

85th ANNUAL

SUMMARY OF  
ILLINOIS  
FARM BUSINESS  
RECORDS  
2009

Commercial Farms  
Production Costs  
Income  
Investments



UNIVERSITY OF ILLINOIS  
EXTENSION

COLLEGE OF AGRICULTURAL, CONSUMER  
AND ENVIRONMENTAL SCIENCES

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*Summary of Illinois Farm Business Records for 2009*  
was prepared by, **D.D. Raab, B.L. Zwilling, and J.H. Locher**  
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# ILLINOIS FARM BUSINESS FARM MANAGEMENT ASSOCIATION

cooperating with nine local farm management associations and the  
 Department of Agricultural and Consumer Economics, College of Agricultural, Consumer and Environmental Sciences,  
 University of Illinois at Urbana-Champaign

STATE TOTAL--5,775 cooperating farmers and 63 member field staff\*  
 July 1, 2010, distribution of cooperators by counties and associations

Associations and Field Staff

Associations and Field Staff

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 Alan A. Petersohn  
 Rodney B. Gieseke  
 David A. Goodell  
 Tonya M. Wiersema  
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 Robert Rhea  
 Miriam M. Mock  
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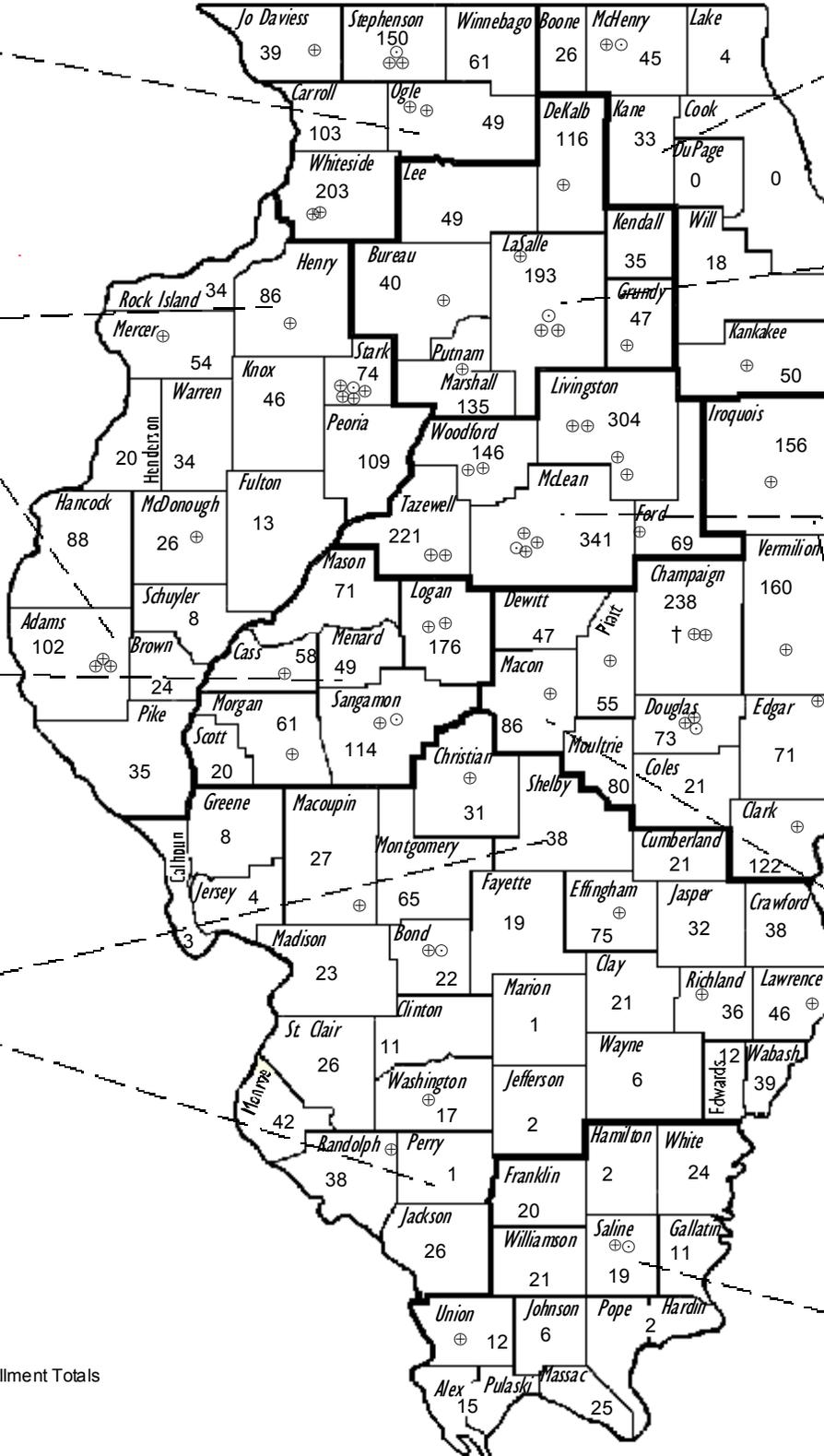
Maurice E. Sprout  
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 Jeffrey D. Lewis  
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 Christopher A. Leman  
 Michael L. Clark

## SHAWNEE 157

Robert D. Kieseccoms  
 Douglas E. Hileman



OFFICIAL ENROLLMENT  
 July 1, 2010

\* Numbers are Enrollment Totals  
 ⊕ Field Staff Office  
 ⊙ Association Office  
 † State Office

## SOURCE OF DATA

This report is based on data obtained from farm business records on 5,801 Illinois farms. It is the 85th annual summary of such records obtained from farmers cooperating with the University of Illinois Extension, the Department of Agricultural and Consumer Economics, and the Illinois Farm Business Farm Management (FBFM) Association.

At present, about one out of every five Illinois commercial farms with over 500 acres or total farm sales over \$100,000 is enrolled in this service, which grew steadily until 1982. Except for 1988 and 2000, enrollment has declined slightly each year since 1982. One factor contributing to this decline has been the continued decline in the number of farms in the state. In 2009, 9 associations in 102 counties were being served by 59 full-time field staff specialists and one half-time field staff specialist. Participation in this farm business analysis program is voluntary; cooperating farmers pay a fee for the educational services. The program's development since 1940 is shown below.

Year	Associa- tions	Counties involved	Field staff employed	Farmers involved
1940.....	3	23	3	680
1950.....	8	59	15	2,760
1960.....	10	100	33	5,494
1970.....	10	102	42	6,553
1980.....	10	102	67	8,205
1990.....	10	102	70	7,192
2000.....	9	102	66	6,647

Estimates for 2009 indicate that over 90 percent of the 5,801 farms covered in this report have total sales over \$100,000. In the 2007 Census of Agriculture, farms selling \$100,000 or more accounted for 94 percent of all sales from Illinois farms.

The segment of Illinois agriculture that includes farms with more than \$100,000 in total sales is often referred to as "commercial farming." In 2007, there were 23,290 farms in Illinois with sales of \$100,000 or more. The figures that follow, taken from the 2007 Census of Agriculture, show that these farms represented about 57 percent of the 40,826 farms with more than \$10,000 in sales. These farms produced more almost 94 percent of the agricultural products sold from Illinois farms.

Total farm sales (\$)	% of all farms, \$10,000+ sales	% of census farms enrolled	No. of farms enrolled
10,000–99,999	43.0	1.9	329
100,000–249,999	22.1	8.4	758
250,000–499,900	17.4	16.6	1,179
500,000+	17.5	32.3	2,316

Most of the 2009 recordkeeping farms covered in this report are within the larger groups. There were 14,261 farms identified by the census with more than \$250,000 total sales in 2007. About a fourth of these farms (24.5 percent) were

enrolled in the Illinois FBFM Association. Of the 9,029 farms in the group having from \$100,000 to \$249,999 in total sales, only 8.4 percent participated in the farm record program. Only about 2 percent of the farms enrolled in FBFM had less than \$100,000 in sales. The average acreage size of all farms larger than 180 acres enrolled in FBFM in 2009 was 1,077 acres, compared with an average of 833 acres for all Illinois farms sorted similarly.

This report presents only the operator's share of income and expenses for the farm business. The group averages are identified by size of business, type of farm, and quality of soil found on the farm. Where segments of Illinois agriculture are identified by these criteria, the data from recordkeeping farms may be used with reasonable confidence, even though the recordkeeping farms as a group do not represent a cross section of all commercial farms in the state.

## USES FOR THIS REPORT

The management of a modern commercial farm involves decision making in the application of technology, choosing a proper combination of crop and livestock enterprises, and effective business administration of the farming operations. A basic analysis of a farm business involves a careful study of past performance to detect problems and strengths in the farming operation. Also involved is the process of planning and developing future operations to realize the full potential of the land, labor, and capital resources available and to improve the economic efficiency of the farm business.

The farm business summaries contained in this report are used by individual farmers to analyze their business operations and to develop plans for future farming operations. This report summarizes the information so that specialists involved in agricultural extension, research, teaching, and agribusiness activities may use the data to help them perform their duties effectively. The definition of terms and accounting measures on the following pages will be of assistance in using the data.

The first part of the report (Tables 1 to 8) summarizes selected recent changes in farm income on Illinois farms. It also identifies economic forces and factors that contribute to these changing trends. Some of the data used in the text are drawn from previous issues of this report.

The second section (Tables 9 to 18) presents data on livestock enterprises. This information is the total of operator and landlord data. Beginning in 1995, the cost of production information presented in Tables 12, 14, and 16 excludes those enterprises with an operator-landlord livestock lease, because landlord cost data are not available. The comprehensive and detailed information contained in this section is a valuable resource for anyone interested in livestock production. Because part of the feed grains and roughages produced on Illinois farms is marketed through

livestock, the margins of income from livestock enterprises are important in interpreting the economic results of some farming operations.

The third section (Tables 19 to 23a) discusses costs, returns, financial summaries, land use, and crop yields for different sizes and types of farms in northern, central, and southern Illinois. This section contains only the operator data. It reports on the 33 percent of grain farms that received the highest return to management per dollar of cost and the 33 percent that received the lowest return. It also reports on hog farms with over and under 6,000 hundredweight of pork produced.

## TERMS AND ACCOUNTING METHODS

### Soil productivity rating

This rating is an average index representing the inherent productivity of all tillable land on the farm. Individual soil types on each farm are assigned an index ranging downward from 100. All ratings were revised in 1971 to reflect a basic level of management as outlined in University of Illinois Extension Circular 1156, *Soil Productivity in Illinois*. New land values were assigned in 1980. The adjustment of land values brings them to current market levels.

### Hay equivalents, tons

To get the equivalents, we took the total of 1.0 multiplied by the pounds of hay, 0.45 multiplied by the pounds of hay silage, 0.33 multiplied by the pounds of corn silage, and 24 multiplied by the pasture days per feed unit (which are also multiplied by the total feed units per cow). This total was then divided by 2,000.

### Sampling technique

Data from all records certified usable for analysis by field staff were aggregated by size (acres or number of cows), type of farm, value of feed fed, and soil productivity rating.

### Type of farm

**Grain farms** are farms where the value of the feed fed was less than 40 percent of the crop returns and where the value of feed fed to dairy or poultry was not more than one-sixth of the crop returns. Since 1973, farms with livestock have been essentially excluded from the sample of grain farms in northern and central Illinois in Table 19; since 1978, from the grain farm sample in Table 20; and since 1982, from the grain farm sample in Table 6.

**Hog or beef farms** are farms where the value of feed fed was more than 40 percent of crop returns and where either the hog or beef-cattle enterprise received more than one-half the value of feed fed.

**Dairy farms** are farms where the value of feed fed was more than 40 percent of crop returns and where the dairy enterprise received more than one-third the value of feed fed.

### Cost items

The *value of feed fed* includes on-the-farm grains with the following average prices per bushel: corn, \$3.76; oats, \$2.63; and wheat, \$4.22. Commercial feeds were priced at actual cost, hay and silage at farm values, and pasture at 40 cents per animal unit per pasture day. A “pasture day” represents an intake of about 20 to 25 pounds of dry matter, defined as 16 pounds of total digestible nutrients (TDN) from the pasture used.

**Cash operating expenses** include the annual cash outlays for the following nondepreciable items:

- Fertilizer
- Pesticides
- Seeds (including homegrown seeds)
- Machinery repairs
- Machine hire and lease
- Fuel and oil
- Farm share of electricity, telephone, and light vehicle expenses
- Building repairs and rents
- Drying and storage
- Hired labor
- Livestock expenses
- Taxes
- Insurance
- Miscellaneous expenses

Purchased feed, grain, and livestock are not included because they have been deducted from gross receipts in computing the value of farm production. The interest paid is not included because an interest charge is made on the operator’s total farm investment. But the total interest paid by the operator on all debt—operating debt plus longer-term debt—is listed separately in Tables 19 to 23a under “Selected returns and costs per operator tillable acre.”

**Power and equipment** includes depreciation, repairs, machine hire and lease, fuel and oil, and the farm share of expenses for electricity, telephone, and light vehicles.

**Labor** includes hired labor plus family and operator’s labor, charged in 2009 at \$3,100 per month.

A change in the method of calculating the **depreciation deduction** for machinery and buildings was adapted in 2003 and continued to be used in 2009. Until 2003, the depreciation deduction was based on Internal Revenue Service guidelines; the depreciation expense used for analysis purposes was the same as that used for completing the tax return. As changes in tax law allowed larger and larger write-offs in the year machinery and buildings were purchased, the depreciation method used for analysis was changed to more closely reflect the actual decline in value of machinery and buildings. The new method does not use the additional bonus depreciation or expense election write-off in the year of purchase; it uses instead a slightly longer life and a lower rate than the IRS-allowed methods for tax depreciation. The change in methods does not increase or decrease the total amount of depreciation that can be claimed on an item; it is simply an issue of timing as to when the depreciation is deducted.

**Interest on nonland capital** covers the interest charged at 5.0 percent on the sum of one-half the average of the

January 1 and December 31 inventory values of grain, plus the average of the January 1 and December 31 inventories of remaining capital investment in livestock, machinery and light vehicles, buildings, and soil fertility, plus one-half the cash operating expense, exclusive of interest paid. In Tables 6 and 8 this charge is combined with the land charge or net rent and labeled “interest charge on capital.” The average cash interest paid per farm by all farm operators was \$21,025.

**Land charge or net rent** is the bare land priced at current land values multiplied by 2.60 percent to reflect net rents received by the landlord.

**Total nonfeed costs** include cash operating expenses, adjustments for accrued expenses and farm produced inputs, depreciation, and charges for unpaid labor and interest including land charge. Purchased feeds and livestock are omitted.

The **basic value of land** (the **current basis**) is adjusted each year according to the index of land prices in Illinois as reported by the United States Department of Agriculture (USDA). The land value index for 2009, using a base earning value of 1979 = 100, was 202.

The **capital account adjustment** includes the gain or loss on capital items sold, less amortization deduction.

#### Return items

**Crop returns** are the sum of grain, seed, and feed sales; the value of homegrown seed used; the value of all feed fed (except milk); government farm program payments received and accrued, including marketing loan gains, countercyclical payments, and loan deficiency payments (LDPs); crop insurance payments received and accrued; and the change in value for feed and grain inventories, less the value of feed and grain purchased.

The **total value of farm production** is the cash and accrued value of sales of products and services, less the cost of purchased feed, grain, and livestock, plus the change in inventory values for grain and livestock, plus the value of farm products used.

**Net farm income** is the value of farm production, less total operating expenses and depreciation, plus gain or loss on machinery or buildings sold. Net farm income includes the return to the farm and family for unpaid labor, the interest on all invested capital, and the returns to management.

**Labor and management income** per operator is total net farm income, less the value of family labor and the interest—including net rent—charged on all capital invested. This figure, as the residual return to all unpaid operators’ labor and management efforts, is divided by the months of unpaid operator labor and multiplied by 12 to reflect income for one operator on multiple-operator farms.

**Capital and management earnings** are net farm income, less a charge for all unpaid labor. **Management return** is the residual surplus after a charge for unpaid labor and the interest or land charge on capital are deducted from net farm income.

## FARM BUSINESS TRENDS IN 2009

Illinois agriculture is based largely on crop production, especially corn and soybeans. In 2009, Illinois ranked second in the nation in soybean and corn production. The total value of corn and soybeans produced on Illinois farms was 14 percent of the total U.S. production for these crops. In 2009, cash receipts from farm marketing of corn and soybeans represented 81 percent of the total cash receipts in Illinois from all crops and livestock, and 93 percent of the cash receipts from all crops marketed.

### Crop production

Year-to-year variations in net income are related to the growing season, crop yields, grain prices, and acres in high-cash-value crops.

Planting started slowly in 2009 because of a wet April. These conditions continued into early May, and planting of both corn and soybeans was delayed 3 to 4 weeks behind the 5-year average, with many farmers not finishing until mid-June. Less than 5 percent of the corn was planted by the end of April. Only 62 percent of corn and 22 percent of soybeans were reported as planted by May 26. Crop development was slowed during the summer due to cooler-than-normal temperatures and extra moisture. Harvest was delayed into December by excess rains in the fall.

**Crop yields.** Despite cooler-than-normal temperatures and too much rainfall, especially during planting and harvesting, Illinois had an above-average crop. The average corn yield for Illinois farms reported by the Illinois Crop Reporting Service was 174 bushels per acre, 5 bushels below the previous year’s yield, and only 6 bushel below the 180-bushel record high set in 2004. The average for 2005 through 2009 is 167 bushels per acre. Farmers participating in the Illinois FBFM program averaged 182 bushels of corn per acre in 2009, 12 bushels below the year before.

Soybean yields for all Illinois farms were reported at 46 bushels per acre in 2009, exactly equal to the 5-year average. FBFM recordkeeping farms averaged 50 bushels of soybeans per acre in 2009, one bushel below their 5-year average. Crop yields on the 5,801 recordkeeping farms covered in this report averaged about 5 to 9 percent above the average for all Illinois farms.

**Grain prices.** Sales for corn and soybeans have been divided between old and new crop sales. The prices received for old-crop soybeans sold during the year averaged 32 to 44 cents per bushel below 2008 prices (Table 1). Old-crop corn prices received in 2009 averaged 37 to 44 cents below those received in 2008. New-crop prices received were mostly lower for soybeans and corn compared to the year before. The price received for new-crop corn averaged 50 to 54 cents lower than the year before and for new-crop soybeans averaged 73 cents lower to 3 cents higher. Wheat sold for \$1.67 to \$1.79 less per bushel during the year. Prices received for both old-crop corn and old-crop

soybeans sold in 2009 were above their inventory prices, resulting in a positive marketing margin and boosting crop returns. The year-end, new-crop inventory price for corn was the same as the year before; for soybeans it was 75 cents higher. Both corn and soybean prices have been high enough that neither crop was eligible for loan deficiency payments. The national average marketing year price for corn and soybeans will be high enough that producers will not receive a countercyclical payment.

**Crop Production Index 2009.** The Illinois All Crop Production Index for 2009 (2009 Annual Bulletin, USDA-NASS, Illinois Field Office) was down 4 points from the previous year to 145 percent of the 1977 base. Corn production totaled 2.05 billion bushels in 2009, 4 percent less than the previous year. The final yield was 174 bushels per acre, 5 bushels below the previous year's yield of 179 bushels per acre. The yield for the 2009 soybean crop was 46 bushels per acre, 1 bushel below the 2008 yield of 47 bushels per acre. Production totaled 430 million bushels, less than 1 percent above the previous year.

The 2009 yield for sorghum for grain was 82 bushels per acre, 21 bushels below the yield in 2008. Sorghum production, at 2.95 million bushels, was down 62 percent from the previous year. The yield for the 2009 winter wheat crop was 56 bushels per acre, 8 bushels below the previous year. Total production was 45.9 million bushels, 38 percent below the 2008 production of 73.6 million bushels. The oats yield, at 65 bushels per acre, down 5 from 2008. Production of all hay in 2009 was 2 million tons, 6 percent above 2008. Alfalfa hay production was down 3 percent, to 1.33 million tons. All other hay production increased 31 percent, to 675,000 tons. The alfalfa yield stayed at 3.9 tons per acre, while all other hay yields increased from 1.9 to 2.5 tons per acre.

