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**Financial Standards Measures**  
**North Dakota Farm Business Management Education Program**  
**State Report, 2006**  
**(Farms Sorted By Net Farm Income)**

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	<u>Avg. Of All Farms</u>	<u>Low 20%</u>	<u>40 - 60%</u>	<u>High 20%</u>
Number of farms	511	102	102	103
<b>Liquidity</b>				
Current ratio	1.45	0.76	1.26	2.22
Working capital	81,417	-49,159	37,933	319,352
<b>Solvency (cost)</b>				
Farm debt to asset ratio	48 %	73 %	54 %	32 %
Farm equity to asset ratio	52 %	27 %	46 %	68 %
Farm debt to equity ratio	91 %	265 %	115 %	47 %
<b>Profitability (cost)</b>				
Rate of return on farm assets	5.4 %	-5.0 %	4.7 %	10.8 %
Rate of return on farm equity	4.6 %	-30.3 %	2.9 %	13.0 %
Operating profit margin	13.0 %	-13.9 %	11.3 %	23.7 %
Net farm income	54,804	-36,939	37,086	191,193
<b>Repayment Capacity</b>				
Term debt coverage ratio	134 %	-9 %	105 %	300 %
Capital replacement margin	17,171	-58,365	2,266	127,540
<b>Efficiency</b>				
Asset turnover rate (cost)	41.6 %	36.2 %	41.8 %	45.5 %
Operating expense ratio	72.7 %	93.5 %	73.7 %	64.7 %
Depreciation expense ratio	6.2 %	8.7 %	5.1 %	5.5 %
Interest expense ratio	6.7 %	11.2 %	7.7 %	4.1 %
Net farm income ratio	14.4 %	-13.3 %	13.4 %	25.7 %

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