

# 2008 Iowa Farm Costs and Returns

*Ag Decision Maker*

File C1-10

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.

## 2008 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 2008. The values presented are averages; however, results vary widely from one farm to the next.

Farm financial results showed general improvement in 2008. Accrual net farm income averaged \$149,605, the second highest value ever recorded in this survey. Respectable crop yields and favorable prices were the primary factors. Cash income also increased from 2008 and averaged \$191,934. Other than machinery cost per acre and livestock returns, most financial efficiency factors showed continued strength in 2008.

**Table 1. Comparison by years**

	2008*	2007*	2006	2005	2004	2003
<b>Financial Returns</b>						
Net farm income - accrual	\$149,605	\$152,084	\$72,865	\$49,041	\$58,785	\$44,368
Return to management	58,112	76,956	23,683	367	12,543	(2,489)
Net farm income - cash	191,934	98,367	49,297	54,658	56,868	54,205
<b>Resources Used</b>						
Acres per farm	806	688	477	564	598	623
Labor months	18	15	11	12	12	12
Livestock, feed, supplies	\$545,933	435,181	230,640	\$203,974	\$203,469	\$191,384
Machinery and equipment	271,312	201,269	127,579	130,720	124,598	122,209
Land and improvements	835,588	706,214	477,720	490,358	446,467	405,836
Total assets	1,652,833	1,342,664	835,940	825,052	774,535	719,429
<b>Sources of Income</b>						
Livestock income less feed	\$45,409	\$40,620	\$25,259	\$34,520	\$44,540	\$30,791
Crop production	408,950	364,909	186,570	153,536	160,515	159,084
Miscellaneous	53,228	26,134	13,572	21,227	19,595	15,609
Crop inventory gain or loss	77,171	2,166	8,634	10,143	9,170	605
Value of farm production	584,758	433,829	234,035	219,426	233,819	206,089
Capital gain or loss	3,171	2,298	2,065	2,042	1,975	1,038
<b>Expenses</b>						
Operating	\$255,605	\$159,489	\$92,155	\$98,451	\$94,850	\$88,279
Fixed	182,719	124,554	71,001	73,976	75,656	74,479
<b>Efficiency</b>						
Corn yield (bu. per acre)	179	171	166	165	181	155
Crop value per acre	\$541	\$576	\$454	\$335	\$322	\$319
Machinery cost per crop acre	99	88	96	81	74	65
Livestock returns per \$100 feed fed	124	147	178	203	186	181
Value of farm production per person	459,157	396,331	260,301	226,723	230,976	209,855
Value of farm prod. per \$1 expense	\$1.39	\$1.57	\$1.47	\$1.27	\$1.32	\$1.28
Asset turnover ratio	0.44	0.42	0.37	0.33	0.35	0.37
Average sale price for corn	\$4.60	\$3.69	\$3.17	\$1.60	\$1.70	\$2.19
% return to owned assets	10.6%	13.9%	8.2%	4.8%	5.9%	4.7%
Interest expense ratio	0.05	0.05	0.04	0.04	0.04	0.06
Debt to asset ratio	0.24	0.24	0.23	0.25	0.27	0.28

\* Due to changes in weighting procedures, 2007 & 2008 are not directly comparable with previous years.

## 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 relatively 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
<b>Farm Assets</b>				
Feeding livestock	\$84,509	\$13,458	\$23,658	\$142,751
Corn	202,799	74,007	135,451	288,352
Soybeans	102,836	36,500	72,759	144,752
Other feed	11,428	4,975	6,013	16,666
Supplies, prepaid expenses	121,504	42,262	73,264	177,314
Total short term assets	\$523,076	\$171,202	\$311,145	\$769,835
Breeding livestock	22,857	13,636	12,120	31,739
Machinery, equipment	271,312	105,285	185,295	381,226
Total intermediate assets	\$294,169	\$118,920	\$197,415	\$412,965
Land and improvements	835,588	483,330	658,119	1,066,446
Total assets	\$1,652,833	\$773,452	\$1,166,678	\$2,249,246
<b>Farm Liabilities</b>				
Operating notes, accounts payable	138,135	34,030	70,187	213,586
Intermediate and long term due	4,820	1,091	2,525	7,458
FSA marketing loans	5,529	-	3,862	8,631
Total short term debt	\$148,484	\$35,122	\$76,574	\$229,675
Intermediate term debts	59,579	13,467	33,614	91,073
Long term debts	189,481	50,937	136,719	272,338
Total liabilities	\$397,544	\$99,525	\$246,906	\$593,085
<b>Farm Net Worth</b>				
Net worth change from last year	\$85,805	\$21,604	\$57,510	\$125,992
Working capital	\$374,592	\$136,080	\$234,571	\$540,160
Current asset/debt ratio	3.87	4.87	4.06	3.35
Total debt/asset ratio	0.25	0.17	0.25	0.28
Total acres farmed	806	360	567	1,105
Months of labor used	18.0	9.8	12.7	24.0

