

2007 Iowa Farm Costs and Returns

The farm record data utilized 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 Iowa Farm Costs and Returns

The following summary is intended to provide a general picture of costs and returns to well-managed, full-time Iowa farms during 2007. The values presented are averages; however, results vary widely from one farm to the next.

Farm financial results were quite favorable in 2007 with accrual net farm income averaging \$152,084. However due to changes in weights assigned to size groups, direct comparison with previous years can not be made. Respectable crop yields and favorable prices were key factors increasing income. Cash income averaged \$98,367, and most financial efficiency factors were strong in 2007.

Table 1. Comparison by years

	2007*	2006	2005	2004	2003	2002
Financial Returns						
Net farm income - accrual	\$152,084	\$72,865	\$49,041	\$58,785	\$44,368	\$37,743
Return to management	76,956	23,683	367	12,543	(2,489)	(7,534)
Net farm income - cash	98,367	49,297	54,658	56,868	54,205	38,473
Resources Used						
Acres per farm	688	477	564	598	623	618
Labor months	15	11	12	12	12	13
Livestock, feed, supplies	435,181	230,640	\$203,974	\$203,469	\$191,384	\$178,287
Machinery and equipment	201,269	127,579	130,720	124,598	122,209	115,470
Land and improvements	706,214	477,720	490,358	446,467	405,836	390,032
Total assets	1,342,664	835,940	825,052	774,535	719,429	683,789
Sources of Income						
Livestock income less feed	\$40,620	\$25,259	\$34,520	\$44,540	\$30,791	\$18,101
Crop production	364,909	186,570	153,536	160,515	159,084	151,624
Miscellaneous	26,134	13,572	21,227	19,595	15,609	9,800
Crop inventory gain or loss	2,166	8,634	10,143	9,170	605	6,538
Value of farm production	433,829	234,035	219,426	233,819	206,089	186,064
Capital gain or loss	2,298	2,065	2,042	1,975	1,038	1,459
Expenses						
Operating	\$159,489	\$92,155	\$98,451	\$94,850	\$88,279	\$79,294
Fixed	124,554	71,001	73,976	75,656	74,479	70,485
Efficiency						
Corn yield (bu. per acre)	171	166	165	181	155	162
Crop value per acre	\$576	\$454	\$335	\$322	\$319	\$312
Machinery cost per crop acre	88	96	81	74	65	63
Livestock returns per \$100 feed fed	147	178	203	186	181	139
Value of farm production per person	396,331	260,301	226,723	230,976	209,855	194,526
Value of farm prod. per \$1 expense	\$1.57	\$1.47	\$1.27	\$1.32	\$1.28	\$1.29
Asset turnover ratio	0.42	0.37	0.33	0.35	0.37	0.39
Average sale price for corn	\$3.69	\$3.17	\$1.60	\$1.70	\$2.19	\$2.15
% return to owned assets	13.9%	8.2%	4.8%	5.9%	4.7%	4.7%
Interest expense ratio	0.05	0.04	0.04	0.04	0.06	0.07
Debt to asset ratio	0.24	0.23	0.25	0.27	0.28	0.28

* 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.

Assets and Liabilities

A breakdown of farm assets and liabilities by value of agricultural production per farm is shown in Table 2 below. Both assets and debts increased as farm size increased. The total debt-to-asset ratio also increased as farm size increased, indicating that larger farms utilized more credit.

