



**Y/E 2015 Latta Harris Corn & Soybean
Cost of Production
Y/E 2016 Russell Crop Acre Estimates**

**FBS Conference
August 23, 2016**

**John McNutt, MBA
Moe Russell**

LH Team

Consulting – Tax – Audit – Management Information

Tipton Office

Mark Penningroth, CPA

Jim Jorgensen, CPA

John McNutt, MBA

Mitch Richman, Accountant

Jim Reeve, Accountant

Bob Krogmeier, CPA

Dave Borne, CPA

Renee Virlee, CPA

Washington Office

Grant Wubbena, CPA

Philip Morris, CPA

Dave Black, CPA

Grundy Center Office

Blaine Moats, CPA

Iowa City Office

Danny Stafford, CPA

LH Benchmarks & Comparative – What it is and What it is not

- Requires:
 - “Near” accrual – A/P, A/R, Inventory, Prepaid reconciliation
 - Enterprise assignment
 - Cost allocations
- Is a confidential peer group
- Is not a contest – no bragging rights
- Is managerial accounting
 - Is information that managers can use to make decisions
 - How competitive are we
 - Where do we look to make improvement
 - Is not perfect, often include estimates and allocation assumptions, (90% of the way is better than 100% of nothing achieved)
 - Ties to accrual net income

- (a) Total input costs is the sum of seed, fertilizer, chemicals, crop consulting and other normalization adjustments, including credits for returns and coop dividends
- (b) Net Land Costs is the total of cash rents, interest payments for land, landlord crop share operations cost, conservation cost, credits for government program payments and Irrigation Costs
- (c) Total operations cost is the sum of labor, fuel and machine costs as well as other normalization adjustments including credits and costs reducers, such as custom work.
- (d) The reported numbers may not total, the reported metrics are averages and non conforming data points may not be displayed.

LH COP Bu. Report Headings

Acre Range	Farm Code	\$ / Acre				\$/Acre
		Total Seed	Total Fertilizer	Total Chemicals	Total Input Cost (a)	

\$/Acres					\$/Acre			SORTED
Total Labor Costs	Total Fuel Costs	Total Machine Costs	Custom Work (Income) Expense	Total Operations Cost (c)	Total Interest Costs	Total Cost of Production before Storage, G&A & Crop Ins	2014 Average Yield per Acre	Total Cost of Production before Storage, G&A & Ins. / bushel

\$/Acre	\$/Acre	\$/Acre	\$/Acre	\$/Bu
Drying Costs	G&A	Crop Insurance	Total COP per Acre	Total COP per bushel

2015 LH Corn Cost of Production

Sorted by Cost/Bushel before Storage,G&A & Crop Insurance

Total Planted Acres this Report

30,823

Total Bushels this Report

6,508,000

		Not Iowa or Illinois				Premium Market													
		\$ / Acre				\$/Acre				\$/Acre				\$/Acre					
Acre Range	Farm Code	Total Seed	Total Fertilizer	Total Chemicals	Total Input Cost (a)	Net Land Cost (b)	Total Labor Costs	Total Fuel Costs	Total Machine Costs	Total Operations Cost (c)	Total Interest Costs	Total Cost of Production before Storage, G&A & Crop Ins	2015 Average Yield per Acre	SORTED Total Cost of Production before Storage, G&A & Ins. / bushel	Drying Costs	G&A	Crop Insurance	Total COP per Acre	Total COP per bushel
<1,000	9	100	52	81	256	57	-	-	57	57	8	377	230	1.64	31	44	21	473	\$ 2.06
<1,000	20	123	168	77	363	35	48	18	95	160	-	558	194	2.88	90	36	21	705	\$ 3.63
>1,000	11	129	159	57	373	97			231	231	7	708	246	2.88	61	27	26	823	\$ 3.34
>1,000	10	120	115	54	290	224	-	-	126	126	-	639	215	2.97	36	6	40	721	\$ 3.34
>1,000	6	100	167	56	327	223	32	22	113	157	2	709	233	3.04	40	11	21	781	\$ 3.36
<1,000	7	122	141	72	335	138	-	-	116	116	48	638	208	3.06	58	13	25	734	\$ 3.53
>1,000	13	92	139	68	289	253	61	11	93	38	1	581	187	3.10	9	23	16	630	\$ 3.36
<1,000	5	106	94	18	215	218	55	19	105	179	-	612	194	3.15	23	22	31	688	\$ 3.55
>1,000	19	105	142	68	313	186	60	24	126	163	18	681	215	3.16	62	9	25	776	\$ 3.61
>1,000	1	119	145	33	304	273	48	18	106	171	5	752	236	3.19	49	15	56	872	\$ 3.70
Average 17		112	150	61	324	190				160	9	684	209	3.27	39	20	26	770	\$ 3.68
>1,000	21	111	176	29	320	269	62	116	60	174	2	765	220	3.48	67	22	19	872	\$ 3.97
<1,000	22	130	167	91	387	223	42	10	99	150	19	779	211	3.69	31	9	23	842	\$ 3.99
<1,000	3	133	164	58	355	235	30	8	146	184	-	774	208	3.73	13	22	2	810	\$ 3.90
<1,000	23	111	146	53	308	158	86	32	153	271	3	740	193	3.85	12	23	34	809	\$ 4.21
>1,000	8	77	201	85	350	244	71	20	93	184	7	785	199	3.94	42	30	14	872	\$ 4.39
>1,000	12	135	178	60	371	237	78	30	89	197	21	826	209	3.96	20	24	6	877	\$ 4.23
>1,000	2	91	188	70	361	158	54	18	96	168	13	700	161	4.35	26	6	67	800	\$ 4.97
ISU -15 Act					322	273	35		143	177		773	177	4.37				773	\$ 4.37
U of IL Act 15		120	161	59	340	240	48		168	216	51	847	194	4.37	24	50		921	\$ 4.75

