

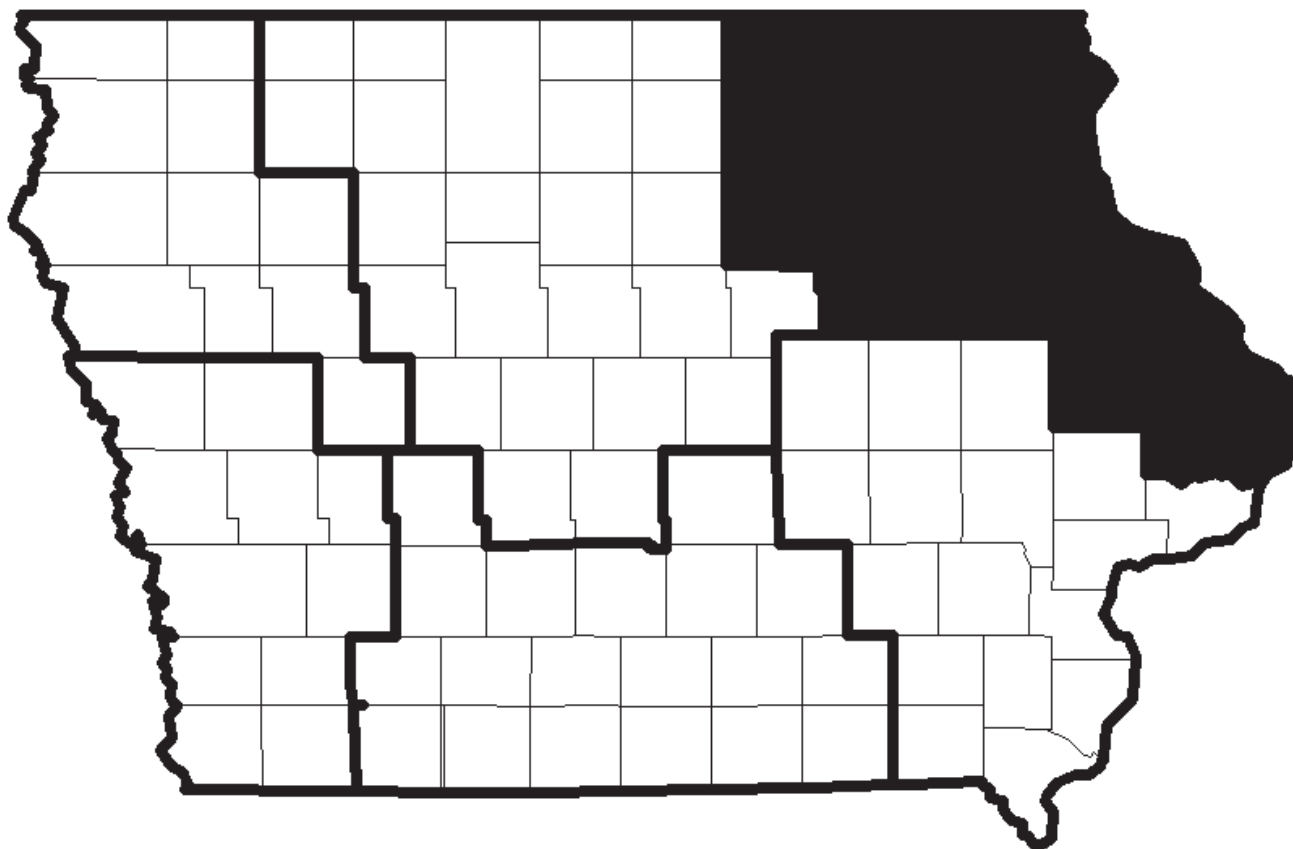
# 2007 Farm Business Summary

*Ag Decision Maker*

File C1-15

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## Northeast Iowa



Production • Costs • Returns

## Explanation of Data

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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.

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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 Northeast Iowa

