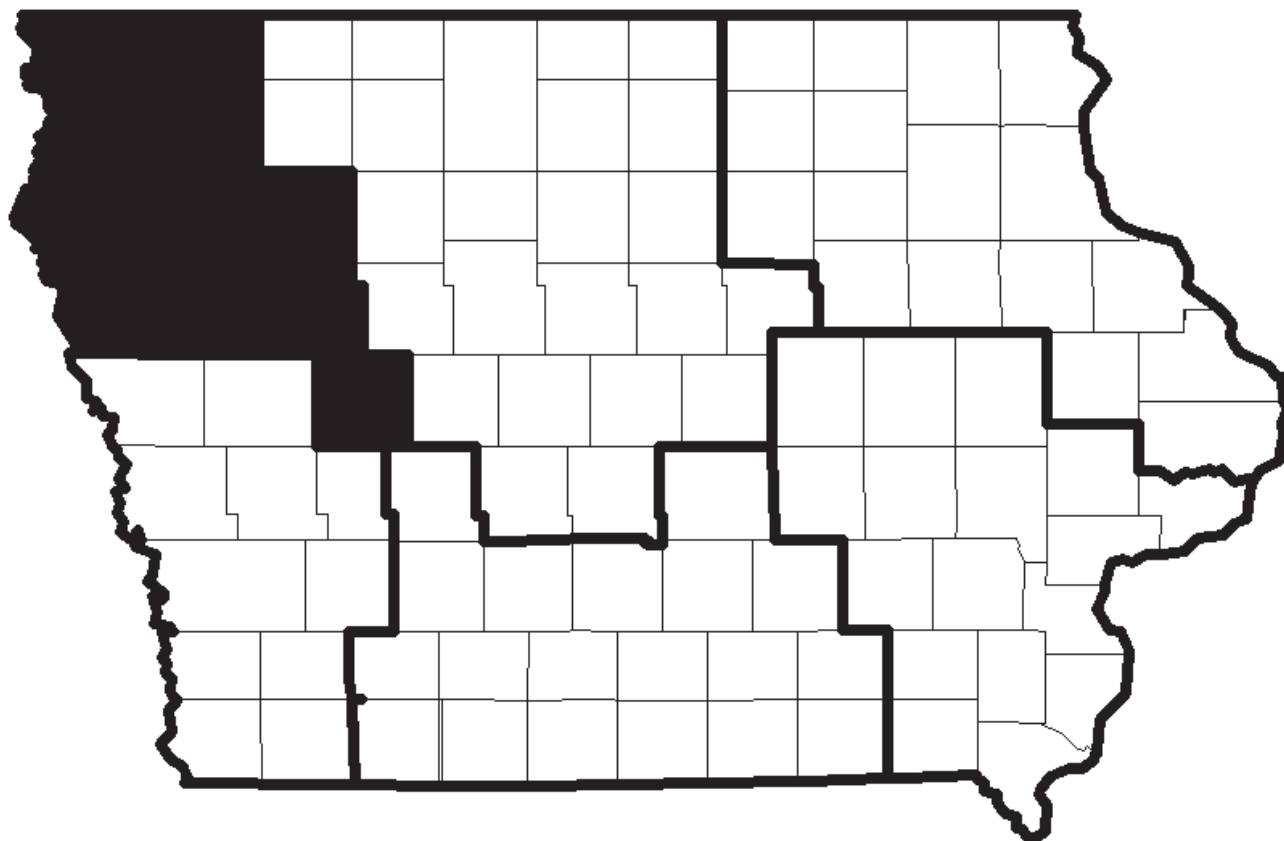


2007 Farm Business Summary

Ag Decision Maker

File CI-11

Northwest 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 Northwest Iowa

Table 1. Comparison by years

	2007*	2006	2005	2004	2003	2002
Financial Returns						
Net farm income - accrual	\$156,489	\$73,817	\$69,400	\$77,013	\$48,196	\$41,907
Return to management	90,710	26,015	22,951	31,394	1,959	(6,600)
Net farm income - cash	96,058	51,302	64,353	66,469	49,444	29,283
Resources Used						
Acres per farm	619	451	463	548	640	656
Labor months	19	15	14	15	12	13
Livestock, feed, supplies	\$448,754	\$262,224	\$234,187	\$235,211	\$197,022	\$179,860
Machinery and equipment	188,313	117,628	123,280	123,927	119,722	125,314
Land and improvements	600,790	426,624	406,914	383,367	362,869	391,001
Total assets	1,237,857	806,477	764,381	742,505	679,613	696,175
Sources of Income						
Livestock income less feed	\$88,062	\$47,774	\$70,922	\$78,276	\$29,252	\$16,242
Crop production	336,082	192,328	159,676	154,507	169,746	160,933
Miscellaneous	22,989	9,579	13,063	15,085	11,748	7,760
Crop inventory gain or loss	11,997	10,300	10,099	10,014	(762)	6,868
Value of farm production	459,131	259,981	253,760	257,881	209,984	191,804
Capital gain or loss	2,767	2,506	591	3,267	2,045	1,087
Expenses						
Operating	\$172,859	\$107,035	\$105,957	\$104,549	\$87,607	\$78,869
Fixed	132,549	81,636	78,994	79,585	76,226	72,115
Efficiency						
Corn yield (bu. per acre)	162	156	181	184	154	162
Crop value per acre	\$579	\$449	\$371	\$340	\$326	\$322
Machinery cost per crop acre	84	83	80	74	65	61
Livestock returns per \$100 feed fed	161	166	226	200	194	143
Value of farm production per person	341,550	233,821	232,443	232,830	199,704	178,014
Value of farm prod. per \$1 expense	\$1.59	\$1.41	\$1.33	\$1.36	\$1.28	\$1.34
Asset turnover ratio	0.44	0.34	0.34	0.34	0.37	0.38
Average sale price for corn	\$3.70	\$3.19	\$1.55	\$1.66	\$2.20	\$2.16
% return to owned assets	14.7%	6.2%	6.2%	6.2%	5.7%	5.7%
Interest expense ratio	0.06	0.06	0.06	0.05	0.07	0.04
Debt to asset ratio	0.35	0.35	0.33	0.35	0.29	0.27