**Crop Production Index, 1977–2009**

Year	Index	Year	Index	Year	Index
1977	100	1988	66	1999	124
1978	97	1989	110	2000	133
1979	114	1990	109	2001	134
1980	92	1991	99	2002	124
1981	113	1992	128	2003	129
1982	115	1993	112	2004	156
1983	66	1994	136	2005	132
1984	97	1995	102	2006	143
1985	120	1996	118	2007	146
1986	112	1997	121	2008	149
1987	99	1998	127	2009	145

**Livestock production**

Two major determinants in farm income are the price farmers receive for livestock and livestock products and the value of feed fed in producing livestock. Gross returns to beef cow and feeder pig finishing enterprises were higher in 2009 compared to 2008, while returns to dairy, hog, feeder pig, and feeder cattle enterprises were lower. However, feed costs were low enough that returns above feed cost

were higher for all livestock enterprises except dairy. In 2009, the average prices received by farm recordkeepers in the Illinois FBFM Association were 9 percent lower for hogs, 9 percent lower for fed cattle, and 31 percent lower for milk than they were in 2008 (Table 1). The prices paid for all weights of feeder cattle purchases averaged 10 percent below the 2008 price for feeder cattle, and feeder pigs weighing below 20 pounds averaged 8 percent below the 2008 price. Lower feed costs resulted in returns above feed and purchased animals for feeder cattle enterprises to increase from \$1.60 per hundredweight produced to \$13.43 (Table 10). This is slightly below the last 5-year average. Mainly due to the lower feed costs, returns above feed costs for farrow-to-finish hog producers increased to \$7.50 per hundredweight produced in 2009. Hog returns were below the 5-year average and the second lowest during the last five years. Lower milk prices caused dairy returns above feed cost per cow to decrease from \$1,775 in 2008 to \$838 in 2009. This is below the five year average and is the lowest in the last five years. Returns for beef cow herds with calves sold increased above feed to \$32 in 2009.

**Labor and management income**

The average operator's share of labor and management income for the 5-year period from 2005 through 2009 on all northern Illinois grain farms (located north of a line from Kankakee to Moline) was \$86,965 (Table 2). Operators on about 1,500 grain farms in central Illinois had 5-year average earnings of \$99,592. Central Illinois occupies the area between the Kankakee–Moline line in the north and the Mattoon–Alton line in the south. Smaller farms and variable soil quality in northern Illinois have generated smaller earnings from crops. The farms in northern Illinois typically average 5 to 10 percent lower crop than those yields in central Illinois.

**Table 1. Average Prices Received and Paid by Farm Recordkeepers for Grain, Livestock, and Milk**

	2009		2008	
	Northern & central	Southern	Northern & central	Southern
<b>Grain prices per bushel</b>				
<b>Sold</b>				
Corn, old crop .....	\$ 3.98	\$ 4.05	\$ 4.35	\$ 4.49
Corn, new crop .....	3.75	3.74	4.29	4.24
Soybeans, old crop .....	10.40	10.35	10.72	10.79
Soybeans, new crop .....	9.75	9.73	10.48	9.70
Wheat .....	4.15	4.46	5.94	6.13
<b>Livestock prices per cwt</b>				
Hogs, all weights .....	\$40.81		\$ 44.97	
Fed cattle, all weights .....	82.63		91.26	
Feeder cattle, all weights, prices paid .....	93.49		103.49	
Dairy cattle, all weights .....	49.51		57.49	
Sheep and wool, all weights .....	95.89		88.30	
<b>Milk per cwt .....</b>	<b>13.12</b>		<b>18.98</b>	

The grain farms in northern Illinois averaged 955 tillable acres per farm, compared with an average of 1,078 tillable acres on grain farms in central Illinois. The figure for labor and management income varies considerably with the location and type of farm. For the period from 2005 through 2009, grain farm operators in southern Illinois averaged \$81,347 for labor and management. This average decreased by \$4,243 compared with the average for the 5-year period from 2004 through 2008.

When the average earnings on Illinois grain farms for the 5-year period from 2005 through 2009 are compared with the earnings from 2004 through 2008, earnings decreased in all areas of the state. The average for the 5-year period from 2005 through 2009 decreased 4 percent in northern Illinois, 4 percent in central Illinois and 5 percent in southern Illinois as compared to the 5-year period 2004 through 2008. The 2009 return to operator's labor and management for all areas of the state was significantly lower than the 2008 earnings and below the 2005–2009 5-year average. The year dropped from the 5-year average, 2004, averaged about \$25,000 higher earnings than in 2009.

When average earnings on Illinois livestock farms for the 5-year period from 2005 through 2009 are compared with the earnings from 2004 through 2008, earnings decreased

for all types of livestock. The averages decreased 49 percent for hog farms, 65 percent for beef farms, and 41 percent for dairy farms.

In 2009, the labor and management income for all areas of Illinois averaged \$44,551 per farm. This figure is \$131,007 below the 2008 state average. Returns averaged \$56,093 below the average for the 5-year period 2005 through 2009. Lower yields and prices as well as higher input costs were the main reasons for the lower incomes. The 2009 grain prices resulted in minimum farm program payments in 2009, just like in 2008. Government payments have not been this low since 1996.

Corn yields were below the excellent yields recorded the year before. The average corn yield on the 2,624 farms in 2009 was 182 bushels per acre, 12 bushels lower than the 2008 yield. The average soybean yield in 2009 was 50 bushels per acre, 1 bushel lower than the 51 reported in 2008. Corn and soybean yields were generally highest in the central area of the state. Too much rainfall lowered yields in certain parts of the state, including northern Illinois. The average corn yield was the fourth highest on record, and the average soybean yield was tied for the fourth highest.

Year-end inventory price for the 2009 corn crop of \$3.50 per bushel was the same as a year earlier. Soybeans were inventoried at \$9.75 per bushel, 75 cents higher than December 31, 2008. The average sales price received for the 2008 corn and soybean crop sold in 2009 was above the inventory price, resulting in a positive marketing margin. Crop returns averaged \$654 per tillable acre, \$95 per acre lower than the 2008 crop returns.

The income or salary of the farm operator, whether tenant or part-owner, is the return for the labor and management provided by the operator. The level of income received is a measure of overall farming efficiency and includes compensation for the risk involved. The income includes the operator's gross sales and the net change in inventory. This income is reduced by operating expenses, depreciation, a charge for unpaid family labor, 5.0 percent interest on nonland investment, and a land-use charge equivalent to the average net rent received by landowners for crop-share leases from 2005 to 2008.

Whenever the income figures in Table 2 fall below the amounts required for living expenses and income and Social Security taxes, operators must use the charges deducted for interest on equity capital to pay these expenses. If we assume that \$70,000 is needed to pay living expenses and income and Social Security taxes, figures for the lowest 5-year average labor and management income indicate that the average farm operator's family uses up to \$67,000 of the return for equity capital, depending on location and type of farm. Some average labor and management incomes were high enough that the operator did not need to use any of the return for equity capital to meet living expenses. Using part of the return to equity to pay family living expenses indicates that farm operators are not receiving a competitive return for either their

**Table 2. Operator's 5-Year Average Share of Labor and Management Income by Size and Type of Farm, 2005 Through 2009**

	Tillable acres per farm			All
	Under 500	500 to 799	800+	
<b>Northern Illinois</b>				
Tillable acres .....	350	635	1,515	955
Labor and management earnings by type of farm				
Grain.....	\$23,611	\$60,202	\$141,762	\$86,965
<b>Central Illinois</b>				
Tillable acres .....	358	656	1,446	1,078
Labor and management earnings by type of farm				
Grain <sup>a</sup> .....	\$39,302	\$68,161	\$147,087	\$112,902
Grain <sup>b</sup> .....	27,830	58,225	115,186	85,203
All.....	34,826	62,140	132,605	99,592
<b>Southern Illinois</b>				
Tillable acres .....	353	663	1,624	1,287
Labor and management earnings by type of farm				
Grain.....	\$17,341	\$43,723	\$103,306	\$81,347
<b>Illinois livestock</b>				
Labor and management earnings by type of farm				
Hog.....	\$24,600	\$39,138	\$47,011	\$38,493
Beef.....	2,805	10,438	...c	7,478
Dairy.....	19,155	46,048	...c	31,154

<sup>a</sup>Highly productive soils with soil productivity ratings from 86 to 100.

<sup>b</sup>Heavy-till and transition soils with soil productivity ratings from 56 to 85.

<sup>c</sup>Data not available.

labor and management or their equity in the business. Off-farm income could be used to pay for some living expenses.

**Financial characteristics**

The Farm Financial Standards Council has identified several key measures to analyze the financial strength of a farm business. These measures are in the areas of liquidity, solvency, profitability, and financial efficiency. The averages for these key measures for 2,544 Illinois farms can be found in Table 3. These measures are also calculated by farm type. Due to the effects that weather and other outside factors may have on a farm business for any one year, it is better to monitor these measures over time and to identify trends than it is to rely too heavily on these measures for any one year when making business decisions. More detail and in-depth analysis of these financial characteristics can be found in *Financial Characteristics of Illinois Farms*, published by the Department of Agricultural and Consumer Economics at the University of Illinois.

**Liquidity** is an assessment of a farm’s ability to meet current cash-flow needs. The amount of working capital and the current ratio (current assets divided by current liabilities) are two measures of liquidity. The average amount of working capital as of December 31 for the 2,544 farms was \$307,957, up from \$253,535 a year earlier. Grain farms had the greatest working capital, averaging \$317,726, while dairy farms had the least, averaging \$47,983. Most of the assets of a dairy farm—the dairy herd, buildings, and land—are noncurrent assets. The average current ratio for all the farms was 2.27, down from 2.49 a year ago. Grain farms recorded the highest (most healthy) current ratio, and dairy farms the lowest. The 2009 current ratio was the third highest for any year during the last 10 years, and only the third time it has averaged 2.0.

**Solvency** is a measure of the farm’s overall financial strength and risk-taking ability. The average net worth of the 2,544 farms at the end of 2009 was \$1,740,705, up from \$1,630,019 the year before. Average farm and nonfarm incomes in 2009 were above family living requirements, thus enabling net worth increases. Increasing land values have also boosted net worths for those operators who own land. Grain farms had the highest net worth, followed by hog farms, with dairy farms recording the lowest. The **debt-to-farm equity** and **debt-to-farm asset** indicators show how debt capital is combined with equity capital. This is useful in looking at the risk exposure of the business. The average debt-to-farm asset percentage for all farms was 22.9. The debt-to-farm asset percentage ranged from 22.4 for grain farms to 32.8 for hog farms. The average debt-to-farm asset level of 22.9 was at its second lowest level for at least 10 years.

A measure of a farm’s **profitability** is useful in examining its ability to meet family living demands and retire term debt. It is also useful in measuring the farm’s ability to utilize assets and equity to generate income. The average return on farm assets for the 2,544 farms was 3.0 percent, down from 10.1 percent a year earlier. Grain farms recorded the highest returns, averaging 3.3 percent, while dairy farms recorded the lowest, averaging *negative* 2.7 percent. Return on farm equity in 2009 ranged from 3.0 percent for grain farms to a *negative* 6.2 percent for dairy farms. .

The interest, operating, and depreciation expense ratios relate these various expense categories as a percentage of the value of farm production. The farm operating income ratio measures the return to labor, capital, and management as a percentage of the value of farm production. These measures can be used to evaluate the financial efficiency of

**Table 3. Financial Characteristics of Illinois Farms for 2009 by Type of Farm**

	All farms	Grain farms	Hog farms	Dairy farms	Beef farms
Number of farms.....	2,544	2,410	51	62	21
<b>Liquidity</b>					
Working capital.....	\$307,957	\$317,726	\$190,303	\$47,983	\$240,168
Current ratio .....	2.27	2.31	1.73	1.50	1.62
<b>Solvency</b>					
Net worth (market) .....	\$1,740,705	\$1,759,082	\$1,745,308	\$1,085,580	\$1,554,669
Debt-farm equity (%).....	29.4	28.7	39.5	43.2	42.9
Debt-farm asset (%).....	22.9	22.4	32.8	31.6	30.0
<b>Profitability</b>					
Farm operating income .....	\$74,720	\$80,760	-\$65,685	-\$20,886	\$4,761
Return on farm assets (%) .....	3.0	3.3	-2.5	-2.7	-1.4
Return on farm equity (%).....	2.6	3.0	-4.4	-6.2	-5.2
<b>Financial Efficiency</b>					
Interest expense ratio (%).....	3.3	3.1	6.6	9.0	6.6
Operating expense ratio (%).....	71.9	71.2	89.3	83.0	80.2
Depreciation expense ratio (%)..	7.2	7.1	8.6	10.5	8.0
Farm operating income ratio (%)	16.8	18.0	-4.6	-5.9	1.1
Asset turnover ratio.....	0.30	0.30	0.24	0.20	0.19

the farm business. The interest–expense ratio averaged 3.3 percent for the 2,544 farms, ranging from 3.1 percent for grain farms to 9.0 percent for dairy farms. The 3.3 percent was up from 2.9 percent in 2008. The 2009 figure is tied for the second lowest since at least 1995. The farm operating income ratio ranged from a high of 18.0 percent for grain farms to *negative* 5.9 percent for dairy farms. The average for all farms in 2009 was 16.8 percent, down from 33.1 percent in 2008. The 2005 through 2009 5-year average farm operating income ratio is 26.4 percent. The 2009 farm operating income ratio is below the 5-year average and the lowest since 2002.

**Family living expenditures**

Total cash living expenditures for a sample of 1,164 Illinois sole-proprietor, farm-operator families in 2009 averaged \$65,167 (Table 4). This figure is almost the same as the 2008 average. Capital purchases for family living expenses of \$7,267 include the family’s share of the auto, plus items that exceed \$250 and will last more than 1 year. Capital purchases for family living were 10.0 percent of the total cash outlay for all family living expenditures in 2009.

The average farmer in this sample paid \$22,664 in interest in 2009 on operating, machinery, and long-term real estate debts. This was the third highest amount of interest paid for any year during the last 10 years. This interest expense was 4.5 percent of total operating expense (including interest paid) and 4.0 percent of total farm receipts. The average amount of interest paid in 2009 was \$2,723 less than the amount paid in 2008. Here are the most significant financial facts about 2009:

- Net farm income plus net nonfarm income was \$18,159 more than the sum of family living capital purchases, total living expenses, and payments for income and Social Security taxes. This compares to the 5-year average of total income averaging \$74,285 more than family living expense and taxes for the period 2005 through 2009. The 2007 figure of \$147,967, the largest positive margin ever, exceeded 2009 by \$129,808.
- Net nonfarm income averaged \$34,567, which is the highest amount since this study began. This was \$3,654 more than the 2008 figure of \$30,913.
- Capital purchases were \$85,120, compared to \$82,684 in 2008, or 2.9 percent more. They were \$23,061 higher than

**Table 4. Average Sources and Uses of Funds Over a 4-Year Period and by Noncapital Living Expenses for Selected Illinois Farms**

	All records, average per farm				Family of 3 to 5, 2009 <sup>a</sup>	
	2009	2008	2007	2006	High-third	Low-third
Number of farms.....	1,164	1,176	1,232	1,196	173	173
Age of operator.....	54	54	53	53	49	49
Number in family.....	3.0	3.0	3.0	3.1	19	18
<b>Net farm income .....</b>	<b>\$76,697</b>	<b>\$194,207</b>	<b>\$193,675</b>	<b>\$94,756</b>	<b>\$113,360</b>	<b>\$63,644</b>
<b>Source of dollars</b>						
Net nonfarm income .....	\$ 34,567	\$ 30,913	\$ 31,668	\$ 29,614	\$ 47,424	\$ 23,403
Money borrowed.....	340,794	368,663	306,747	262,230	487,640	264,612
Farm receipts.....	<u>568,554</u>	<u>581,949</u>	<u>446,952</u>	<u>364,712</u>	<u>729,812</u>	<u>537,771</u>
<b>Total sources .....</b>	<b>\$943,915</b>	<b>\$981,525</b>	<b>\$785,367</b>	<b>\$656,556</b>	<b>\$1,264,876</b>	<b>\$825,786</b>
<b>Use of dollars</b>						
Interest paid.....	\$ 22,664	\$ 25,387	\$ 25,681	\$ 21,386	\$ 30,048	\$ 20,633
Cash operating expenses.....	389,334	409,072	319,035	265,931	490,588	372,726
Capital farm purchases.....	85,120	82,684	59,969	40,029	119,826	76,763
Payments on principal .....	319,492	332,573	274,809	245,450	426,831	258,358
Income & Social Security taxes....	20,671	15,770	10,964	10,251	23,756	16,651
Net new savings and investments	34,200	43,352	28,497	13,823	60,618	33,101
Contributions .....	2,788	2,667	2,303	1,888	3,711	1,398
Medical expenses.....	8,579	8,328	8,071	7,665	12,409	5,313
Life insurance .....	3,431	3,202	3,039	2,978	4,974	2,503
Expendables.....	<u>50,369</u>	<u>50,975</u>	<u>46,881</u>	<u>42,463</u>	<u>82,778</u>	<u>33,141</u>
Total living expenses .....	\$(65,167)	\$(65,172)	\$(60,294)	\$(54,994)	\$(103,872)	\$(43,355)
Living—capital purchases.....	<u>7,267</u>	<u>7,514</u>	<u>6,118</u>	<u>4,692</u>	<u>9,337</u>	<u>5,199</u>
<b>Total uses .....</b>	<b>\$943,915</b>	<b>\$981,525</b>	<b>\$785,367</b>	<b>\$656,556</b>	<b>\$1,264,876</b>	<b>\$825,786</b>

<sup>a</sup>Records were sorted into thirds according to total noncapital living expenses.

the average for 2005 through 2009 and at their highest level ever.

- The amount of money borrowed exceeded principal payments for the 21st year in a row. Money borrowed exceeded principal payments by \$21,302. For the 2005 through 2009 time period, money borrowed has exceeded principal payments by an average of \$25,745.
- Of the total living expenses—excluding family capital purchases—charitable contributions accounted for 4 percent, life insurance 5 percent, medical expenses 13 percent, and family living expendables the remaining 78 percent.
- Income and Social Security taxes paid increased by \$4,901, and the total amount of taxes paid, \$20,671, was \$7,070 above the 5-year average for the period 2005 through 2009. The amount of taxes paid was the highest since 1993.
- Medical expenses averaged \$8,579. The last three years the average has exceeded \$8,000. Expenses were 3.0 percent higher than the year before.

The 2009 records from 3- to 5-member families were sorted into high one-third and low one-third groups according to total living expenses (Table 4). The total cash living expenses for the high-third group averaged \$103,872, compared with \$42,355 for the low-third group. The high-third group had gross farm receipts of \$729,812, compared to \$537,771 for the low-third group. The results indicate that the high-third group had more nonfarm taxable income and a higher net farm income. When net farm income is added to net nonfarm income, and total family living expenses (including capital purchases for family living) and payments for income and Social Security tax are subtracted, the high-third group had \$977 more remaining than the low-third group. The high-third group had a balance remaining of \$23,819 compared to \$22,842 for the low-third group.

Living expenses included cash expenditures for food, operating expenses, clothing, personal items, recreation, entertainment, education, transportation, life insurance, contributions, and medical expenses.

The sample of 1,164 represents slightly smaller farms than the average size of all recordkeeping farms in the state. Management was considered slightly above average. In view of these factors, average total living expenses for all recordkeeping families (excluding capital purchases) are estimated to be between \$52,100 and \$55,400, or 15 to 20 percent below the average total living expenses of these 1,164 Illinois farms. When the \$34,567 net nonfarm income for 2009 is used for living expenses, the remaining \$37,867 must be generated from the farm business to pay the \$72,434 used for total living expenses, including family living capital purchases. The figure of \$37,867 amounts to 6.7 percent of total farm receipts.