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2015 Soybean Cost of Production

Latta Harris, LLP

2015 Comparative Cost of Production for Soybeans

Sorted by Cost/Bushel before Storage, G&A & Crop Insurance												Total Planted Acres this Report		18,063						
Not Iowa or Illinois		Premium Market														Total Bushels this Report		1,100,797		
		\$ / Acre				\$/Acre	\$/Acres				\$/Acre			SORTED	\$/Acre	\$/Acre	\$/Acre	\$/Acre	\$/Bu	
Acre Range	Farm Code	Total Seed	Total Fertilizer	Total Chemicals	Total Input Cost (a)	Net Land Cost (b)	Total Labor Costs	Total Fuel Costs	Total Machine Costs	Total Operations Cost (c)	Total Interest Costs	Total Cost of Production before Storage, G&A & Crop Ins	Average Yield per Acre	Total Cost of Production before Storage, G&A & Crop Insurance	Drying Costs	G&A	Crop Insurance	Total Cost of Production per Acre	Total Cost of Production per bushel	
<800	7	52		72	124	138			105	105	33	400	72	\$ 5.56		13	16	429	\$ 5.98	
<800	11	64	29	49	177	97			148	148	8	430	64	\$ 6.72	7	14	9	461	\$ 7.20	
<800	3	72		63	136	168	30	8	146	184	-	488	73	\$ 6.72	14	22	2	526	\$ 7.27	
>800	20	89	50	77	210	35	48	18	95	160	-	406	58	\$ 6.99		36	21	464	\$ 7.98	
<800	10	45	9	57	111	224			126	126	-	460	63	\$ 7.26		6	25	491	\$ 7.75	
<800	5	60	14	28	104	206	55	15	130	200	-	510	67	\$ 7.61	17	17	19	563	\$ 8.40	
>800	13	59	58	32	139	253	61	11	93	38	1	431	54	\$ 7.98	2	23	19	476	\$ 8.85	
>800	6	57	25	54	140	208	32	22	113	157	2	506	63	\$ 8.04	9	11	21	548	\$ 8.71	
<800	19	80	11	51	140	186	60	24	126	163	18	507	62	\$ 8.12	18	9	25	558	\$ 8.94	
Average		56	25	53	136	179	147				5	467	57	\$ 8.20	7	17	20	511	\$ 8.99	
>800	21	59	-	26	88	258	79		177	191	3	541	66	\$ 8.21	2	27	19	589	\$ 8.94	
>800	1	62	14	42	125	273	48	18	106	171	2	571	69	\$ 8.27	11	15	56	652	\$ 9.45	
<800	22	43	77	85	205	223	42	10	42	93	19	540	60	\$ 9.00		9	19	568	\$ 9.47	
>800	8	56	59	77	182	244	57	17	54	132	5	562	59	\$ 9.50	13	30	11	616	\$ 10.42	
IL -2015		69	41	35	145	240	43		135	178	42	605	61	\$ 9.92	3	48		656	\$ 10.75	
>800	2	58	14	50	135	158	54	18	96	168	13	474	44	\$ 10.81	6	6	37	523	\$ 11.92	
ISU -2015					166	273	29		79	108		548	50	\$ 10.96					548	\$ 10.96
<800	23	39	10	103	150	158	86	32	168	271	3	582	50	\$ 11.66		23	24	628	\$ 12.61	