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	\$65,524	\$10,695	\$25,076	\$156,388
Corn	174,636	70,627	152,293	303,371
Soybeans	91,962	40,170	89,607	150,227
Other feed	9,703	3,874	7,732	17,884
Supplies, prepaid expenses	70,831	34,136	62,343	119,238
Total short term assets	\$412,656	\$159,501	\$337,051	\$747,109
Breeding livestock	22,525	13,191	16,692	38,226
Machinery, equipment	201,269	86,192	178,665	340,409
Total intermediate assets	\$223,794	\$99,383	\$195,357	\$378,635
Land and improvements	706,214	394,850	747,250	1,027,549
Total assets	\$1,342,664	\$653,734	\$1,279,657	\$2,153,293
Farm Liabilities				
Operating notes, accounts payable	101,735	30,868	67,918	202,001
Intermediate and long term due	4,118	1,844	3,698	6,847
FSA marketing loans	11,650	3,672	5,837	24,110
Total short term debt	\$117,441	\$36,384	\$77,148	\$232,958
Intermediate term debts	52,494	17,060	40,219	98,122
Long term debts	138,465	45,740	131,283	244,145
Total liabilities	\$308,400	\$99,183	\$248,650	\$575,225
Farm Net Worth				
Net worth change from last year	\$133,261	\$66,160	\$112,827	\$222,949
Working capital	\$295,215	\$123,117	\$259,903	\$514,151
Current asset/debt ratio	3.92	5.16	4.23	3.33
Total debt/asset ratio	0.24	0.19	0.23	0.29
Total acres farmed	689	354	634	1,098
Months of labor used	14.5	9.0	12.3	22.4
Average operator age	55.5	59.0	54.2	53.1
Land Value Per Acre	\$1,141	\$1,234	\$1,151	\$1,028

Income and Expenses

A summary of operating and fixed expenses by size of farm is shown in Table 3. All expenses increased as farm size increased. Crop expenses include seed, fertilizer, pesticides, and other expenses related to crop production.

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	\$15,864	\$7,136	\$15,269	\$25,715
Fuel and oil	15,633	6,243	12,867	27,884
Machine hire	7,577	4,262	6,381	12,290
Auto and truck expense	4,354	2,852	4,321	6,100
Utilities	5,870	2,899	5,030	9,778
Labor hired	8,444	746	2,823	21,162
Livestock expense	10,097	1,857	3,835	23,854
Crop expense	89,886	39,154	80,425	152,122
Miscellaneous	4,550	2,338	3,694	7,582
Total Cash Operating Expense	\$162,275	\$67,488	\$134,644	\$286,487
Cash rent	\$51,961	\$17,823	\$36,723	\$99,948
Property taxes	5,680	3,404	5,578	8,416
Insurance	12,610	5,632	10,037	21,984
Building repairs	5,558	2,450	4,284	9,819
Depreciation	29,133	11,427	24,866	51,163
Interest	20,854	7,752	17,930	36,788
Total Fixed Expense	\$125,796	\$48,487	\$99,418	\$228,119

Sources of cash income and expenses are summarized in Table 4. Cash income includes all sales and miscellaneous income received during the year. Cash fixed expenses include all fixed expenses from Table 3 except depreciation. Cash net farm income ranged from \$41,550 for the smallest farms up to \$163,767 for the largest, with an average of \$98,367 per farm. However, machinery purchases exceeded sales and net new loans, so net cash flow from the farm was only \$62,880. Adding nonfarm income received and subtracting family living expenses showed an average of \$36,608 left for income taxes, savings, and investment. Larger farms tended to have less nonfarm income and higher living expenses.

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	\$177,890	\$29,744	\$77,607	\$415,162
Crop sales	258,883	113,663	233,096	433,707
Crop insurance payments	1,680	668	564	3,646
Government payments	15,220	6,686	14,061	25,441
Other cash income	13,878	6,260	12,460	23,752
Total Cash Income	\$467,551	\$157,022	\$337,788	\$901,708
Cash operating expenses	\$162,275	\$67,488	\$134,644	\$286,487
Cash fixed expenses	96,662	37,060	74,552	176,955
Feed purchased	46,750	5,013	14,389	117,044
Livestock purchased	63,497	5,910	21,451	157,456
Total Cash Expenses	\$369,184	\$115,472	\$245,036	\$737,942
Cash Net Farm Income	\$98,367	\$41,550	\$92,752	\$163,767
+ Sales of machinery & improvements	1,958	1,077	1,594	3,210
- Purchases of machinery and improv.	57,807	20,214	46,634	105,673
+ Loans received minus loans paid	20,362	(2,317)	14,658	47,821
Net Farm Cash Flow	\$62,880	\$20,096	\$62,371	\$109,124
+Nonfarm income	18,338	23,948	18,553	12,828
-Family living expenses	40,714	32,643	37,688	52,227
Net Cash Available	\$36,608	\$12,484	\$43,715	\$56,946