**Income changes on Illinois farms**

The average operator’s net farm income for all farms in 2009 was \$86,147; it was \$213,523 in 2008 (Table 5). The 2007 and 2008 net farm incomes were the highest for any years of at least the last 10 years. Operator net farm incomes decrease steadily as a higher percent of gross farm returns is used to pay interest. Frequently, when more than 25 percent of the gross farm return is used to pay interest, the operator’s net farm income is usually negative. In 2009, average net farm income did not turn negative until 15 percent of the gross farm income was used to pay interest due to the lower net farm income levels. Interest paid as a part of gross farm returns for all operators averaged 3.8 percent in 2009, 3.7 percent in 2008, 4.5 percent in 2007, 5.0 percent in 2006, and 5.2 percent in 2005. The 3.8 percent figure for 2009 was the second lowest for any year during the last 20 years.

Comparative costs and returns between years and among major types of farming operations are reported in Tables 6 and 8. The sample consisted of grain, hog, beef, and dairy farms having between 340 and 799 acres, or an average of 564 tillable acres. Labor available on farms of this size averaged 11 months on grain farms, 26 months on hog farms, 15 months on beef farms, and 33 months on dairy farms. These tables contain only operator data; landlord data are not included.

**Table 5. Percent of Illinois Farms and Operator Net Farm Income by Interest Paid as a Percent of Gross Farm Returns, 2005 Through 2009**

	Interest paid as a percent of gross farm returns							All
	Under 1	1–4.9	5–9.9	10–14.9	15–19.9	20–24.9	25+	
<b>Percent of farms</b>								
2005 .....	18	39	28	10	3	1	1	100
2006 .....	18	37	30	10	3	1	1	100
2007 .....	20	44	26	6	2	1	1	100
2008 .....	25	48	20	4	1	.. <sup>a</sup>	.. <sup>a</sup>	100
2009 .....	26	44	21	5	1	1	1	100
<b>Net farm income</b>								
2005 .....	83,118	80,108	59,394	34,463	(34)	(9,639)	(26,693)	66,256
2006 .....	285,188	125,227	100,904	60,677	25,174	11,501	(24,478)	134,992
2007 .....	226,020	241,170	197,512	124,680	68,661	31,157	(2,808)	212,991
2008 .....	212,170	241,542	182,070	119,682	114,869	(196)	(35,749)	213,523
2009 .....	118,671	104,255	47,945	3,037	(23,421)	(42,371)	(89,296)	86,147

<sup>a</sup>Less than 1 percent.

Size of farm, type of farm, and managerial inputs have been held reasonably constant by the sampling procedure used in selecting farms in each category. Variations among figures for 2009 are due to changes in farm prices and to costs, weather, and internal farming adjustments. The data in Tables 6 and 8 are particularly helpful for comparing types of farming and for evaluating changes in farm costs and returns for a particular size and kind of farm. The data does not reflect overall farming adjustments due to the enlargement of farms or to major changes in the use of resources.

The figure for net farm income comprises returns to the farm family for all unpaid labor, interest on all invested capital, and the managerial inputs used in farming. Changes in the value of farm inventories and the value of consumed farm products are included as income. Net farm income is calculated by accounting methods comparable to the accrual method used in calculating taxable farm income for the federal income tax. Two important differences in the

accrual method of income tax accounting should be noted: the provision for capital gains on livestock sales, which was in effect until 1987, and the inclusion of interest paid as a farm expense. The operator's share of net farm income has the interest expense deducted from it.

The figures for net farm income are the amounts available from the farm business for living costs, income and Social Security taxes, debts, new investments, and savings. New capital investments for the farm business have been included with total cash expenditures. Although the cash balance reflects the cash position of the farm business, the figure is influenced by purchases and sales of feed and livestock and by changes in liabilities and borrowed funds.

**Grain farms.** The operator's net farm income for Illinois grain farms having 340 to 799 acres and no livestock averaged \$48,938 in 2009 (Table 6). This income was \$71,928 below that of 2008, and \$26,548 below the 5-year average income for 2005 through 2009. The value of farm production averaged \$301,538, which was \$44,584 below 2008

**Table 6. Averages for Select Total Farm Items on 340- to 799-Acre Illinois Grain, Hog, and Beef Farms**

	Grain farms			Hog farms			Beef farms		
	2009	2008	2005-09 average	2009	2008	2005-09 average	2009	2008	2005-09 average
Number of farms.....	801	670	720	24	24	34	11	12	11
Total acres .....	598	620	604	589	609	594	646	699	695
Soil-productivity rating .....	82	82	82	76	78	78	71	67	72
Percent land owned.....	25	24	25	19	23	23	42	50	46
Percent land crop shared .....	38	41	41	17	31	26	13	12	14
Percent land cash rented.....	38	36	35	64	46	50	44	38	39
Cash operating income...	\$326,127	\$326,725	\$254,994	\$857,116	\$828,486	\$766,821	\$488,911	\$583,023	\$539,460
Less purch. feed, lvstk....	<u>5,253</u>	<u>968</u>	<u>2,302</u>	<u>419,885</u>	<u>370,249</u>	<u>345,903</u>	<u>175,045</u>	<u>244,916</u>	<u>247,355</u>
Net cash op. income.....	\$320,874	\$325,757	\$252,691	\$437,232	\$458,238	\$420,918	\$313,866	\$338,107	\$292,104
Accounts rec. change .....	(3,410)	3,344	(979)	(7,101)	(3,440)	(2,046)	(3,035)	4,267	(1,507)
Inventory change .....	<u>(15,925)</u>	<u>17,022</u>	<u>18,598</u>	<u>(14,436)</u>	<u>5,689</u>	<u>13,023</u>	<u>(48,676)</u>	<u>(35,481)</u>	<u>(5,001)</u>
Value of farm prod .....	\$301,538	\$346,122	\$270,309	\$415,695	\$455,989	\$431,895	\$262,155	\$306,893	\$285,595
Total cash op. expenses.	\$225,487	\$228,905	\$184,278	\$395,024	\$369,309	\$331,252	\$247,078	\$222,691	\$220,405
Prepaid-unpaid change ..	7,711	(18,469)	(2,990)	11,973	(7,691)	(24)	(3,995)	(5,905)	(3,799)
Annual depreciation.....	<u>19,401</u>	<u>14,822</u>	<u>13,535</u>	<u>26,695</u>	<u>28,469</u>	<u>26,081</u>	<u>23,222</u>	<u>22,878</u>	<u>21,064</u>
<b>Net farm income .....</b>	<b>\$ 48,938</b>	<b>\$120,866</b>	<b>\$ 75,486</b>	<b>\$ (17,997)</b>	<b>\$ 65,902</b>	<b>\$ 74,586</b>	<b>\$ 4,150</b>	<b>\$ 67,229</b>	<b>\$ 47,925</b>
Net farm inc. per op'er....	\$48,286	\$119,330	\$74,547	\$ (7,276)	\$ 51,289	\$65,037	\$ (4,917)	\$ 66,209	\$ 44,397
Unpaid labor charge .....	29,036	27,884	26,935	35,689	35,583	34,490	37,200	36,600	38,255
Returns to cap. & mgmt...	19,902	92,982	48,551	(53,685)	30,319	40,097	(41,350)	30,629	9,669
Interest charge on capital	<u>25,418</u>	<u>24,999</u>	<u>22,136</u>	<u>27,044</u>	<u>24,841</u>	<u>30,131</u>	<u>44,082</u>	<u>48,241</u>	<u>44,378</u>
<b>Management returns ....</b>	<b>\$ (5,516)</b>	<b>\$ 67,984</b>	<b>\$26,415</b>	<b>\$(80,730)</b>	<b>\$ 5,478</b>	<b>\$ 9,966</b>	<b>\$(85,432)</b>	<b>\$(17,612)</b>	<b>\$(34,708)</b>
Total cash income <sup>a</sup> .....	\$320,874	\$325,757	\$252,691	\$437,232	\$458,238	\$420,918	\$313,866	\$338,107	\$292,104
Total cash expenditures <sup>a</sup> .	<u>266,524</u>	<u>275,041</u>	<u>216,063</u>	<u>430,113</u>	<u>399,065</u>	<u>375,142</u>	<u>292,290</u>	<u>278,376</u>	<u>260,643</u>
Cash balance.....	\$ 54,350	\$ 50,716	\$ 36,628	\$ 7,119	\$ 59,172	\$ 45,776	\$ 21,575	\$ 59,731	\$ 31,461
Capital purchases.....	41,037	46,136	31,785	35,089	29,757	43,891	45,212	55,686	40,238

<sup>a</sup>Includes sales or purchases of capital items.

and \$31,229 above the 2005–09 average. The 2008 value of farm production was the highest since this study began. The value of farm production included a \$15,925 decrease in inventory values compared to 2008, when the inventory value increased by \$17,022. Net cash operating income (adjusted gross) of \$320,874 was the second highest for any year on record. Total cash operating expenses were 1 percent lower than the year before, while depreciation of \$19,401 was 31 percent higher, and 43 percent higher than the 2005–09 average. Total cash operating expenses were the second highest on record.

Incomes were considerably lower on these farms in 2009 compared to 2008. Lower inventory values was the main factor for the lower incomes. The average soybean yield on these farms in 2009 was 49 bushels per acre, and the average corn yield was 181 bushels per acre. Corn was inventoried the same at the end of 2009 compared to the beginning; soybeans were inventoried 75 cents higher. The lower corn yields and relatively stable prices caused the value of inventories to decrease \$15,925 at the end of the year compared to the beginning. Crop returns averaged \$636 per tillable acre in 2009 while crop expenses per acre were \$226. This was the first year for the current government farm program. Producers receive a guaranteed direct payment based on their program yield, base acres, and a set payment rate per bushel. Countercyclical payments are made if market prices fall below a certain “trigger level.” Countercyclical payments are not expected for corn, soybeans, or wheat for the 2009 crop. As in the old program, producers can also receive loan deficiency payments (LDPs) or take marketing loan gains when market prices are below the loan rate. All of these receipts are included in net farm income and crop returns. Total tillable land planted to corn and soybeans in 2009 was 95.4 percent.

The average prices received in 2009 for new-crop corn and soybeans of \$3.66 and \$9.72, respectively, were lower for corn and soybeans than in the previous year. The average prices received for old-crop corn and soybeans, \$3.94 and \$10.36, respectively, were higher than the inventory price at the beginning of the year for soybeans and corn, helping to boost crop returns. Capital purchases of \$41,037 in 2009 were \$5,099 less than in 2008 and \$9,252 above the 2005–09 average. Capital purchases were the second highest of any year during the last 10 years.

While accrual net farm incomes averaged \$48,938, net cash incomes averaged \$54,350. Management returns were negative 5,516 in 2009, compared to \$67,984 in 2008 and the 2005–09 average of \$26,415. This is the lowest management returns have been since 2005. Management returns for grain farms were about \$75,000 to 95,000 higher than the other farm types. The value of farm production per man of \$348,104 was the highest for any type of farm. The amount of interest paid of \$12,276 was the lowest for any type of farm in Tables 6 and 8. Operators for these farms owned 25 percent of the land they farmed, crop-shared 38 percent, and

cash-rented 38 percent. Of the total labor of 10.9 months, only 1.6 months were hired labor. The total months of labor used on these farms was the lowest for any type of farm.

A study of the cost to grow corn and soybeans on central Illinois farms is summarized in Table 7. These farms had a soil productivity index ranging from 86 to 100. The farms used 99 percent of their tillable land to grow corn and soybeans, with 58.1 percent of the acres in corn and 40.5 percent in soybeans. The table compares 2009 costs per acre with 2008 costs. In 2009, the total cost per acre averaged \$786 for corn and \$546 for soybeans. From 2008 to 2009, the total cost per acre increased 20 percent for corn and 12 percent for soybeans.

Nonland costs of \$3.09 per bushel for corn and \$6.42 for soybeans in 2009 are the most relevant costs for continuing production in the short run, especially where land is free of debt. Total cost to produce a bushel increased for both corn and soybeans from 2008 to 2009. Costs per bushel for both increased due primarily to higher input costs and not lower yields. Total costs per bushel increased 80 cents for corn and 95 cents for soybeans. If the 2009 yield for corn had been

**Table 7. Average Cost per Tillable Acre to Grow Corn and Soybeans on Central Illinois Grain Farms with No Livestock**

	Corn		Soybeans	
	2009	2008	2009	2008
Number of farms.....	617	624	617	624
Acres grown per farm.....	736	723	513	514
Yield per acre, bu.....	192	199	55	54
<b>Variable nonland costs</b>				
Soil fertility.....	\$185	\$124	\$ 62	\$ 42
Pesticides.....	52	46	31	28
Seed.....	90	67	58	43
Drying and storage.....	52	30	8	6
Machinery repairs, fuel, and hire.....	45	52	40	45
Total, variable costs.....	\$424	\$319	\$199	\$164
<b>Other nonland costs</b>				
Labor.....	\$ 40	\$ 38	\$ 38	\$ 36
Buildings.....	10	10	7	6
Machinery depreciation.....	35	29	31	26
Nonland interest.....	46	47	42	43
Overhead.....	38	42	36	40
Total, other costs.....	\$169	\$166	\$154	\$151
Total, nonland costs.....	\$593	\$485	\$353	\$315
<b>Land costs</b>				
Taxes.....	\$ 29	\$ 25	\$ 29	\$ 25
Adjusted net rent.....	164	145	164	145
Total, land costs.....	\$193	\$170	\$193	\$170
<b>Total, all costs.....</b>	<b>\$786</b>	<b>\$655</b>	<b>\$546</b>	<b>\$485</b>
Nonland cost per bu.....	\$3.09	\$2.44	\$6.42	\$5.83
Total, all costs per bu.....	\$4.09	\$3.29	\$9.93	\$8.98
-----				
Average yield, past 4 yrs ...	193	185	55	55
Total, all costs per bu.....	\$4.07	\$3.54	\$9.93	\$8.82

193 bushels, the same as the average for the period from 2006 through 2009, the total cost per bushel would have been \$4.07. These costs do not include a charge for management.

The cost of fertility for soybeans was allocated on the basis of phosphorus, potassium, and lime removals, with the residual allocated to corn. The total unpaid labor charge was based on the labor available. The nonland interest rate was 5.0 percent of one-half the average of the beginning- and end-of-year inventory values for the crops on hand, plus one-half the cash operating expenses (excluding interest paid), plus the depreciated value of machinery and buildings. The adjusted net rent was the average net rent received by crop-share landlords as reported on recordkeeping farms for the period 2004 through 2008.

**Hog farms.** The operator's net farm income in 2009 for Illinois hog farms having 340 to 799 acres averaged *negative* \$17,997 (Table 6). Net incomes were \$83,899 lower than net incomes in 2008 and \$92,583 lower than the average for the 5-year period from 2005 through 2009. The cash balance on these farms of \$7,119 was \$52,053 less than in 2008 and \$38,657 below the average for the 5-year period from 2005 through 2009. Inventories on these farms decreased \$14,436 in 2009, following a \$5,689 decrease in 2008. The value of farm production of \$415,695 was \$40,294 less than in 2008 and \$16,200 lower than the average for the 5-year period from 2005 through 2009. Production per farmer was \$228,174. Incomes on hog farms decreased in 2009 with lower returns and higher operating expenses. Depreciation of \$26,695 was \$1,774 lower than in 2008.

Management returns were *negative* \$80,730 in 2009 compared to \$5,478 in 2008. Management returns were \$86,208 less than in 2008 and \$90,696 below the average for 2005 through 2009. Management returns for this type of farm were the second highest for any other type of farm. Capital purchases were \$35,089, which was \$5,332 higher than in 2008 and \$8,802 lower than the average for 2005 through 2009. Capital purchases in 2008 averaged \$29,757. Farm production per one dollar of nonfeed costs of 82 cents were the highest for any type of livestock farm in Illinois and illustrate the poor livestock returns. Purchased feed and livestock for this group totaled \$419,885, \$49,636 more than 2008. The average interest paid on these farms was \$24,794. That was the second highest (to dairy) of the farms in this size range. Farm operators in this group owned 19 percent of the land they farmed, crop-shared 17 percent, and cash-rented 64 percent. Total labor was 26.1 months, 14.6 months of which was hired. Corn was planted on 54 percent of the acres and soybeans on 39 percent. The average corn yield was 185 bushels per acre and the average soybean yield 49 bushels per acre.

**Beef farms.** The operator's net farm income for Illinois beef farms having 340 to 799 acres averaged *negative* \$4,150 in 2009 (Table 6). This figure was \$71,379 lower than the 2008 figure and \$52,075 lower than the average

from 2005 through 2009. Lower year-end inventory values, lower market cattle prices, and lower crop returns contributed to the lower earnings. Net farm income for these farms was the second highest of any type of farm in the sort. Feed cost per hundredweight produced decreased 24 percent, while the average price received for market cattle decreased 9 percent in 2009 compared to 2008. The price paid for feeder cattle dropped about 10 percent from the year before. The value of farm production for this group of farms averaged \$262,155, or \$44,738 less than in 2008. Cash operating income averaged \$488,911, purchased feed and livestock totaled \$175,045, and net cash operating income averaged \$313,866.

Management returns of *negative* \$85,432 in 2009 for these farms were the second lowest for any type of farm in the acreage range study. Management returns averaged a *negative* \$34,708 for the period 2005 through 2009. Capital purchases were \$45,212 in 2009, compared to \$55,686 in 2008 and \$40,627 in 2007. The 2005 through 2009 average was \$40,238. Depreciation of \$23,222 was \$344 above 2008. Cash operating expenses, excluding purchases of feed and livestock, totaled \$247,078. The net cash balance for these farms was \$21,575.

Costs and returns to produce beef from 2006 through 2009, based on a detailed breakdown of individual costs from a selected sample of beef farms, are shown in Table 14. Total costs exceeded total returns in 2009; as well as in the prior three years. An analysis of feeder cattle enterprises is discussed in detail under the livestock section.

Farm operators in this group owned 42 percent of the land they farmed. They crop-shared 13 percent and cash rented 44 percent. Operators in this group averaged the second lowest amount of interest paid, \$13,788. They planted 52 percent of their tillable land to corn or corn silage. They also had 19 percent of their tillable land in hay and pasture. These farms used 15.5 months of total labor, with 3.5 of that hired labor. The average corn yield on these farms was 167 bushels per acre and the average soybean yield was 46 bushels per acre.

Farms where beef cattle are raised or fed continue to compete for resources in Illinois where nonmarketable resources—such as roughage, labor, and buildings—or very high levels of management are available. In recent years, this type of farm has survived primarily where large amounts of debt-free capital have been combined with very high levels of management. Higher crop returns have helped them endure the volatile, cyclical nature of the cattle enterprise.

**Dairy farms.** The operator's net farm income for Illinois dairy farms having 340 to 799 acres averaged *negative* 19,769 in 2009 (Table 8). This figure was \$102,099 below the 2008 figure and \$94,650 below the 5-year average from 2005 through 2009. The 2009 net farm income for these farms was the lowest for the Illinois farms. The farms averaged 24,291 hundredweight of milk produced.

Lower milk prices were the main factor for the decrease in earnings. The value of farm production was \$435,517, the highest for any type of farm in Illinois in 2009. This was \$117,850 lower than 2008 and \$48,708 lower than the 2005–2009 average. The value of inventory decreased by \$9,458, while cash operating income decreased by \$127,814. Cash operating expenses totaled \$393,528, 9 percent less than in 2008. (A detailed breakdown of the cost of producing milk is given in Table 16.) Management returns were a *negative* \$100,396. Management returns were \$97,161 lower than the 2008 figure and \$94,924 lower than the 5-year average from 2005 through 2009. Management returns were the lowest for any type of farm in this acreage range. Capital purchases decreased to \$48,664 in 2009, compared to \$96,060 in 2008 and \$69,067 in 2007. The 2005 through 2009 average was \$68,727. The 2008 amount was the highest amount of capital purchases ever for these type of farms. The cash balance of a \$2,320 for these farms was the second lowest of any year since 1995. Annual depreciation on these farms averaged \$30,437. These farms used 32.8 months of total labor, 16.6 months of which was hired labor. The total labor used was the highest for any type of farm in the state. The average

interest expense paid by these operators, \$33,682, was the highest of any farm type.

