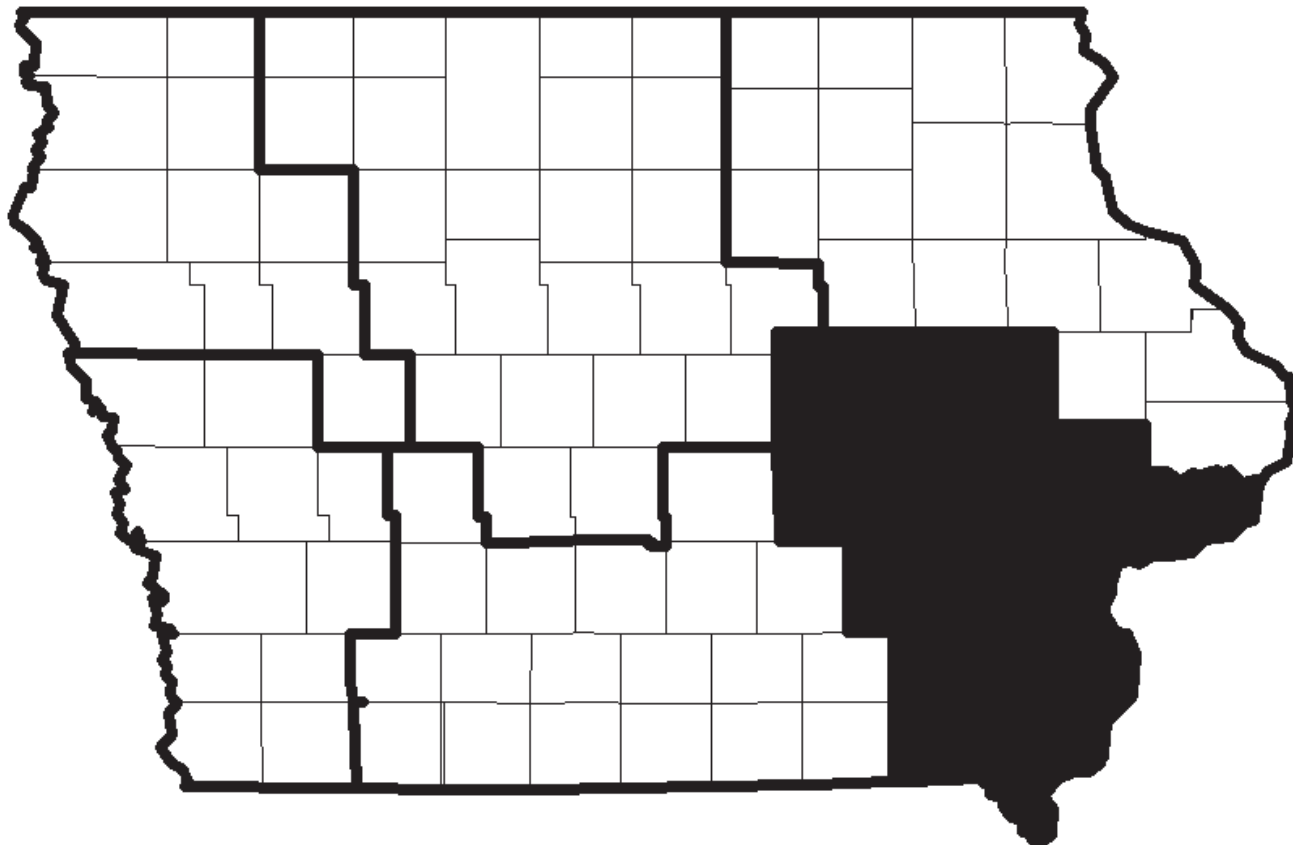


2007 Farm Business Summary

Ag Decision Maker

File C1-16

Southeast Iowa



Production • Costs • Returns

Explanation of Data

The farm record data used in this report were obtained from the Iowa Farm Business Associations. The average of all farms in each table represents a weighted average of the values for each size group listed. Weighting factors are based on the number of farms in each size group in the economic area, as computed from the most recent Census of Agriculture. Only farms with sales of \$100,000 or more were counted in making the weighting. Thus, overall averages should be representative of full-time Iowa farms.

All records were kept on the accrual, or inventory, basis. On rented farms, only operator income and expenses were recorded. Data for ending assets and liabilities represent those of the operator only, and do not include the value of rented land.