## Income and Expenses

A summary of operating and fixed expenses by size of farm is shown in Table 3. Most 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	\$22,321	\$9,596	\$17,426	\$29,955
Fuel and oil	24,742	9,022	15,670	35,582
Machine hire	9,681	4,755	6,514	13,229
Auto and truck expense	5,573	3,004	4,562	7,124
Utilities	7,643	3,239	5,058	10,700
Labor hired	14,576	821	3,570	25,490
Livestock expense	17,125	2,255	5,207	28,933
Crop expense	148,039	57,209	101,829	207,775
Miscellaneous	5,904	2,700	4,209	8,042
Total Cash Operating Expense	\$255,605	\$92,602	\$164,044	\$366,830
Cash rent	\$76,993	\$18,669	\$38,897	\$119,277
Property taxes	6,603	4,301	5,119	8,262
Insurance	20,808	7,222	12,966	30,176
Building repairs	8,902	3,048	6,147	12,648
Depreciation	41,641	14,579	27,542	59,593
Interest	27,773	7,483	17,200	41,234
Total Fixed Expense	\$182,719	\$55,303	\$107,871	\$271,190

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 \$70,345 for the smallest farms up to \$272,120 for the largest, with an average of \$191,934 per farm. However, machinery purchases exceeded sales and net new loans, so average net cash flow from the farm was only \$113,967. Adding nonfarm income received and subtracting family living expenses showed an average of \$88,197 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	\$280,586	\$39,075	\$78,081	\$476,537
Crop sales	431,385	166,018	306,044	601,405
Crop insurance payments	6,898	2,377	3,458	10,403
Government payments	19,555	7,921	12,826	27,583
Other cash income	24,565	7,316	13,041	37,190
<b>Total Cash Income</b>	<b>\$762,990</b>	<b>\$222,708</b>	<b>\$413,450</b>	<b>\$1,153,119</b>
Cash operating expenses	\$255,605	\$92,602	\$164,044	\$366,830
Cash fixed expenses	141,078	40,724	80,329	211,597
Feed purchased	99,288	6,351	20,400	175,141
Livestock purchased	75,085	12,685	19,077	127,431
<b>Total Cash Expenses</b>	<b>\$571,056</b>	<b>\$152,363</b>	<b>\$283,850</b>	<b>\$880,999</b>
<b>Cash Net Farm Income</b>	<b>\$191,934</b>	<b>\$70,345</b>	<b>\$129,600</b>	<b>\$272,120</b>
+ Sales of machinery & improvements	10,700	2,698	4,375	17,014
- Purchases of machinery and improv.	90,665	32,651	54,301	132,011
+ Loans received minus loans paid	1,999	(3,289)	5,353	2,659
<b>Net Farm Cash Flow</b>	<b>\$113,967</b>	<b>\$37,102</b>	<b>\$85,027</b>	<b>\$159,782</b>
+Nonfarm income	16,685	29,116	16,120	11,720
-Family living expenses	42,456	31,224	38,353	49,091
<b>Net Cash Available</b>	<b>\$88,197</b>	<b>\$34,994</b>	<b>\$62,795</b>	<b>\$122,411</b>

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 \$41,546 for the smallest farms to \$221,897 for the largest. Return to management in 2008 ranged from -\$8,508 for the small size group to \$103,281 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	\$185,899	\$23,136	\$49,446	\$317,946
Feed fed	140,490	15,787	37,603	240,887
Livestock production less feed	45,409	7,349	11,844	77,059
Value of crop production	408,950	144,588	269,659	585,049
Miscellaneous income	53,228	16,274	29,361	79,892
Crop inventory gain or loss	77,171	18,691	50,800	114,055
<b>Value of Farm Production</b>	<b>\$584,758</b>	<b>\$186,902</b>	<b>\$361,664</b>	<b>\$856,057</b>
Operating expenses	\$255,605	\$92,602	\$164,044	\$366,830
Fixed expenses	182,719	55,303	107,871	271,190
Accrual net farm income from oper.	146,434	38,997	89,750	218,036
Capital gain or loss	3,171	2,548	2,254	3,860
<b>Accrual Net Farm Income</b>	<b>\$149,605</b>	<b>\$41,546</b>	<b>\$92,004</b>	<b>\$221,897</b>
Operator and family labor charge	\$21,423	\$15,950	\$19,681	\$24,536
Charge for equity capital	70,070	34,103	51,012	94,079
<b>Return to Management</b>	<b>\$58,112</b>	<b>(\$8,508)</b>	<b>\$21,311</b>	<b>\$103,281</b>

