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1955 FARM ACCOUNT PROJECT SUMMARY HIGHLIGHTS

Farm accounts are used for many purposes. One important use is that of studying the records to locate "leaks" in the business. Farmers oftentimes find it helpful to compare their businesses with that of a group of similar farms. Each year a limited number of farm accounts have been summarized. These provide a basis for individual comparisons and for the study of some important farm business factors and their relationship to incomes.

Eight counties sponsored farm account projects in 1955. Reports based on the 1955 business summaries in these counties have been prepared. The 201 dairy farms in the seven Central New York counties were combined into one general summary. The farms in Columbia County in the Hudson Valley were summarized in two other groups because of differences in size of farms and in milk markets. The most frequently used farm business factors have been extracted from the seven individual reports and are included in this overall summary.

The numbers of farms in the individual summaries were relatively small, ranging from 23 to 41. Farmers participated in these projects because of their interest in improving their operations. Cooperators selected on a voluntary basis such as this do not give a cross section sample of the farmers in the county. Consequently, the reported figures should NOT be considered as the average for the county.

Total capital investment for the Central New York farms averaged \$40,000. The investment for the Columbia County farms was higher with \$51,000 for those with a New York City milk market and \$93,000 for those with special milk markets. The Central New York farms averaged 1.8 men compared with 2.1 and 3.4 for the Columbia County farms. The average number of cows was 33 for the Central New York farms and 35 and 66 for the Columbia County groups.

Receipts for the 201 Central New York farms averaged \$16,400 and the expenses \$11,500. The labor income per operator for this group averaged about \$2,500. In addition to the labor income the farm operators had the use of a house, milk, meat, eggs and any other privileges provided by the farm.

A look at the various farm business factors can help in locating "leaks". The major factors considered in the summaries were: size, rates of production, labor efficiency, use of capital, feed costs, machinery costs, and prices. These farms had an average of 33 cows compared with a State average of 24. They sold 8,700 pounds of milk per cow which is about 1,700 greater than the State average. The pounds of milk sold per man averaged 160,000 for the 201 farms.

From the 201 Central New York farms, averages were calculated for the 20 farms with the highest labor incomes and for the 20 farms with the lowest labor incomes. Interesting variations existed. Many of the differences were in the use of the capital and the control of costs.

Machinery is an important item in a modern farm business. Machinery costs were computed for the 201 farms. The average cost per farm was about \$2,800 or \$85 per cow. The machinery investment averaged about \$250 per cow and \$4,700 per man. Depreciation accounted for 40 per cent of the total machinery costs.

The graphs show the variation in labor incomes. In general, the larger farms had higher labor incomes but some of the large farms had losses. A similar situation existed for the farms with high production per cow. Size and high rates of production are important farm business factors but these must be obtained at reasonable costs if the operator is to get a satisfactory labor income. The success of a farm business today is dependent on many factors.

SUMMARY OF 201 DAIRY FARM BUSINESSES FOR 1955
CENTRAL NEW YORK FARM ACCOUNT PROJECT COOPERATORS*

| | Average of the 201 farms | Average of 20 farms with: Highest labor incomes | Lowest labor incomes |
|---|--------------------------------|---|-------------------------|
| I. Capital Investment (End of year): | | | |
| Land and buildings | \$18,353 | \$19,933 | \$20,520 |
| Cattle | 9,848 | 12,917 | 9,118 |
| Machinery | 8,475 | 9,241 | 11,937 |
| Feed and supplies | 3,491 | 4,354 | 3,389 |
| Other | 213 | 40 | 140 |
| TOTAL END INVENTORY | \$40,380 | \$46,485 | \$45,104 |
| II. Farm Receipts: | | | |
| Milk sales | \$11,808 | \$15,277 | \$11,102 |
| Livestock sold | 1,268 | 1,344 | 1,572 |
| All other sales | 1,711 | 1,777 | 1,513 |
| Total Cash Receipts | \$14,787 | \$18,398 | \$14,187 |
| Increase in Inventory | 1,656 | 3,444 | 271 |
| TOTAL FARM RECEIPTS | \$16,443 | \$21,842 | \$14,458 |
| III. Farm Expenses: | | | |
| Feed bought | \$ 3,314 | \$ 3,554 | \$ 3,950 |
| Hired labor | 1,031 | 1,545 | 1,198 |
| Crop expense | 1,161 | 1,443 | 1,351 |
| Machinery repairs & auto | 742 | 914 | 858 |
| Gas and oil | 642 | 726 | 778 |
| Dairy expense | 798 | 825 | 919 |
| Livestock bought | 567 | 667 | 803 |
| Building repairs | 346 | 356 | 385 |
| Miscellaneous | 1,039 | 1,347 | 993 |
| Total Cash Operating | \$ 9,640 | \$11,377 | \$11,235 |
| New machinery | 1,424 | 1,404 | 1,808 |
| New buildings | 311 | 232 | 247 |
| Unpaid labor | 164 | 129 | 85 |
| TOTAL FARM EXPENSES | \$11,539 | \$13,142 | \$13,375 |
| IV. Financial Summary: | | | |
| Total farm receipts | \$16,443 | \$21,842 | \$14,458 |
| Total farm expenses | 11,539 | 13,142 | 13,375 |
| Farm Income | \$ 4,904 | \$ 8,700 | \$ 1,083 |
| 5% on Av. Capital | 1,977 | 2,238 | 2,249 |
| Labor Income per Farm | \$ 2,927 | \$ 6,462 | \$-1,166 |
| No. of Operators | 237 | 21 | 22 |
| LABOR INCOME per Operator | \$ 2,482 | \$ 6,154 | \$-1,060 |