* 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	\$114,276	\$10,008	\$34,953	\$281,845
Corn	152,306	77,786	126,438	242,891
Soybeans	99,172	50,378	76,912	163,522
Other feed	15,505	4,625	9,048	31,266
Supplies, prepaid expenses	45,306	21,041	40,678	71,209
Total short term assets	\$426,565	\$163,838	\$288,029	\$790,734
Breeding livestock	22,188	9,829	14,907	40,044
Machinery, equipment	188,313	67,316	151,001	330,954
Total intermediate assets	\$210,501	\$77,145	\$165,908	\$370,998
Land and improvements	600,790	334,450	537,924	896,538
Total assets	\$1,237,857	\$575,433	\$991,861	\$2,058,270
Farm Liabilities				
Operating notes, accounts payable	153,931	50,521	106,106	290,924
Intermediate and long term due	646	275	1,677	-
FSA Marketing Loans	3,545	987	564	8,637
Total short term debt	\$158,123	\$51,783	\$108,346	\$299,561
Intermediate term debts	61,297	12,720	43,606	121,129
Long term debts	224,655	55,244	192,771	405,103
Total liabilities	\$444,075	\$119,748	\$344,723	\$825,793
Farm Net Worth				
Net worth change from last year	\$123,883	\$61,891	\$94,075	\$207,084
Working capital	\$268,443	\$112,055	\$179,683	\$491,173
Current asset/debt ratio	2.59	3.35	2.17	2.30
Total debt/asset ratio	0.35	0.24	0.36	0.43
Total acres farmed	619	336	530	954
Months of labor used	19.0	10.3	12.5	33.1

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	\$17,289	\$8,416	\$14,652	\$27,657
Fuel and oil	16,638	6,244	12,240	30,021
Machine hire	9,272	3,253	6,042	17,670
Auto and truck expense	4,700	3,156	3,673	7,043
Utilities	7,302	2,672	5,842	12,791
Labor hired	13,461	970	1,803	35,576
Livestock expense	21,471	1,302	5,287	54,680
Crop expense	77,344	39,458	65,107	122,530
Miscellaneous	5,381	3,010	4,013	8,778
Total Cash Operating Expense	\$172,859	\$68,480	\$118,658	\$316,747
Cash rent	\$45,662	\$17,492	\$32,225	\$83,366
Property taxes	4,889	2,919	4,444	7,057
Insurance	12,788	4,963	10,686	21,720
Building repairs	6,259	1,398	4,769	11,980
Depreciation	33,478	9,531	25,980	61,817
Interest	29,473	10,189	23,815	51,934
Total Fixed Expense	\$132,549	\$46,492	\$101,919	\$237,874