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Russell Estimated Average Price

- Unofficial average price for RCG advise
 - 2016 corn 50% priced at \$4.16 Dec. Futures
 - 2016 soybeans 65% priced at \$ 9.70 Nov.
- Dec Corn \$4.16 less basis \$0.15 = \$ 4.01
- Nov Soybeans \$9.70 less \$0.30 = \$ 9.40
- Remaining 50% of corn \$3.71
- Remaining 50% of Soybeans \$9.40
- Average 2016: \$3.86 corn, \$9.40 soybeans

Report Headings

Total Projected Planted Acres this Report:	88,594
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Not IA & IL		Top 10% , Bottom 10%								
Size Range	Farm Code	SEED	CHEM	FERT	Inputs (a)	Land (b)	Labor	Fuel	Equipment	Total Operations (c)

	\$/Acre	
Interest	Total \$/A b4 other	Drying

Estimated Market Prices:		\$3.86	\$9.40	Est. by Russell Consulting		
		\$/Acre	Target Yield		\$/Acre	SORTED
Misc.	Crop Insurance	Total Cost/Acre	Yield Corn bu / a	Yield SB bu / a	Total Crop Rev. Per Acre	Estimated Profit/ Acre

Russell 2016 Projected Cost \$/acre

Total Projected Planted Acres this Report:					88,594					Estimated Market Prices:											\$3.86		\$9.40		Est. by Russell Consulting					
Not IA & IL					Top 10% , Bottom 10%										\$/Acre								\$/Acre		Target Yield		\$/Acre		SORTED	
Size Range	Farm Code	SEED	CHEM	FERT	Inputs (a)	Land (b)	Labor	Fuel	Equipment	Total Operations (c)	Oper. Interest	Total \$/A b4 other	Drying	Misc.	Crop Insurance	Total Cost/Acre	Yield Corn bu / a	Yield SB bu / a	Total Crop Rev. Per Acre	Estimated Profit/ Acre										
<1800	153	44	24	12	80	61	52	13	128	192	3	337	9	55	12	413	190.0	55.0	637	224										
<1800	171	87	68	79	235	250	11	-	-	11	8	504		12	3	519	213.0	58.0	719	200										
>1800	184	61	26	74	160	100	26	21	108	155	4	419	4	63	5	491	187.5	53.0	688	197										
<1800	123	81	55	100	236	24	40	22	126	188	14	462	10		30	502	200.0	64.0	690	188										
<1800	37	71	30	82	183	70	66	3	86	155	6	414			26	440	180.0	50.0	578	138										
<1800	38	101	72	110	283	22	43		116	159		464	11	45	16	535	195.0	55.0	658	122										
>1800	22	82	37	61	180	206	61	14	69	144	23	552	14	33	10	610	200.0	58.0	701	92										
>1800	188	70	46	65	181	117	58	21	25	103	21	422	8	12	25	467	165.0	51.0	543	76										
<1800	11	78	31	41	150	239	36	7	64	106	10	506	4	6	17	533	185.0	52.0	596	63										
>1800	23	91	26	103	220	241	47	14	80	142	15	618	3	28	16	665	190.0	58.0	726	61										
<1800	181	85	66	225	376	223	25	9	61	95	31	725		44	60	829	229.0		884	55										
<1800	27	64	24	24	112	133	37	12	79	128	20	392	6	11	18	428	140.0	45.0	479	51										
<1800	7	74	30	80	183	152	54	21	120	195		529		19	20	569	185.0	52.0	611	43										
>1800	182	79	25	90	194	237	25	15	143	182	17	631		50		680	205.0	50.0	714	34										
<1800	155	106	30	82	218	183	46	12	75	133	15	549	16	37	22	624	200.0	54.0	656	32										
>1800	175	72	43	65	180	319	18	5	37	60	16	575	8	5	20	608	190.0	56.0	641	32										
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<1800	176	129	58	98	285	102	37	26	186	249		636		55	9	700	200.0	60.0	715	15										
<1800	13	79	38	148	266	179	69	41	92	202	3	650	8	40	23	722	195.0	55.0	733	11										
Average	Russell	90	47	93	228	199				163	14	604	11	33	24	646	187.5	55	649	4										
>1800	190	82	17	75	174	224	24	8	101	133	16	546	19	6	32	603	170.0	52.5	604	1										

