

Suggested Closing Inventory Prices For 2008 Records

Ag Decision Maker

File C1-40

Grain (bu.)

Corn	\$ 3.00
Soybeans	8.00
Oats	1.90
Wheat	4.65
Barley (feed)	2.85
Sorghum (per cwt.)	5.15

Silage (ton)

Corn silage	\$ 30.00
Oat silage	25.00
Haylage	57.50

Hay and Straw

Alfalfa - per ton	\$ 115.00
- per bale, large rd. or sq.	75.00
- per bale, small square	3.45
Grass - legume - per ton	\$ 90.00
- per bale, large rd. or sq.	62.00
- per bale, small square	2.80
Straw - per ton	\$ 85.00
- per bale, large, rd. or sq.	50.00
- per bale, small square	3.00
Cornstalks - per ton	\$ 50.00
- per bale, large rd. or sq.	28.00

Suggested Prices for Home Used Production

(average price for the year)

Broilers- per lb.	\$.46
Turkeys- per lb.	.57
Eggs- per dozen	.89
Hogs- per cwt. live weight	49.00
Cattle- per cwt.	92.00
Lamb- per cwt.	96.00
Whole milk- per cwt.	18.50

Livestock

Heifer calves	- per cwt.	\$ 85.00
Steer calves	- per cwt.	95.00
Yearling heifer	- per cwt.	82.00
Yearling steer	- per cwt.	88.00
Market hogs	- per cwt.	43.00
Feeder pigs (50 lb.)	- per cwt.	110.00
Lambs	- per cwt.	98.00
Hens	- each	4.50
Broilers (live weight)	- per lb.	.45
Turkeys (live weight)	- per lb.	.50

Livestock Held for Breeding

Beef cows	- per head	\$ 800
Dairy cows	- per head	1,250
Heifer calves	- per head: beef	600
	- per head: dairy	500
Bred heifers	- per head: beef	800
	- per head: dairy	1,000
Ewes	- per head	70
Sows	- per head	125
Gilts	- per head	100

Pasture

Improved pasture - acre	\$ 60.00
Permanent pasture - acre	40.00
Per animal unit month	15.00

Suggested Values for Opportunity Costs of Unpaid Resources

Farm net worth	5%
Operator labor	\$2,700 per month
Unpaid family labor	\$1,700 per month

Suggested Closing Inventory Prices

A uniform set of closing inventory prices for farm products can be used for several purposes. A **net worth statement** or balance sheet should be developed on or around January 1, to measure the financial progress of the farm from year to year. An up-to-date balance sheet also is requested by most lenders when a loan application is made. The inventory prices can be used to value the crops, livestock, and supplies that the farm has on hand at the time the statement is taken.

Inventory prices also are used for developing an **accrual net income statement**. Year-to-year changes in inventories need to be considered in order to accurately estimate the net income that a farm earns each year. Farmers who use the accrual accounting method to complete schedule F for their income tax return also need to accurately value their inventory of crops, livestock, and products.

The inventory list also includes suggested values to use for **home used products**. The value of crops, livestock, or livestock products that are consumed rather than sold should be added to the gross income of the farm when an income statement is completed. The value of farm products consumed at home does not need to be included in taxable income. However, the cost of producing these products should be deducted from the business expenses included on the schedule F. Publication FM-1421 lists some suggested cost adjustments for farm products consumed at home.

... 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.

Some farm operators like to deduct opportunity costs for farm labor that was not paid an actual wage and for equity capital that was invested in the farm business, in order to calculate a **return to management**. This is the amount of income left over after all resources, including unpaid labor and equity capital, have been paid a return. It is useful for comparing the profitability of the business over time, and with that of other farms. The suggested values represent typical rates of return earned on farm assets and by farm employees. The suggested pasture costs can be used to estimate the returns to livestock enterprises such as beef cows, dairy, or a ewe flock.

Grain, silage, hay and straw, and feeder livestock can be valued at their potential selling price on the date of the inventory rather than the suggested prices. Prices should be adjusted to reflect local market conditions and differences in quality. Selling and transportation costs should be deducted to arrive at "on-farm" values. Feed supplements and other supplies can be valued at their purchase price rather than the suggested price.

Breeding livestock prices also should be modified to reflect differences in quality. However, unit values for breeding livestock on the same farm should be held constant from year to year to avoid unrealistic swings in net income and net worth. Sires and recently acquired female animals can be valued at their purchase prices.

Prepared by William Edwards, Chad Hart,
Ann Johanns, and John Lawrence

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