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	\$291,215	\$32,518	\$111,209	\$691,061
Crop sales	235,335	116,439	198,415	375,741
Crop insurance payments	3,041	640	1,932	6,220
Government payments	13,360	6,819	11,792	20,648
Other cash income	11,444	5,275	8,385	19,813
Total Cash Income	\$554,396	\$161,690	\$331,733	\$1,113,484
Cash operating expenses	\$172,859	\$68,480	\$118,658	\$316,747
Cash fixed expenses	99,071	36,961	75,939	176,057
Feed purchased	93,032	4,370	22,703	238,245
Livestock purchased	93,375	3,938	32,007	230,794
Total Cash Expenses	\$458,337	\$113,749	\$249,307	\$961,842
Cash Net Farm Income	\$96,058	\$47,941	\$82,425	\$151,641
+ Sales of machinery & improvements	4,833	1,822	1,766	10,407
- Purchases of machinery and improv.	61,451	14,836	46,520	116,930
+ Loans received minus loans paid	42,505	(11,578)	23,448	108,516
Net Farm Cash Flow	\$81,946	\$23,349	\$61,119	\$153,635
+Nonfarm income	\$18,275	\$20,982	\$20,897	\$13,393
-Family living expenses	44,220	28,948	38,643	63,046
Net Cash Available	\$39,911	\$13,849	\$41,166	\$61,839

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	\$207,826	\$19,987	\$77,264	\$498,020
Feed fed	119,763	9,628	36,251	296,501
Livestock production less feed	88,062	10,360	41,013	201,518
Value of crop production	336,082	164,477	269,275	551,532
Miscellaneous income	22,989	9,257	19,418	38,549
Crop inventory gain or loss	11,997	(1,438)	6,472	29,144
Value of Farm Production	\$459,131	\$182,656	\$336,178	\$820,743
Operating expenses	\$172,859	\$68,480	\$118,658	\$316,747
Fixed expenses	132,549	46,492	101,919	237,874
Accrual net farm income from oper.	153,722	67,683	115,601	266,123
Capital gain or loss	2,767	2,284	1,187	4,690
Accrual Net Farm Income	\$156,489	\$69,967	\$116,788	\$270,813
Operator and family labor charge	\$21,582	\$17,357	\$19,723	\$27,091
Charge for equity capital	44,197	26,528	36,344	67,302
Return to Management	\$90,710	\$26,082	\$60,721	\$176,420

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	576	303	483	906
Crop value per acre	\$579	\$548	\$572	\$614
Crop acres per person	475	388	490	539
Machinery cost per crop acre	\$84	\$80	\$82	\$89
Machinery investment per crop acre	\$276	\$192	\$289	\$339
Livestock				
Livestock returns/\$100 feed fed	\$161	\$164	\$148	\$169
Financial				
Value of farm production per person	\$341,550	\$236,605	\$342,651	\$433,596
Value of farm prod. per \$1 expense	\$1.59	\$1.67	\$1.58	\$1.54
Asset turnover ratio	0.44	0.46	0.41	0.45
% return to owned assets	14.7%	14.3%	14.2%	15.4%
% return to equity	23.0%	19.4%	23.0%	26.3%
Operating profit margin ratio	0.35	0.34	0.35	0.35
Interest expense ratio	0.06	0.06	0.07	0.07
Operating expense ratio	0.52	0.52	0.51	0.54
Depreciation expense ratio	0.07	0.05	0.08	0.07
Net farm income ratio	0.35	0.38	0.35	0.32
Median interest rate on debt	7.1%	7.6%	8.4%	5.5%

Table 7. Crop Production

	All Corn	Soybeans	Hay	Small Grain
Acres, operator share	315	248	30	14
Yield, bushels or tons per acre	162	53	4.4	-
Crop value per bushel or ton	\$3.69	\$9.99	\$92.06	-
Crop value per acre	\$599	\$528	\$414	-
Crop Expenses				
Seed	\$59.32	\$30.57	\$10.06	\$3.67
Fertilizer and Lime	68.22	15.68	16.16	37.78
Herbicide	24.12	17.24	6.27	-
Insecticide	3.39	5.87	2.62	-
Drying and storage	7.31	2.95	-	-
Machinery, fuel, repairs, machine hire	56.72	54.28	54.55	39.90
Utilities	6.97	6.24	3.88	-
Insurance	18.09	17.89	11.74	6.22
Hired labor	6.10	5.96	9.94	-
Interest	34.28	34.19	34.46	7.63
Cash rent	71.08	70.30	69.23	73.00
Property tax	7.87	7.85	8.35	2.72
Building repair	5.55	5.42	2.96	-
Other crop expenses	8.92	8.87	6.90	0.40
Total cash crop expenses	\$377.96	\$283.32	\$237.11	\$171.31
Machinery depreciation	\$26.06	\$25.37	\$24.24	\$19.24
Building depreciation	9.49	9.42	10.83	3.15
Charge for equity capital	67.88	66.32	57.44	7.25
Unpaid labor value	35.02	33.23	35.03	8.71
Total economic cost per acre	\$516.40	\$417.66	\$364.65	\$209.67
Total economic cost per bu. or ton	\$3.18	\$7.91	\$82.31	-
Principal payments	\$5.39	\$5.73	\$4.65	\$2.44
Family living expenses	\$59.78	\$35.82	\$58.68	\$27.10
Total cash flow needed per acre	\$443.12	\$324.87	\$300.44	\$200.85
Total cash flow needed per bu. or ton	\$2.73	\$6.15	\$67.82	-