2 pages, page 6 & 7 of handout

Russell 2016 page 2

	Not IA & IL			Top 10% , Bottom 10%								\$/Acre					\$/Acre	Target Yield		\$/Acre	SORTED
									Total	Oper.	Total \$/A b4			Crop	Total	Yield Corn	Yield SB	Total Crop			
Size Range	Farm Code	SEED	CHEM	FERT	Inputs (a)	Land (b)	Labor	Fuel	Equipment	Operations (c)	Interest	other	Drying	Misc.	Insurance	Cost/Acre	bu / a	bu / a	Rev. Per Acre	Estimated Profit/ Acre	
PAGE 2 of 2																					
>1800	165	75	89		164	264	45	26	82	152	9	589		56	25	670	198.0	59.0	669	(1)	
>1800	16	82	27	73	181	214	34	23	100	157	1	553	11		17	581	175.0	52.0	580	(1)	
>1800	178	81	43	76	200	278	21	15	55	91	33	603		9	21	633	185.0	56.0	631	(2)	
<1800	503	93	47	69	209	190	56	27	144	227	5	631		16		647	194.0	53.0	638	(8)	
>1800	189	66	35	54	155	258	24	15	100	139	16	568	14	7	20	609	175.0	55.0	593	(16)	
<1800	28	88	82	111	280	181	26	18	140	184	4	649	6	30	25	710	200.0	65.0	693	(18)	
<1800	185	79	31	78	188	270	41	13	57	111	15	584	6	18	26	634	193.0	51.0	612	(22)	
>1800	151	108	58	127	292	187	70	33	104	207	7	692	9	15	18	734	195.0	62.0	707	(28)	
>1800	19	75	31	119	225	304	45	11	73	130	21	680	8	26	21	735	212.0	62.0	705	(30)	
<1800	3	76	60	142	278	188	68	9	83	160	11	637	5	19	23	683	195.0	58.0	653	(30)	
<1800	120	116	80	95	291	320	85	19	69	173	6	790		29	19	838	225.0	68.0	807	(31)	
>1800	169	102	45	121	268	252	37	15	88	140	35	695	18	13	15	741	195.0	56.0	709	(32)	
ISU	Iowa	101	94	36	231	296	32		111	143	9	679	20	11	11	721	200.0	55	681	(40)	
<1800	105	70	20	72	162	288	65	18	60	143	18	610	10	51	23	693	200.0	57.0	650	(43)	
<1800	113	87	64	88	239	119	34	20	54	108	4	470	11	74	22	577	185.0	50.0	531	(46)	
>1800	32	80	35	66	181	261	45	11	93	149	11	602	8	20	20	650	180.0	55.0	603	(47)	
<1800	158	82	22	91	194	196	66	15	127	207	8	606	9	13	29	657	185.0	53.0	608	(49)	
>1800	303	93	58	105	256	22	22	32	60	114	8	400			33	433	130.0	41.0	384	(49)	
U of I	Illinois	106	49	92	247	242	18	18	179	179	18	686	27	9	20	742	194.0	60	683	(59)	
>1800	186	80	23	46	149	209	71	16	131	218	28	605	9	40	17	670	205.0	58.0	585	(85)	
<1800	107	113	57	65	235	126	30	15	207	252		613	17		22	652	170.0	45.0	564	(88)	
<1800	180	95	27	61	183	195	85	19	113	217	2	597	11	26	47	681	180.0	50.0	591	(90)	
<1800	173	106	81	137	325	226	20	20	163	204	22	777	29	34	27	866	200.0		772	(94)	
<1800	14	97	84	146	327	253	25	32	107	164		744	7	20	22	792	200.0	65.0	696	(96)	
<1800	8	72	54	62	189	214	51	10	72	133	16	551		48	36	635	180.0	52.0	534	(101)	
>1800	122	148	72	169	389	86	66	30	207	303	6	784	7	47	24	862	200.0	70.0	743	(119)	
<1800	115	92	54	57	203	182	79	22	77	178	23	586	11	40	30	667	175.0	50.0	496	(171)	
>1800	104	100	35	132	267	208	57	27	79	163	9	647	20	31	46	744	147.0	31.0	539	(204)	
>1800	150	94	51	98	244	263	115	15	79	209	5	721	5	24	27	777	179.0	55.0	571	(206)	
<1800	121	130	81	54	265	276	86	25	113	224	10	775		61	42	878	185.0	60.0	661	(217)	
>1800	177	102	42	115	259	354	92	21	161	274	58	945	32	127		1,104	190.0	60.0	722	(382)	
<1800	124	200	75	195	470	261	138	-	-	138		869				869	125.0	45.0	459	(410)	

LattaHarris, LLP

Sorted by Total Cost Per Bushel Projected

	\$/Acre				\$/Acre	\$/Acre					\$/Acre				\$/Acre	\$/Acre	\$/Acre	\$/Acre	SORTED
																	</		