A more accurate measure of net farm income is achieved by netting out changes in the values of beginning and ending inventories, subtracting a depreciation charge for farm assets, and including accrued income and expenses. A summary of income and expenses using accrual accounting is shown in Table 5. The average accrual net farm income ranged from \$64,339 for the smallest farms to \$257,306 for the largest. Return to management in 2007 ranged from \$18,838 for the small size group to \$147,513 for the large farms.

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	\$111,807	\$22,382	\$52,061	\$254,182
Feed fed	71,187	12,368	30,572	166,486
Livestock production less feed	40,620	10,014	21,490	87,695
Value of crop production	364,909	157,528	322,980	618,586
Miscellaneous income	26,134	11,084	25,401	44,019
Crop inventory gain or loss	2,166	(1,014)	679	7,162
Value of Farm Production	\$433,829	\$177,612	\$370,550	\$757,462
Operating expenses	\$159,489	\$67,488	\$134,644	\$278,136
Fixed expenses	124,554	48,487	99,418	224,396
Accrual net farm income from oper.	149,786	61,637	136,487	254,930
Capital gain or loss	2,298	2,703	1,778	2,375
Accrual Net Farm Income	\$152,084	\$64,339	\$138,265	\$257,306
Operator and family labor charge	\$19,687	\$16,316	\$19,776	\$23,674
Charge for equity capital	55,442	29,186	53,024	86,119
Return to Management	\$76,956	\$18,838	\$65,465	\$147,513

Efficiency Factors

Efficiency can be measured in many ways. Several efficiency factors are shown in Table 6, for three farm size groups. Crop value and machinery investment per acre increased as farm size increased. Most financial measures tended to be very similar across size groups in 2007.

The mid-size farms showed higher livestock returns per \$100 feed fed but the lowest return to equity. Return on equity showed an average gain of 19.2%.

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	619	292	564	1,013
Crop value per acre	\$576	\$548	\$581	\$618
Crop acres per person	590	481	582	726
Machinery cost per crop acre	\$88	\$95	\$91	\$83
Machinery investment per crop acre	\$289	\$276	\$286	\$310
Livestock				
Livestock returns/\$100 feed fed	\$147	\$146	\$155	\$148
Financial				
Value of farm production per person	\$396,331	\$296,630	\$382,353	\$522,238
Value of farm prod. per \$1 expense	\$1.57	\$1.59	\$1.63	\$1.57
Asset turnover ratio	0.42	0.42	0.39	0.44
% return to owned assets	13.9%	13.0%	13.9%	15.1%
% return to equity	19.2%	19.2%	17.1%	20.8%
Operating profit margin ratio	0.34	0.32	0.36	0.35
Interest expense ratio	0.05	0.05	0.05	0.05
Operating expense ratio	0.54	0.56	0.52	0.55
Depreciation expense ratio	0.07	0.07	0.07	0.07
Net farm income ratio	0.35	0.35	0.37	0.34
Median interest rate on debt	6.8%	7.5%	7.6%	5.6%

Crop and Livestock Production

Details of crop production income and expenses per acre are summarized in Table 7. Acres rented under a share lease are reduced to reflect only the tenant's share of total costs, so that expenses per acre are comparable to expenses on owned or cash rented acres.

Some expenses, such as cash rent, did not occur on all farms or on all acres, but are shown as the average cost per farm. Total economic costs include a six percent opportunity cost charge for the farm net worth capital, a depreciation charge, and a charge for operator and family labor.

Cash flow needs include all cash costs, principal payments, and living costs.