Table 8. Livestock Production

	Swine	Beef	Dairy	Sheep
Percent of farms with enterprise	13%	15%	1%	1%
Number of hundred weight produced	3,558	1,337	26,092	327
Average number of breeding units	1,552	104	115	-
Average weaning rate	8.27	0.88	0.98	-
Lbs. of feed per lb. of production	3.85	13.88	2.15	6.21
Feed cost per cwt. of production	\$31.53	\$73.50	\$10.30	\$67.04
Livestock production per \$100 feed fed	\$119.05	\$150.68	\$231.60	\$103.23
Average value produced per cwt.	\$34.93	\$96.16	\$18.35	\$82.74

Table 9. Comparison of High and Low Profit Farms

	High Third	Middle Third	Low Third	Your Farm
Farm Income				
Value of livestock production	\$425,407	\$163,205	\$149,294	
Feed fed	221,971	103,430	104,447	
Livestock production less feed	203,436	59,775	44,846	
Value of crop production	559,597	331,091	190,671	
Miscellaneous income	42,470	21,738	10,665	
Crop inventory gain or loss	29,698	14,096	(1,061)	
Value of Farm Production	\$835,200	\$426,700	\$245,120	
Operating expenses	\$295,610	\$168,673	\$106,965	
Fixed expenses	223,676	125,289	87,680	
Accrual net farm income from oper.	315,914	132,738	50,475	
Capital gain or loss	2,257	4,557	1,937	
Accrual Net Farm Income	\$318,171	\$137,294	\$52,412	
Operator and family labor charge	\$26,317	\$21,947	\$17,515	
Charge for equity capital	62,693	37,190	39,923	
Return to Management	\$229,161	\$78,158	(\$5,026)	
Crops				
Acres in crops	923	558	354	
Crop value per acre	\$613	\$592	\$547	
Crop acres per person	597	453	417	
Corn yield, bu. per acre	167	164	156	
Average price received for corn	\$3.70	\$3.67	\$3.70	
Total economic cost per bu. for corn	\$2.94	\$3.05	\$3.64	
Machinery cost per crop acre	\$90	\$81	\$88	
Machinery investment per crop acre	\$309	\$251	\$303	
Livestock				
Livestock returns/\$100 feed fed	\$189	\$158	\$138	
Value of farm product - Sources (%)				
Crops	73%	83%	83%	
Livestock	19%	10%	14%	
Miscellaneous income	5%	5%	4%	
Crop inventory gain or loss	4%	2%	-1%	
Financial				
Value of farm production per person	\$455,052	\$340,799	\$273,917	
Value of farm prod. per \$1 expense	\$1.68	\$1.63	\$1.42	
Asset turnover ratio	0.48	0.49	0.35	
% return to owned assets	19.2%	16.9%	7.3%	
% return to equity	31.6%	28.4%	8.0%	
Operating profit margin ratio	0.41	0.37	0.24	
Interest expense ratio	0.05	0.06	0.07	
Operating expense ratio	0.48	0.51	0.59	
Depreciation expense ratio	0.07	0.06	0.08	
Net farm income ratio	0.39	0.37	0.26	
Debt to asset ratio	0.39	0.28	0.30	
Median interest rate on debt	6.5%	6.7%	6.4%	

Other farm record files

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

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

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

. . . and justice for all

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, gender, religion, age, disability, political beliefs, sexual orientation, and marital or family status. (Not all prohibited bases apply to all programs.) Many materials can be made available in alternative formats for ADA clients. To file a complaint of discrimination, write USDA, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964.

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

Prepared by Darnell Smith, extension associate
(515) 294-8122, darnell@iastate.edu and
William Edwards, extension economist
(515) 294-6161, wedwards@iastate.edu

www.extension.iastate.edu/agdm
www.extension.iastate.edu/store