2016 LH Clients Corn Projected Cost of Production

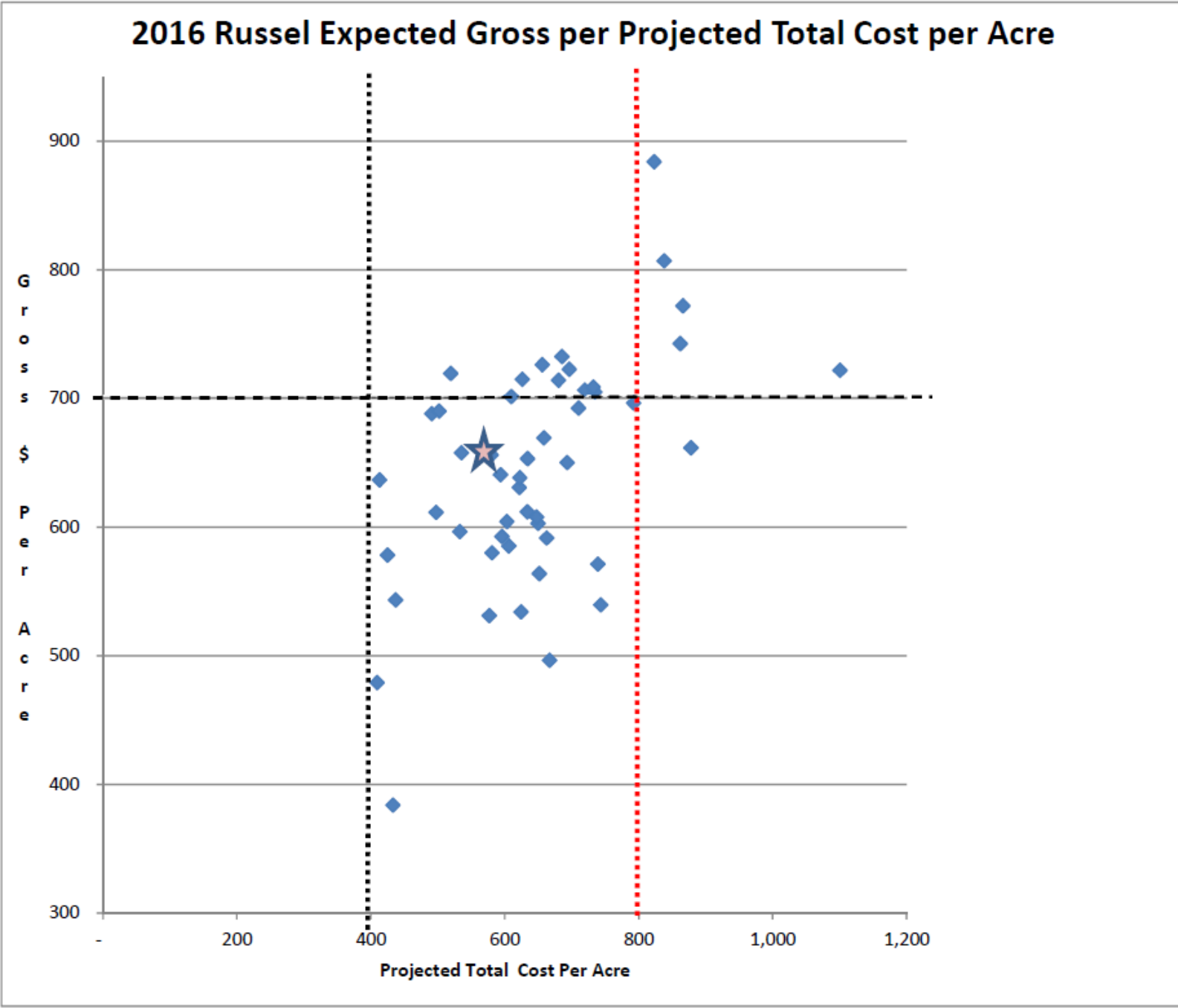
<1,100	98	134	43	278	251	63	11	95	(126)	43	0	572	180	\$ 3.18	20	28	17	638	\$ 3.54
<1,100	103	75	85	271	204	35	14	169	(62)	155	19	649	188	\$ 3.45	9	21	13	692	\$ 3.68
>1,100	105	158	34	294	73	37	8	229	(3)	270	5	643	180	\$ 3.57	10	10	35	698	\$ 3.88
<1,100	111	143	60	314	155	50	21	146		218	19	706	190	\$ 3.71	39	15	26	787	\$ 4.14
U of IL 16 proj	130	116	38	284	296	34		133		167	11	758	200	\$ 3.79	30	11	13	812	\$ 4.06
BU -16 proj	123	130	60	313	242	19	18	153		190	19	764	200	\$ 3.82	39	9	24	836	\$ 4.18
>1,100	72	138	68	281	213	99	-	123	-	222	9	725	177	\$ 4.09	59	15	16	815	\$ 4.60

