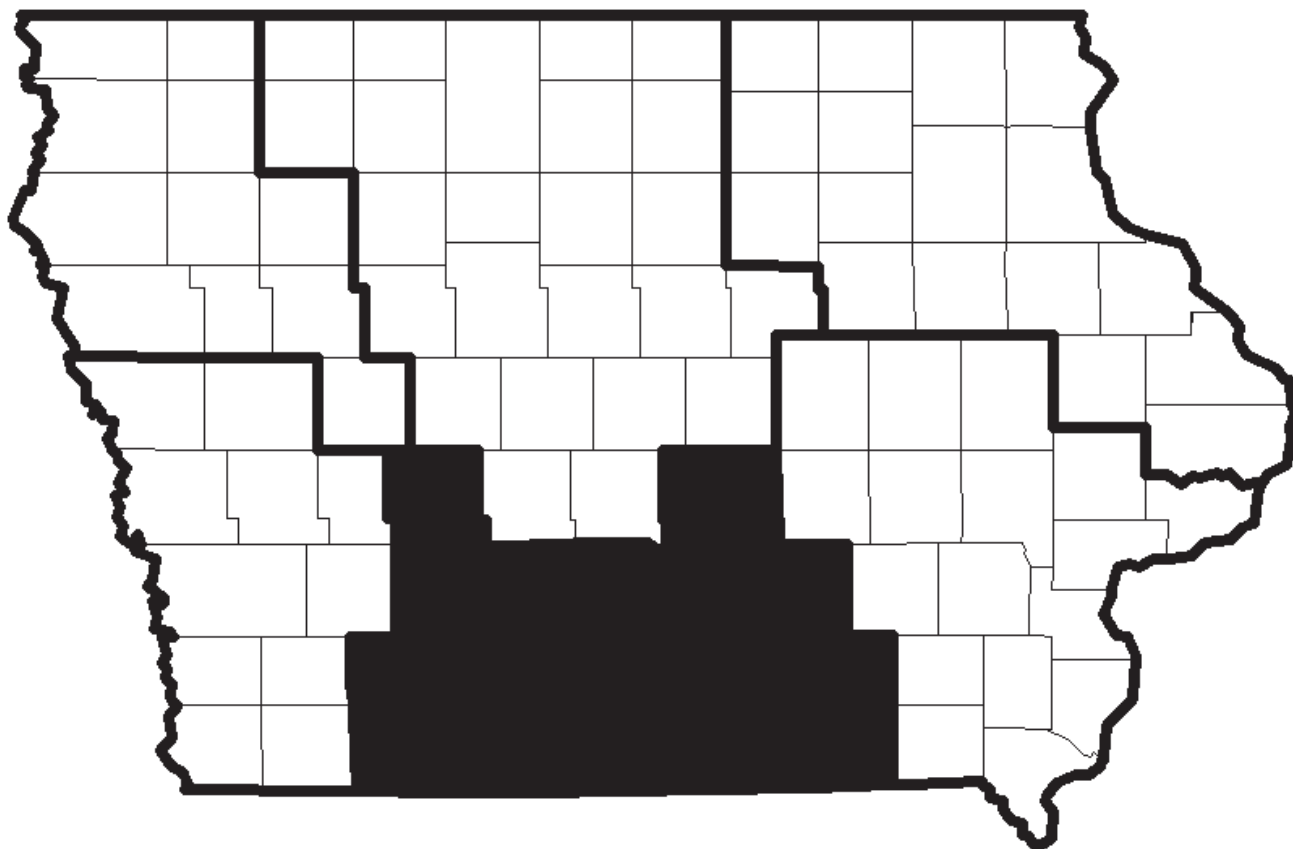


2007 Farm Business Summary

Ag Decision Maker

File C1-14

South Central 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 South Central Iowa