*Projects in Cayuga, Chenango, Fulton, Madison, Montgomery, Oneida and Otsego Counties.

$$\begin{array}{r} 1257 \\ 233 \\ \hline 771 \\ 8481 \end{array}$$

Average of
the 201
farms

Average of 20 farms with:
Highest labor incomes Lowest labor incomes

V. Farm Business Factors:

Size:

| | | | |
|-----------------------------------|---------|---------|---------|
| Man equivalent | 1.8 | 1.9 | 1.8 |
| Average number cows | 33 | 40 | 30 |
| Pounds of milk sold (3.7% equiv.) | 288,652 | 370,747 | 271,395 |
| Total crop acres | 105 | 128 | 102 |
| Total man work units | 573 | 705 | 544 |

Rates of Production:

| | | | |
|---------------------------|-------|-------|-------|
| Lbs. milk per cow | 8,747 | 9,269 | 9,047 |
| Tons hay per acre | 2.2 | 2.5 | 2.0 |
| Tons corn silage per acre | 9.9 | 11.0 | 9.2 |
| Bushels oats per acre | 50 | 53 | 51 |

Labor Efficiency:

| | | | |
|-------------------------------|---------|---------|---------|
| Man work units per man | 318 | 371 | 302 |
| Lbs. milk sold per man (3.7%) | 160,362 | 195,130 | 150,775 |

Use of Capital:

| | | | |
|--------------------------|----------|----------|----------|
| Total capital per man | \$22,433 | \$24,466 | \$25,058 |
| Total capital per cow | 1,224 | 1,162 | 1,503 |
| Land & Buildings per cow | 556 | 498 | 684 |
| Machinery investment: | | | |
| per man | 4,708 | 4,864 | 6,632 |
| per cow | 257 | 231 | 398 |

Feed Costs:

| | | | |
|-------------------------------------|------|------|-------|
| Feed bought per cow | \$90 | \$89 | \$119 |
| % Feed bought was of milk receipts | 25% | 23% | 32% |
| Crop acres per cow | 3.2 | 3.2 | 3.4 |
| Fertilizer & lime expense/crop acre | \$6 | \$7 | \$8 |
| Hay equivalent harvested per cow | 5.0 | 5.9 | 5.2 |
| Number heifers per 10 cows | 6.1 | 5.8 | 6.3 |

Machinery Costs:

| | | | |
|---------------------------|---------|---------|---------|
| Total machinery expense | \$2,835 | \$3,082 | \$3,650 |
| Machinery expense per cow | 86 | 77 | 122 |
| Machinery expense per man | 1,575 | 1,622 | 2,028 |

Prices:

| | | | |
|------------------------------------|--------|--------|--------|
| Av. price received for milk (3.7%) | \$4.09 | \$4.12 | \$4.09 |
|------------------------------------|--------|--------|--------|

Other:

| | | | |
|---------------------------------------|-----|-----|-----|
| % Real estate is of total capital | 45% | 43% | 45% |
| % Expenses are of receipts | 70% | 60% | 93% |
| % Machinery cost is of total expenses | 25% | 23% | 27% |