2016 LH Clients Soybean Projected Cost of Production

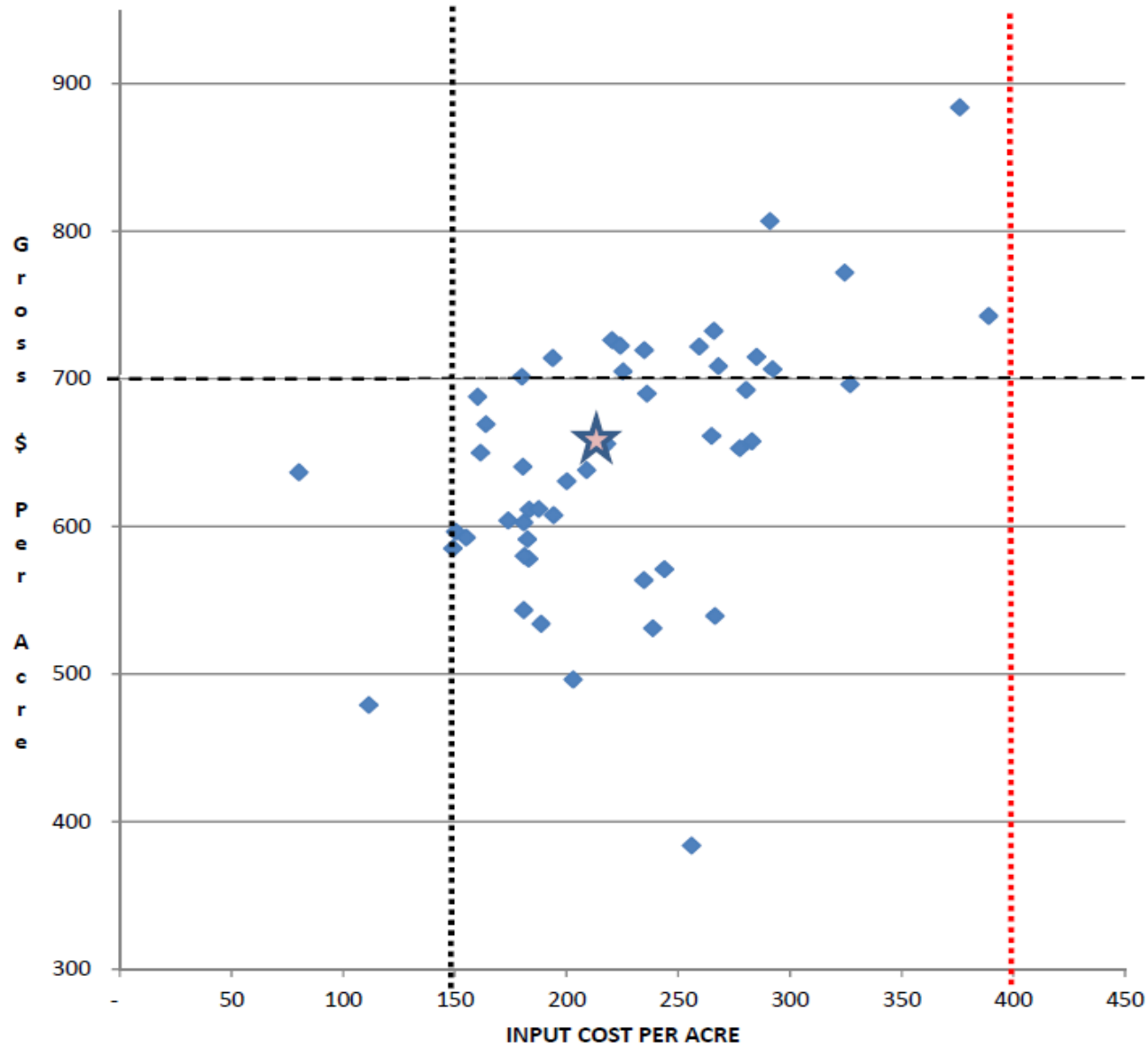
<1,100	43		45	96	204	35	14	117	(47)	119	19	437	54	\$ 8.05		21	13	471	\$ 8.67
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>1,100	59	45	49	155	251	63	11	95	(126)	43	(1)	448	53	\$ 8.46	6	28	15	497	\$ 9.39
<1,100	43	81	72	192	73	37	8	229	(3)	270	5	541	60	\$ 9.01		10	35	586	\$ 9.77
BU -15 proj	76	30	30	136	242	17	17	125		159	16	553	55	\$ 10.05	8	9	13	583	\$ 10.60
U of IL proj	54	58	32	144	296	29		76		105	6	551	55	\$ 10.02	2	11	9	573	\$ 10.42