Table 1. Comparison by years

	2007*	2006	2005	2004	2003	2002
Financial Returns						
Net farm income - accrual	\$158,984	\$64,503	\$42,884	\$49,595	\$37,439	\$25,047
Return to management	72,203	9,272	(15,553)	(2,912)	(9,085)	(20,785)
Net farm income - cash	103,246	42,571	54,177	41,671	53,787	37,980
Resources Used						
Acres per farm	764	457	578	606	576	579
Labor months	15	11	11	11	12	12
Livestock, feed, supplies	\$466,948	\$214,271	\$198,874	\$182,831	\$161,725	\$152,772
Machinery and equipment	219,714	105,710	107,854	97,137	106,660	109,686
Land and improvements	743,645	465,732	533,067	541,199	428,961	416,327
Total assets	1,430,307	785,713	839,796	821,167	697,346	678,785
Sources of Income						
Livestock income less feed	\$47,400	\$19,926	\$30,241	\$24,872	\$29,892	\$15,680
Crop production	341,060	141,331	125,574	127,554	144,559	134,714
Miscellaneous	23,491	11,409	10,607	11,655	11,871	10,918
Crop inventory gain or loss	5,895	7,956	3,938	9,130	566	5,982
Value of farm production	417,847	180,622	170,360	173,210	186,887	167,295
Capital gain or loss	2,808	3,397	1,102	3,623	1,194	1,627
Expenses						
Operating	\$157,338	\$73,825	\$75,684	\$72,864	\$81,063	\$75,650
Fixed	104,334	45,691	52,894	54,374	69,580	68,225
Efficiency						
Corn yield (bu. per acre)	165	170	153	178	156	163
Crop value per acre	\$540	\$449	\$318	\$318	\$316	\$297
Machinery cost per crop acre	85	80	71	66	67	64
Livestock returns per \$100 feed fed	157	190	213	221	159	137
Value of farm production per person	340,572	180,631	188,844	200,459	216,947	190,055
Value of farm prod. per \$1 expense	\$1.69	\$1.56	\$1.39	\$1.44	\$1.26	\$1.25
Asset turnover ratio	0.33	0.21	0.21	0.21	0.27	0.32
Average sale price for corn	\$3.67	\$3.20	\$1.69	\$1.75	\$2.20	\$2.16
% return to owned assets	11.4%	4.9%	4.2%	8.0%	3.8%	3.2%
Interest expense ratio	0.04	0.02	0.02	0.02	0.07	0.07
Debt to asset ratio	0.18	0.24	0.20	0.21	0.25	0.24

* 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	\$63,653	\$28,488	\$40,021	\$122,077
Corn	144,599	60,305	144,566	226,656
Soybeans	106,770	57,759	104,336	156,954
Other feed	19,561	10,680	10,565	37,418
Supplies, prepaid expenses	87,895	40,712	65,837	156,403
Total short term assets	\$422,477	\$197,943	\$365,326	\$699,507
Breeding livestock	44,471	49,525	28,850	55,556
Machinery, equipment	219,714	101,782	211,854	342,525
Total intermediate assets	\$264,186	\$151,307	\$240,703	\$398,080
Land and improvements	743,645	577,416	657,430	993,712
Total assets	\$1,430,307	\$926,666	\$1,263,460	\$2,091,300
Farm Liabilities				
Operating notes, accounts payable	61,788	14,564	46,504	123,398
Intermediate and long term due	5,270	2,400	8,126	5,138
FSA Marketing Loans	3,774	1,233	9,873	-
Total short term debt	\$70,833	18,197	\$64,504	\$128,536
Intermediate term debts	58,866	8,245	94,868	71,245
Long term debts	150,348	54,569	118,519	276,154
Total liabilities	\$280,047	\$81,011	\$277,890	\$475,935
Farm Net Worth				
Net worth change from last year	\$110,835	\$43,886	\$72,516	\$215,235
Working capital	\$351,643	\$179,746	\$300,822	\$570,972
Current asset/debt ratio	7.28	10.88	5.66	5.44
Total debt/asset ratio	0.18	0.12	0.21	0.21
Total acres farmed	764	592	661	1,038
Months of labor used	15.2	10.9	12.3	22.2

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	\$17,775	\$7,072	\$16,700	\$29,293
Fuel and oil	14,593	6,859	12,326	24,440
Machine hire	6,982	5,625	5,774	9,540
Auto and truck expense	6,018	3,177	6,052	8,747
Utilities	5,860	3,539	4,815	9,189
Labor hired	6,817	462	1,068	18,890
Livestock expense	10,177	2,393	6,085	21,945
Crop expense	84,756	42,049	79,398	131,800
Miscellaneous	4,360	2,926	3,027	7,123
Total Cash Operating Expense	\$157,338	\$74,100	\$135,244	\$260,966
Cash rent	\$37,925	\$9,475	\$34,841	\$68,768
Property taxes	6,996	4,962	4,506	11,526
Insurance	10,126	6,068	8,968	15,262
Building repairs	6,949	2,414	3,977	14,407
Depreciation	27,646	11,989	25,512	45,065
Interest	14,692	5,961	14,888	22,986
Total Fixed Expense	\$104,334	\$40,870	\$92,693	\$178,013