COMPARISON OF FARM BUSINESS FACTORS
Selected Farm Business Summaries, 1955

| Item | Cayuga County | Chenango County | Madison County | Montgomery- Fulton Co. | Oneida County | Otsego County |
|------------------------------|------------------|--------------------|-------------------|---------------------------|------------------|------------------|
| Number of farms | 26 | 40 | 37 | 41 | 34 | 23 |
| <u>Things to work with:</u> | | | | | | |
| Number of cows | 28 | 33 | 37 | 34 | 29 | 34 |
| Number of heifers | 20 | 22 | 24 | 18 | 17 | 22 |
| Acres of hay | 51 | 59 | 64 | 57 | 40 | 52 |
| Acres of corn silage | 15 | 14 | 17 | 18 | 15 | 12 |
| Acres of oats | 27 | 19 | 20 | 20 | 16 | 16 |
| Total crop acres | 146 | 96 | 111 | 112 | 78 | 92 |
| <u>Size of business:</u> | | | | | | |
| Man equivalent | 1.8 | 1.8 | 2.0 | 1.8 | 1.4 | 1.8 |
| Total work units | 610 | 570 | 632 | 564 | 492 | 578 |
| Cwt. milk sold | 2,503 | 2,752 | 3,286 | 3,070 | 2,636 | 2,966 |
| <u>Rates of production:</u> | | | | | | |
| Lbs. milk sold/cow | 8,909 | 8,313 | 8,813 | 9,029 | 9,089 | 8,730 |
| Tons hay/acre | 2.5 | 1.9 | 2.6 | 1.9 | 2.6 | 2.3 |
| Tons corn silage/acre | 10 | 9 | 10 | 10 | 10 | 11 |
| Bu. oats/acre | 51 | 45 | 54 | 46 | 55 | 43 |
| <u>Work per man:</u> | | | | | | |
| Number cows/man | 16 | 18 | 19 | 20 | 21 | 18 |
| Work units/man | 339 | 317 | 322 | 325 | 351 | 318 |
| Cwt. milk sold/man | 1,391 | 1,521 | 1,700 | 1,719 | 1,833 | 1,601 |
| <u>Financial summary:</u> | | | | | | |
| Average capital | \$44,668 | \$35,946 | \$41,663 | \$42,087 | \$33,676 | \$40,812 |
| Total farm receipts | 17,405 | 16,507 | 18,673 | 15,412 | 14,366 | 16,755 |
| Total farm expenses | 12,863 | 11,998 | 12,663 | 10,714 | 9,799 | 11,668 |
| LABOR INCOME | 2,183 | 2,260 | 3,159 | 2,006 | 2,614 | 2,802 |
| <u>Cost control factors:</u> | | | | | | |
| Machinery investment | \$9,384 | \$7,946 | \$8,327 | \$9,632 | \$7,002 | \$8,720 |
| Machinery cost | 3,573 | 2,603 | 2,698 | 2,986 | 2,555 | 2,743 |
| Machinery cost/cow | 127 | 79 | 73 | 88 | 88 | 81 |
| Feed bought/cow | \$76 | \$100 | \$84 | \$93 | \$99 | \$91 |
| Fertilizer/crop acre | \$6.77 | \$6.47 | \$5.90 | \$4.83 | \$7.88 | \$6.76 |
| % Expenses are of receipts | 74% | 73% | 68% | 70% | 68% | 70% |
| Av. price/cwt. milk | \$4.02 | \$4.17 | \$4.06 | \$4.08 | \$4.11 | \$4.07 |