Farm operators in this group owned 34 percent of the land they farmed and cash-rented 61 percent. About 18 percent of the land they farmed was in hay ground, the second highest for any type of farm; 48 percent was in corn and corn silage. Over 91 percent of the value of crop produced was fed to livestock. The average corn yield was 166 bushels per acre for these farms. The average price received for milk in 2009 was 30 percent lower than the average price received in 2008.

## LIVESTOCK ENTERPRISES

The returns per \$100 of feed fed from various livestock enterprises and the price of corn during each of the past 15 years are given in Table 9. This table also shows 15-year and 5-year averages. The difference between the average return figure and a feed cost of \$100 represents the margin available for cash expenses other than feed, labor, depreciation on equipment, interest on investment, and profit.

The margin needed to cover nonfeed costs varies with the kind of livestock and depends on the proportion of total production costs represented by feed. The 15-year averages from 1995 through 2009 represent the approximate level of return at which farmers have been willing to maintain livestock production. The average may not represent a breakeven return on all farms because some farmers may discount market prices for some of the resources used in producing livestock. If farmers already have facilities for livestock, they need only to cover direct operating costs to continue production. However, when livestock production is a new or a long-term enterprise, farmers hope to cover all fixed and variable costs. Otherwise, they should not undertake the enterprise.

### Patterns and fluctuations

As individual farmers try to increase profits, they tend to curtail livestock production when the return per \$100 of feed fed is below the 15-year average. This tendency on the part of producers causes supplies of livestock products to fluctuate.

In farrow-to-finish hog production, returns tend to follow a noticeably cyclical pattern (Table 9). They tend to exceed the 5-year average for 1 or 2 years and then drop below this average for 1 or 2 years. Returns per \$100 of feed fed of \$123 in 2009 were below the 5-year average of \$155. The 2009 return was below the 1995 through 2009 average. The 2009 return of \$115 was the third lowest for any year during the last 15 years, while the 2004 and 2005 returns of \$216 were the highest for any year during the last 15 years.

The returns from feeder cattle vary greatly from year to year. The long-run averages shown in Table 9 indicate that the cattle-feeding business has not been paying average market rates for all resources used by the enterprise,

**Table 8. Averages for Select Total Farm Items on 340- to 799-Acre Illinois Dairy Farms**

	2009	2008	2005–09 average
Number of farms.....	21	25	23
Total acres .....	551	565	570
Soil productivity rating .....	69	71	70
Percent land owned.....	34	35	35
Percent land crop shared .....	5	11	8
Percent land cash rented.....	61	54	57
Cash operating income.....	\$554,107	\$681,921	\$572,818
Less purch. feed, lvstk.....	<u>109,596</u>	<u>156,462</u>	<u>118,942</u>
Net cash operating income.....	\$444,511	\$525,459	\$453,876
Accounts receivable change...	464	(271)	(901)
Inventory change.....	<u>(9,458)</u>	<u>28,179</u>	<u>31,249</u>
Value of farm production.....	\$435,517	\$553,367	\$484,225
Total cash op. expenses .....	\$393,528	\$435,062	\$373,109
Prepaid-unpaid change .....	19,881	(6,476)	1,904
Annual depreciation.....	<u>41,876</u>	<u>42,450</u>	<u>34,331</u>
<b>Net farm income .....</b>	<b>\$ (19,769)</b>	<b>\$ 82,330</b>	<b>\$ 74,881</b>
Net farm income per operator	\$ (17,087)	\$66,706	\$64,643
Unpaid labor charge .....	50,190	49,776	45,242
Returns to capital and mgmt...	(69,959)	32,555	29,139
Interest charge on capital .....	<u>30,437</u>	<u>35,790</u>	<u>35,111</u>
<b>Management returns .....</b>	<b>\$(100,396)</b>	<b>\$ (3,235)</b>	<b>\$ (5,472)</b>
Total cash income <sup>a</sup> .....	\$444,511	\$525,459	\$453,876
Total cash expenditures <sup>a</sup> .....	<u>442,191</u>	<u>531,122</u>	<u>441,835</u>
Cash balance.....	\$ 2,320	\$ (5,663)	\$ 12,041
Capital purchases.....	48,664	96,060	68,727

<sup>a</sup>Includes sales or purchases of capital items.

although the 2003 through 2005 time period resulted in some of the better returns on record. Table 9 shows the return of \$132 per \$100 of feed fed for the most recent 5-year period (2005 through 2009) to be below the previous 5-year period and only slightly below the 15-year average of \$137. The 2009 return of \$126 per \$100 of feed fed was \$6 below the most recent 5-year average. Above-average skills are needed in buying, selling, and feeding to meet the competition from other uses for time and money on farms with feeder cattle. Identifying cyclical income movements over a 15-year period in the beef-cattle industry is difficult because this industry is more complex and adjusts more slowly than other livestock enterprises.

The average return above feed and purchased animal costs for dairy enterprises of \$838 per cow in 2009 was \$896 below the 5-year average of \$1,734 (Table 10). These returns indicate that the average dairy enterprise has covered the total estimated cost of production of \$1,694 per cow from 2004 through 2008. The 2009 return per \$100 of feed fed of \$138 was well below the past 5-year average of \$193.

### Beef-herd enterprises

For the beef-herd enterprise, the average returns above the cost of feed and purchased animals for the period from 2005 through 2009 showed great volatility. Producers combining the returns of 2007, 2008, and 2009 would have been hard-pressed to cover feed costs. Historically, the beef-herd enterprises generate enough returns to cover cash costs but not total nonfeed costs (Table 10). The implication is

that the beef enterprise competes most favorably on farms where the resources of labor, capital, and management are plentiful and have few alternate uses. This enterprise is most commonly found on farms with nontillable pasture that has limited alternative uses. In the beef-cow enterprise, returns above the cost of feed per cow were \$83 during the past 5 years. The 2009 return of \$32 covered feed costs, but not total nonfeed costs, estimated at \$186 per cow.

Raising livestock has become more competitive and specialized. Average profit margins are narrow. Fewer farmers are willing to stay in business, because returns in some enterprises barely cover direct operating costs. As an alternative, more producers are specializing in a certain phase of livestock production and entering contractual arrangements to guarantee a certain return. While these contracts may limit upside potential, they can also reduce risk during times of low prices. Expansion plans that require large investments for new facilities should be based on an estimated return high enough to cover all costs. Fluctuations in livestock returns can involve a risk in low-return years. The estimated nonfeed cost for future livestock production also is shown in Table 10.

### Hog enterprises

The information on farrow-to-finish enterprises in Table 11 is based on a sample of 44 enterprises farrowing 10 litters or more a year. Farms were omitted from the sample if the number of hogs purchased exceeded 10 percent of pigs weaned, which eliminated farms with combined farrowing and feeder-pig operations. (Information on feeder-pig

**Table 9. Returns per \$100 of Feed Fed to Different Classes of Livestock**

	Farrow-to-finish hogs (\$)	Feeder pig finishing (\$)	Feeder pig production (\$)	Feeder cattle bought (\$)	Dairy cow herds (\$)	Beef cow herds (\$)	Native sheep raised (\$)	Yearly price of corn (\$)
1995.....	167	147	183	124	177	89	159	2.61
1996.....	167	149	186	113	167	79	128	3.70
1997.....	161	122	238	122	169	116	141	2.71
1998.....	104	97	279	105	220	107	128	2.31
1999.....	178	150	374	160	233	149	131	1.97
2000.....	212	166	327	147	197	141	140	1.89
2001.....	203	150	331	128	233	138	97	1.94
2002.....	151	121	433	128	198	130	154	2.19
2003.....	168	132	314	200	202	148	165	2.30
2004.....	216	158	287	165	222	178	161	2.49
2005.....	216	143	347	167	245	170	111	2.02
2006.....	183	121	349	124	192	137	117	2.41
2007.....	138	136	249	142	218	111	134	3.42
2008.....	115	131	149	102	172	86	106	4.70
2009.....	123	104	... <sup>a</sup>	126	138	109	75	3.76
<b>Averages</b>								
1995–2009.....	167	135	... <sup>a</sup>	137	199	126	130	2.69
1995–1999.....	155	133	252	125	193	108	137	2.66
2000–2004.....	190	145	338	154	210	147	143	2.16
2005–2009.....	155	127	... <sup>a</sup>	132	193	123	109	3.26

<sup>a</sup>Data not available.

finishing enterprises is given in Table 13.) The average size of farrow-to-finish enterprises on all recordkeeping farms in 2009 was 402 litters. Average pigs weaned per litter of 9.28, an all-time high, was above the 2008 figure of 9.12. The 2,396 pounds of pork produced per litter was 105 pounds higher than 2008. The 2009 records summarized here for the “all farms” group show that the return of \$7.50 above feed costs per 100 pounds of pork produced was \$1.66 above the 2008 return of \$5.84. The 2009 return was the second lowest since 1998. The 2004 return above feed of \$28.62 was the second highest on record. Returns in 1982 were higher. The 1998 return of \$1.00 was the lowest return above feed cost since these studies began.

The 5-year average return above feed costs per 100 pounds produced was \$13.59 (Table 10). Even the 5-year average can vary significantly because of wide fluctuations in returns from year to year. Detailed records show that an average farmer with existing facilities needed a return above feed costs of \$17.58 per 100 pounds to pay for all nonfeed costs during the 2004 through 2008 time period. The return above all costs during this 5-year period of *negative* \$3.99 (\$13.59 minus \$17.58) has led to only minimal expansion. Pork production has turned from a profitable industry to an unprofitable one, mainly due to higher feed costs and lower returns. Despite the negative returns, pork production has continued to increase. Fortunately, strong export demand has supported pork prices. Depending on adjustments in pork production levels and to what level feed costs might drop, the pork industry may return to profitability in 2010. Pork production was up 6.4 percent in 2008 and down 1.5 percent in 2009, and it is expected to decrease about 2 percent in 2010.

The farrow-to-finish enterprise records for 2009 reported in Table 11 were also sorted by the number of litters produced. The group farrowing 350 or more litters averaged 882 litters. Compared with the average feed cost for all farrow-to-finish enterprises, feed cost per 100 pounds of pork produced was \$1.64 lower for the 882-litter group.

The average price received for hogs sold by large producers, or the net at the farm, was 8 cents more than the average net received by all producers.

A substantial profit margin is required to compensate for the risk and detailed management involved in hog production compared with other resource uses. Large-scale hog production in modern confinement facilities requires high capital investment whose future recovery is uncertain. The salvage value of confinement hog facilities is low. In addition, acquiring the managerial skills for the large-scale production of hogs in confinement may discourage any rapid expansion of large hog-producing units. Pork production in 2009 decreased 1.5 percent due to lower returns. Pork production in 2010 is expected to decrease compared to 2009. Hog prices have leveled off due to the increased pork production. Higher feed costs have increased the cost of production, resulting in negative profit margins. Producers may be operating in the red awhile. Future returns will depend to a great extent on how producers respond in terms of limiting expansion or contracting to this period of lower returns.

The data on hog enterprises in Table 12 show a detailed breakdown of costs and returns from a group of specialized commercial hog farms for 2006, 2007, 2008 and 2009. The value of the feed fed to hogs was more than 75 percent of the crop returns produced on these farms. This intensity

**Table 10. Variations in Returns to Livestock Enterprise Units, 2005 through 2009**

	Hogs (per cwt)	Feeder-pig finish- ing (per cwt)	Feeder cattle (per cwt)	Dairy cattle (per cow)	Beef herd: calves sold (per cow) <sup>a</sup>
<b>Return above cost of feed and purchased animals</b>					
2005.....	\$24.32	\$16.95	\$23.94	\$2,196	\$261
2006.....	19.25	12.97	9.60	1,501	128
2007.....	11.04	6.67	21.37	2,360	45
2008.....	5.84	1.77	1.60	1,775	(51)
2009.....	<u>7.50</u>	<u>3.46</u>	<u>13.43</u>	<u>838</u>	<u>32</u>
Five-year average.....	\$13.59	\$ 8.36	\$13.99	\$1,734	\$ 83
<b>Nonfeed costs, 2004–2008</b>					
Direct cash.....	\$ 9.44 <sup>b</sup>	\$ 4.27 <sup>c</sup>	\$19.97 <sup>b</sup>	\$ 870 <sup>b</sup>	\$ 31 <sup>c</sup>
Other costs.....	<u>8.14<sup>b</sup></u>	<u>4.51<sup>c</sup></u>	<u>9.15<sup>b</sup></u>	<u>824<sup>b</sup></u>	<u>156<sup>c</sup></u>
Total.....	\$17.58	\$ 8.78	\$29.12	\$1,694	\$186
<b>Nonfeed costs—for future expansion</b>					
Direct cash.....	\$12.42	\$ 5.62 <sup>d</sup>	\$26.28 <sup>d</sup>	\$1,288	\$ 45
Other costs.....	<u>10.71</u>	<u>5.94</u>	<u>12.05</u>	<u>1,220</u>	<u>230</u>
Total.....	\$23.13	\$11.56	\$38.32	\$2,508	\$276

<sup>a</sup>The feed cost for beef herds includes up to \$60 of hay equivalent from salvage roughage.

<sup>b</sup>Estimates of annual nonfeed costs are based on enterprise cost studies of operative units from 2004 to 2008.

<sup>c</sup>Includes veterinary costs, utilities, fuel, equipment repair costs, and depreciation (from *Crop and Livestock Budgets, Examples for Illinois*).

<sup>d</sup>Includes interest on purchase cost: one-third year for feeder-pig finishing and one-half year for feeder cattle.

**Table 11. Hog Enterprises, 2009 Averages per Farm**

	All farms	Farrow-to-finish enterprises <sup>a</sup>
Number of farms	44	15
Pork produced, lbs	963,755	2,126,178
Pork prod. per litter, lbs	2,396	2,410
Total returns	\$385,013	\$856,051
Value of feed fed	\$312,700	\$655,000
Returns per \$100 feed fed	\$123	\$131
Number litters farrowed	402	882
Pigs farrowed per litter	10.77	10.98
Pigs weaned per litter	9.28	9.48
Litters per female year	1.92	1.97
Pigs weaned per female year	17.22	17.98
Number pigs weaned	3,730	8,361
Death loss, % lbs produced	2.5	2.7
Wt per market hog sold, lbs	262	263
---- per cwt produced ----		
Price received—market	\$41.33	\$41.41
Total returns	39.95	40.26
Feed costs	<u>32.45</u>	<u>30.81</u>
Return above feed	\$ 7.50	\$ 9.45
Farm grains/complete feed, lbs	229	222
Commercial feed, lbs	<u>75</u>	<u>72</u>
Total concentrates, lbs	305	294
Cost per cwt supplement	\$22.49	\$21.71
Cost per cwt concentrates	\$10.65	\$10.46

<sup>a</sup>350 or more litters per farm.

of livestock feeding indicates a commitment of major resources to the hog enterprise. The producers in this group probably exercise a higher level of management and use more confinement production facilities than the average hog producer in Illinois.

The cost data reported in Table 12 have been divided into two categories: cash costs and other costs. This classification of production costs is important when short-term management decisions are being made concerning the volume of production, particularly during periods of low prices.

As reported in Table 12, cash costs of production in 2009 were \$41.32 per 100 pounds of pork produced. Feed is included as a cash cost, although for most producers a major share of the grain is raised on the farm. The readily available alternative cash market for grain makes raised feed the same as cash.

The other category of costs includes depreciation, labor, and an interest charge on all capital. Part of the labor and interest charge is a cash cost on most farms. The proportion of labor that is hired depends largely on the size of the farm. A one-person farm does not hire much labor, whereas a major share of the labor will be hired on a four-person farm.

Feed costs decreased as one compared 2009 to 2008. Total nonfeed costs actually decreased \$1.36 per 100 pounds of pork produced with livestock expense representing the largest decrease. Feed costs decreased as grain prices decreased. Total cost of production decreased from 2008 to 2009 by \$6.51 (11 percent) per 100 pounds of pork produced.

**Table 12. Average Costs and Returns for Farrow-to-Finish Hog Enterprises by Size of Enterprise, 2006 through 2009**

	2009	2008	2007	2006	2006–09 average
Number of farms.....	13	14	13	23	17
Tillable acres .....	602	761	462	606	610
Number of litters .....	575	614	560	471	548
----- per cwt pork produced -----					
Total returns.....	\$38.83	\$44.36	\$40.73	\$43.32	\$42.80
Cash costs					
Feed .....	\$31.92	\$37.07	\$29.64	\$23.98	\$30.23
Operating expenses:					
Maintenance and power <sup>a</sup> .....	\$ 4.62	\$ 5.27	\$ 5.32	\$ 5.19	\$ 5.26
Livestock expense.....	3.10	3.92	3.34	2.83	3.36
Insurance, taxes, and overhead.....	<u>1.68</u>	<u>1.73</u>	<u>1.32</u>	<u>1.14</u>	<u>1.40</u>
Total operating expenses .....	\$ 9.40	\$10.92	\$ 9.98	\$ 9.16	\$10.02
Total cash costs.....	\$41.32	\$47.99	\$39.62	\$33.14	\$40.25
<b>Other costs</b>					
Depreciation <sup>b</sup> .....	\$1.22	\$1.26	\$1.27	\$1.41	\$1.31
Labor .....	5.47	4.57	5.13	4.48	4.73
Interest charge on all capital.....	<u>1.67</u>	<u>2.37</u>	<u>3.22</u>	<u>3.06</u>	<u>2.88</u>
Total other costs.....	\$8.36	\$8.20	\$9.62	\$8.95	\$8.92
Total nonfeed costs.....	\$ 17.76	\$ 19.12	\$ 19.60	\$18.11	\$18.94
Total all costs .....	\$ 49.68	\$ 56.19	\$ 49.24	\$42.09	\$49.17
Return above all costs .....	\$(10.85)	\$(11.83)	\$ (8.51)	\$ 1.23	\$ (6.37)

<sup>a</sup>Includes utilities, machinery, equipment and building repairs, machine hire, and fuel.

<sup>b</sup>Includes machinery, equipment, and building depreciation.

From 2006 through 2009, the return above all costs averaged a *negative* \$6.37 per 100 pounds of pork produced. Management practices, such as the choice of building systems, method of transporting hogs to market, type of market used, and on- versus off-farm systems for feed processing affect the individual cost items reported in Table 12. But the return above all costs should accurately reflect the relative efficiency of the of hog enterprises.

**Feeder cattle and feeder pig finishing enterprises**

Data for 2009 on the feeder cattle and feeder pig finishing enterprises are presented in Tables 13 and 14. These enterprise summaries include weights and values on partly finished animals purchased in previous years and on animals purchased during the current year.

The average amount of pork produced per farm from feeder pig enterprises was 2,404,973 pounds in 2009 (Table 13). At 240 pounds of gain per head, this figure amounted to 10,021 head fed per farm in 2009. These feeder pig enterprises represent those that buy weaner pigs and finish them.

The return above the cost of feed and purchased animals from 2005 through 2009 averaged \$8.36 per 100 pounds of gain. This return was 42 cents below the \$8.78 of all nonfeed costs for the period 2004 through 2008. It is also above the estimated \$11.56 required to cover all costs for future production (Table 10). The 2009 return of \$3.46 was \$1.69 above the 2008 return and \$4.90 below the 2005 through 2009 return. Higher feed costs were the main reason for the lower returns.

Given that a 475-pound unit of gain equals one head of feeder cattle, the average of 170,338 pounds of beef produced per farm in 2009 (Table 13) equals 359 head of feeder cattle per farm. That figure is slightly higher than the year before. The return per \$100 of feed for feeder cattle enterprises was \$126 in 2009, in comparison with a 5-year average of \$132 and a 15-year average of \$137 (Table 9).

The price paid for feeders was \$10.00 per 100 pounds lower in 2009 than it was in 2008; the price received for cattle sold in 2009 was \$8.63 lower per 100 pounds than the price received in 2008. The average weight of purchased animals was 694 pounds; the average weight of animals sold was 1,288 pounds. Feed cost was \$51.79 per 100 pounds produced in 2009; it was \$68.02 in 2008. Feed costs decreased in 2009.