## 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. Other than machinery cost per crop acre and livestock returns/\$100 feed fed, most financial measures tended to increase with farm size in 2008.

The small farms showed higher livestock returns per \$100 feed fed but the lowest return to equity. Return on equity showed an average rate of 13.5 percent, while the return on assets averaged 10.6 percent.

**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
<b>Crops</b>				
Acres in crops	745	299	519	1,039
Crop value per acre	\$541	\$495	\$530	\$567
Crop acres per person	610	430	539	719
Machinery cost per crop acre	\$99	\$106	\$102	\$94
Machinery investment per crop acre	\$313	\$285	\$303	\$329
<b>Livestock</b>				
Livestock returns/\$100 feed fed	\$124	\$131	\$122	\$122
<b>Financial</b>				
Value of farm production per person	\$459,157	\$282,511	\$378,133	\$571,210
Value of farm prod. per \$1 expense	\$1.39	\$1.38	\$1.38	\$1.40
Asset turnover ratio	0.44	0.41	0.40	0.47
% return to owned assets	10.6%	7.5%	9.5%	12.4%
% return to equity	13.5%	8.7%	12.7%	15.9%
Operating profit margin ratio	0.24	0.18	0.24	0.26
Interest expense ratio	0.05	0.04	0.05	0.05
Operating expense ratio	0.64	0.68	0.64	0.63
Depreciation expense ratio	0.08	0.08	0.08	0.07
Net farm income ratio	0.23	0.20	0.24	0.24
Median interest rate on debt	6.3%	6.7%	6.8%	5.9%

## 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 over all acres. 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	404	317	44	41
Yield, bushels or tons per acre	179	50	4.2	-
Crop value per bushel or ton	\$3.32	\$8.51	\$98.10	-
Crop value per acre	\$587	\$427	\$414	-
<b>Crop Expenses</b>				
Seed	\$66.73	\$35.97	\$18.37	\$40.67
Fertilizer and Lime	115.67	13.61	23.92	27.84
Herbicide	27.14	26.34	2.37	2.87
Insecticide	2.84	9.04	1.39	0.39
Drying and storage	22.19	2.39	-	0.14
Machinery, fuel, repairs, machine hire	68.19	64.92	65.26	44.27
Utilities	7.29	6.54	5.03	3.64
Insurance	23.96	24.28	14.45	3.69
Hired labor	8.15	7.23	13.03	3.69
Interest	28.37	27.45	16.96	10.88
Cash rent	88.95	86.68	70.23	44.47
Property tax	9.14	9.04	5.14	4.74
Building repair	8.80	8.39	5.61	2.24
Other crop expenses	11.26	9.67	5.84	3.51
Total cash crop expenses	\$488.68	\$331.53	\$247.59	\$193.03
Machinery depreciation	\$34.03	\$33.59	\$26.92	\$11.90
Building depreciation	10.61	9.70	8.40	5.04
Charge for equity capital	88.22	67.07	40.31	17.29
Unpaid labor value	30.97	29.54	24.69	11.77
Total economic cost per acre	\$652.51	\$471.44	\$347.92	\$239.03
Total economic cost per bu. or ton	\$3.65	\$9.37	\$82.41	-
Principal payments	\$16.94	\$17.36	\$9.10	-
Family living expenses	\$62.95	\$60.91	\$42.86	-
Total cash flow needed per acre	\$568.57	\$409.80	\$299.54	\$193.03
Total cash flow needed per bu. or ton	\$3.18	\$8.14	\$70.95	-