Definition of Terms Used

Net farm income, cash - total sales and other cash income minus cash expenses, including purchases of livestock and feed. Does not include principal borrowed or repaid, sales and purchases of capital assets, or nonfarm income and expenses.

Net farm income, accrual - cash net income adjusted for inventory changes and accrued expenses. Represents a return to unpaid labor, net worth (equity), management, and profit.

Value of farm production - value of crops produced (at market price), livestock production (net of feed and purchased livestock), inventory value gain or loss, and miscellaneous income. This measures the total production per farm.

Management return - accrual net farm income less six percent interest on value of equity (net worth), and wages for operator and family labor. The wage rate used for operator labor was \$1,700 per month. For family labor, the rate was \$850 per month.

Inventory value gain or loss - change in value of crops or livestock sold due to differences in opening inventory price and final sale price.

Livestock returns per \$100 feed fed - value of livestock production minus livestock purchases, divided by value of feed fed, multiplied by 100.

Machinery cost per crop acre - total of machinery repairs, fuel, custom machine hire, utilities, machinery depreciation and auto expense, less 75 percent of all custom hire income received, divided by crop acres. Depreciation is estimated at 10 percent of current value of the machinery.

Return to owned assets - net farm income, plus interest expense, minus value of operator and family labor, divided by total farm assets owned.

Return to equity - net farm income minus value of operator and family labor, divided by net worth.

Asset turnover ratio - value of farm production divided by total farm assets.

Operating profit margin ratio - net farm income, plus interest expense, minus value of operator and family labor, divided by value of farm production.

The data for this report were collected by Iowa Farm Business Association consultants, and compiled by Iowa State University Extension, with assistance from the Iowa Agricultural Experiment Station, project number 0111.

2007 Farm Business Summary for Southeast Iowa

Table 1. Comparison by years

	2007*	2006	2005	2004	2003	2002
Financial Returns						
Net farm income - accrual	\$145,863	\$74,747	\$41,913	\$50,736	\$41,578	\$37,111
Return to management	57,642	23,471	(10,027)	2,706	936	(3,245)
Net farm income - cash	109,779	43,766	56,435	56,829	48,571	39,501
Resources Used						
Acres per farm	658	423	473	502	559	589
Labor months	14	11	11	11	13	13
Livestock, feed, supplies	\$428,205	\$223,140	\$187,563	\$187,742	\$192,113	\$192,214
Machinery and equipment	212,534	127,586	141,416	128,269	121,978	122,977
Land and improvements	910,859	475,289	539,838	460,051	355,718	353,455
Total assets	1,551,598	826,016	868,818	776,062	669,810	668,645
Sources of Income						
Livestock income less feed	\$34,635	\$22,583	\$26,121	\$32,507	\$40,017	\$25,661
Crop production	365,955	184,400	144,905	146,261	141,715	149,676
Miscellaneous	19,236	6,657	12,208	10,219	16,045	5,993
Crop inventory gain or loss	(2,247)	11,362	16,286	8,003	3,911	6,673
Value of farm production	417,579	225,002	199,519	196,990	201,689	188,003
Capital gain or loss	1,368	2,204	2,830	1,529	(2,239)	300
Expenses						
Operating	\$158,257	\$88,442	\$93,481	\$83,235	\$84,694	\$78,064
Fixed	114,826	63,519	66,956	64,548	73,178	73,128
Efficiency						
Corn yield (bu. per acre)	177	169	156	181	157	160
Crop value per acre	\$612	\$476	\$328	\$367	\$317	\$321
Machinery cost per crop acre	100	124	97	88	72	65
Livestock returns per \$100 feed fed	137	152	204	184	182	139
Value of farm production per person	381,941	241,848	220,176	219,537	201,530	209,167
Value of farm prod. per \$1 expense	\$1.62	\$1.42	\$1.20	\$1.31	\$1.29	\$1.28
Asset turnover ratio	0.32	0.37	0.32	0.33	0.39	0.43
Average sale price for corn	\$3.70	\$3.23	\$1.64	\$1.77	\$2.20	\$2.15
% return to owned assets	10.1%	7.9%	2.3%	4.0%	4.9%	4.9%
Interest expense ratio	0.04	0.02	0.02	0.02	0.08	0.09
Debt to asset ratio	0.18	0.11	0.19	0.21	0.31	0.32

* Due to changes in weighting procedures, 2007 is not directly comparable with previous years. Farms with a value of farm production less than \$100,000 are not included after 2006, due to low numbers.