Each 100 pounds of beef produced required 732 pounds of concentrates and 60 pounds of hay. The amount of corn silage used in 2009 averaged 235 pounds; other silage averaged 48 pounds, for a total of 283 pounds. Silage use by the feeder cattle enterprise has decreased in the past 5 years except for 2008. The 10-year average for the period 1990 through 1999 was 541 pounds per 100 pounds of beef produced, compared to 383 pounds for the period 2000 through 2009. The use of 283 pounds of silage per 100 pounds of beef produced in 2009 was one of the smallest amounts fed since 1954. The high initial investment required for many silage feeding operations and a slowdown in capital purchases may denote more reliance on higher concentrate and dry roughage facilities.

These data do not show the wide variation in profits among cattle-feeding programs. The data on Illinois feeder cattle enterprises in Tables 9, 10, and 13 reflect the composite results of all qualities and ages of cattle fed. The data are heavily weighted, with good to choice calves and yearlings as the predominant cattle feeding system. Most farmers feed more than one drove of cattle each year to better utilize their fixed investments in mechanized feedlots.

The return above the cost of feed and purchased animals averaged \$13.99 per 100 pounds of beef produced from 2005 through 2009 (Table 10). During this period, returns ranged from \$1.60 in 2008 to \$23.94 in 2005. The returns above feed costs are considerably below the estimated cost of \$29.12 per 100 pounds produced required to pay for all nonfeed costs for the average cattle feeder for the past 5 years. The returns above feed costs are down because of the extremely low returns in 2006 and 2008.

The data in Table 14 show a detailed breakdown for the period from 2006 through 2009 on costs and returns to produce beef on beef-feeding farms. The farms included had no other livestock. All costs were accounted for, either in crops or in the beef-feeding enterprise. The figure for feed costs is based on the assumption that all the grain and roughage fed was produced on the farm and was marketable.

The data show that these farms were finishing an average of 869 feeders each year from 2006 through 2009. The 4-year average total cash cost including feed and

**Table 13. Feeder Cattle and Feeder Pig Finishing Enterprises, 2009 Averages per Farm**

	Feeder cattle	Feeder-pig finishing <sup>a</sup>
Number of farms.....	89	40
Total lbs produced .....	170,338	2,404,973
Total returns.....	\$111,097	\$687,419
Value of feed fed.....	\$ 88,223	\$607,257
Returns per \$100 of feed fed.....	\$126	\$113
Death loss, % lbs produced.....	2.5	1.2
Average weight purchased .....	694	14
Price paid per 100 lbs.....	\$93.49	\$245.79
Price received per 100 lbs.....	\$82.63	\$ 39.37
Average weight sold .....	1,288	269
	-- per cwt produced --	
Total returns.....	\$65.22	\$28.58
Feed costs.....	51.79	25.25
Return above feed.....	\$13.43	\$ 3.33
Farm grains/complete feed, lbs ....	684	120
Supplement, lbs.....	48	126
Total concentrates, lbs.....	732	246
Hay, lbs.....	60	.. <sup>b</sup>
Corn silage, lbs.....	235	.. <sup>b</sup>
Other silage, lbs.....	48	.. <sup>b</sup>
Hay equivalent, lbs.....	180	.. <sup>b</sup>

<sup>a</sup>Purchase weight of 20 lbs and less.

<sup>b</sup>Data not available.

interest charged on cattle, was \$69.50 per 100 pounds of beef produced. The average total returns of \$63.06 for the same period was less than total cash costs by \$6.44 per 100 pounds produced, or about \$40.06 per feeder.

Some feeders may be able to discount some of these cash costs for roughage fed and for interest on cattle if they had no market for the roughage or were able to use their own money to invest in cattle without paying interest. Total other costs of \$9.11 per 100 pounds of beef produced, or \$57 per feeder (\$9.11 multiplied by 6.22 hundredweight of gain per feeder), include depreciation, labor, and interest. Adding the other costs to cash costs results in total costs of \$78.61 per hundredweight over the 4-year period. This was \$15.55 per hundredweight more than the average total returns of \$63.06.

A number of cattle feeders in Illinois apparently will feed cattle as long as their return covers feed and cash costs even if it falls short of paying market rates for some nonmarketable roughage and fixed and overhead costs; however, this number is declining.

Farmers' values, goals, and attitudes have been important in maintaining production, but the dictates of the market,

technological changes, and shifts in the basic factors of supply and demand continue to cause changes. The return reflected in these averages for the feeder-cattle enterprise suggests that to be profitable, farmers must produce the kind of beef consumers want at the lowest possible cost. Even though farms may have nonmarketable feeds, unemployed labor, or fixed capital investments in facilities, these data indicate returns are not consistently high enough to justify building new facilities.

**Dairy enterprises**

The minimum size for a herd included in this analysis was 10 milk cows. The average herd size on recordkeeping farms increased steadily at an average of 1.8 cows per year, from 42 in 1970 to 63 in 1982. Herd size remained steady, between 63 and 70 cows, up to 1994. From 1994 until 2004, herd size had been between 75 and 85 cows. Since 2004, herd size has been around 100 cows. The 2009 average herd size is 100.7 cows. There continue to be fewer and fewer dairy herds in Illinois. A few dairy producers have decided to expand their herds and make a long-term commitment to the dairy industry.

**Table 14. Average Costs and Returns for Beef-Feeding Enterprises, 2006 Through 2009**

	2009	2008	2007	2006	2006–2009 average
Number of farms.....	6	9	6	8	7
Tillable acres.....	423	464	543	549	495
Hundredweight beef produced.....	3,479	3,855	4,431	4,734	4,125
Number head at 475-lb gain equivalents.....	732	812	933	997	869
Average weight purchased, lbs.....	548	697	660	640	636
Average weight sold, lbs.....	1,264	1,296	1,214	1,256	1,258
Price received per 100 lbs sold.....	\$80.14	\$ 92.67	\$ 91.05	\$ 83.69	\$ 86.89
Price paid per 100 lbs purchased.....	\$88.80	\$104.86	\$103.22	\$112.26	\$102.29
	----- per cwt beef produced -----				
<b>Cash costs</b>					
Feed <sup>a</sup> .....	\$58.35	\$62.34	\$43.17	\$38.21	\$50.52
Operating expenses:.....					
Maintenance and power <sup>b</sup> .....	\$ 4.39	\$ 6.21	\$ 7.99	\$ 7.18	\$ 6.44
Livestock expense.....	3.26	5.60	4.06	5.76	4.67
Insurance, taxes, and overhead.....	1.75	2.52	2.12	1.28	1.92
Interest on cattle <sup>c</sup> .....	4.64	5.13	7.31	6.71	5.95
Total operating expenses.....	\$14.04	\$19.46	\$21.48	\$20.93	\$18.98
Total cash costs.....	\$72.39	\$81.80	\$64.65	\$59.14	\$69.50
<b>Other costs</b>					
Depreciation <sup>d</sup> .....	\$ 2.66	\$ 2.50	\$ 2.95	\$ 2.85	\$ 2.74
Labor.....	4.17	3.54	5.00	4.09	4.20
Interest on other capital.....	1.48	1.77	3.13	2.30	2.17
Total other costs.....	\$ 8.31	\$ 7.81	\$11.08	\$ 9.24	\$ 9.11
Total all costs.....	\$80.70	\$89.61	\$75.73	\$68.38	\$78.61
Total returns <sup>e</sup> .....	\$64.87	\$70.62	\$64.92	\$51.83	\$63.06
Return above all costs.....	\$(15.83)	\$(18.99)	\$(10.81)	\$(16.55)	\$(15.55)

<sup>a</sup>All grain fed was priced at the average market price for the year. Market values were used for roughage fed, while protein and minerals were charged at cost. All the feed fed is assumed to have been marketable.

<sup>b</sup>Includes utilities, machinery, equipment and building repairs, machine hire, and fuel.

<sup>c</sup>Interest is a charge on the average value of beginning- and end-of-year inventories on hand. The rate was 6.5 percent for 2006, 8.0 percent for 2007, 5.5 percent for 2008, and 5.0 percent for 2009.

<sup>d</sup>Includes machinery, equipment, and building depreciation.

<sup>e</sup>Sales less cost of purchased animals, plus or minus inventory value change. No credit has been calculated for reduced fertility cost when manure is applied to crops.

The return per \$100 of feed fed to dairy cattle in 20089 was \$138, the lowest since 1974. The average for the period from 2005 through 2009 was \$193 (Table 9). In 2009, milk prices per hundredweight decreased significantly from 2008, \$13.12 from \$18.98. From 2008 to 2009, beef prices for market animals sold increased \$5.99 per hundred pounds, while feed costs decreased 73 cents per milk equivalent. Milk production per cow in 2009 of 20,414 pounds was down 558 pounds from 2008.

Dairy farmers have reduced the amounts of pasture and dry hay and increased the amounts of grain and silage fed over the past two decades. Pasture days per animal unit dropped from 145 in 1960, to 50 in 1970, to 6 in 2009. This shift indicates that significant pasture days are a thing of the past on nearly all dairy farms in this sample. However, some producers are beginning to experiment again with intensive rotational grazing as a means of lowering costs.

The herds in Table 15 were divided into groups based on size: the two “high efficiency” groups had 40 to 79 cows and 80 to 149 cows. Efficiency is measured by the return above cost of feed per cow. The larger herds averaged 106 cows, and the smaller herds averaged 59 cows. The return above feed costs per cow was higher for the larger herds, at \$938, compared to a return of \$268 for the smaller herds. The larger herds averaged 20,591 pounds of milk produced per cow, compared to 17,285 pounds for the smaller herds. Feed cost per milk equivalent was lower for the larger herds, at \$9.76, compared to \$12.91 for the smaller herds.

The average return above feed costs per cow for all dairy herds was \$838 in 2009 (Table 15). This figure compares with the recent 5-year average of \$1,734 per cow (Table 10). For the years 2004 through 2008, the 5-year average return above feed costs required to pay market prices for all nonfeed costs is estimated to be about \$1,694 per cow. The estimated return above feed costs currently required to attract new investments for dairy herds is about \$2,508 per cow. Although the number of dairy herds has decreased, their size and efficiency have increased, and they have continued to increase the milk supply. Normal depreciation and wear-and-tear will soon require the reinvestment of greater amounts of capital in some of these businesses.

The data in Table 16 on dairy enterprises show a detailed breakdown of milk production costs and returns for dairy farms by the number of cows in the herd from 2007 through 2009. The farms included had no other livestock. All costs were accounted for either in crops or in the dairy enterprise. The total costs for the dairy enterprise were reduced by the amount of income derived from an inventory increase in the pounds of beef produced or sold, which was valued at the average price received for all weights of dairy animals sold from 2005 through 2009. The residual costs, amounting to about 90 percent of the total enterprise costs, were then considered the net cost of producing milk.

The differences between the herds with 40 to 79 cows and those with 80 or more for the period from 2007 through

2009 is a combination of slightly higher returns and lower feed costs for the larger herds. For the 3-year period, the milk price for the larger herds is 19 cents per 100 pounds higher than that for the smaller herds, while feed costs per 100 pounds of milk sold for the larger herds were \$1.09 lower than for the smaller herds. Total nonfeed costs were 62 cents higher for the larger herds.

In 2009 feed costs per 100 pounds of milk produced decreased for both small herds (2 cents) and large herds (\$1.13). The cost of feed averaged about 51 percent of total production costs in Illinois dairy enterprises. Compared with 2008, total nonfeed costs decreased 2 percent for the small herds, and decreased 5 percent for the large herds. The total cost of producing 100 pounds of milk in 2009 was \$19.43 for the small herds and \$18.28 for the large herds. The average price received for milk in 2009 decreased significantly for both groups of dairy enterprises. With lower milk prices, returns did not cover total production costs in 2009. Returns were a *negative* \$6.27 per 100 pounds of milk produced for the small herds and a *negative* \$4.89 for the large herds. The returns above all costs per 100 pounds of milk produced had averaged 67 cents more for the large

**Table 15. Dairy Cattle Enterprises, 2009 Averages per Farm**

	All farms	High efficiency	
		40–79 cows	80–149 cows
Number of farms.....	84	30	33
Number of cows.....	100.7	58.8	106.3
Milk cows dry, % .....	12.6	14.0	12.0
Animal units in herd.....	190	110	200
Total returns.....	\$308,170	\$150,471	\$323,158
Value of feed fed.....	\$223,826	\$134,718	\$223,402
Return per \$100 of feed fed	\$138	\$112	\$145
Return above feed per cow	\$838	\$268	\$938
Total milk produced, cwt ...	20,547	10,162	21,891
Lbs of milk per cow.....	20,414	17,285	20,591
Lbs of butterfat per cow ....	752	682	767
Total beef produced, lbs ....	62,594	38,882	62,616
Pounds of beef per cow.....	622	661	589
Death loss, % lbs produced.	18.9	25.6	16.7
Price received for:			
cwt milk.....	\$13.12	\$12.95	\$13.02
cwt beef .....	\$76.35	\$80.62	\$75.85
Per cwt milk equivalent: <sup>a</sup>			
Feed cost.....	\$10.37	\$12.91	\$9.76
Grain/complete feed, lbs..	28	39	28
Protein and minerals, lbs	18	17	18
Total concentrates, lbs...	46	56	46
Hay and dry roughage, lbs	21	34	21
Corn silage, lbs.....	87	104	79
Other silage, lbs.....	55	65	39
Pasture days per animal unit	6	9	7
Hay equivalent per cow, tons	8.0	8.6	7.0
Concentrates per cow, lbs	9,921	9,970	9,914

<sup>a</sup>Milk equivalent equals value of beef produced divided by average price received per cwt milk plus cwt of milk produced.

group than the small group from 2007 through 2009. Dairy assistance payments from the Farm Service Agency and patronage returns related to the dairy enterprise were not included in returns. This would add about \$1.08 per 100 pounds of milk produced to returns.

**Beef-cow herds**

The minimum size for a beef-cow herd included in Table 17 was 10 cows. Farms combining cow herds and purchased feeder cattle were not included. In addition to all farms, Table 17 gives an analysis of cow herds in which calves were sold at weaning time, comparing them with cow herds in which calves were finished to slaughter weights. From 1956 through 1969, the average size of the herd on all farms ranged from 25 to 30 cows. From 1970 to 1973, the average grew to about 40 cows per herd and remained stable through 1989. Since 2001, the herd size has been about 50 cows. The herd size was 55 cows in 2009, compared to 55 cows in 2008. Most Illinois farmers who maintain a beef-cow herd do so as a supplemental enterprise to market nonsalable feeds and labor.

The return per \$100 of feed fed to beef-cow herds averaged \$109 in 2009. The returns for the 5-year period from 2005 through 2009 averaged \$123, which is below the 15-year average of \$126 for the period from 1995 through 2009 (Table 9). Beef prices received in 2009 averaged \$89.96 per hundredweight, a decrease of \$4.25 from prices in 2008.

Feed costs per 100 pounds of beef produced decreased by \$4.34 to \$67.95 in 2009.

Since 2005, the return above feed costs per cow for the average farmer to feed out calves rather than sell them at weaning has been about \$171 per cow. Additional returns are needed for the added costs of labor, buildings, and capital required to feed out the calves. In 2009, the return above feed costs per cow for feeding calves to market weight was \$58 more than selling them at weaning. The difference in returns between the two enterprises for the past 5-year average is \$88, which will not cover the additional costs for most producers.

**Sheep enterprises**

Sheep production is a minor enterprise on Illinois record-keeping farms. The minimum size of enterprise in Table 18 is 3 animal units. One animal unit of sheep is defined as 750 pounds, liveweight. The return per \$100 of feed fed in 2009 was \$75 for native flocks. The average return for the 5-year period from 2005 through 2009 is \$109 per \$100 feed fed. The pounds of wool and mutton produced per farm have remained fairly constant for the past 10 years. The price received for sheep decreased from \$111.98 per hundredweight in 2008 to \$102.57 in 2009, while feed costs per hundredweight produced increased by \$29.33 to \$98.73, or 42 percent. Most Illinois farmers who keep sheep do so as a supplemental enterprise in order to market nonsalable feeds and labor.

**Table 16. Average Milk Production Costs and Returns by Size of Herd, 2007 Through 2009**

	40–79 cows in herd			80 or more cows in herd		
	2009	2008	2007	2009	2008	2007
Number of farms	14	13	16	26	24	20
Tillable acres .....	196	207	214	445	368	515
Number of cows.....	58.8	56.9	55.8	192.3	180.5	221.9
Milk per cow, lbs .....	18,734	18,579	19,081	22,503	21,227	21,999
	----- per 100 pounds of milk produced -----					
Price received.....	\$13.16	\$19.15	\$18.70	\$13.39	\$19.25	\$18.94
<b>Cash costs</b>						
Feed .....	\$10.42	\$10.44	\$ 9.83	\$ 8.94	\$10.07	\$ 8.40
Operating expenses <sup>a</sup> .....	2.31	2.36	2.22	1.99	2.42	2.14
Livestock expense .....	2.14	2.24	2.03	2.94	2.44	2.53
Insurance, taxes, and overhead .....	<u>0.31</u>	<u>0.39</u>	<u>0.26</u>	<u>0.26</u>	<u>0.32</u>	<u>0.31</u>
Total operating expenses.....	\$ 4.76	\$ 4.99	\$ 4.51	\$ 5.19	\$ 5.18	\$ 4.98
Total operating and feed.....	\$15.18	\$15.43	\$14.34	\$14.13	\$15.25	\$13.38
<b>Other costs</b>						
Depreciation <sup>b</sup> .....	\$0.80	\$0.65	\$0.60	\$0.76	\$0.81	\$0.75
Labor .....	2.55	2.63	2.55	2.50	2.70	2.55
Interest charge on all capital.....	<u>0.90</u>	<u>0.95</u>	<u>1.20</u>	<u>0.89</u>	<u>1.11</u>	<u>1.52</u>
Total other costs .....	\$4.25	\$4.23	\$4.35	\$4.15	\$4.62	\$4.82
Total nonfeed costs.....	\$ 9.01	\$ 9.22	\$ 8.86	\$ 9.34	\$ 9.80	\$ 9.80
Total all costs .....	<u>\$19.43</u>	<u>\$19.66</u>	<u>\$18.69</u>	<u>\$18.28</u>	<u>\$19.87</u>	<u>\$18.20</u>
Return above all costs.....	\$(6.27)	\$(0.51)	\$ 0.01	\$(4.89)	\$(0.62)	\$ 0.74

<sup>a</sup>Includes utilities, machinery, equipment and building repairs, machine hire, and fuel.

<sup>b</sup>Includes machinery, equipment, and building depreciation.

**Table 17. Beef-Cow Enterprises, 2009 Averages per Farm**

	All farms	Calves sold	Calves fed out
Number of farms.....	161	60	34
Number of cows in herd.....	55	54	57
Animal units in herd.....	84	76	108
Total lbs produced.....	38,827	25,405	61,563
Beef per cow, lbs.....	710	467	1,078
Total returns.....	\$29,370	\$21,499	\$43,029
Value of feed fed.....	\$26,383	\$19,737	\$37,899
Return per \$100 feed fed.....	\$111	\$109	\$114
Return above feed per cow.....	\$ 55	\$ 32	\$ 90
Death loss, lbs.....	2,210	2,122	2,677
% lbs produced.....	5.7	8.4	4.3
Weight per animal sold, lbs.....	730	610	1,044
Price per cwt sold—market.....	\$89.96	\$97.80	\$80.91
	----- per cwt produced -----		
Feed costs.....	\$67.95	\$77.69	\$61.56
Grain/complete feed, lbs.....	213	180	426
Protein and minerals, lbs.....	75	56	67
Total concentrates, lbs.....	288	236	493
Hay and dry roughage, lbs.....	787	1,152	494
Corn silage, lbs.....	388	521	321
Other silage, lbs.....	51	27	81
Pasture days.....	26	30	21
Pasture days per animal unit...	119	102	122
Hay equivalent per cow, tons...	5.2	4.6	5.9

**Table 18. Sheep Enterprises (Native Flocks), 2009 Averages per Farm**

Number of farms.....	8
Number of ewes in flock.....	66
Wool and mutton produced, lbs.....	10,355
Total returns.....	\$ 7,651
Value of feed fed.....	\$10,224
Return per \$100 of feed fed.....	\$75
Percent lamb crop.....	121
Death loss, lbs.....	1,282
Percent lbs produced.....	12.4
Weight per market animal sold, lbs.....	123
	----- per cwt produced -----
Price received—market.....	\$102.57
Feed costs.....	\$ 98.73
Concentrates, lbs.....	499
Hay, lbs.....	710
Pasture days.....	14
Hay equivalent, lbs.....	980

## **Appendix A**

Costs, returns, financial summaries, investments, land use, and crop yields for different sizes and types of Illinois farms are reported in Tables 19 through 23a.