Table 7. Crop Production

	All Corn	Soybeans	Hay	Small Grain
Acres, operator share	335	239	40	34
Yield, bushels or tons per acre	169	53	4.2	-
Crop value per bushel or ton	\$3.73	\$9.92	\$88.17	-
Crop value per acre	\$625	\$526	\$375	-
Crop Expenses				
Seed	\$53.00	\$31.90	\$10.18	\$18.24
Fertilizer and Lime	79.31	10.90	23.92	14.67
Herbicide	27.87	20.05	2.75	5.10
Insecticide	1.96	5.49	2.14	1.41
Drying and storage	9.23	1.73	0.03	-
Machinery, fuel, repairs, machine hire	57.95	58.02	54.04	27.10
Utilities	7.97	6.67	5.26	2.37
Insurance	17.63	18.74	11.10	5.95
Hired labor	5.21	5.18	7.60	4.04
Interest	28.65	25.54	24.20	10.81
Cash rent	72.62	67.58	56.73	44.72
Property tax	9.58	9.87	7.52	5.36
Building repair	6.67	5.95	4.69	1.12
Other crop expenses	11.67	10.39	5.92	3.57
Total cash crop expenses	\$390.34	\$278.01	\$216.09	\$154.45
Machinery depreciation	\$29.91	\$29.11	\$25.71	\$10.57
Building depreciation	8.41	8.65	6.77	2.03
Charge for equity capital	80.63	78.11	41.71	8.63
Unpaid labor value	32.18	32.57	25.91	8.34
Total economic cost per acre	\$541.48	\$426.44	\$316.19	\$184.01
Total economic cost per bu. or ton	\$3.20	\$8.05	\$76.88	-
Principal payments	\$23.47	\$20.04	\$6.18	\$8.95
Family living expenses	\$59.74	\$56.02	\$37.71	\$16.15
Total cash flow needed per acre	\$473.55	\$354.08	\$259.98	\$179.55
Total cash flow needed per bu. or ton	\$2.80	\$6.68	\$63.30	-

Table 8. Livestock Production

	Swine	Beef	Dairy	Sheep
Percent of farms with enterprise	16 %	30 %	1 %	3 %
Number of hundred weight produced	3,735	1,084	29,431	93
Average number of breeding units	488	60	188	25
Average weaning rate	8.35	0.87	0.96	1.09
Lbs. of feed per lb. of production	3.74	12.03	2.37	6.24
Feed cost per cwt. of production	\$30.71	\$55.58	\$9.27	\$41.81
Livestock production per \$100 feed fed	\$126.26	\$158.44	\$227.59	\$124.34
Average value produced per cwt.	\$38.30	\$81.84	\$18.22	\$77.50

Table 9. Comparison of High and Low Profit Farms, Ranked by Return to Management

	High Third	Middle Third	Low Third	Your Farm
Farm Income				
Value of livestock production	\$198,021	\$90,992	\$133,557	
Feed fed	113,081	59,221	98,485	
Livestock production less feed	84,939	31,771	35,073	
Value of crop production	628,924	355,404	258,610	
Miscellaneous income	46,732	25,888	18,655	
Crop inventory gain or loss	13,847	3,596	(8,583)	
Value of Farm Production	\$774,442	\$416,659	\$303,755	
Operating expenses	\$261,334	\$156,041	\$135,157	
Fixed expenses	207,691	119,483	99,951	
Accrual net farm income from oper.	305,416	141,135	68,646	
Capital gain or loss	1,549	2,153	2,670	
Accrual Net Farm Income	\$306,965	\$143,288	\$71,316	
Operator and family labor charge	\$23,593	\$19,930	\$18,467	
Charge for equity capital	73,870	49,587	64,831	
Return to Management	\$209,502	\$73,772	(\$11,982)	
Crops				
Acres in crops	1,005	605	480	
Crop value per acre	\$629	\$594	\$529	
Crop acres per person	755	583	507	
Corn yield, bu. per acre	175	170	162	
Average price received for corn	\$3.71	\$3.67	\$3.69	
Total economic cost per bu. for corn	\$2.85	\$3.06	\$3.65	
Machinery cost per crop acre	\$80	\$91	\$99	
Machinery investment per crop acre	\$278	\$287	\$313	
Livestock				
Livestock returns/\$100 feed fed	\$159	\$152	\$135	
Value of farm product - Sources (%)				
Crops	84 %	85 %	86 %	
Livestock	9 %	7 %	9 %	
Miscellaneous income	6 %	6 %	6 %	
Crop inventory gain or loss	2 %	1 %	-2 %	
Financial				
Value of farm production per person	\$548,914	\$397,788	\$304,602	
Value of farm prod. per \$1 expense	\$1.75	\$1.64	\$1.38	
Asset turnover ratio	0.49	0.43	0.34	
% return to owned assets	19.5%	15.0%	6.7%	
% return to equity	26.9%	22.1%	6.6%	
Operating profit margin ratio	0.42	0.36	0.24	
Interest expense ratio	0.04	0.05	0.06	
Operating expense ratio	0.49	0.52	0.63	
Depreciation expense ratio	0.06	0.06	0.09	
Net farm income ratio	0.41	0.37	0.24	
Debt to asset ratio	0.26	0.26	0.21	
Median interest rate on debt	6.8%	6.7%	6.5%	

