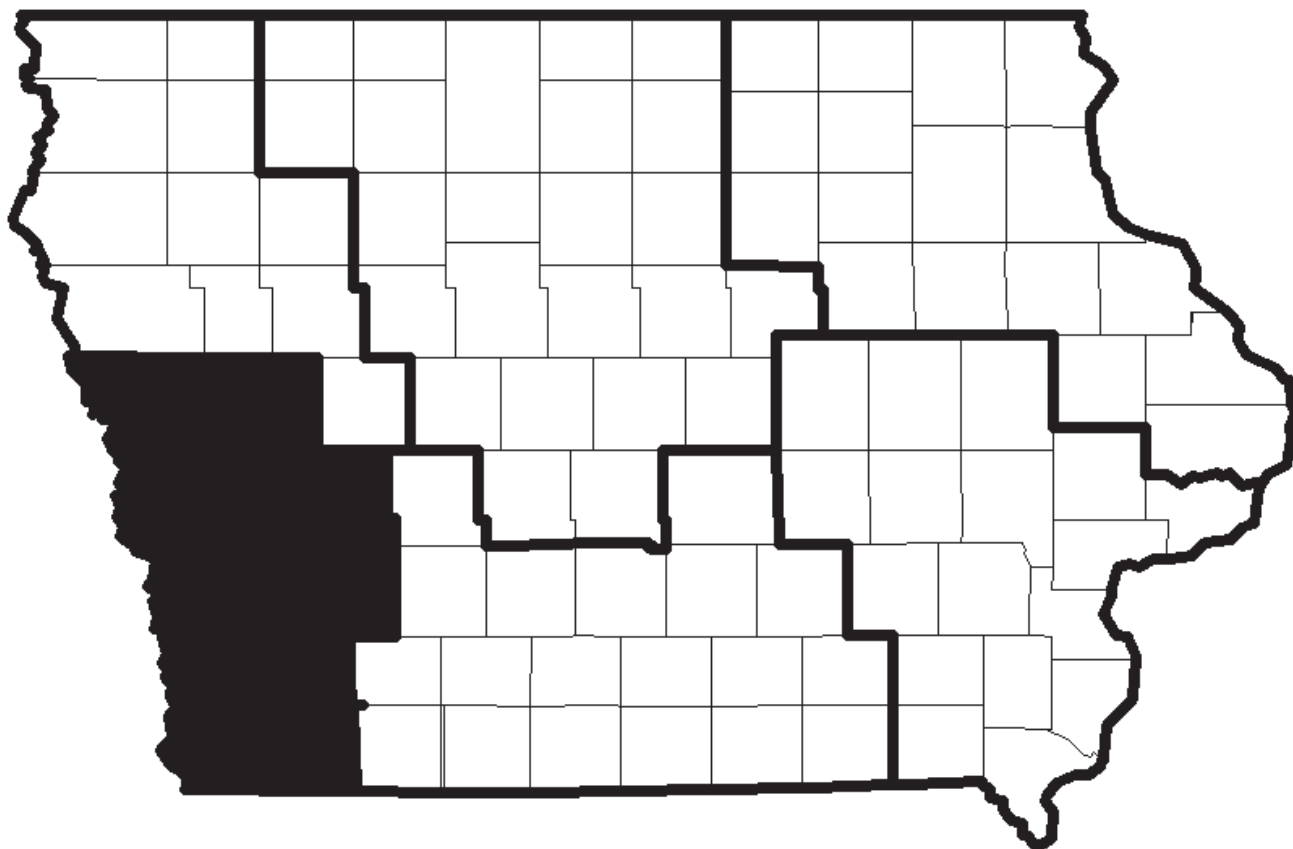


2007 Farm Business Summary

Ag Decision Maker

File C1-12

Southwest 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 Southwest Iowa

Table 1. Comparison by years

	2007*	2006	2005	2004	2003	2002
Financial Returns						
Net farm income - accrual	\$160,601	\$69,349	\$47,175	\$58,711	\$43,116	\$37,111
Return to management	111,217	28,268	6,322	22,596	(4,468)	(3,245)
Net farm income - cash	109,779	43,766	56,435	56,829	48,571	39,501
Resources Used						
Acres per farm	761	527	526	617	612	589
Labor months	12	11	11	12	12	13
Livestock, feed, supplies	\$425,939	\$231,051	\$204,746	\$201,949	\$179,115	\$192,214
Machinery and equipment	189,981	133,803	133,804	124,565	120,112	122,977
Land and improvements	270,221	306,182	328,780	402,890	438,648	353,455
Total assets	886,141	671,035	667,330	729,404	737,875	668,645
Sources of Income						
Livestock income less feed	\$20,506	\$15,958	\$23,249	\$27,387	\$36,916	\$25,661
Crop production	391,532	189,627	128,698	148,336	152,999	149,676
Miscellaneous	36,480	19,995	51,753	30,516	16,414	5,993
Crop inventory gain or loss	(7,744)	6,997	10,617	14,868	(1,881)	6,673
Value of farm production	440,774	232,578	214,318	221,106	204,448	188,003
Capital gain or loss	(821)	112	306	1,854	2,711	300
Expenses						
Operating	\$150,230	\$89,245	\$95,790	\$87,335	\$91,139	\$78,064
Fixed	129,122	74,096	71,658	76,915	72,903	73,128
Efficiency						
Corn yield (bu. per acre)	177	169	156	181	157	160
Crop value per acre	\$523	\$384	\$257	\$273	\$321	\$321
Machinery cost per crop acre	96	84	80	75	63	65
Livestock returns per \$100 feed fed	163	160	216	202	178	139
Value of farm production per person	395,655	244,653	266,302	230,582	245,480	209,167
Value of farm prod. per \$1 expense	\$1.62	\$1.51	\$1.31	\$1.34	\$1.23	\$1.28
Asset turnover ratio	0.52	0.43	0.40	0.47	0.38	0.43
Average sale price for corn	\$3.70	\$3.25	\$1.55	\$1.65	\$2.21	\$2.15
% return to owned assets	17.9%	7.3%	6.3%	8.0%	5.1%	4.9%
Interest expense ratio	0.04	0.04	0.04	0.04	0.06	0.09
Debt to asset ratio	0.23	0.22	0.29	0.37	0.28	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	\$51,496	\$15,337	\$11,792	\$116,348