Table 2. Assets and Liabilities by Size of Farm, End of Year Values

	Average	Total Value of Ag Production		
		\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and above
Farm Assets				
Feeding livestock	\$52,906	\$9,391	\$7,540	\$141,720
Corn	186,257	76,898	145,445	334,478
Soybeans	89,955	35,861	85,289	147,372
Other feed	5,732	3,779	5,589	7,778
Supplies, prepaid expenses	81,800	46,822	72,537	125,325
Total short term assets	\$416,650	\$172,751	\$316,399	\$756,674
Breeding livestock	11,556	11,718	9,202	13,808
Machinery, equipment	212,534	71,149	190,313	372,876
Total intermediate assets	\$224,090	\$82,868	\$199,515	\$386,684
Land and improvements	910,859	433,356	898,762	1,387,898
Total assets	\$1,551,598	\$688,975	\$1,414,676	\$2,531,255
Farm Liabilities				
Operating notes, accounts payable	78,897	12,644	59,080	163,664
Intermediate and long term due	3,537	1,134	5,385	3,983
FSA Marketing Loans	20,232	8,500	11,298	40,799
Total short term debt	\$102,666	\$22,278	\$75,763	\$208,447
Intermediate term debts	33,417	6,011	15,868	78,062
Long term debts	124,440	45,232	118,446	207,656
Total liabilities	\$260,523	\$73,521	\$210,078	\$494,164
Farm Net Worth				
Net worth change from last year	\$1,291,075	\$615,454	\$1,204,599	\$2,037,091
	\$108,126	\$40,077	\$107,701	\$174,777
Working capital	\$313,984	\$150,473	\$240,636	\$548,227
Current asset/debt ratio	3.55	6.99	3.53	3.58
Total debt/asset ratio	0.18	0.13	0.19	0.22
Total acres farmed	658	287	605	1,073
Months of labor used	13.9	9.9	11.9	19.9

Table 3. Expenses by Size of Farm

	Total Value of Ag Production			
	Average	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and above
Machinery and equip. repairs	\$14,176	\$6,125	\$12,968	\$23,248
Fuel and oil	16,035	5,697	13,036	29,165
Machine hire	9,080	5,254	6,855	15,082
Auto and truck expense	3,494	1,959	2,426	6,081
Utilities	6,643	2,931	4,675	12,272
Labor hired	7,426	1,400	2,872	17,954
Livestock expense	7,550	3,349	2,434	16,879
Crop expense	92,132	35,687	82,086	157,346
Miscellaneous	4,473	1,777	3,146	8,456
Total Cash Operating Expense	\$161,009	\$64,180	\$130,498	\$286,484
Cash rent	\$46,981	\$15,641	\$31,784	\$93,043
Property taxes	6,780	3,809	6,223	10,243
Insurance	10,228	4,134	8,135	18,301
Building repairs	5,787	1,933	4,964	10,381
Depreciation	29,073	9,079	23,578	54,159
Interest	17,115	5,048	16,641	29,343
Total Fixed Expense	\$115,965	\$39,644	\$91,325	\$215,470

Table 4. Summary of Cash Income and Expenses by Size of Farm

	Total Value of Ag Production			
	Average	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and above
Livestock sales	\$185,087	\$30,792	\$60,104	\$463,253
Crop sales	259,646	106,381	233,907	435,151
Crop insurance payments	1,338	392	27	3,600
Government payments	16,544	6,284	12,989	30,170
Other cash income	10,900	3,661	6,913	22,028
Total Cash Income	\$473,514	\$147,510	\$313,939	\$954,202
Cash operating expenses	\$161,009	\$64,180	\$130,498	\$286,484
Cash fixed expenses	86,892	30,565	67,747	161,312
Feed purchased	51,243	10,072	12,784	130,700
Livestock purchased	64,593	4,235	11,866	177,336
Total Cash Expenses	\$363,736	\$109,052	\$222,896	\$755,832
Cash Net Farm Income	\$109,779	\$38,458	\$91,043	\$198,371
+ Sales of machinery & improvements	515	611	475	462
- Purchases of machinery and improv.	48,980	16,842	40,579	88,858
+ Loans received minus loans paid	2,851	7,785	(8,333)	9,507
Net Farm Cash Flow	\$64,165	\$30,012	\$42,606	\$119,481
+Nonfarm income	\$12,059	\$17,513	\$13,119	\$5,667
-Family living expenses	44,127	34,775	42,715	54,674
Net Cash Available	\$32,097	\$12,750	\$13,011	\$70,474