Comparison by Economic Areas

Table 10 compares six economic areas in Iowa, as show below. More detailed summaries for each area are available from your County Extension Office, the Publications Distribution office at Iowa State University (515-294-5247), or from the web page: www.extension.iastate.edu/store/.

Southwest Iowa had the highest accrual net farm income per farm, at \$160,601. The other five regions had accrual incomes ranging from \$138,079 in Northeast Iowa to \$158,984 in the South Central region. Northwest Iowa had the highest value of livestock income less feed per farm, while North Central Iowa had the largest value for crop production per farm of \$392,359.

Livestock returns per \$100 feed fed were highest in Southwest Iowa. North Central Iowa farmers had the highest value of production per person. Southeast Iowa had the most favorable debt to asset ratio. Southwest Iowa had the highest % return to owned assets in 2007.

Economic Areas of Iowa

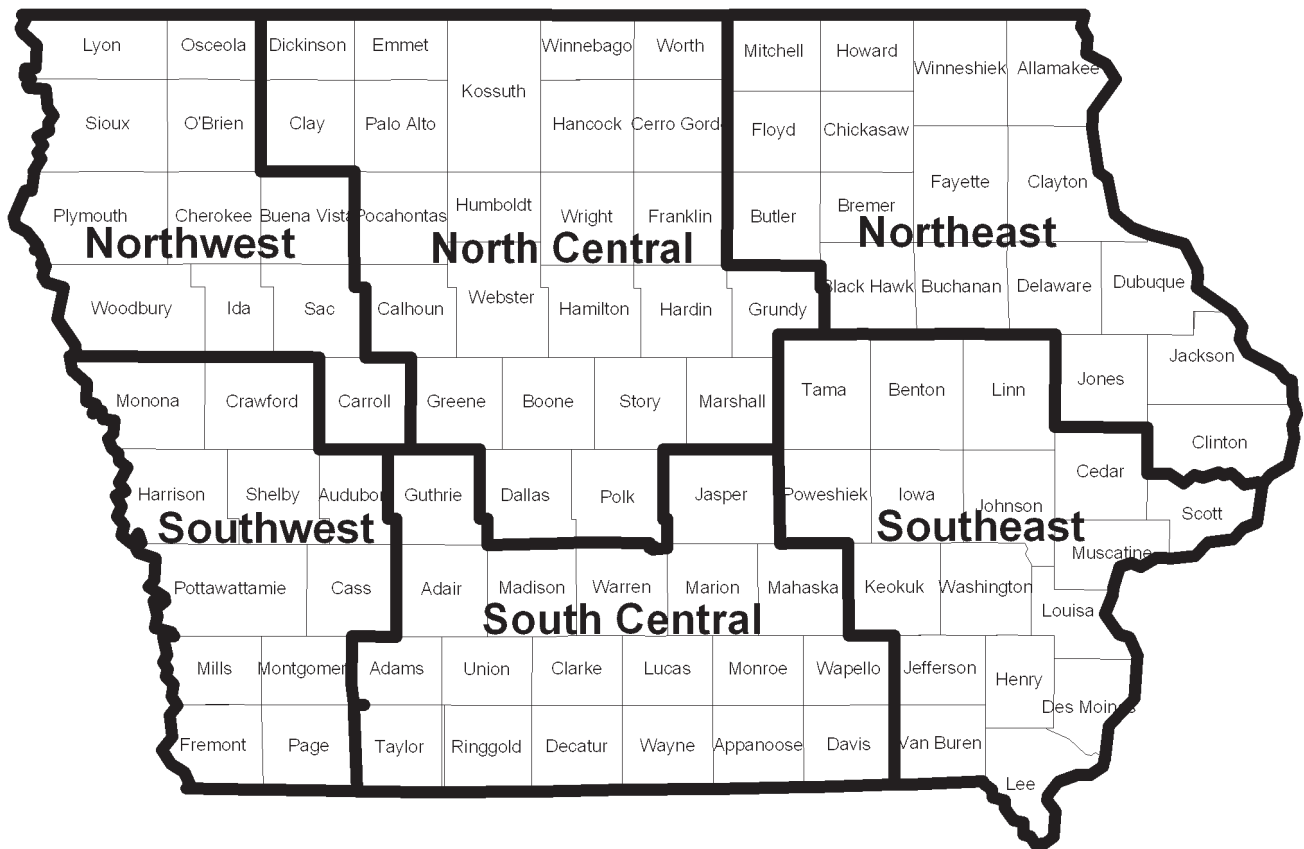


Table 10. Comparison of Farm Businesses by Economic Areas of Iowa, 2007

Economic Area	Northwest Iowa	North Central Iowa	Northeast Iowa	Southwest Iowa	South Central Iowa	Southeast Iowa
Financial Returns						
Net farm income - accrual	\$156,489	\$158,901	\$138,079	\$160,601	\$158,984	\$145,863
Return to management	90,710	80,963	62,904	111,217	72,203	57,642
Net farm income - cash	96,058	103,224	84,880	109,779	103,246	109,779
Resources Used						
Acres per farm	619	725	645	761	764	658
Labor months	19	14	13	12	15	14
Livestock, feed, supplies	\$448,754	\$442,598	\$409,274	\$425,939	\$466,948	\$428,205
Machinery and equipment	188,313	202,403	197,008	189,981	219,714	212,534