**Table 1. Comparison by years**

	2007*	2006	2005	2004	2003	2002
<b>Financial Returns</b>						
Net farm income - accrual	\$138,079	\$64,801	\$33,772	\$48,143	\$42,760	\$37,503
Return to management	62,904	15,472	(9,881)	3,063	(3,568)	(7,904)
Net farm income - cash	84,880	46,561	44,164	62,848	53,613	41,953
<b>Resources Used</b>						
Acres per farm	645	503	688	615	633	616
Labor months	13	10	13	12	12	12
Livestock, feed, supplies	\$409,274	\$215,401	\$191,438	\$195,824	\$175,264	\$169,989
Machinery and equipment	197,008	144,237	142,488	133,816	116,429	107,353
Land and improvements	778,423	703,396	615,885	482,375	382,079	394,395
Total assets	1,384,705	1,063,035	949,810	812,015	673,772	671,737
<b>Sources of Income</b>						
Livestock income less feed	\$34,013	\$20,112	\$28,031	\$28,897	\$20,524	\$11,549
Crop production	355,268	179,136	156,854	171,833	153,762	146,858
Miscellaneous	24,097	13,318	24,890	27,943	18,745	13,197
Crop inventory gain or loss	1,627	7,430	7,649	4,548	(562)	4,811
Value of farm production	415,004	219,996	217,424	233,221	192,469	176,415
Capital gain or loss	4,193	2,668	3,671	933	2,042	1,947
<b>Expenses</b>						
Operating	\$150,363	\$84,582	\$102,357	\$100,029	\$81,711	\$73,232
Fixed	130,756	73,281	84,966	85,983	70,041	67,626
<b>Efficiency</b>						
Corn yield (bu. per acre)	173	165	148	173	153	163
Crop value per acre	\$583	\$465	\$319	\$293	\$305	\$300
Machinery cost per crop acre	83	77	82	75	61	59
Livestock returns per \$100 feed fed	122	202	170	181	168	140
Value of farm production per person	414,785	295,633	186,665	224,395	196,564	193,475
Value of farm prod. per \$1 expense	\$1.40	\$1.37	\$1.06	\$1.26	\$1.29	\$1.32
Asset turnover ratio	0.40	0.27	0.26	0.26	0.36	0.35
Average sale price for corn	\$3.68	\$3.10	\$1.60	\$1.72	\$2.20	\$2.15
% return to owned assets	13.2%	7.7%	2.6%	4.2%	3.7%	5.2%
Interest expense ratio	0.06	0.05	0.06	0.04	0.06	0.08
Debt to asset ratio	0.25	0.26	0.26	0.25	0.24	0.26

\* 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
<b>Farm Assets</b>				
Feeding livestock	\$59,705	\$6,106	\$35,607	\$135,000
Corn	169,703	52,747	153,150	318,565
Soybeans	62,311	25,686	79,922	97,446
Other feed	8,937	2,223	12,035	15,180
Supplies, prepaid expenses	80,986	38,516	94,927	126,225
Total short term assets	\$381,642	\$125,277	\$375,641	\$692,416
Breeding livestock	27,633	7,650	24,084	53,313
Machinery, equipment	197,008	97,733	183,662	328,744
Total intermediate assets	\$224,641	105,383	\$207,746	\$382,056
Land and improvements	778,423	408,546	1,153,810	1,041,343
Total assets	\$1,384,705	\$639,207	\$1,737,197	\$2,115,815
<b>Farm Liabilities</b>				
Operating notes, accounts payable	110,070	46,032	68,948	210,994
Intermediate and long term due	8,016	5,172	6,298	12,779
FSA Marketing Loans	11,774	0	1,061	31,134
Total short term debt	\$129,573	51,204	\$74,900	\$254,907
Intermediate term debts	71,918	30,318	47,900	136,051
Long term debts	117,972	45,586	147,830	189,559
Total liabilities	\$319,463	127,108	\$270,630	\$580,516
<b>Farm Net Worth</b>				
Net worth change from last year	\$167,681	\$116,938	\$167,293	\$238,783
Working capital	\$252,069	\$74,073	\$300,741	\$437,509
Current asset/debt ratio	2.97	2.45	5.02	2.72
Total debt/asset ratio	0.25	0.24	0.20	0.30
Total acres farmed	650	281	676	1,089
Months of labor used	13.0	6.0	12.3	22.0

**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	\$13,988	\$5,836	\$14,691	\$23,583
Fuel and oil	14,859	5,047	12,812	27,776
Machine hire	6,210	3,651	6,964	9,128
Auto and truck expense	3,599	2,502	3,676	5,086
Utilities	5,247	2,647	5,201	8,539
Labor hired	7,554	254	3,781	18,016
Livestock expense	6,257	1,883	3,240	13,127
Crop expense	88,874	37,879	91,480	150,021
Miscellaneous	3,775	2,491	2,801	6,051
Total Cash Operating Expense	\$150,363	\$62,191	\$144,646	\$261,327
Cash rent	\$57,745	\$23,055	\$36,128	\$111,851
Property taxes	6,417	3,569	8,435	8,965
Insurance	13,351	6,311	9,951	23,968
Building repairs	5,599	4,751	4,028	7,949
Depreciation	28,202	14,142	26,331	46,880
Interest	19,442	9,219	16,982	33,509
Total Fixed Expense	\$130,756	\$61,048	\$101,855	\$233,123