Per Acre Compare , 64.5% Corn, 35.5% Soybeans

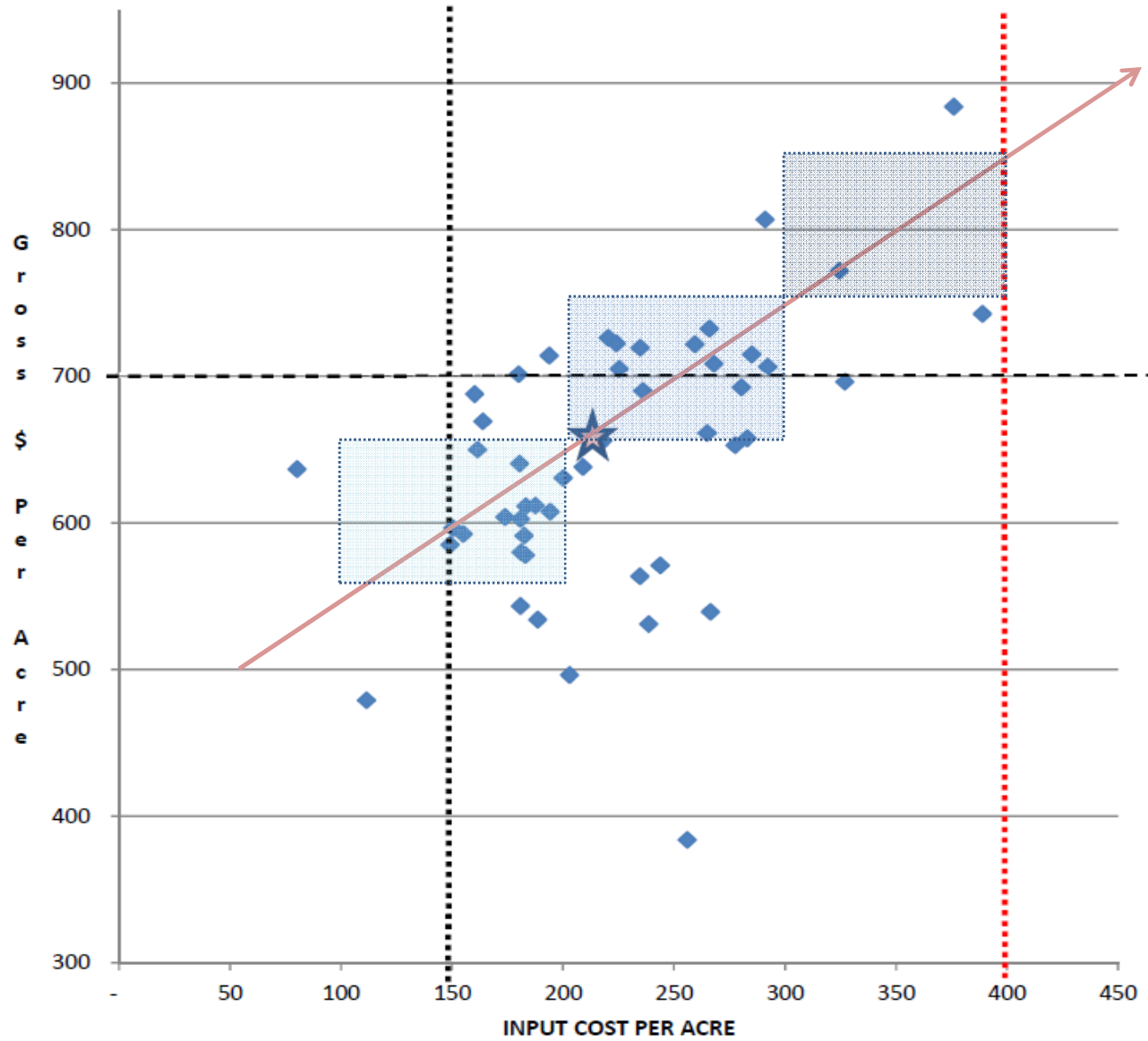
Avg LH	80	102	57	237	175					166	9	588							646
Russell Avg	90	47	93	228	199					163	14	604							646
Variance																			(0)