Land and improvements	600,790	740,804	778,423	270,221	743,645	910,859
Total assets	1,237,857	1,385,805	1,384,705	886,141	1,430,307	1,551,598
Sources of Income						
Livestock income less feed	\$88,062	\$23,748	\$34,013	\$20,506	\$47,400	\$34,635
Crop production	336,082	392,259	355,268	391,532	341,060	365,955
Miscellaneous	22,989	31,523	24,097	36,480	23,491	19,236
Crop inventory gain or loss	11,997	1,268	1,627	(7,744)	5,895	(2,247)
Value of farm production	459,131	448,798	415,004	440,774	417,847	417,579
Capital gain or loss	2,767	1,952	4,193	(821)	2,808	1,368
Expenses						
Operating	\$172,859	\$164,251	\$150,363	\$150,230	\$157,338	\$158,257
Fixed	132,549	127,597	130,756	129,122	104,334	114,826
Efficiency						
Corn yield (bu. per acre)	162	172	173	177	165	177
Crop value per acre	\$579	\$583	\$583	\$523	\$540	\$612
Machinery cost per crop acre	84	87	83	96	85	100
Livestock returns per \$100 feed fed	161	154	122	163	157	137
Value of farm production per person	341,550	452,231	414,785	395,655	340,572	381,941
Value of farm prod. per \$1 expense	\$1.59	\$1.61	\$1.40	\$1.62	\$1.69	\$1.62
Asset turnover ratio	0.44	0.48	0.40	0.52	0.33	0.32
Average sale price for corn	\$3.70	\$3.68	\$3.68	\$3.70	\$3.67	\$3.70
% return to owned assets	14.7 %	16.0 %	13.2 %	18.0 %	11.4 %	10.1 %
Interest expense ratio	0.06	0.05	0.06	0.04	0.04	0.04
Debt to asset ratio	0.35	0.22	0.25	0.23	0.19	0.18

Trends

Table 11 illustrates trends in production and financial efficiency over the past ten years. Livestock income per \$100 feed fed has shown a cyclical pattern throughout the period. The average in 2007 of \$147 was \$27 above the 1998 low of \$120. While this result was \$56 below the previous high observed in 2005, it was also \$19 below the 10 year average of \$166.