Corn	191,969	75,678	176,034	342,226
Soybeans	107,230	42,017	128,561	174,874
Other feed	5,622	2,798	5,998	8,957
Supplies, prepaid expenses	52,773	12,351	44,736	104,850
Total short term assets	\$409,089	\$148,181	\$367,122	\$747,255
Breeding livestock	16,850	14,995	19,934	18,919
Machinery, equipment	189,981	85,453	164,318	333,145
Total intermediate assets	\$206,831	\$100,448	\$184,253	\$352,064
Land and improvements	270,221	144,561	243,067	444,855
Total assets	\$886,141	\$393,190	\$794,441	\$1,544,174
Farm Liabilities				
Operating notes, accounts payable	91,359	29,739	51,697	186,940
Intermediate and long term due	127	0	624	0
FSA Marketing Loans	25,845	9,605	6,997	55,822
Total short term debt	\$117,330	\$39,344	\$59,318	\$242,762
Intermediate term debts	48,008	16,178	26,308	98,133
Long term debts	84,675	11,447	138,782	140,235
Total liabilities	\$250,012	\$66,969	\$224,408	\$481,130
Farm Net Worth				
Net worth change from last year	\$105,560	\$33,564	\$73,477	\$209,301
Working capital	\$291,759	\$108,837	\$307,804	\$504,493
Current asset/debt ratio	3.56	3.47	4.77	3.38
Total debt/asset ratio	0.23	0.19	0.25	0.30
Total acres farmed	761	354	729	1,284
Months of labor used	12.4	9.9	12.2	16.4

Table 3. Expenses by Size of Farm

	Average	Total Value of Ag Production		
		\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and above
Machinery and equip. repairs	\$15,617	\$7,642	\$19,126	\$23,668
Fuel and oil	15,029	5,637	14,647	26,619
Machine hire	8,272	5,839	8,701	11,462
Auto and truck expense	4,559	3,789	7,086	4,470
Utilities	4,565	2,751	5,077	6,663
Labor hired	3,690	462	386	9,249
Livestock expense	4,099	2,076	1,157	8,254
Crop expense	91,115	34,703	79,068	166,150
Miscellaneous	3,283	1,329	3,288	5,664
Total Cash Operating Expense	\$150,230	\$64,229	\$138,536	\$262,199
Cash rent	\$66,219	\$14,557	\$46,606	\$137,756
Property taxes	3,803	3,684	3,973	4,248
Insurance	13,040	5,701	9,582	23,966
Building repairs	4,038	1,775	3,606	7,060
Depreciation	24,672	9,916	21,075	44,635
Interest	17,351	6,114	15,715	31,792
Total Fixed Expense	\$129,122	\$41,747	\$100,558	\$249,457