**Table 19. 2009 Operator Average Returns, Costs, and Financial Summary by Size and by Management Returns for Northern and Central Illinois Grain Farms with Soil Ratings from 86 to 100**

	180-499		500-799		800-1,199		> 1,199		All farms		800-1,199	
	Low 33%	High 33%	Low 33%	High 33%	Low 33%	High 33%	Low 33%	High 33%	Low 33%	High 33%	Low 33%	High 33%
Range in size (total acres)	193	209	254	328					984		84	84
Management returns	380	674	1,020	1,965					1,136		1,010	1,022
Number of farms	359	652	989	1,921					1,104		982	995
Total acres in farm	288	495	731	1,490					847		767	671
Acres of tillable land	91	91	91	91					91		91	92
Operator tillable acres	27	18	13	11					16		14	13
Soil rating on tillable land	38	49	50	45					46		43	62
Percent land owned	35	34	37	44					38		43	25
Percent land crop shared	0.7	1.6	3.2	8.8					4.2		4.0	3.2
Percent land cash rented	7.5	11.1	13.9	22.0					14.7		14.9	13.5
Months of hired labor												
Total months labor	190,603	337,064	505,063	1,032,882					583,642		491,335	501,130
Dollar returns	-6	-2	30	816					278		-30	-4
Crop returns	1,635	3,014	4,404	13,076					6,456		4,983	3,466
Livestock returns above feed	5,008	6,741	10,470	20,510					11,953		8,014	12,930
Custom work												
Other farm receipts												
<b>Value of farm production</b>	<b>197,239</b>	<b>346,816</b>	<b>519,967</b>	<b>1,067,284</b>					<b>602,330</b>		<b>504,302</b>	<b>517,521</b>
Dollar costs	68,643	118,840	178,198	370,933					208,348		203,152	148,940
Crop expenses	29,736	48,900	68,106	133,107					78,168		81,067	53,626
Power and equipment	15,971	25,036	37,266	68,979					41,063		44,441	29,900
Building and fence	18,917	25,747	31,464	54,688					35,530		35,464	27,565
Labor	15,646	26,455	39,074	91,012					49,111		46,881	30,070
Insurance and miscellaneous	211	166	340	854					449		326	110
Livestock services and supplies	11,449	20,171	30,346	62,455					35,182		32,622	27,352
Interest on nonland capital	3,435	3,870	4,278	7,046					4,949		4,452	4,017
Real estate taxes	21,738	39,414	69,977	178,800					90,298		83,408	47,353
Cash rent	26,491	41,718	54,575	87,927					57,453		54,857	56,896
Other land charges												
<b>Total nonfeed costs</b>	<b>212,237</b>	<b>350,316</b>	<b>513,625</b>	<b>1,055,800</b>					<b>600,550</b>		<b>586,669</b>	<b>425,830</b>
Capital account adjustment	1,436	2,245	6,015	3,850					3,594		3,950	9,232
<b>Management returns</b>	<b>-8,485</b>	<b>7,570</b>	<b>26,301</b>	<b>50,484</b>					<b>23,561</b>		<b>-61,923</b>	<b>111,222</b>
Farm production per \$1.00												
of nonfeed costs	0.93	0.99	1.01	1.01					1.00		0.86	1.22
Farm production per man	242,220	429,779	603,496	825,913					569,878		534,977	659,346
Financial summary												
Cash operating income	215,454	363,853	543,617	1,112,370					630,655		560,727	511,465
Inventory change	-17,036	-12,688	-16,683	-23,769					-18,266		-48,155	10,391
Accts. receivable (net change)	-1,001	-4,173	-6,581	-15,846					-8,063		-7,730	-4,151
Less purchased feed	49	34	277	1,472					579		326	83
Less purchased livestock	4	161	121	467					222		214	143
<b>Gross farm returns</b>	<b>197,366</b>	<b>346,798</b>	<b>519,954</b>	<b>1,070,816</b>					<b>603,525</b>		<b>504,302</b>	<b>517,479</b>
Cash operating expenses	147,731	244,898	370,555	798,691					442,873		419,261	305,714
Prepaid expenses (- if increased)	5,199	12,033	19,623	42,414					22,779		32,198	7,660
Accts. payable (+ if increased)	128	1,681	2,097	-607					721		5,591	84
<b>Total operating expenses</b>	<b>153,057</b>	<b>258,612</b>	<b>392,274</b>	<b>840,498</b>					<b>466,373</b>		<b>457,050</b>	<b>313,488</b>
Income before depreciation	44,309	88,186	127,679	230,318					137,152		47,253	204,021
Less depreciation	12,430	24,178	36,957	75,306					42,215		42,208	31,550
Capital account adjustment	1,436	2,245	6,015	3,850					3,594		3,950	9,232
<b>Net farm income</b>	<b>33,315</b>	<b>66,253</b>	<b>96,737</b>	<b>158,862</b>					<b>98,532</b>		<b>8,995</b>	<b>181,703</b>
Net farm income per operator	33,491	66,085	90,835	123,901					85,353		9,006	168,008
Labor & mgmt. income per operator	12,969	36,950	55,541	70,695					48,293		-25,819	132,339

Note: Variations in totals due to rounding to the nearest dollar. Farms with soil ratings from 86 to 100 are those with nearly level, well-drained prairie soils.

**Table 19a. 2009 Operator Average Operating Costs, Land Use, Yields, and Prices Received by Size and by Management Returns for Northern and Central Illinois Grain Farms with Soil Ratings from 86 to 100**

Management returns	180-499		500-799		800-1,199		> 1,199		All farms	
	193	209	254	328	84	84	84	84		
Range in size (total acres)										
Number of farms										
Selected returns and costs per operator tillable acre										
Crop returns	661.87	681.35	690.62	693.17					689.05	746.52
Livestock returns above feed	-0.02	0.00	0.04	0.55					0.33	-0.01
Custom work, other receipts	23.07	19.72	20.34	22.54					21.73	24.42
<b>Value of farm production</b>	<b>684.92</b>	<b>701.07</b>	<b>711.00</b>	<b>716.26</b>					<b>711.11</b>	<b>770.94</b>
Soil fertility	120.71	122.15	127.32	131.30					128.57	114.91
Pesticides	42.74	44.64	41.58	41.80					42.14	38.53
Seed and other crop expense	74.91	73.44	74.76	75.83					75.24	68.43
<b>Crop total</b>	<b>238.37</b>	<b>240.23</b>	<b>243.67</b>	<b>248.93</b>					<b>245.98</b>	<b>221.87</b>
Light vehicle and utilities	12.85	9.79	7.31	5.98					7.21	7.33
Machinery repairs, supplies	25.40	27.05	23.26	19.81					21.85	19.49
Machinery hire, lease	20.08	11.77	11.96	11.58					12.25	9.58
Fuel and oil	14.20	16.52	16.08	16.82					16.44	13.92
Machinery depreciation	30.73	33.73	34.52	35.14					34.53	29.57
<b>Power and equipment total</b>	<b>103.26</b>	<b>98.85</b>	<b>93.13</b>	<b>89.33</b>					<b>92.29</b>	<b>79.89</b>
Drying and storage	42.56	39.06	40.21	35.08					37.21	34.49
Building repair and rent	6.35	6.44	6.07	5.63					5.88	5.20
Building depreciation	6.55	5.12	4.68	5.58					5.39	4.85
<b>Building total</b>	<b>55.46</b>	<b>50.61</b>	<b>50.96</b>	<b>46.29</b>					<b>48.48</b>	<b>44.54</b>
Labor, unpaid	58.42	45.07	33.53	21.25					29.42	32.34
Labor, paid	7.27	6.97	9.50	15.45					12.52	8.72
<b>Labor total</b>	<b>65.69</b>	<b>52.05</b>	<b>43.02</b>	<b>36.70</b>					<b>41.95</b>	<b>41.06</b>
Insurance and miscellaneous	54.33	53.48	53.43	61.08					57.98	44.79
Livestock services and supplies	0.73	0.33	0.46	0.57					0.53	0.16
Interest on nonland capital	39.76	40.77	41.50	41.91					41.54	40.75
<b>Other costs total</b>	<b>94.82</b>	<b>94.59</b>	<b>95.39</b>	<b>103.56</b>					<b>100.05</b>	<b>85.70</b>
Land charge	179.40	171.82	176.16	183.73					180.28	161.28
<b>Total nonfeed costs</b>	<b>737.00</b>	<b>708.14</b>	<b>702.33</b>	<b>708.55</b>					<b>709.01</b>	<b>634.35</b>
Capital account adjustment	4.99	4.54	8.22	2.58					4.24	5.15
<b>Management returns</b>	<b>-47.09</b>	<b>-2.54</b>	<b>16.90</b>	<b>10.29</b>					<b>6.34</b>	<b>-102.27</b>
Percent crop returns fed	0.01	0.01	0.01	0.03					0.02	0.01
Capital purchases	24,457	49,587	84,038	168,553					93,206	73,028
Interest paid	6,808	10,297	15,691	31,240					17,986	10,894
Percent tillable land in										
Corn and corn silage	56.0	55.0	58.2	60.4					58.9	55.2
Soybeans	43.3	42.5	39.7	37.4					38.9	42.5
Wheat	0.1	0.5	0.3	0.3					0.3	0.2
Other small grains	0.0	0.0	0.0	0.0					0.0	0.0
CRP acres	0.1	0.3	0.3	0.3					0.3	0.3
All hay and pasture	0.2	0.3	0.3	0.1					0.2	0.1
Crop yields, bushels per acre										
Corn	186	191	188	188					188	196
Soybeans	51	53	53	54					53	55
Wheat	67	76	73	75					75	69
Prices received										
Corn (old crop)	3.97	4.00	3.96	4.00					3.99	4.06
Corn (new crop)	3.70	3.66	3.78	3.77					3.76	3.96
Soybeans (old crop)	10.59	10.39	10.50	10.49					10.48	10.53
Soybeans (new crop)	9.83	9.72	9.97	9.92					9.90	10.59

Note: Variations in totals due to rounding to the nearest dollar. Farms with soil ratings from 86 to 100 are those with nearly level, well-drained prairie soils.

**Table 20. 2009 Operator Average Returns, Costs, and Financial Summary by Size and by Management Returns for Northern and Central Illinois Grain Farms with Soil Ratings from 56 to 85**

	180-499		500-799		800-1,199		> 1,199		Your farm		All farms		800-1,199		
	Range in size (total acres)	Management returns	Number of farms	Low 33%	High 33%	Low 33%	High 33%	Low 33%	High 33%	Low 33%	High 33%	Low 33%	High 33%	Low 33%	High 33%
Total acres in farm	363	674	1,031	1,992	249	771	1,018	1,043							
Acres of tillable land	344	647	983	1,925		1,062	977	994							
Operator tillable acres	298	530	786	1,584		872	802	782							
Soil rating on tillable land	76	78	79	78		78	79	79							
Percent land owned	35	22	18	15		22	18	15							
Percent land crop shared	27	37	40	36		35	37	42							
Percent land cash rented	38	41	43	50		44	45	43							
Months of hired labor	0.5	1.7	2.2	8.9		3.9	2.0	2.3							
Total months labor	8.4	11.2	13.5	22.0		14.5	13.6	13.5							
Dollar returns															
Crop returns	186,806	335,917	519,776	1,079,247		581,038	486,925	562,619							
Livestock returns above feed	26	-8	134	448		178	-5	203							
Custom work	2,048	3,418	5,403	17,489		8,073	4,538	5,996							
Other farm receipts	3,398	6,220	8,397	18,032		9,847	6,904	11,309							
<b>Value of farm production</b>	<b>192,278</b>	<b>345,547</b>	<b>533,710</b>	<b>1,115,215</b>		<b>599,136</b>	<b>498,361</b>	<b>580,127</b>							
Dollar costs															
Crop expenses	66,179	121,356	185,472	377,075		204,960	213,351	162,574							
Power and equipment	33,886	53,777	80,295	158,638		88,751	90,283	75,220							
Building and fence	16,351	23,546	34,989	73,398		40,450	38,167	30,708							
Labor	22,593	28,249	33,077	55,913		36,907	34,821	32,192							
Insurance and miscellaneous	15,523	28,549	43,793	90,378		48,781	45,796	43,008							
Livestock services and supplies	235	257	284	441		317	228	213							
Interest on nonland capital	11,217	20,487	30,655	64,180		34,637	33,200	29,388							
Real estate taxes	3,303	4,082	3,705	7,561		4,941	3,766	3,348							
Cash rent	20,250	42,423	68,533	176,481		86,202	74,394	67,185							
Other land charges	23,820	35,926	49,651	81,471		50,784	50,708	45,841							
<b>Total nonfeed costs</b>	<b>213,358</b>	<b>358,653</b>	<b>530,455</b>	<b>1,085,535</b>		<b>596,731</b>	<b>584,714</b>	<b>489,675</b>							
Capital account adjustment	2,408	1,452	2,291	5,646		3,214	1,831	1,777							
<b>Management returns</b>	<b>-14,143</b>	<b>-1,785</b>	<b>21,731</b>	<b>68,346</b>		<b>23,087</b>	<b>-67,845</b>	<b>108,320</b>							
Farm production per \$1.00 of nonfeed costs	0.90	0.96	1.01	1.03		1.00	0.85	1.18							
Farm production per man	218,732	393,778	583,774	824,203		533,093	533,145	639,423							
Financial summary															
Cash operating income	208,884	371,041	561,300	1,150,977		626,316	571,736	577,075							
Inventory change	-12,817	-20,434	-13,194	-10,034		-13,710	-48,091	9,951							
Accts. receivable (net change)	-3,407	-4,295	-14,072	-20,738		-11,528	-24,913	-6,885							
Less purchased feed	379	597	326	2,405		1,071	266	123							
Less purchased livestock	15	168	79	386		183	112	40							
<b>Gross farm returns</b>	<b>192,266</b>	<b>345,547</b>	<b>533,628</b>	<b>1,117,413</b>		<b>599,825</b>	<b>498,354</b>	<b>579,977</b>							
Cash operating expenses	146,439	267,659	382,499	853,251		453,346	414,309	354,867							
Prepaid expenses (- if increased)	3,991	3,004	20,908	15,194		11,074	34,092	8,946							
Accts. payable (+ if increased)	1,077	170	2,345	4,021		2,101	4,631	907							
<b>Total operating expenses</b>	<b>151,507</b>	<b>270,634</b>	<b>405,752</b>	<b>872,466</b>		<b>466,521</b>	<b>453,032</b>	<b>364,720</b>							
Income before depreciation	40,759	74,713	127,876	244,946		133,305	45,322	215,256							
Less depreciation	14,026	23,400	39,569	81,283		43,417	43,688	36,595							
Capital account adjustment	2,408	1,452	2,291	5,646		3,214	1,831	1,777							
<b>Net farm income</b>	<b>29,141</b>	<b>52,766</b>	<b>90,597</b>	<b>169,309</b>		<b>93,102</b>	<b>3,465</b>	<b>180,438</b>							
Net farm income per operator	29,391	52,723	89,260	143,008		84,365	3,662	179,248							
Labor & mgmt. income per operator	10,579	27,967	55,925	88,448		49,510	-31,181	141,662							

Note: Variations in totals due to rounding to the nearest dollar. Farms with soil ratings from 56 to 85 are those with poorly drained, heavy-til, and timber soils.

**Table 20a. 2009 Operator Average Operating Costs, Land Use, Yields, and Prices Received by Size and by Management Returns for Northern and Central Illinois Grain Farms with Soil Ratings from 56 to 85**

	180-499		500-799		800-1,199		> 1,199		All farms	
	Number of farms	181	173	168	249	771	Low 33%	High 33%	55	55
Range in size (total acres)										
Management returns										
Number of farms		181	173	168	249	771				
Selected returns and costs										
per operator tillable acre										
Crop returns	626.11	633.98	633.98	660.95	681.46	666.50	607.37	719.33		
Livestock returns above feed	0.09	-0.01	-0.01	0.17	0.28	0.20	-0.01	0.26		
Custom work, other receipts	18.25	18.19	18.19	17.55	22.43	20.56	14.27	22.13		
<b>Value of farm production</b>	<b>644.45</b>	<b>652.15</b>	<b>652.15</b>	<b>678.67</b>	<b>704.17</b>	<b>687.26</b>	<b>621.64</b>	<b>741.71</b>		
Soil fertility	112.49	113.56	113.56	120.95	122.58	120.21	143.87	102.77		
Pesticides	40.52	43.38	43.38	42.15	42.10	42.16	45.55	36.16		
Seed and other crop expense	68.81	72.10	72.10	72.75	73.42	72.74	76.70	68.92		
<b>Crop total</b>	<b>221.81</b>	<b>229.04</b>	<b>229.04</b>	<b>235.85</b>	<b>238.09</b>	<b>235.11</b>	<b>266.13</b>	<b>207.86</b>		
Light vehicle and utilities	14.27	10.20	10.20	8.39	6.33	7.90	9.33	8.53		
Machinery repairs, supplies	29.30	28.50	28.50	24.92	23.19	24.75	27.26	21.18		
Machinery hire, lease	18.29	15.31	15.31	15.70	15.17	15.54	17.77	16.17		
Fuel and oil	16.54	15.86	15.86	16.45	18.68	17.68	17.84	15.38		
Machinery depreciation	35.18	31.62	31.62	36.64	36.80	35.93	40.42	34.90		
<b>Power and equipment total</b>	<b>113.58</b>	<b>101.49</b>	<b>101.49</b>	<b>102.10</b>	<b>100.17</b>	<b>101.81</b>	<b>112.62</b>	<b>96.17</b>		
Drying and storage	36.63	30.83	30.83	33.98	33.08	33.24	35.33	31.56		
Building repair and rent	9.89	7.13	7.13	5.73	6.06	6.45	7.37	3.83		
Building depreciation	8.28	6.48	6.48	4.78	7.20	6.45	4.91	3.87		
<b>Building total</b>	<b>54.80</b>	<b>44.44</b>	<b>44.44</b>	<b>44.49</b>	<b>46.34</b>	<b>46.40</b>	<b>47.61</b>	<b>39.26</b>		
Labor, unpaid	72.30	45.25	45.25	35.56	20.93	31.25	36.62	34.66		
Labor, paid	3.42	8.07	8.07	6.50	14.37	11.08	6.81	6.50		
<b>Labor total</b>	<b>75.72</b>	<b>53.31</b>	<b>53.31</b>	<b>42.06</b>	<b>35.30</b>	<b>42.34</b>	<b>43.43</b>	<b>41.16</b>		
Insurance and miscellaneous	52.03	53.88	53.88	55.69	57.07	55.96	57.12	54.99		
Livestock services and supplies	0.79	0.49	0.49	0.36	0.28	0.36	0.28	0.27		
Interest on nonland capital	37.60	38.67	38.67	38.98	40.52	39.73	41.41	37.57		
<b>Other costs total</b>	<b>90.41</b>	<b>93.03</b>	<b>93.03</b>	<b>95.03</b>	<b>97.87</b>	<b>96.05</b>	<b>98.82</b>	<b>92.83</b>		
Land charge	158.78	155.57	155.57	154.99	167.65	162.80	160.75	148.79		
<b>Total nonfeed costs</b>	<b>715.11</b>	<b>676.89</b>	<b>676.89</b>	<b>674.53</b>	<b>685.43</b>	<b>684.51</b>	<b>729.35</b>	<b>626.07</b>		
Capital account adjustment	8.07	2.74	2.74	2.91	3.56	3.69	2.28	2.27		
<b>Management returns</b>	<b>-62.58</b>	<b>-21.99</b>	<b>-21.99</b>	<b>7.05</b>	<b>22.31</b>	<b>6.45</b>	<b>-105.43</b>	<b>117.92</b>		
Percent crop returns fed	0.01	0.03	0.03	0.03	0.02	0.02	0.02	0.04		
Capital purchases	28,503	43,142	43,142	80,399	185,512	93,803	78,126	83,346		
Interest paid	9,281	15,110	15,110	20,506	43,202	23,990	21,854	13,621		
Percent tillable land in										
Corn and corn silage	55.5	56.7	56.7	55.3	60.0	58.3	60.6	51.5		
Soybeans	41.8	40.2	40.2	40.3	36.0	37.9	36.2	43.4		
Wheat	0.9	1.0	1.0	1.3	0.9	1.0	1.2	1.1		
Other small grains	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
CRP acres	0.7	0.7	0.7	0.4	0.5	0.5	0.1	0.3		
All hay and pasture	0.4	0.2	0.2	0.4	0.1	0.2	0.6	0.5		
Crop yields, bushels per acre										
Corn	178	178	178	184	184	182	178	190		
Soybeans	50	48	48	50	52	51	47	52		
Wheat	65	63	63	60	66	64	56	68		
Prices received										
Corn (old crop)	3.93	3.91	3.91	3.97	4.00	3.97	3.90	4.09		
Corn (new crop)	3.67	3.66	3.66	3.66	3.75	3.72	3.58	3.72		
Soybeans (old crop)	10.33	10.29	10.29	10.37	10.41	10.38	10.35	10.66		
Soybeans (new crop)	9.83	9.73	9.73	9.70	9.64	9.68	9.75	9.70		

Note: Variations in totals due to rounding to the nearest dollar. Farms with soil ratings from 56 to 85 are those with poorly drained, heavy-til, and timber soils.