Average corn yield of 171 bushels was 10 below the previous high of 181 but crop value for all acres increased in 2007 to \$576 per acre. The percent return to owned assets improved in 2007 with average gains of 13.9%. Excluding 1998, percent return to owned assets has been positive each year of the decade, and the return for 2007 was well above the ten-year average of 5.0%.

Table 11. Trends in Production and Financial Efficiency on Iowa Farms

Year	Livestock Income per \$100 Feed Fed	Corn Yield per Acre	Value of Farm Production per \$1 Expense	Crop Value per Acre	Percent Return to Owned Assets
1998	120	150	1.08	302	-2.1 %
1999	165	147	1.21	279	1.7 %
2000	173	143	1.35	298	6.0 %
2001	163	142	1.18	275	2.3 %
2002	139	162	1.29	312	4.7 %
2003	181	155	1.28	319	4.7 %
2004	186	181	1.32	322	5.9 %
2005	203	165	1.27	335	4.8 %
2006	178	166	1.47	454	8.2 %
2007	147	171	1.57	576	13.9 %
10-Yr Average	\$166	\$158	\$1.30	\$347	5.0 %

Costs and Returns of Specialized Farms

Table 12 summarizes the average net incomes over the past ten years for farms specializing in farrow to finish hog production, beef feeding, dairy, grain, and beef raising. These data are also adjusted for farm size. Dairy farms were the most profitable sector in 2007. All groups had net income well above their 10-year averages in 2007.

Table 13 shows the percent return to owned assets for specialized farms. This is calculated by adding interest expense to the net farm income for the farm, subtracting a charge for operator and family labor, and dividing by the value of total farm assets owned. Cash grain farms had the highest return to capital in 2007 with gains of 15.7%, followed closely by dairy farms with a return of 14.6%. All the specialized farm groups had returns to capital in 2007 that were above their ten-year averages.

Table 12. Net Income of Specialized Farms

Year	Net Income				
	Farrow to Finish	Beef Feeding	Cash Grain	Dairy	Beef Raising
1998	(29,514)	(565)	25,654	82,571	7,380
1999	49,326	46,730	27,803	77,956	32,187
2000	113,021	56,221	55,097	49,439	41,162
2001	83,758	15,858	26,635	52,419	16,271
2002	46,223	49,010	56,154	49,042	37,785
2003	76,887	169,963	49,269	63,714	68,011
2004	175,675	112,461	59,899	128,279	56,518
2005	161,140	93,056	69,541	125,619	72,629
2006	191,858	85,798	128,320	110,666	79,211
2007	122,211	158,412	169,284	158,293	143,755
10-Yr Average	99,058	78,695	66,766	89,800	55,491

Table 13. Return to Owned Assets for Specialized Farms

Year	Percent Return to Capital				
	Farrow to Finish	Beef Feeding	Cash Grain	Dairy	Beef Raising
1998	(6.6)	(1.0)	1.3	8.3	(1.7)
1999	4.8	5.5	2.5	10.6	3.4
2000	11.4	7.1	7.9	5.6	5.2
2001	7.6	2.2	3.2	11.2	1.0
2002	4.0	5.8	6.4	4.6	5.5
2003	5.6	12.0	5.8	6.6	5.7
2004	12.5	8.2	7.9	11.8	5.8
2005	11.1	5.9	7.5	9.6	7.2
2006	12.3	8.7	14.4	10.5	8.1
2007	11.7	13.0	15.7	14.6	12.6
10-Yr Average	7.4 %	6.8 %	7.3 %	9.4 %	5.3 %

Table 14 summarizes resources, production, income, expenses, and efficiency for farms specializing in farrow to finish, beef feeding, cash grain, dairy, and beef raising.