**Table 8. Livestock Production**

	Swine	Beef	Dairy	Sheep
Percent of farms with enterprise	10 %	8 %	1 %	<1%
Number of hundred weight produced	4,982	2,417	60,720	88
Average number of breeding units	476	55	436	91
Average weaning rate	8.05	0.92	0.98	1.54
Lbs. of feed per lb. of production	4.10	11.73	2.39	11.02
Feed cost per cwt. of production	\$27.69	\$53.92	\$8.81	\$50.93
Livestock production per \$100 feed fed	\$147.78	\$138.93	\$242.16	\$205.92
Average value produced per cwt.	\$40.39	\$79.94	\$18.37	\$100.46

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

	High Third	Middle Third	Low Third	Your Farm
<b>Farm Income</b>				
Value of livestock production	\$149,371	\$103,787	\$261,864	
Feed fed	94,351	79,187	215,030	
Livestock production less feed	55,021	24,600	46,834	
Value of crop production	567,958	327,944	299,314	
Miscellaneous income	80,870	43,190	30,240	
Crop inventory gain or loss	122,396	60,959	44,081	
Value of Farm Production	\$826,244	\$456,692	\$420,469	
Operating expenses	\$309,672	\$205,265	\$227,693	
Fixed expenses	230,814	137,792	160,121	
Accrual net farm income from oper.	285,758	113,635	32,655	
Capital gain or loss	4,857	1,498	2,739	
Accrual Net Farm Income	\$290,615	\$115,133	\$35,394	
Operator and family labor charge	\$22,879	\$18,597	\$22,086	
Charge for equity capital	75,272	51,635	77,745	
Return to Management	\$192,464	\$44,901	(\$64,436)	
<b>Crops</b>				
Acres in crops	961	606	610	
Crop value per acre	\$591	\$544	\$486	
Crop acres per person	713	602	504	
Corn yield, bu. per acre	185	182	171	
Average price received for corn	\$3.41	\$3.24	\$3.17	
Total economic cost per bu. for corn	\$3.33	\$3.59	\$4.12	
Machinery cost per crop acre	\$89	\$100	\$106	
Machinery investment per crop acre	\$289	\$294	\$346	
<b>Livestock</b>				
Livestock returns/\$100 feed fed	\$128	\$119	\$123	
<b>Value of farm product - Sources (%)</b>				
Crops	69 %	73 %	79 %	
Livestock	7 %	5 %	4 %	
Miscellaneous income	10 %	9 %	7 %	
Crop inventory gain or loss	14 %	13 %	10 %	
<b>Financial</b>				
Value of farm production per person	\$604,453	\$448,563	\$311,515	
Value of farm prod. per \$1 expense	\$1.60	\$1.45	\$1.14	
Asset turnover ratio	0.52	0.46	0.32	
% return to owned assets	17.9%	12.5%	1.6%	
% return to equity	25.4%	15.5%	0.1%	
Operating profit margin ratio	0.37	0.28	0.07	
Interest expense ratio	0.04	0.04	0.07	
Operating expense ratio	0.54	0.60	0.78	
Depreciation expense ratio	0.06	0.07	0.10	
Net farm income ratio	0.36	0.29	0.06	
Debt to asset ratio	0.29	0.23	0.23	
Median interest rate on debt	7.1%	5.9%	6.8%	

## Trends

Table 10 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 2008 of \$124 was \$23 below 2007 value of \$147. While this result was \$79 below the previous high observed in 2005, it was also \$42 below the 10 year average of \$166.

Average corn yield of 179 bushels was 2 below the previous high of 181 but crop value for all acres decreased in 2008 to \$541 per acre. The percent return to owned assets was solid in 2008 with average gains of 10.6 percent. Excluding 1999 and 2001, percent return to owned assets has been strong each year of the decade, and the return for 2008 was above the ten-year average of 6.3 percent.

**Table 10. 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
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 %
2008	124	179	1.39	541	10.6 %
10-Yr Average	\$166	\$161	\$1.33	\$371	6.3 %

## Costs and Returns of Specialized Farms

Table 11 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 not adjusted for farm size, so the results are not comparable to data shown in the previous tables. Cash grain farms were the most profitable sector in 2008 and showed strong performance for three years in a row. All groups had net income above their ten-year averages in 2008.

Table 12 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 2008 with gains of 12.2 percent, followed by beef feeding farms with a return of 8.9 percent. Not all the specialized farm groups had returns to capital in 2008 that were above their ten-year averages.