**Table 21. 2009 Operator Average Returns, Costs, and Financial Summary by Size and by Management Returns for Southern Illinois Grain Farms with Soil Ratings from 36 to 85**

Range in size (total acres)	180-499		500-799		800-1,199		> 1,199		Your farm		All farms		800-1,199	
	Management returns	Number of farms	Low 33%	High 33%										
Total acres in farm	388	41	699	45	1,061	81	1,370	299				1,070	1,030	
Acres of tillable land	334	301	653	565	987	815	1,298	1,004				1,004	976	
Operator tillable acres	301	59	565	57	815	58	1,076	58				819	825	
Soil rating on tillable land	59	49	57	34	58	22	58	16				57	60	
Percent land owned	49	26	34	37	22	44	16	46				20	27	
Percent land crop shared	26	25	37	29	44	34	46	38				48	42	
Percent land cash rented	25	1.1	29	3.8	34	4.1	38	13.5				32	31	
Months of hired labor	1.1	10.0	3.8	14.1	4.1	15.6	7.8	20.2				3.3	4.3	
Total months labor	10.0	151,273	14.1	287,703	15.6	433,479	28.3	943,252				15.6	15.6	
Dollar returns	151,273	-291	287,703	1,544	433,479	-762	943,252	-469				374,404	492,131	
Crop returns	-291	1,558	1,544	752	-762	2,326	-469	5,308				-3,012	842	
Livestock returns above feed	1,558	3,148	752	5,293	2,326	12,765	9,855	13,510				1,412	3,050	
Custom work	3,148	155,688	5,293	295,292	12,765	447,807	19,987	616,489				14,488	12,273	
Other farm receipts	155,688	55,806	295,292	101,013	447,807	154,385	972,625	616,489				387,293	508,296	
<b>Value of farm production</b>	<b>155,688</b>	<b>55,806</b>	<b>295,292</b>	<b>101,013</b>	<b>447,807</b>	<b>154,385</b>	<b>972,625</b>	<b>616,489</b>				<b>387,293</b>	<b>508,296</b>	
Dollar costs	55,806	35,235	101,013	55,872	154,385	85,383	330,377	109,072				157,705	139,260	
Crop expenses	35,235	9,784	55,872	12,908	85,383	21,718	164,679	25,503				92,375	85,585	
Power and equipment	9,784	27,807	12,908	38,084	21,718	39,702	37,002	50,727				23,589	20,446	
Building and fence	27,807	12,250	38,084	25,102	39,702	31,096	68,920	46,175				39,923	38,979	
Labor	12,250	333	25,102	549	31,096	2,297	73,149	1,404				36,966	22,658	
Insurance and miscellaneous	333	10,262	549	19,217	2,297	30,519	1,481	39,170				3,974	1,983	
Livestock services and supplies	10,262	2,092	19,217	2,530	30,519	60,259	60,259	3,931				30,259	31,219	
Interest on nonland capital	2,092	6,872	2,530	17,382	6,872	33,543	92,265	53,377				2,681	3,548	
Real estate taxes	6,872	26,538	17,382	38,420	33,543	57,407	98,390	68,410				34,517	28,525	
Cash rent	26,538	186,981	311,077	459,070	459,070	932,064	932,064	608,300				484,662	428,872	
Other land charges	186,981	2,060	311,077	2,078	459,070	3,403	3,605	3,109				991	1,539	
<b>Total nonfeed costs</b>	<b>2,060</b>	<b>-26,629</b>	<b>-7,096</b>	<b>719</b>	<b>719</b>	<b>66,396</b>	<b>66,396</b>	<b>24,787</b>				<b>-86,003</b>	<b>86,204</b>	
Capital account adjustment	-26,629	0.83	0.95	0.98	0.98	0.98	1.04	1.01				0.80	1.19	
<b>Management returns</b>	<b>0.83</b>	<b>166,103</b>	<b>295,254</b>	<b>436,763</b>	<b>436,763</b>	<b>436,763</b>	<b>564,187</b>	<b>434,606</b>				<b>391,995</b>	<b>482,626</b>	
Farm production per \$1.00 of nonfeed costs	166,103	187,578	339,908	-38,818	497,685	-28,242	1,055,384	677,624				485,793	515,606	
Financial summary	187,578	-27,373	-38,818	-1,082	-28,242	-2,253	-36,231	-33,242				-73,553	17,030	
Cash operating income	-27,373	258	-1,082	4,640	-2,253	11,916	29,287	17,461				-6,101	591	
Inventory change	258	4,412	4,640	196	11,916	5,119	29,287	17,461				5,691	15,714	
Accts. receivable (net change)	4,412	155,572	295,171	450,154	450,154	983,855	983,855	622,048				13,342	1,471	
Less purchased feed	155,572	122,061	228,172	342,595	342,595	743,743	743,743	472,229				387,106	516,042	
Less purchased livestock	122,061	1,708	-8,813	-1,476	-5,922	-10,739	-10,739	-7,437				355,764	327,890	
<b>Gross farm returns</b>	<b>1,708</b>	<b>124,289</b>	<b>217,884</b>	<b>339,369</b>	<b>339,369</b>	<b>734,415</b>	<b>734,415</b>	<b>465,994</b>				<b>358,164</b>	<b>312,281</b>	
Cash operating expenses	1,708	31,284	77,287	110,785	110,785	249,440	249,440	156,054				28,942	203,761	
Prepaid expenses (- if increased)	31,284	13,981	25,501	42,488	42,488	84,482	84,482	54,561				43,062	43,435	
Accts. payable (+ if increased)	13,981	2,060	2,078	3,403	3,403	3,605	3,605	991				991	1,539	
<b>Total operating expenses</b>	<b>19,363</b>	<b>18,450</b>	<b>53,865</b>	<b>52,319</b>	<b>53,865</b>	<b>168,563</b>	<b>168,563</b>	<b>104,602</b>				<b>-13,129</b>	<b>161,865</b>	
Income before depreciation	19,363	18,450	53,865	52,319	53,865	168,563	168,563	104,602				-13,129	161,865	
Less depreciation	18,450	906	52,319	24,238	66,963	133,365	133,365	87,421				-13,398	151,642	
Capital account adjustment	906	24,238	24,238	32,985	32,985	88,514	88,514	51,784				-47,726	115,165	
<b>Net farm income</b>	<b>24,238</b>	<b>32,985</b>	<b>88,514</b>	<b>115,165</b>	<b>115,165</b>	<b>115,165</b>	<b>115,165</b>	<b>115,165</b>				<b>115,165</b>	<b>115,165</b>	
Net farm income per operator	24,238	32,985	88,514	115,165	115,165	115,165	115,165	115,165				115,165	115,165	
Labor & mgmt. income per operator	32,985	88,514	115,165	115,165	115,165	115,165	115,165	115,165				115,165	115,165	

Note: Variations in totals due to rounding to the nearest dollar.

**Table 21a. 2009 Operator Average Operating Costs, Land Use, Yields, and Prices Received by Size and by Management Returns for Southern Illinois Grain Farms with Soil Ratings from 36 to 85**

Range in size (total acres)	180-499		500-799		800-1,199		> 1,199		All farms	
	Management returns	Number of farms								
Selected returns and costs per operator tillable acre		41		45		81		132		299
Crop returns	503.10		508.83		531.75		571.73		555.91	
Livestock returns above feed	-0.97		2.73		-0.94		-0.28		-0.21	
Custom work, other receipts	15.65		10.69		18.51		18.09		17.50	
<b>Value of farm production</b>	<b>517.78</b>		<b>522.25</b>		<b>549.32</b>		<b>589.53</b>		<b>573.20</b>	
Soil fertility	89.99		82.89		88.25		98.77		95.02	
Pesticides	35.40		38.87		40.82		41.00		40.58	
Seed and other crop expense	60.21		56.89		60.31		60.48		60.15	
<b>Crop total</b>	<b>185.60</b>		<b>178.65</b>		<b>189.38</b>		<b>200.25</b>		<b>195.75</b>	
Light vehicle and utilities	12.72		9.14		9.18		6.90		7.77	
Machinery repairs, supplies	33.24		27.12		27.66		26.28		26.90	
Machinery hire, lease	14.24		9.95		9.97		9.82		10.03	
Fuel and oil	19.69		17.66		19.67		19.34		19.29	
Machinery depreciation	37.29		34.95		38.25		37.48		37.43	
<b>Power and equipment total</b>	<b>117.18</b>		<b>98.81</b>		<b>104.74</b>		<b>99.82</b>		<b>101.41</b>	
Drying and storage	13.75		9.67		12.28		10.76		11.10	
Building repair and rent	13.37		7.66		7.40		5.84		6.59	
Building depreciation	5.41		5.50		6.96		5.83		6.02	
<b>Building total</b>	<b>32.54</b>		<b>22.83</b>		<b>26.64</b>		<b>22.43</b>		<b>23.71</b>	
Labor, unpaid	81.84		48.96		36.27		22.85		29.93	
Labor, paid	10.64		18.40		12.43		18.92		17.23	
<b>Labor total</b>	<b>92.48</b>		<b>67.36</b>		<b>48.70</b>		<b>41.77</b>		<b>47.16</b>	
Insurance and miscellaneous	40.74		44.40		38.14		44.34		42.93	
Livestock services and supplies	1.11		0.97		2.82		0.90		1.31	
Interest on nonland capital	34.13		33.99		37.44		36.52		36.42	
<b>Other costs total</b>	<b>75.98</b>		<b>79.35</b>		<b>78.40</b>		<b>81.76</b>		<b>80.66</b>	
Land charge	118.07		103.16		115.27		118.92		116.89	
<b>Total nonfeed costs</b>	<b>621.85</b>		<b>550.17</b>		<b>563.14</b>		<b>564.94</b>		<b>565.59</b>	
Capital account adjustment	6.85		3.68		4.17		2.19		2.89	
<b>Management returns</b>	<b>-97.22</b>		<b>-24.24</b>		<b>-9.64</b>		<b>26.77</b>		<b>10.50</b>	
Percent crop returns fed	2.55		1.90		2.37		1.95		2.14	
Capital purchases	33,069		58,217		84,730		193,031		121,468	
Interest paid	8,874		11,658		17,804		38,575		24,824	
Percent tillable land in										
Corn and corn silage	35.7		35.0		36.0		39.5		38.3	
Soybeans	46.7		48.3		44.6		45.7		45.7	
Wheat	10.5		11.7		11.0		9.5		10.0	
Other small grains	0.0		0.1		0.0		0.0		0.0	
CRP acres	1.4		0.4		0.9		0.7		0.7	
All hay and pasture	2.6		1.2		1.2		1.2		1.3	
Crop yields, bushels per acre										
Corn	159		155		161		164		163	
Soybeans	40		39		41		44		43	
Wheat	56		59		58		60		59	
Prices received										
Corn (old crop)	3.84		3.89		3.96		4.08		4.03	
Corn (new crop)	3.68		3.46		3.61		3.80		3.75	
Soybeans (old crop)	10.38		10.42		10.30		10.38		10.37	
Soybeans (new crop)	9.40		9.69		9.65		9.83		9.77	

Note: Variations in totals due to rounding to the nearest dollar.

**Table 22. 2009 Operator Average Returns, Costs, and Financial Summary by Size and by Cwt of Pork Produced for Illinois Hog Farms**

Range in size (total acres) Cwt of pork produced	60-799		> 799		Your farm		All farms		Cwt of pork produced	
	32	27	59	15	< 6,000 cwt	11	> 6,000 cwt	11	15	
Number of farms	516	1,383	913	905		635	890			
Total acres in farm	494	1,342	882	890		595	890			
Acres of tillable land	464	1,154	780	819		511	819			
Operator tillable acres	76	80	78	82		75	82			
Soil rating on tillable land	25	16	21	14		40	14			
Percent land owned	14	26	19	19		25	19			
Percent land crop shared	62	58	60	67		35	67			
Percent land cash rented	11.2	32.3	20.8	26.2		10.1	26.2			
Months of hired labor	23.7	47.4	34.5	40.7		22.9	40.7			
Total months labor										
Dollar returns										
Crop returns	290,636	724,414	489,145	535,318		299,039	535,318			
Livestock returns above feed	52,636	224,385	131,233	149,800		3,286	149,800			
Custom work	2,355	8,308	5,079	1,393		5,769	1,393			
Other farm receipts	9,603	35,873	21,625	9,685		11,873	9,685			
<b>Value of farm production</b>	<b>355,230</b>	<b>992,981</b>	<b>647,082</b>	<b>696,196</b>		<b>319,967</b>	<b>696,196</b>			
Dollar costs										
Crop expenses	82,012	238,197	153,486	149,596		95,262	149,596			
Power and equipment	72,132	192,381	127,161	144,449		65,198	144,449			
Building and fence	39,720	182,822	105,207	74,435		30,407	74,435			
Labor	69,569	133,406	98,782	117,466		62,121	117,466			
Insurance and miscellaneous	25,607	76,122	48,724	57,204		23,316	57,204			
Livestock services and supplies	33,333	91,143	59,789	73,135		16,514	73,135			
Interest on nonland capital	29,870	90,373	57,558	60,671		24,826	60,671			
Real estate taxes	7,482	7,567	7,521	7,359		5,497	7,359			
Cash rent	52,605	135,604	90,587	118,230		25,785	118,230			
Other land charges	23,750	71,715	45,700	29,072		44,615	29,072			
<b>Total nonfeed costs</b>	<b>436,079</b>	<b>1,219,330</b>	<b>794,516</b>	<b>831,617</b>		<b>393,542</b>	<b>831,617</b>			
Capital account adjustment	785	9,166	4,620	385		13,186	385			
<b>Management returns</b>	<b>-73,954</b>	<b>-196,868</b>	<b>-130,203</b>	<b>-119,794</b>		<b>-53,174</b>	<b>-119,794</b>			
Farm production per \$1.00 of nonfeed costs	0.81	0.81	0.81	0.84		0.81	0.84			
Farm production per man	205,566	356,074	274,442	220,722		196,184	220,722			
Financial summary										
Cash operating income	723,106	2,049,331	1,330,023	1,153,389		428,858	1,153,389			
Inventory change	-14,701	-105,033	-56,040	-100,286		-9,356	-100,286			
Accts. receivable (net change)	-5,357	-6,928	-6,076	-5,202		26	-5,202			
Less purchased feed	237,449	623,652	414,186	323,529		86,463	323,529			
Less purchased livestock	110,390	310,578	202,001	28,177		13,118	28,177			
<b>Gross farm returns</b>	<b>355,208</b>	<b>1,003,140</b>	<b>651,719</b>	<b>696,195</b>		<b>319,948</b>	<b>696,195</b>			
Cash operating expenses	334,925	982,254	631,160	654,229		258,720	654,229			
Prepaid expenses (- if increased)	7,151	30,716	17,935	6,516		13,735	6,516			
Accts. payable (+ if increased)	1,647	5,240	3,291	3,952		3,001	3,952			
<b>Total operating expenses</b>	<b>343,722</b>	<b>1,018,210</b>	<b>652,386</b>	<b>664,697</b>		<b>275,456</b>	<b>664,697</b>			
Income before depreciation	11,486	-15,070	-666	31,499		44,492	31,499			
Less depreciation	23,278	86,706	52,304	59,942		28,272	59,942			
Capital account adjustment	785	9,166	4,620	385		13,186	385			
<b>Net farm income</b>	<b>-11,007</b>	<b>-92,610</b>	<b>-48,350</b>	<b>-28,059</b>		<b>29,406</b>	<b>-28,059</b>			
Net farm income per operator	-3,603	-48,989	-24,373	-313		22,252	-313			
Labor & mgt. income per operator	-22,789	-80,522	-49,209	-30,835		-15,068	-30,835			

Note: Variations in totals due to rounding to the nearest dollar.

**Table 22a. 2009 Operator Average Operating Costs, Land Use, Yields, and Prices Received by Size and by Cwt of Pork Produced for Illinois Hog Farms**

Range in size (total acres) Cwt of pork produced	60-799		> 799		All farms		Cwt of pork produced	
	32	27	Your farm	59	< 6,000 cwt	11	> 6,000 cwt	15
Number of farms								
Selected returns and costs per operator tillable acre								
Crop returns	625.82	627.80		627.16		584.89	653.62	
Livestock returns above feed	113.34	194.46		168.26		6.43	182.91	
Custom work, other receipts	25.75	38.29		34.24		34.51	13.53	
<b>Value of farm production</b>	<b>764.91</b>	<b>860.55</b>		<b>829.66</b>		<b>625.82</b>	<b>850.06</b>	
Soil fertility	71.83	96.20		88.33		87.47	73.73	
Pesticides	33.77	35.40		34.87		32.53	38.35	
Seed and other crop expense	70.99	74.83		73.59		66.32	70.58	
<b>Crop total</b>	<b>176.59</b>	<b>206.43</b>		<b>196.79</b>		<b>186.32</b>	<b>182.66</b>	
Light vehicle and utilities	31.49	25.54		27.46		21.07	29.25	
Machinery repairs, supplies	36.90	33.09		34.32		30.94	38.33	
Machinery hire, lease	24.15	32.97		30.12		11.01	35.60	
Fuel and oil	28.66	31.34		30.47		25.51	29.05	
Machinery depreciation	34.11	43.79		40.66		38.99	44.15	
<b>Power and equipment total</b>	<b>155.32</b>	<b>166.72</b>		<b>163.04</b>		<b>127.52</b>	<b>176.37</b>	
Drying and storage	22.79	29.20		27.13		22.65	31.56	
Building repair and rent	49.22	105.59		87.39		27.02	33.26	
Building depreciation	13.51	23.65		20.37		9.80	26.07	
<b>Building total</b>	<b>85.53</b>	<b>188.44</b>		<b>134.89</b>		<b>59.47</b>	<b>90.89</b>	
Labor, unpaid	79.07	34.76		49.07		69.77	50.18	
Labor, paid	70.73	80.85		77.59		51.73	93.24	
<b>Labor total</b>	<b>149.80</b>	<b>115.61</b>		<b>126.66</b>		<b>121.50</b>	<b>143.43</b>	
Insurance and miscellaneous	55.14	65.97		62.47		45.60	69.85	
Livestock services and supplies	71.78	78.99		76.66		32.30	89.30	
Interest on nonland capital	64.32	78.32		73.80		48.56	74.08	
<b>Other costs total</b>	<b>191.23</b>	<b>223.28</b>		<b>212.93</b>		<b>126.46</b>	<b>233.22</b>	
Land charge	180.52	186.23		184.39		148.45	188.84	
<b>Total nonfeed costs</b>	<b>939.00</b>	<b>1056.71</b>		<b>1018.70</b>		<b>769.73</b>	<b>1015.41</b>	
Capital account adjustment	1.69	7.94		5.92		25.79	0.47	
<b>Management returns</b>	<b>-172.40</b>	<b>-188.22</b>		<b>-183.11</b>		<b>-118.11</b>	<b>-164.88</b>	
Percent crop returns fed	130.92	123.66		127.60		66.78	107.51	
Capital purchases	27,923	133,693		76,326		49,562	59,872	
Interest paid	21,837	58,286		38,517		9,515	26,807	
Percent tillable land in								
Corn and corn silage	54.3	62.5		60.0		49.7	62.6	
Soybeans	37.4	32.1		33.7		36.1	32.9	
Wheat	3.1	3.0		3.0		6.7	3.0	
Other small grains	0.5	0.0		0.1		1.1	0.0	
CRP acres	0.6	0.3		0.4		0.5	0.0	
All hay and pasture	2.1	0.2		0.8		3.0	1.3	
Crop yields, bushels per acre								
Corn	186	176		179		190	187	
Soybeans	49	45		47		48	47	
Wheat	72	55		60		55	61	
Prices received								
Corn (old crop)	3.78	3.65		3.68		3.60	3.88	
Corn (new crop)	3.57	3.67		3.65		3.59	3.50	
Soybeans (old crop)	10.39	10.36		10.37		9.98	10.55	
Soybeans (new crop)	9.63	9.55		9.59		9.67	9.77	

Note: Variations in totals due to rounding to the nearest dollar.