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	\$162,928	\$40,102	\$116,133	\$330,384
Crop sales	231,291	96,106	222,809	371,527
Crop insurance payments	1,835	-	650	4,835
Government payments	13,581	8,223	11,539	20,885
Other cash income	12,810	12,885	8,488	17,165
Total Cash Income	\$422,446	\$157,316	\$359,619	\$744,796
Cash operating expenses	\$157,338	\$74,100	\$135,244	\$260,966
Cash fixed expenses	76,688	28,880	67,181	132,948
Feed purchased	44,400	5,708	30,339	96,454
Livestock purchased	40,775	1,551	38,033	81,751
Total Cash Expenses	\$319,200	\$110,239	\$270,797	\$572,119
Cash Net Farm Income	\$103,246	\$47,077	\$88,822	\$172,677
+ Sales of machinery & improvements	875	527	1,374	703
- Purchases of machinery and improv.	65,006	19,864	54,096	120,109
+ Loans received minus loans paid	22,891	(17,047)	53,138	30,771
Net Farm Cash Flow	\$62,005	\$10,693	\$89,237	\$84,042
+Nonfarm income	\$10,473	\$10,865	\$14,822	\$5,635
-Family living expenses	36,499	33,106	35,745	40,572
Net Cash Available	\$35,812	(\$11,547)	\$68,314	\$48,604

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	\$126,037	\$40,606	\$74,298	\$262,168
Feed fed	78,637	18,735	54,769	161,375
Livestock production less feed	47,400	21,871	19,529	100,792
Value of crop production	341,060	151,985	326,269	540,196
Miscellaneous income	23,491	20,433	16,425	33,707
Crop inventory gain or loss	5,895	(3,162)	2,934	17,743
Value of Farm Production	\$417,847	\$191,126	\$365,157	\$692,438
Operating expenses	\$157,338	\$74,100	\$135,244	\$260,966
Fixed expenses	104,334	40,870	92,693	178,013
Accrual net farm income from oper.	156,175	76,156	137,219	253,458
Capital gain or loss	2,808	2,566	1,371	4,517
Accrual Net Farm Income	\$158,984	\$78,722	\$138,591	\$257,975
Operator and family labor charge	\$21,732	\$19,565	\$20,105	\$25,507
Charge for equity capital	65,049	45,197	56,972	92,640
Return to Management	\$72,203	\$13,960	\$61,514	\$139,828

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	607	344	566	904
Crop value per acre	\$540	\$410	\$590	\$616
Crop acres per person	510	369	566	591
Machinery cost per crop acre	\$85	\$74	\$98	\$83
Machinery investment per crop acre	\$304	\$256	\$353	\$300
Livestock				
Livestock returns/\$100 feed fed	\$157	\$175	\$149	\$147
Financial				
Value of farm production per person	\$340,572	\$209,212	\$364,604	\$443,778
Value of farm prod. per \$1 expense	\$1.69	\$1.77	\$1.62	\$1.68
Asset turnover ratio	0.33	0.29	0.34	0.37
% return to owned assets	11.4%	8.7%	11.7%	13.7%
% return to equity	13.1%	8.9%	13.5%	16.8%
Operating profit margin ratio	0.35	0.33	0.36	0.37
Interest expense ratio	0.04	0.03	0.04	0.03
Operating expense ratio	0.52	0.52	0.52	0.53
Depreciation expense ratio	0.07	0.06	0.07	0.06
Net farm income ratio	0.38	0.40	0.37	0.38
Median interest rate on debt	6.6%	6.3%	7.3%	6.2%