**Table 11. Net Income of Specialized Farms**

Year	Net Income				
	Farrow to Finish	Beef Feeding	Cash Grain	Dairy	Beef Raising
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
2008	154,755	134,589	120,273	156,549	74,058
10-Yr Average	122,411	94,956	99,789	80,960	61,176

**Table 12. Return to Owned Assets for Specialized Farms**

Year	Percent Return to Capital				
	Farrow to Finish	Beef Feeding	Cash Grain	Dairy	Beef Raising
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
2008	5.9	8.9	7.1	12.2	6.8
10-Yr Average	8.5 %	7.8 %	9.4 %	8.4 %	6.1 %

Table 13 summarizes resources, production, income, expenses, and efficiency for farms specializing in farrow to finish hog, beef feeding, cash grain, dairy, and beef raising.

Farrow to finish farms had the highest total investment while beef raising had the lowest return to management in 2008. Cash grain operations utilized the least amount of labor but had a 12.2 percent return on assets. Accrual net farm income was highest for cash grain farms followed by the farrow to finish farm group.

**Table 13. Characteristics of Specialized Farms**

	<b>Farrow to Finish<sup>1</sup></b>	<b>Beef Feeding<sup>2</sup></b>	<b>Cash Grain<sup>3</sup></b>	<b>Dairy<sup>4</sup></b>	<b>Beef Raising<sup>5</sup></b>
<b>Resources Used</b>					
Acres per farm	806	749	775	626	836
Labor months	24	19	13	53	15
Current assets	\$670,141	\$683,949	\$441,220	\$392,204	\$402,363
Machinery and breeding stock	301,630	297,207	252,160	502,639	279,609
Land and buildings	1,125,726	763,898	766,644	926,118	783,979
Total farm assets	\$2,097,497	\$1,745,054	\$1,460,023	\$1,820,961	\$1,465,950
Total farm liabilities	563,011	548,493	302,313	625,116	468,255
Farm net worth	\$1,534,486	\$1,196,561	\$1,157,710	\$1,195,845	\$997,695
<b>Production</b>					
Total crop acres	755	682	734	544	539
Average sow units	259	-	-	-	-
Hogs sold	3,343	-	-	-	-
Beef cows	-	-	-	-	226
Beef cattle sold	-	878	-	-	-
Cows milked	-	-	-	131	-
Gross revenue	\$1,167,272	\$1,027,387	\$534,033	\$819,632	\$602,360
<b>Sources of Farm Production</b>					
Total Livestock increase	\$558,070	\$263,870	\$13,811	\$625,263	\$158,333
Less feed fed to livestock	460,598	225,978	1,398	365,388	132,145
Livestock increase over feed fed	97,471	37,892	12,413	259,875	26,187
Crop production	423,337	366,671	406,875	309,465	272,379
Miscellaneous	62,040	44,321	55,798	34,596	36,498
Crop inventory gain or loss	95,141	77,368	72,789	2,203	47,459
Value of Farm Production	\$676,216	\$524,355	\$545,461	\$617,676	\$377,642
<b>Expenses</b>					
Operating	\$310,518	\$231,839	\$225,217	\$325,334	\$175,111
Fixed	212,716	159,825	166,109	160,532	133,356
<b>Financial Returns</b>					
Net farm income, accrual	\$154,755	\$134,589	\$156,549	\$120,273	\$74,058
Charge for operator, family labor	24,840	20,368	19,469	26,318	19,962
Charge for equity capital	90,747	71,114	63,480	64,259	50,643
Return to management	\$39,168	\$43,106	\$73,600	\$29,696	\$3,453
<b>Efficiency</b>					
Machine and power cost/crop acre	\$83	\$105	\$98	\$104	\$105
Interest expense ratio	0.06	0.07	0.04	0.06	0.06
Livestock increase/\$100 feed fed	116	127	135	155	113
Value of farm production per person	\$353,109	\$371,228	\$507,422	\$222,704	\$310,111
Value of farm prod. per \$1 expense	1.27	1.46	1.44	1.31	1.28
Return on assets	5.9 %	8.9 %	12.2 %	7.1 %	6.8 %
Return on equity	7.3 %	10.9 %	16.1 %	6.0 %	9.4 %
Asset turnover ratio	0.38	0.34	0.47	0.36	0.33
Debt to asset ratio	0.34	0.32	0.22	0.33	0.31
Current Ratio	2.14	2.69	4.05	3.03	2.38

<sup>1</sup> 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.

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

<sup>3</sup> Feed fed was less than 5% of the value of all crops.

<sup>4</sup> 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.

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

**... and justice for all**

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