Table 5. Summary of Accrual Income and Expenses by Size of Farm

	Total Value of Ag Production			
	Average	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and above
Value of livestock production	\$117,626	\$25,719	\$38,430	\$288,183
Feed fed	82,991	20,049	21,807	206,913
Livestock production less feed	34,635	5,670	16,623	81,271
Value of crop production	365,955	149,004	316,466	627,760
Miscellaneous income	19,236	6,245	18,155	32,985
Crop inventory gain or loss	(2,247)	3,268	(879)	(9,016)
Value of Farm Production	\$417,579	164,187	\$350,365	\$732,999
Operating expenses	\$158,257	\$64,180	\$130,498	\$278,236
Fixed expenses	114,826	39,644	91,325	212,058
Accrual net farm income from oper.	144,496	60,364	128,541	242,705
Capital gain or loss	1,368	1,610	1,324	1,178
Accrual Net Farm Income	\$145,863	\$61,973	\$129,865	\$243,883
Operator and family labor charge	\$19,968	\$16,925	\$19,123	\$23,794
Charge for equity capital	68,253	24,091	60,917	118,742
Return to Management	\$57,642	\$20,956	\$49,825	\$101,347

Table 6. Overall Efficiency Factors by Size of Farm

	Total Value of Ag Production			
	Average	\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and above
Crops				
Acres in crops	595	247	547	982
Crop value per acre	\$612	\$606	\$586	\$645
Crop acres per person	560	390	591	696
Machinery cost per crop acre	\$100	\$105	\$95	\$99
Machinery investment per crop acre	\$319	\$282	\$302	\$373
Livestock				
Livestock returns/\$100 feed fed	\$137	\$129	\$148	\$132
Financial				
Value of farm production per person	\$381,941	\$249,467	\$375,963	\$516,972
Value of farm prod. per \$1 expense	\$1.62	\$1.64	\$1.63	\$1.59
Asset turnover ratio	0.32	0.29	0.33	0.33
% return to owned assets	10.1%	7.9%	11.5%	10.9%
% return to equity	11.4%	7.6%	13.4%	12.9%
Operating profit margin ratio	0.33	0.29	0.36	0.34
Interest expense ratio	0.04	0.03	0.05	0.04
Operating expense ratio	0.54	0.56	0.52	0.55
Depreciation expense ratio	0.07	0.06	0.07	0.07
Net farm income ratio	0.35	0.36	0.37	0.33
Median interest rate on debt	6.0%	5.1%	7.5%	5.5%

Table 7. Crop Production

	All Corn	Soybeans	Hay	Small Grain
Acres, operator share	312	207	30	29
Yield, bushels or tons per acre	177	53	4.2	-
Crop value per bushel or ton	\$3.70	\$10.31	\$87.81	-
Crop value per acre	\$657	\$551	\$373	-
Crop Expenses				
Seed	\$49.16	\$31.39	\$10.01	\$31.45
Fertilizer and Lime	83.04	13.56	6.47	22.92
Herbicide	35.03	23.85	1.26	20.85
Insecticide	1.80	4.82	2.70	0.21
Drying and storage	10.12	1.09	-	-
Machinery, fuel, repairs, machine hire	65.72	60.55	40.95	47.18
Utilities	9.63	8.78	4.79	5.54
Insurance	15.48	14.74	7.77	7.04
Hired labor	5.22	5.08	5.30	9.59
Interest	25.18	23.73	15.07	9.93
Cash rent	65.02	59.58	43.47	22.41
Property tax	12.50	11.97	7.38	11.38
Building repair	7.75	7.18	3.55	2.34
Other crop expenses	16.61	13.14	5.12	5.29
Total cash crop expenses	\$402.26	\$279.43	\$153.85	\$196.13
Machinery depreciation	\$32.58	\$29.22	\$21.72	-
Building depreciation	7.08	6.78	2.54	-
Charge for equity capital	93.47	83.52	38.58	-
Unpaid labor value	39.92	38.49	20.72	-
Total economic cost per acre	\$575.31	\$437.44	\$237.40	\$196.13
Total economic cost per bu. or ton	\$3.24	\$8.23	\$56.81	-
Principal payments	\$81.88	\$61.98	\$4.24	\$39.92
Family living expenses	\$85.87	\$81.01	\$33.87	-
Total cash flow needed per acre	\$570.01	\$422.42	\$191.96	\$236.05
Total cash flow needed per bu. or ton	\$3.21	\$7.95	\$45.93	-