Beef feeding farms had the highest total investment but farrow to finish the lowest return to management in 2007. Cash grain operations utilized the least amount of labor but had a 15.7% return on assets. Accrual net farm income was highest for cash grain farms followed by the dairy farm category.

Table 14. Characteristics of Specialized Farms

	Farrow to Finish ¹	Beef Feeding ²	Cash Grain ³	Dairy ⁴	Beef Raising ⁵
Resources Used					
Acres per farm	531	652	719	353	753
Labor months	17	16	12	31	17
Current assets	\$400,394	\$597,796	\$380,436	\$236,701	\$472,478
Machinery and breeding stock	202,289	193,721	201,717	306,445	247,365
Land and buildings	668,330	666,532	690,957	623,985	608,503
Total farm assets	\$1,271,014	\$1,458,049	\$1,273,111	\$1,167,131	\$1,328,347
Total farm liabilities	257,797	446,810	268,260	237,208	551,545
Farm net worth	\$1,013,216	\$1,011,239	\$1,004,851	\$929,922	\$776,802
Production					
Total crop acres	498	594	680	311	597
Average sow units	1,044	-	-	-	-
Hogs sold	2,815	-	-	-	-
Beef cows	-	-	-	-	160
Beef cattle sold	-	733	-	-	-
Cows milked	-	-	-	102	-
Gross revenue	\$544,111	\$792,717	\$364,673	\$471,607	\$577,366
Sources of Farm Production					
Total Livestock increase	\$258,717	\$236,319	\$12,154	\$393,732	\$191,291
Less feed fed to livestock	183,777	168,283	1,681	166,348	120,840
Livestock increase over feed fed	74,940	68,036	10,473	227,383	70,452
Crop production	293,019	350,040	408,962	171,811	335,193
Miscellaneous	18,042	24,481	30,767	25,266	25,865
Crop inventory gain or loss	9,130	6,662	916	(286)	2,145
Value of Farm Production	\$392,672	\$448,106	\$449,225	\$424,393	\$430,320
Expenses					
Operating	\$157,619	\$164,041	\$156,349	\$179,335	\$163,482
Fixed	115,301	126,765	125,487	86,545	126,418
Financial Returns					
Net farm income, accrual	\$122,211	\$158,412	\$169,284	\$158,293	\$143,755
Charge for operator, family labor	22,382	20,615	18,484	24,678	20,558
Charge for equity capital	56,559	54,264	54,455	51,152	42,286
Return to management	\$43,270	\$83,533	\$96,345	\$82,463	\$80,912
Efficiency					
Machine and power cost/crop acre	\$71	\$74	\$91	\$302	\$79
Interest expense ratio	0.05	0.07	0.05	0.04	0.06
Livestock increase/\$100 feed fed	139	131	161	249	164
Value of farm production per person	\$271,635	\$339,374	\$454,352	\$192,456	\$320,090
Value of farm prod. per \$1 expense	1.48	1.63	1.62	1.73	1.55
Return on assets	11.7 %	13.0 %	15.7 %	14.6 %	12.6 %
Return on equity	16.2 %	17.8 %	21.0 %	17.9 %	18.9 %
Asset turnover ratio	0.41	0.35	0.45	0.37	0.40
Debt to asset ratio	0.23	0.28	0.23	0.16	0.36
Current Ratio	3.39	3.50	3.57	5.61	3.10

¹ Hog income was 80% or more of total livestock income, 90% or more of hogs sold were farrowed. At least 50% of crops raised were fed.

² Beef income was 80% or more of total livestock income. Beef feeding was the major enterprise. At least 50% of crops raised were fed.

³ Feed fed was less than 5% of the value of all crops.

⁴ At least 20 cows milked and 80% or more of total livestock increase from dairy products sold. At least 50% of crops raised were fed.

⁵ Beef increase was 50% or more of total livestock increase. No large cattle purchases. At least 50% of crops raised were fed.

Other farm record files

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 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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