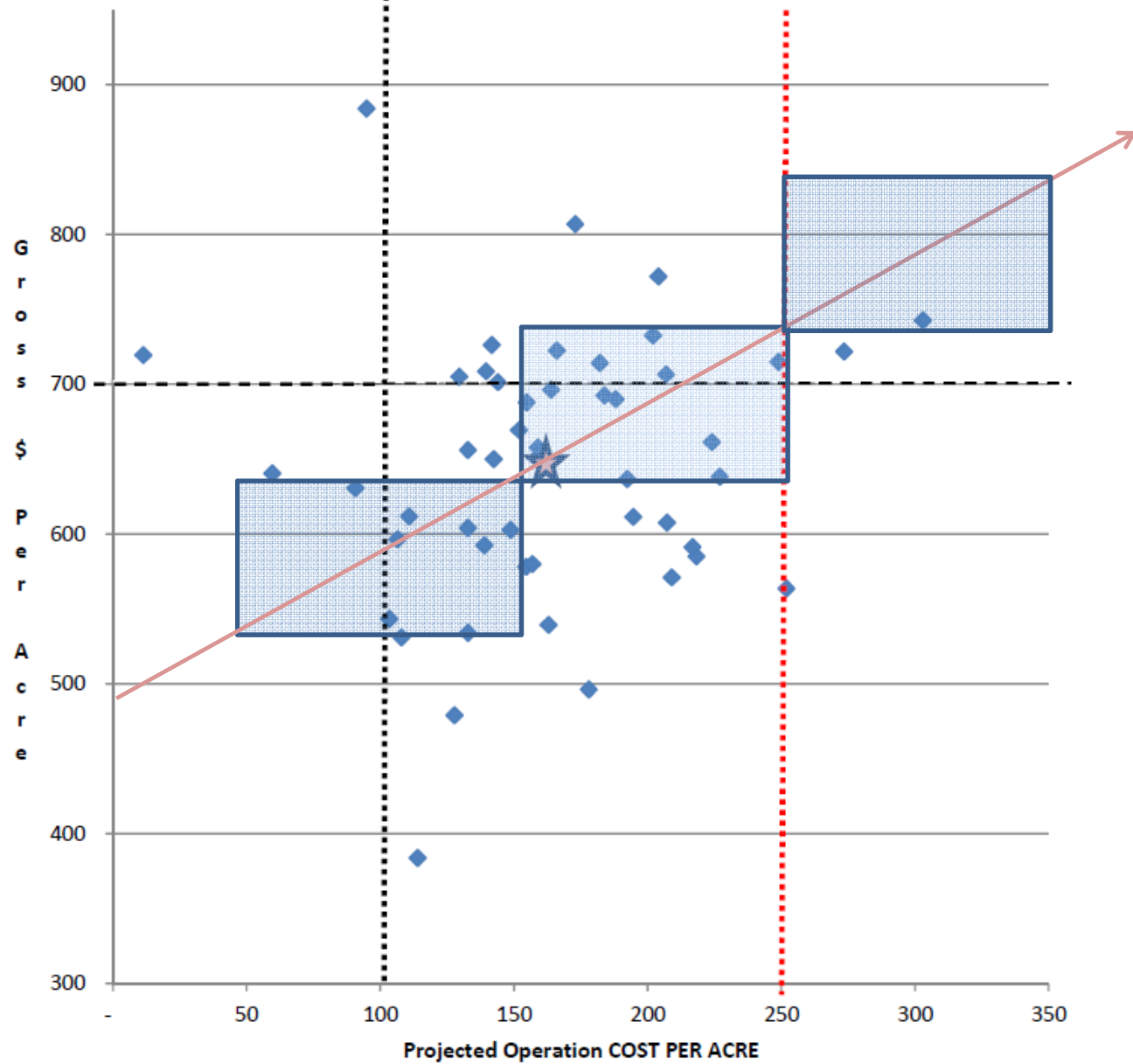
2016 Russel Gross per Input Cost per Acre



2016 Russel Gross per Input Cost per Acre



2016 Russel Expected Gross per Operation Cost per Acre





LattaHarris, LLP Offices

**2730 Naples Avenue SW, Suite 101
Iowa City, Iowa 52240
319-358-0520**

**116 W. Main Street
Washington, Iowa 52353
319-653-6684**

**1201 North Avenue
Tipton, Iowa 52772
563-886-2187**

**3037 Center Point Rd NE
Cedar Rapids, Iowa 52402
319-366-2163**

**626 G Ave
Grundy Center, Iowa 50638
319-824-5221**

**www.lattaharris.com
John McNutt
jmcnutt@lattaharris.com
Tipton office 563-886-2187**