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

	Average	Total Value of Ag Production		
		\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and above
Livestock sales	\$135,039	\$31,143	\$38,743	\$310,236
Crop sales	274,987	119,227	267,428	470,639
Crop insurance payments	3,916	714	374	9,603
Government payments	17,517	7,759	18,201	29,171
Other cash income	12,699	2,823	15,603	22,736
Total Cash Income	\$444,158	\$161,666	\$340,350	\$842,385
Cash operating expenses	\$150,230	\$64,229	\$138,536	\$262,199
Cash fixed expenses	104,450	31,831	79,483	204,822
Feed purchased	31,648	4,807	4,695	77,694
Livestock purchased	62,019	14,521	13,634	144,533
Total Cash Expenses	\$348,347	\$115,387	\$236,348	\$689,247
Cash Net Farm Income	\$95,811	\$46,278	\$104,002	\$153,139
+ Sales of machinery & improvements	813	-	-	2,190
- Purchases of machinery and improv.	56,566	13,752	44,765	113,598
+ Loans received minus loans paid	33,431	(1,379)	25,998	77,251
Net Farm Cash Flow	\$73,489	\$31,148	\$85,235	\$118,982
+Nonfarm income	\$12,435	\$15,588	\$11,012	\$11,296
-Family living expenses	36,553	30,000	36,849	47,166
Net Cash Available	\$49,372	\$16,736	\$59,398	\$83,112

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

	Average	Total Value of Ag Production		
		\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and above
Value of livestock production	\$71,302	\$20,309	\$22,972	\$158,421
Feed fed	50,796	14,302	16,783	112,805
Livestock production less feed	20,506	6,006	6,190	45,616
Value of crop production	391,532	163,128	359,057	688,869
Miscellaneous income	36,480	10,194	37,020	67,424
Crop inventory gain or loss	(7,744)	(5,568)	(1,218)	(14,416)
Value of Farm Production	\$440,774	\$173,761	\$401,048	\$787,494
Operating expenses	\$150,230	\$64,229	\$138,536	\$262,199
Fixed expenses	129,122	41,747	100,558	249,457
Accrual net farm income from oper.	161,422	67,786	161,954	275,838
Capital gain or loss	(821)	(4,087)	975	1,495
Accrual Net Farm Income	\$160,601	\$63,698	\$162,930	\$277,333
Operator and family labor charge	\$18,518	\$16,958	\$20,967	\$20,811
Charge for equity capital	30,866	14,102	23,565	55,614
Return to Management	\$111,217	\$32,639	\$118,398	\$200,908

Table 6. Overall Efficiency Factors by Size of Farm

	Average	Total Value of Ag Production		
		\$100,000 to \$249,999	\$250,000 to \$499,999	\$500,000 and above
Crops				
Acres in crops	702	320	670	1,192
Crop value per acre	\$523	\$511	\$543	\$580
Crop acres per person	637	414	662	925
Machinery cost per crop acre	\$96	\$121	\$106	\$74
Machinery investment per crop acre	\$243	\$255	\$247	\$254
Livestock				
Livestock returns/\$100 feed fed	\$163	\$143	\$192	\$186
Financial				
Value of farm production per person	\$395,655	\$226,613	\$397,492	\$613,072
Value of farm prod. per \$1 expense	\$1.62	\$1.73	\$1.75	\$1.60
Asset turnover ratio	0.52	0.52	0.52	0.58
% return to owned assets	17.9%	15.4%	20.4%	21.2%
% return to equity	20.6%	16.6%	18.7%	28.2%
Operating profit margin ratio	0.33	0.31	0.39	0.37
Interest expense ratio	0.04	0.04	0.05	0.04
Operating expense ratio	0.51	0.53	0.51	0.54
Depreciation expense ratio	0.06	0.06	0.05	0.06
Net farm income ratio	0.36	0.37	0.40	0.36
Median interest rate on debt	7.5%	10.7%	7.3%	5.1%