**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	\$146,127	\$30,868	\$85,593	\$314,742
Crop sales	245,427	107,429	224,797	426,592
Crop insurance payments	427	245	225	774
Government payments	14,459	5,405	15,298	24,966
Other cash income	13,722	3,798	16,896	23,772
Total Cash Income	\$420,163	\$147,745	\$342,808	\$790,847
Cash operating expenses	\$150,363	\$62,191	\$144,646	\$261,327
Cash fixed expenses	102,554	46,905	75,524	186,243
Feed purchased	22,238	1,824	9,087	53,036
Livestock purchased	60,128	8,338	22,325	141,095
Total Cash Expenses	\$335,283	\$119,258	\$251,582	\$641,701
Cash Net Farm Income	\$84,880	\$28,487	\$91,226	\$149,146
+ Sales of machinery & improvements	1,178	481	2,058	1,548
- Purchases of machinery and improv.	56,817	27,190	43,308	101,132
+ Loans received minus loans paid	9,310	(5,474)	8,247	26,244
Net Farm Cash Flow	\$38,552	(\$3,696)	\$58,222	\$75,806
+Nonfarm income	\$23,569	\$34,272	\$20,130	\$16,914
-Family living expenses	42,010	36,480	35,438	55,917
Net Cash Available	\$24,680	\$3,575	\$47,683	\$36,666

**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	\$90,097	\$21,515	\$57,129	\$189,098
Feed fed	56,084	7,909	35,944	123,192
Livestock production less feed	34,013	13,607	21,185	65,906
Value of crop production	355,268	143,865	322,862	630,984
Miscellaneous income	24,097	8,799	37,127	35,456
Crop inventory gain or loss	1,627	(1,255)	4,954	2,972
<b>Value of Farm Production</b>	<b>\$415,004</b>	<b>\$165,016</b>	<b>\$386,128</b>	<b>\$735,318</b>
Operating expenses	\$150,363	\$62,191	\$144,646	\$261,327
Fixed expenses	130,756	61,048	101,855	233,123
Accrual net farm income from oper.	133,886	41,777	139,627	240,868
Capital gain or loss	4,193	8,966	2,586	577
<b>Accrual Net Farm Income</b>	<b>\$138,079</b>	<b>\$50,743</b>	<b>\$142,213</b>	<b>\$241,446</b>
Operator and family labor charge	\$18,690	\$15,627	\$19,336	\$23,549
Charge for equity capital	56,484	30,022	68,063	83,744
<b>Return to Management</b>	<b>\$62,904</b>	<b>\$5,094</b>	<b>\$54,815</b>	<b>\$134,153</b>

**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
<b>Crops</b>				
Acres in crops	584	242	556	1,019
Crop value per acre	\$583	\$600	\$583	\$628
Crop acres per person	611	598	604	695
Machinery cost per crop acre	\$83	\$92	\$93	\$78
Machinery investment per crop acre	\$339	\$421	\$296	\$314
<b>Livestock</b>				
Livestock returns/\$100 feed fed	\$122	\$118	\$150	\$125
<b>Financial</b>				
Value of farm production per person	\$414,785	\$388,924	\$418,267	\$484,845
Value of farm prod. per \$1 expense	\$1.40	\$1.32	\$1.60	\$1.52
Asset turnover ratio	0.40	0.46	0.32	0.41
% return to owned assets	13.2%	15.6%	10.7%	13.5%
% return to equity	23.5%	36.5%	12.5%	18.5%
Operating profit margin ratio	0.32	0.31	0.36	0.34
Interest expense ratio	0.06	0.08	0.05	0.05
Operating expense ratio	0.58	0.67	0.53	0.57
Depreciation expense ratio	0.08	0.10	0.07	0.06
Net farm income ratio	0.31	0.30	0.36	0.32
Median interest rate on debt	6.0%	7.1%	6.7%	5.2%