Table 8. Livestock Production

	Swine	Beef	Dairy	Sheep
Percent of farms with enterprise	25%	36%	2%	3%
Number of hundred weight produced	3,118	667	5,799	55
Average number of breeding units	261	44	40	15
Average weaning rate	7.95	0.85	0.99	1.53
Lbs. of feed per lb. of production	3.40	11.14	2.96	5.97
Feed cost per cwt. of production	\$33.90	\$59.34	\$11.57	\$50.91
Livestock production per \$100 feed fed	\$121.08	\$143.26	\$197.26	\$108.35
Average value produced per cwt.	\$39.58	\$77.60	\$18.63	\$59.33

Table 9. Comparison of High and Low Profit Farms

	High Third	Middle Third	Low Third	Your Farm
Farm Income				
Value of livestock production	\$127,908	\$114,168	\$217,294	
Feed fed	81,199	78,225	160,698	
Livestock production less feed	46,709	35,943	56,596	
Value of crop production	623,008	330,742	320,027	
Miscellaneous income	47,434	11,925	9,304	
Crop inventory gain or loss	6,541	2,482	(21,335)	
Value of Farm Production	\$723,692	\$381,092	\$364,592	
Operating expenses	\$249,492	\$143,501	\$166,863	
Fixed expenses	188,109	104,199	116,168	
Accrual net farm income from oper.	286,092	133,393	81,561	
Capital gain or loss	919	1,977	798	
Accrual Net Farm Income	\$287,011	\$135,369	\$82,359	
Operator and family labor charge	\$22,676	\$19,086	\$19,903	
Charge for equity capital	82,640	70,655	83,048	
Return to Management	\$181,694	\$45,628	(\$20,592)	
Crops				
Acres in crops	949	559	542	
Crop value per acre	\$650	\$596	\$594	
Crop acres per person	750	578	459	
Corn yield, bu. per acre	186	179	169	
Average price received for corn	\$3.72	\$3.69	\$3.70	
Total economic cost per bu. for corn	\$2.82	\$3.34	\$3.83	
Machinery cost per crop acre	\$92	\$102	\$106	
Machinery investment per crop acre	\$300	\$339	\$351	
Livestock				
Livestock returns/\$100 feed fed	\$141	\$152	\$123	
Value of farm product - Sources (%)				
Crops	87%	87%	90%	
Livestock	6%	8%	11%	
Miscellaneous income	7%	3%	3%	
Crop inventory gain or loss	0%	2%	-3%	
Financial				
Value of farm production per person	\$560,500	\$385,018	\$295,768	
Value of farm prod. per \$1 expense	\$1.80	\$1.65	\$1.37	
Asset turnover ratio	0.40	0.32	0.26	
% return to owned assets	16.3%	9.9%	4.7%	
% return to equity	20.6%	12.3%	4.4%	
Operating profit margin ratio	0.41	0.35	0.22	
Interest expense ratio	0.03	0.03	0.05	
Operating expense ratio	0.49	0.52	0.63	
Depreciation expense ratio	0.06	0.07	0.08	
Net farm income ratio	0.42	0.38	0.24	
Debt to asset ratio	0.21	0.17	0.23	
Median interest rate on debt	6.6%	6.9%	6.3%	

Other farm record files

FM 1789 / AgDM C1-10 - 2007 Iowa Cost and Returns

FM 1781 / AgDM C1-11 - 2007 Farm Business Summary - Northwest Iowa

FM 1782 / AgDM C1-12 - 2007 Farm Business Summary - Southwest Iowa

FM 1783 / AgDM C1-13 - 2007 Farm Business Summary - North Central Iowa

FM 1785 / AgDM C1-14 - 2007 Farm Business Summary - South Central Iowa

FM 1786 / AgDM C1-15 - 2007 Farm Business Summary - Northeast Iowa

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