Table 7. Crop Production

	All Corn	Soybeans	Hay	Small Grain
Acres, operator share	378	285	40	23
Yield, bushels or tons per acre	153	51	3.8	-
Crop value per bushel or ton	\$3.85	\$10.16	\$66.66	-
Crop value per acre	\$588	\$521	\$252	-
Crop Expenses				
Seed	\$48.46	\$34.41	\$10.07	\$22.41
Fertilizer and Lime	67.06	13.14	21.84	22.90
Herbicide	22.96	16.92	0.34	-
Insecticide	0.71	0.15	-	0.02
Drying and storage	3.42	0.94	-	-
Machinery, fuel, repairs, machine hire	53.90	54.72	62.74	20.53
Utilities	6.68	5.88	5.21	6.24
Insurance	16.07	16.63	14.39	7.26
Hired labor	2.03	1.93	2.29	0.34
Interest	19.00	18.64	28.26	9.81
Cash rent	67.82	69.69	74.27	26.56
Property tax	6.78	7.37	7.28	3.12
Building repair	4.63	5.24	3.07	0.82
Other crop expenses	5.53	4.85	9.51	5.62
Total cash crop expenses	\$325.06	\$250.54	\$239.25	\$125.63
Machinery depreciation	\$27.48	\$28.75	\$27.98	\$19.21
Building depreciation	3.66	3.79	4.70	1.38
Charge for equity capital	39.32	39.85	23.33	7.71
Unpaid labor value	27.65	29.97	33.74	15.95
Total economic cost per acre	\$423.16	\$352.89	\$329.00	\$169.88
Total economic cost per bu. or ton	\$2.76	\$6.86	\$87.07	-
Principal payments	\$2.93	\$3.36	\$3.63	\$1.13
Family living expenses	\$45.85	\$35.34	\$39.77	\$23.45
Total cash flow needed per acre	\$373.83	\$289.23	\$282.65	\$150.22
Total cash flow needed per bu. or ton	\$2.44	\$5.63	\$74.80	-

Table 8. Livestock Production

	Swine	Beef	Dairy	Sheep
Percent of farms with enterprise	20%	94%	Insufficient	3%
Number of hundred weight produced	3,773	653	Data	66
Average number of breeding units	105	37		-
Average weaning rate	8.05	0.88		1.02
Lbs. of feed per lb. of production	3.47	9.58		6.13
Feed cost per cwt. of production	\$31.63	\$44.92		\$56.14
Livestock production per \$100 feed fed	\$105.03	\$205.93		\$158.03
Average value produced per cwt.	\$31.59	\$93.96		\$55.09

Table 9. Comparison of High and Low Profit Farms

	High Third	Middle Third	Low Third	Your Farm
Farm Income				
Value of livestock production	\$91,341	\$91,188	\$36,740	
Feed fed	54,010	69,440	35,224	
Livestock production less feed	37,331	21,748	1,517	
Value of crop production	656,490	384,060	166,921	
Miscellaneous income	64,830	38,419	13,341	
Crop inventory gain or loss	(4,293)	(13,025)	(4,619)	
Value of Farm Production	\$754,358	\$431,201	\$177,159	
Operating expenses	\$229,654	\$163,353	\$76,110	
Fixed expenses	222,705	113,779	66,279	
Accrual net farm income from oper.	301,999	154,070	34,770	
Capital gain or loss	(458)	(109)	(119)	
Accrual Net Farm Income	\$301,541	\$153,961	\$34,651	
Operator and family labor charge	\$20,886	\$19,776	\$17,841	
Charge for equity capital	41,223	38,502	16,932	
Return to Management	\$239,432	\$95,684	(\$122)	
Crops				
Acres in crops	1,115	706	376	
Crop value per acre	\$598	\$552	\$412	
Crop acres per person	901	684	389	
Corn yield, bu. per acre	163	160	138	
Average price received for corn	\$3.70	\$3.68	\$3.70	
Total economic cost per bu. for corn	\$2.70	\$2.58	\$3.42	
Machinery cost per crop acre	\$74	\$121	\$105	
Machinery investment per crop acre	\$222	\$282	\$262	
Livestock				
Livestock returns/\$100 feed fed	\$221	\$174	\$125	
Value of farm product - Sources (%)				
Crops	87%	88%	86%	
Livestock	5%	5%	4%	
Miscellaneous income	9%	9%	8%	
Crop inventory gain or loss	-1%	-2%	2%	
Financial				
Value of farm production per person	\$609,865	\$423,258	\$177,997	
Value of farm prod. per \$1 expense	\$1.79	\$1.75	\$1.25	
Asset turnover ratio	0.66	0.48	0.42	
% return to owned assets	26.7%	17.8%	3.1%	
% return to equity	34.0%	20.7%	4.2%	
Operating profit margin ratio	0.42	0.38	0.11	
Interest expense ratio	0.03	0.04	0.07	
Operating expense ratio	0.50	0.51	0.74	
Depreciation expense ratio	0.05	0.06	0.10	
Net farm income ratio	0.42	0.39	0.08	
Debt to asset ratio	0.26	0.32	0.24	
Median interest rate on debt	7.1%	5.9%	6.8%	

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 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

FM 1788 / AgDM C1-16 - 2007 Farm Business Summary - Southeast Iowa

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