**Table 23. 2009 Operator Average Returns, Costs, and Financial Summary for Illinois Dairy and Beef Farms**

Area of state	Dairy (by Number of Cows in Herd)			Beef (by Size)		
	10-79 Number of farms	> 79 Your farm	All farms	180-799 Number of farms	> 799 Your farm	All farms
Number of cows in herd	34	38	72	17	8	25
Total acres in farm	287	572	437	540	1,077	712
Acres of tillable land	255	518	394	421	1,012	610
Operator tillable acres	242	502	379	398	864	547
Soil rating on tillable land	70	68	69	68	81	72
Percent land owned	49	34	41	46	31	41
Percent land crop shared	9	6	7	11	27	16
Percent land cash rented	42	60	51	44	42	43
Months of hired labor	2.5	28.3	16.1	2.5	28.5	10.8
Total months labor	16.0	43.0	30.2	14.0	43.1	23.3
Dollar returns						
Crop returns	151,648	320,358	240,689	210,731	551,723	319,849
Livestock returns above feed	10,064	204,056	112,449	-3,546	243,806	75,607
Custom work	413	2,235	1,375	1,280	11,991	4,707
Other farm receipts	1,930	8,697	5,502	3,994	6,541	4,809
<b>Value of farm production</b>	<b>164,054</b>	<b>535,346</b>	<b>360,014</b>	<b>212,459</b>	<b>814,060</b>	<b>404,971</b>
Dollar costs						
Crop expenses	37,235	82,121	60,925	69,315	208,018	113,700
Power and equipment	48,944	152,980	103,852	56,323	175,528	94,469
Building and fence	10,451	31,625	21,626	15,719	65,588	31,677
Labor	46,697	130,319	90,831	41,765	118,341	66,269
Insurance and miscellaneous	10,306	26,527	18,867	22,018	61,680	34,710
Livestock services and supplies	22,139	115,077	71,190	7,971	41,486	18,695
Interest on nonland capital	17,305	53,959	36,650	23,712	82,156	42,414
Real estate taxes	3,579	6,859	5,310	4,312	12,952	7,077
Cash rent	13,782	52,207	34,062	24,238	89,625	45,162
Other land charges	18,074	25,021	21,740	29,636	75,307	44,251
<b>Total nonfeed costs</b>	<b>228,511</b>	<b>676,695</b>	<b>465,053</b>	<b>295,008</b>	<b>930,682</b>	<b>498,424</b>
Capital account adjustment	102	1,962	1,083	2,180	496	1,641
<b>Management returns</b>	<b>-62,536</b>	<b>-134,296</b>	<b>-100,409</b>	<b>-73,133</b>	<b>-98,105</b>	<b>-81,124</b>
Farm production per \$1.00 of nonfeed costs	0.72	0.79	0.77	0.72	0.87	0.81
Farm production per man	135,045	169,594	153,279	189,089	295,589	223,169
Financial summary						
Cash operating income	229,525	728,594	492,923	401,411	1,813,840	853,388
Inventory change	-16,254	-9,397	-12,635	-36,977	-10,035	-28,356
Accts. receivable (net change)	-860	-2,883	-1,928	-3,622	-625	-2,663
Less purchased feed	43,320	171,196	110,810	29,226	194,727	82,186
Less purchased livestock	4,944	10,003	7,614	119,134	794,394	335,217
<b>Gross farm returns</b>	<b>164,147</b>	<b>535,115</b>	<b>359,935</b>	<b>212,451</b>	<b>814,060</b>	<b>404,966</b>
Cash operating expenses	145,004	519,917	342,875	205,361	667,704	353,311
Prepaid expenses (- if increased)	2,426	11,465	7,197	-5,039	42,996	10,332
Accts. payable (+ if increased)	1,515	7,496	4,672	1,717	-805	910
<b>Total operating expenses</b>	<b>148,945</b>	<b>538,878</b>	<b>354,743</b>	<b>202,039</b>	<b>709,894</b>	<b>364,553</b>
Income before depreciation	15,201	-3,763	5,192	10,412	104,165	40,413
Less depreciation	17,297	46,285	32,596	21,216	65,574	35,410
Capital account adjustment	102	1,962	1,083	2,180	496	1,641
<b>Net farm income</b>	<b>-1,994</b>	<b>-48,087</b>	<b>-26,321</b>	<b>-8,624</b>	<b>39,087</b>	<b>6,643</b>
Net farm income per operator	-3,948	-21,919	-13,433	-9,121	38,251	6,038
Labor & mgt. income per operator	-22,737	-48,922	-36,557	-36,625	-38,741	-37,302

Note: Variations in totals due to rounding to the nearest dollar.

**Table 23a. 2009 Operator Average Operating Costs, Land Use, Yields, and Prices Received for Illinois Dairy and Beef Farms**

Area of state Number of cows in herd Number of farms	Dairy (by Number of Cows in Herd)			Beef (by Size)			
	10-79 34	> 79 38	Your farm 72	180-799 17	> 799 8	Your farm 0	All farms 25
<b>Selected returns and costs</b>							
per operator tillable acre							
Crop returns	625.54	638.13	634.33	529.95	638.85		584.99
Livestock returns above feed	41.51	406.47	296.36	-8.92	282.31		136.28
Custom work, other receipts	9.67	21.78	18.12	13.26	21.46		17.40
<b>Value of farm production</b>	<b>676.72</b>	<b>1,066.37</b>	<b>948.81</b>	<b>534.29</b>	<b>942.61</b>		<b>740.67</b>
Soil fertility	61.23	71.30	68.26	75.74	114.78		95.47
Pesticides	35.01	33.40	33.89	34.55	41.54		38.08
Seed and other crop expense	57.36	58.88	58.42	64.03	84.54		74.40
<b>Crop total</b>	<b>153.59</b>	<b>163.58</b>	<b>160.57</b>	<b>174.31</b>	<b>240.87</b>		<b>207.95</b>
Light vehicle and utilities	35.24	41.21	39.41	17.78	13.32		15.53
Machinery repairs, supplies	49.48	73.42	66.20	37.24	64.56		51.05
Machinery hire, lease	27.37	87.08	69.07	24.62	31.61		28.15
Fuel and oil	36.70	45.44	42.80	22.26	35.37		28.89
Machinery depreciation	53.09	57.57	56.22	39.74	58.38		49.16
<b>Power and equipment total</b>	<b>201.89</b>	<b>304.73</b>	<b>273.70</b>	<b>141.64</b>	<b>203.25</b>		<b>172.78</b>
Drying and storage	11.20	15.07	13.90	17.51	28.95		23.30
Building repair and rent	15.18	15.37	15.31	10.38	35.12		22.88
Building depreciation	16.73	32.55	27.78	11.64	11.87		11.76
<b>Building total</b>	<b>43.11</b>	<b>63.00</b>	<b>57.00</b>	<b>39.53</b>	<b>75.95</b>		<b>57.94</b>
Labor, unpaid	164.60	88.21	111.26	85.56	47.47		66.31
Labor, paid	28.02	171.38	128.12	19.47	89.56		54.90
<b>Labor total</b>	<b>192.62</b>	<b>259.59</b>	<b>239.38</b>	<b>105.03</b>	<b>137.03</b>		<b>121.20</b>
Insurance and miscellaneous	42.51	52.84	49.72	55.37	71.42		63.48
Livestock services and supplies	91.32	229.22	187.62	20.04	48.04		34.19
Interest on nonland capital	71.38	107.48	96.59	59.63	95.13		77.57
<b>Other costs total</b>	<b>205.22</b>	<b>389.55</b>	<b>333.93</b>	<b>135.05</b>	<b>214.59</b>		<b>175.25</b>
Land charge	146.17	167.49	161.06	146.33	205.97		176.47
<b>Total nonfeed costs</b>	<b>942.60</b>	<b>1347.93</b>	<b>1225.64</b>	<b>741.88</b>	<b>1077.65</b>		<b>911.60</b>
Capital account adjustment	0.42	3.91	2.86	5.48	0.57		3.00
<b>Management returns</b>	<b>-265.46</b>	<b>-277.65</b>	<b>-273.97</b>	<b>-202.11</b>	<b>-134.46</b>		<b>-167.92</b>
Percent crop returns fed	111.20	140.94	126.90	67.84	60.74		65.57
Capital purchases	22,129	57,550	40,824	32,275	121,272		60,754
Interest paid	13,482	33,078	23,825	19,493	38,155		25,465
Percent tillable land in							
Corn and corn silage	48.6	48.2	48.3	52.5	63.0		58.1
Soybeans	17.2	18.6	18.2	22.8	23.8		23.3
Wheat	2.3	5.4	4.4	3.0	3.6		3.3
Other small grains	3.6	0.6	1.5	1.8	0.7		1.2
CRP acres	0.4	0.0	0.1	0.4	0.0		0.2
All hay and pasture	22.4	12.1	15.2	19.5	6.2		12.4
Crop yields, bushels per acre							
Corn	166	163	164	169	193		182
Soybeans	47	44	45	47	52		49
Wheat	67	60	61	68	74		71
Prices received							
Corn (old crop)	3.69	3.81	3.77	3.65	3.90		3.81
Corn (new crop)	3.59	3.64	3.62	3.69	3.67		3.68
Soybeans (old crop)	9.69	10.19	10.07	9.98	10.21		10.12
Soybeans (new crop)	9.57	9.78	9.68	9.42	9.69		9.45

Note: Variations in totals due to rounding to the nearest dollar.

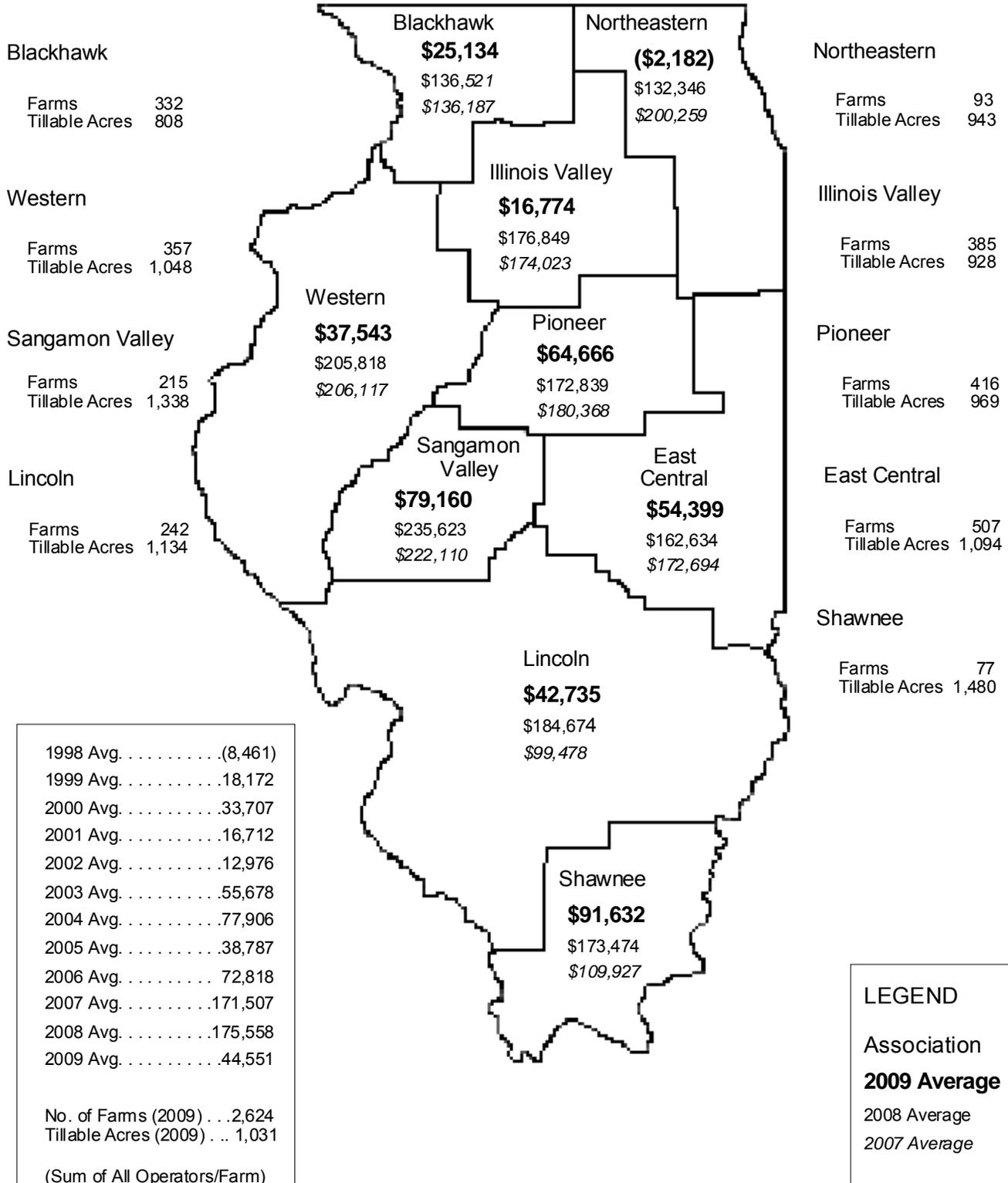
## Financial Characteristics of Illinois FBFM Grain Farms

	2009	2008	2007	2006	4-Year Average	My Farm
Number of Farms	2,410	2,421	2,443	2,254	<b>2,382</b>	
<b>Liquidity</b>						
Working Capital	\$317,726	\$351,299	\$288,994	\$181,573	<b>\$284,898</b>	
Current Ratio						
Upper Quartile	5.63	5.85	5.79	4.58	<b>5.46</b>	
Median	2.31	2.51	2.38	1.86	<b>2.27</b>	
<b>Solvency</b>						
Net Worth (Market)	\$1,759,082	\$1,651,985	\$1,474,834	\$1,241,174	<b>\$1,531,769</b>	
Debt/Equity Ratio (%)						
Upper Quartile	11.5	11.5	12.0	13.7	<b>12.2</b>	
Median	28.7	29.0	30.4	35.0	<b>30.8</b>	
Debt/Total Asset Ratio (%)						
Upper Quartile	10.4	10.4	10.8	12.2	<b>11.0</b>	
Median	22.4	22.7	23.6	26.1	<b>23.7</b>	
<b>Profitability</b>						
Net Farm Income	\$80,760	\$196,347	\$189,000	\$91,431	<b>\$139,385</b>	
Return on Farm Assets (%)						
Upper Quartile	6.7	17.1	21.0	10.2	<b>13.8</b>	
Median	3.3	10.8	13.2	6.2	<b>8.4</b>	
Return on Farm Equity (%)						
Upper Quartile	7.9	24.7	30.8	13.8	<b>19.3</b>	
Median	3.0	12.9	16.2	6.4	<b>9.6</b>	
<b>Repayment Capacity</b>						
Debt/Farm Operating Income	5.25	2.25	2.05	4.09	<b>3.41</b>	
<b>Financial Efficiency (as a % of Gross Farm Returns)</b>						
Interest Expense Ratio						
Upper Quartile	1.1	1.1	1.7	2.2	<b>1.5</b>	
Median	3.1	2.9	3.8	4.7	<b>3.6</b>	
Operating Expense Ratio						
Upper Quartile	62.1	49.3	44.6	54.5	<b>52.6</b>	
Median	71.2	57.0	51.5	62.5	<b>60.6</b>	
Depreciation Expense Ratio						
Upper Quartile	4.9	3.4	3.0	3.6	<b>3.7</b>	
Median	7.1	5.0	4.6	5.6	<b>5.6</b>	
Farm Operating Income Ratio						
Upper Quartile	28.5	43.1	48.0	35.5	<b>38.8</b>	
Median	18.0	34.5	39.7	26.5	<b>29.7</b>	
Asset Turnover Ratio						
Upper Quartile	0.44	0.55	0.59	0.48	<b>0.52</b>	
Median	0.30	0.37	0.38	0.31	<b>0.34</b>	

NA = not available yet.

## Illinois FBFM Association

### Operators' Share of Labor and Management Income per Farm—2007, 2008, and 2009 (Sum of All Operators/Farm)



## Recently Retired

**Mike Bossert** was raised on a dairy and grain farm in Kankakee County near Reddick. After finishing high school, Mike enrolled in the College of Agriculture at the University of Illinois; he graduated in 1974 with a bachelor's degree in agricultural economics.

Mike began his career in August of 1974 as a branch manager for the Fox Valley Production Credit Association in DeKalb. After two years in the lending industry, he began working for the Pioneer FBFM Association, with an area including McLean County. In 1982, Mike moved back to Kankakee County and began working for the North-eastern FBFM Association, covering Kankakee and Will counties. Mike used his expertise in corporations and tax to assist cooperators in these counties, and he was an early adopter of technology.

Mike has been involved in his community in addition to his professional commitments, serving on the local school and township boards. Mike retired from FBFM in the spring of 2009 after 33 years of dedicated service.



**Aaron Liesman** was raised on a farm in Logan County near Lincoln. After finishing high school, Aaron studied vocational agricultural education at Illinois State University, graduating in 1973. He began his career that fall as a vocational ag instructor at Williamsville High School. After a year of teaching, Aaron decided to enroll in graduate school; he graduated in 1975 from the University of Illinois with a master's degree in agricultural economics.

In February 1976, Aaron was hired by the Pioneer FBFM Association, with an area including Livingston County. In 1982, he returned to his home county to cover Logan and Sangamon counties for the Sangamon Valley FBFM Association, using his expertise in business and estate planning to assist cooperators. In 2002 Aaron became the executive fieldman for the Sangamon Valley FBFM Association.

Aaron, an avid outdoorsman, especially enjoys fishing and hunting. He retired from FBFM in the spring of 2009 after 34 years of dedicated service.





## *Illinois Farm Business Farm Management Association*

FBFM is a cooperative educational-service program designed to assist farmers with management decision making. It is available to all farm operators in Illinois. There are nine local not-for-profit associations organized to provide services throughout the state. The FBFM program provides:

- Financial and production business analysis reports.
- Experienced Farm Analysis Specialist to help interpret analysis reports and counsel on management problems.
- Computer-assisted record-processing options—on-farm or service center.
- Assistance with business and family records.
- Assistance with income tax management.

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To find out more about FBFM, contact the Illinois FBFM Association state office or one of the local associations listed below.

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Visit our Web site at  
<http://www.fbfm.org>

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For U of I farm management information see  
<http://www.farmdoc.illinois.edu>