2012	192	\$402.68	\$3.60	2012	61	\$151.73	\$7.72	2012	244	\$683.47	\$3.05
2013	203	\$410.16	\$4.11	2013	60	\$180.58	\$8.63	2013	267	\$747.02	\$3.24
2014	220	\$132.92	\$3.95	2014	65	\$159.74	\$10.24	2014	279	\$368.51	\$2.97
2015	206	\$132.92	\$3.79	2015	64	\$3.01	\$11.43	2015	275	\$192.35	\$3.04
2016	206	\$4.34	\$3.64	2016	72	\$44.75	\$8.92	2016	263	\$141.71	\$3.00

Dryland Corn (All Tenure Types)				Dryland Soybeans (All Tenure Types)				Dryland Wheat (All Tenure Types)			
	Bu/ Acre	Net Return	Cost of Prod./Bu.		Bu/ Acre	Net Return	Cost of Prod./Bu.		Bu/ Acre	Net Return	Cost of Prod./Bu.
2012	139	\$227.45	\$4.12	2012	52	\$151.34	\$8.30	2012	47	\$27.87	\$6.97
2013	65	-\$36.97	\$10.15	2013	26	-\$34.22	\$18.48	2013	57	\$103.65	\$5.21
2014	137	-\$6.01	\$4.62	2014	48	\$129.67	\$9.78	2014	31	-\$12.98	\$9.87
2015	155	-\$15.97	\$3.91	2015	50	\$18.27	\$9.66	2015	57	\$6.24	\$6.50
2016	167	-\$12.59	\$3.48	2016	59	\$67.19	\$8.09	2016	68	-\$214.84	\$7.33

# NFBI Demographic Info

Type of Farm (Enterprise contributes more than 70% of gross farm income)							
All Farms	Crop	Hog	Beef	Crop & Dairy	Crop & Hog	Crop & Beef	Other
117	82	3	8	1	1	11	11

Gross Farm Income						
All Farms	Less Than \$100,000	\$100,001-\$250,000	\$250,001-\$500,000	\$500,001-\$1,000,000	\$1,000,001- \$2,000,000	Over \$2,000,000
117	1	19	20	41	23	13

Age of Operator					
All Farms	Less Than 31	31-40	41-50	51-60	Over 60
117	11	24	19	30	33

Debt to Asset Ratio					
All Farms	Less Than 20%	20%-40%	40%-60%	60%-80%	Over 80%
117	50	33	20	8	6