Table 7. Crop Production

	All Corn	Soybeans	Hay	Small Grain
Acres, operator share	249	231	76	71
Yield, bushels or tons per acre	165	52	3.6	-
Crop value per bushel or ton	\$3.66	\$9.87	\$62.08	-
Crop value per acre	\$602	\$516	\$225	-
Crop Expenses				
Seed	\$47.92	\$29.53	\$10.97	\$19.53
Fertilizer and Lime	82.02	15.89	24.79	11.18
Herbicide	35.75	26.42	1.97	-
Insecticide	0.87	6.41	0.92	-
Drying and storage	9.26	1.01	-	-
Machinery, fuel, repairs, machine hire	64.30	55.74	49.46	47.86
Utilities	9.56	5.78	7.68	4.81
Insurance	16.00	13.21	9.56	5.09
Hired labor	3.43	3.04	4.77	1.53
Interest	40.16	17.63	17.28	18.13
Cash rent	68.59	23.13	23.41	18.22
Property tax	10.35	8.59	8.49	8.66
Building repair	6.70	4.88	5.07	4.81
Other crop expenses	14.68	11.47	5.65	2.56
Total cash crop expenses	\$409.59	\$222.72	\$170.03	\$142.39
Machinery depreciation	\$31.94	\$29.52	\$22.01	\$21.91
Building depreciation	6.98	5.69	1.92	-
Charge for equity capital	78.31	72.95	45.49	30.79
Unpaid labor value	37.74	31.92	24.21	13.33
Total economic cost per acre	\$564.56	\$362.80	\$263.66	\$208.42
Total economic cost per bu. or ton	\$3.43	\$6.93	\$72.59	-
Principal payments	\$16.77	\$14.74	\$8.72	\$5.83
Family living expenses	\$66.93	\$56.03	\$27.78	\$23.27
Total cash flow needed per acre	\$493.29	\$293.49	\$206.53	\$171.49
Total cash flow needed per bu. or ton	\$3.00	\$5.61	\$56.86	-

Table 8. Livestock Production

	Swine	Beef	Dairy	Sheep
Percent of farms with enterprise	23%	30%	2%	4%
Number of hundred weight produced	5,183	799	26,071	-
Average number of breeding units	163	77	107	-
Average weaning rate	7.79	0.94	0.90	-
Lbs. of feed per lb. of production	3.69	11.39	2.23	5.35
Feed cost per cwt. of production	\$35.56	\$57.51	\$8.72	\$40.74
Livestock production per \$100 feed fed	\$129.21	\$181.01	\$212.67	\$207.71
Average value produced per cwt.	\$44.64	\$90.53	\$17.01	\$50.85

Table 9. Comparison of High and Low Profit Farms

	High Third	Middle Third	Low Third	Your Farm
Farm Income				
Value of livestock production	\$189,656	\$62,649	\$149,321	
Feed fed	114,307	42,982	94,794	
Livestock production less feed	75,349	19,668	54,528	
Value of crop production	537,994	293,896	218,935	
Miscellaneous income	28,204	24,627	16,490	
Crop inventory gain or loss	18,882	10,627	(8,530)	
Value of Farm Production	\$660,429	\$348,819	\$281,423	
Operating expenses	\$230,792	\$126,036	\$128,435	
Fixed expenses	156,096	80,751	87,311	
Accrual net farm income from oper.	273,541	142,031	65,677	
Capital gain or loss	220	1,981	5,983	
Accrual Net Farm Income	\$273,761	\$144,012	\$71,660	
Operator and family labor charge	\$21,219	\$21,806	\$21,141	
Charge for equity capital	74,413	56,969	65,471	
Return to Management	\$178,129	\$65,237	(\$14,953)	
Crops				
Acres in crops	875	502	486	
Crop value per acre	\$631	\$592	\$407	
Crop acres per person	704	450	494	
Corn yield, bu. per acre	170	177	153	
Average price received for corn	\$3.71	\$3.67	\$3.67	
Total economic cost per bu. for corn	\$2.96	\$3.31	\$3.50	
Machinery cost per crop acre	\$74	\$94	\$119	
Machinery investment per crop acre	\$236	\$360	\$288	
Livestock				
Livestock returns/\$100 feed fed	\$134	\$156	\$171	
Value of farm product - Sources (%)				
Crops	85%	82%	81%	
Livestock	9%	7%	15%	
Miscellaneous income	4%	7%	6%	
Crop inventory gain or loss	3%	3%	-2%	
Financial				
Value of farm production per person	\$502,579	\$320,526	\$233,393	
Value of farm prod. per \$1 expense	\$1.79	\$1.79	\$1.52	
Asset turnover ratio	0.43	0.32	0.24	
% return to owned assets	17.0%	12.2%	5.3%	
% return to equity	21.1%	14.1%	4.9%	
Operating profit margin ratio	0.42	0.39	0.27	
Interest expense ratio	0.03	0.03	0.05	
Operating expense ratio	0.50	0.47	0.58	
Depreciation expense ratio	0.05	0.07	0.07	
Net farm income ratio	0.42	0.42	0.31	
Debt to asset ratio	0.22	0.17	0.18	
Median interest rate on debt	7.0%	6.7%	6.5%	

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 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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Issued in furtherance of Cooperative Extension work, Acts of May 8 and June 30, 1914, in cooperation with the U.S. Department of Agriculture. Jack M. Payne, director, Cooperative Extension Service, Iowa State University of Science and Technology, Ames, Iowa.

File Code Economics 1-8

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