**Table 7. Crop Production**

	All Corn	Soybeans	Hay	Small Grain
Acres, operator share	330	203	41	21
Yield, bushels or tons per acre	173	55	5.1	-
Crop value per bushel or ton	\$3.71	\$9.64	\$104.38	-
Crop value per acre	\$640	\$529	\$527	-
<b>Crop Expenses</b>				
Seed	\$52.84	\$33.48	\$9.51	\$35.78
Fertilizer and Lime	84.54	5.56	29.42	5.79
Herbicide	28.76	18.83	3.19	-
Insecticide	1.74	7.58	3.39	-
Drying and storage	12.47	1.29	-	-
Machinery, fuel, repairs, machine hire	60.18	59.04	54.85	25.39
Utilities	8.44	6.64	4.52	-
Insurance	19.11	24.51	7.68	11.52
Hired labor	5.85	5.36	6.30	5.87
Interest	25.19	23.53	21.44	5.95
Cash rent	81.62	84.61	56.78	58.99
Property tax	12.21	13.46	9.83	5.58
Building repair	9.89	7.19	9.31	-
Other crop expenses	12.82	12.04	1.58	0.83
Total cash crop expenses	\$415.67	\$303.13	\$217.80	\$155.69
Machinery depreciation	\$31.52	\$30.88	\$24.25	\$13.75
Building depreciation	12.29	11.73	7.46	6.31
Charge for equity capital	89.56	91.95	48.04	14.50
Unpaid labor value	25.08	28.78	16.52	17.42
Total economic cost per acre	\$574.12	\$466.47	\$314.08	\$207.68
Total economic cost per bu. or ton	\$3.32	\$8.52	\$60.99	-
Principal payments	\$17.29	\$17.52	\$5.79	\$6.48
Family living expenses	\$46.07	\$57.29	\$29.65	\$30.83
Total cash flow needed per acre	\$479.03	\$377.94	\$253.23	\$193.01
Total cash flow needed per bu. or ton	\$2.77	\$6.90	\$49.17	-

**Table 8. Livestock Production**

	Swine	Beef	Dairy	Sheep
Percent of farms with enterprise	11%	29%	1%	5%
Number of hundred weight produced	3,021	840	39,364	13
Average number of breeding units	109	54	230	-
Average weaning rate	9.39	0.82	0.93	1.67
Lbs. of feed per lb. of production	3.18	11.81	2.01	-
Feed cost per cwt. of production	\$28.35	\$46.77	\$7.87	-
Livestock production per \$100 feed fed	\$125.92	\$166.22	\$228.50	-
Average value produced per cwt.	\$35.75	\$70.11	\$18.09	\$80.83

**Table 9. Comparison of High and Low Profit Farms**

	High Third	Middle Third	Low Third	Your Farm
<b>Farm Income</b>				
Value of livestock production	\$120,373	\$86,223	\$130,496	
Feed fed	64,801	52,737	98,825	
Livestock production less feed	55,573	33,486	31,671	
Value of crop production	609,084	407,418	288,173	
Miscellaneous income	32,404	36,116	26,570	
Crop inventory gain or loss	12,188	4,425	(7,579)	
Value of Farm Production	\$709,249	\$481,445	\$338,834	
Operating expenses	\$227,440	\$182,195	\$145,314	
Fixed expenses	194,857	154,671	115,618	
Accrual net farm income from oper.	286,952	144,579	77,902	
Capital gain or loss	732	660	6,432	
Accrual Net Farm Income	\$287,684	\$145,238	\$84,335	
Operator and family labor charge	\$24,316	\$18,737	\$19,234	
Charge for equity capital	69,967	48,326	88,006	
Return to Management	\$193,401	\$78,175	(\$22,905)	
<b>Crops</b>				
Acres in crops	957	663	533	
Crop value per acre	\$635	\$627	\$550	
Crop acres per person	712	647	553	
Corn yield, bu. per acre	177	167	168	
Average price received for corn	\$3.74	\$3.69	\$3.68	
Total economic cost per bu. for corn	\$2.78	\$3.08	\$3.76	
Machinery cost per crop acre	\$76	\$88	\$97	
Machinery investment per crop acre	\$317	\$295	\$383	
<b>Livestock</b>				
Livestock returns/\$100 feed fed	\$134	\$135	\$124	
<b>Value of farm product - Sources (%)</b>				
Crops	86%	82%	85%	
Livestock	8%	8%	9%	
Miscellaneous income	5%	8%	8%	
Crop inventory gain or loss	2%	2%	-2%	
<b>Financial</b>				
Value of farm production per person	\$512,551	\$456,044	\$347,572	
Value of farm prod. per \$1 expense	\$1.75	\$1.50	\$1.29	
Asset turnover ratio	0.43	0.46	0.24	
% return to owned assets	17.0%	15.2%	5.4%	
% return to equity	24.6%	27.6%	5.4%	
Operating profit margin ratio	0.41	0.33	0.23	
Interest expense ratio	0.03	0.05	0.06	
Operating expense ratio	0.50	0.57	0.66	
Depreciation expense ratio	0.05	0.06	0.11	
Net farm income ratio	0.42	0.32	0.24	
Debt to asset ratio	0.25	0.35	0.19	
Median interest rate on debt	6.5%	6.5%	5.7%	

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## Other farm record files

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

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### **. . . and justice for all**

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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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