COMPARISON OF FARM BUSINESS FACTORS
Selected Farm Business Summaries, 1955

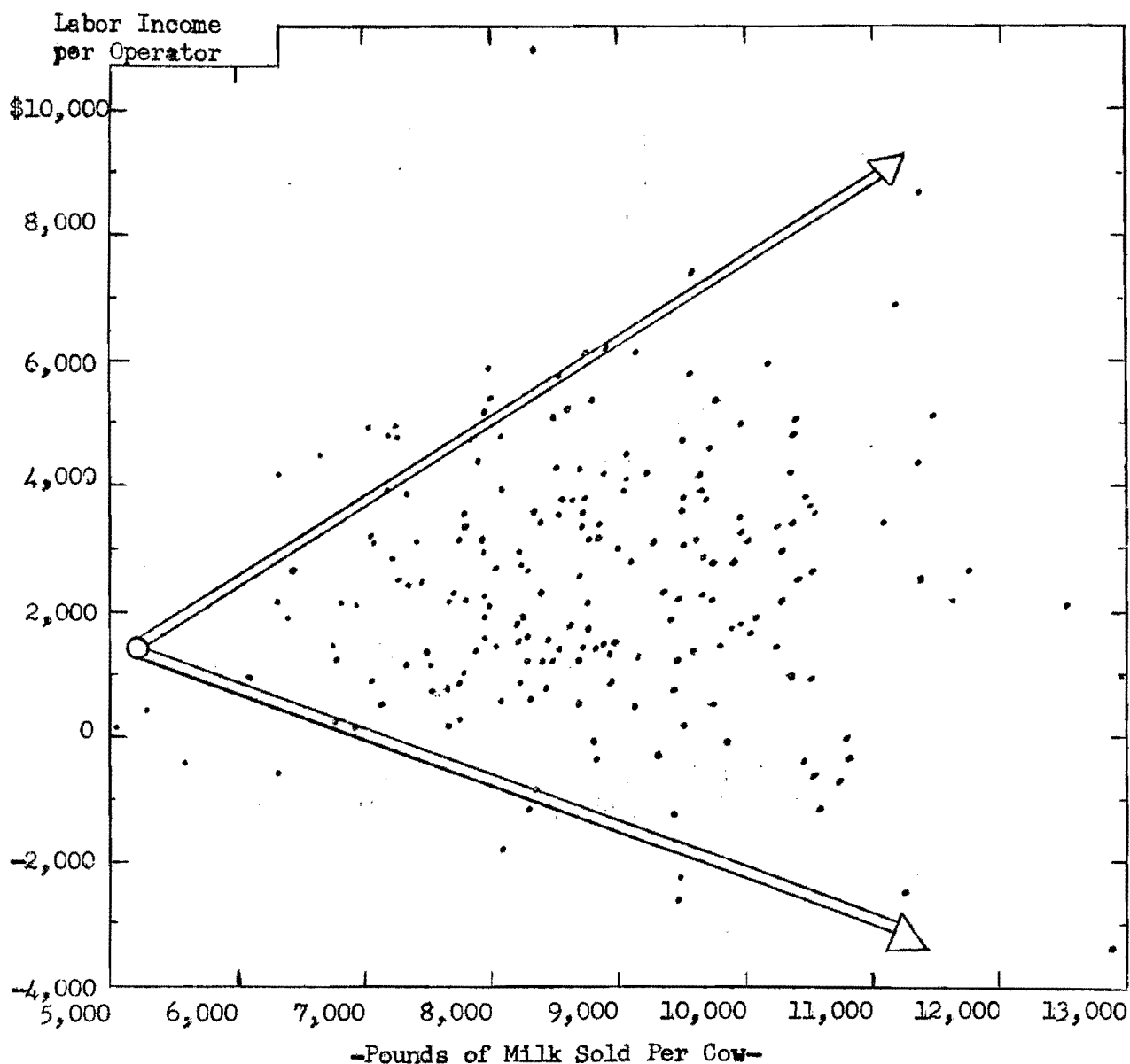
| Item | Central New York Farms | Columbia County | |
|------------------------------|------------------------------|--------------------|--------------------|
| | | New York Market | Special Markets |
| Number of farms | 201 | 25 | 13 |
| <u>Things to work with:</u> | | | |
| Number of cows | 33 | 35 | 66 |
| Number of heifers | 20 | 24 | 62 |
| Acres of hay | 54 | NA | NA |
| Acres of corn silage | 16 | NA | NA |
| Acres of oats | 20 | NA | NA |
| Total crop acres | 105 | NA | NA |
| <u>Size of business:</u> | | | |
| Man equivalent | 1.8 | 2.1 | 3.4 |
| Total work units | 573 | NA | NA |
| Cwt. milk sold | 2,887 | 3,275 | 6,407 |
| <u>Rates of production:</u> | | | |
| Lbs. milk sold/cow | 8,747 | 9,277 | 9,826 |
| Tons hay/acre | 2.2 | 2.3 | 2.6 |
| Tons corn silage/acre | 10 | 9 | 10 |
| Bu. oats/acre | 50 | 47 | 45 |
| <u>Work per man:</u> | | | |
| Number cows/man | 18 | 18 | 19 |
| Work units/man | 318 | NA | NA |
| Cwt. milk sold/man | 1,604 | 1,628 | 1,901 |
| <u>Financial summary:</u> | | | |
| Average capital | \$39,552 | \$51,061 | \$93,070 |
| Total farm receipts | 16,443 | 19,519 | 42,519 |
| Total farm expenses | 11,539 | 14,916 | 34,117 |
| LABOR INCOME | 2,482 | 1,935 | 3,139 |
| <u>Cost control factors:</u> | | | |
| Machinery investment | \$8,475 | \$8,330 | \$14,788 |
| Machinery cost | 2,835 | 2,739 | 4,685 |
| Machinery cost/cow | 86 | 78 | 71 |
| Feed bought/cow | \$90 | \$122 | \$132 |
| Fertilizer/crop acre | \$6.26 | NA | NA |
| % Expenses are of receipts | 70% | 76% | 80% |
| Av. price/cwt. milk | \$4.09 | \$4.42 | \$5.68 |

NA=Not available.

SUMMARY OF 201 FARM BUSINESSES FOR 1955
CENTRAL NEW YORK FARM ACCOUNT PROJECT COOPERATORS

Does High Production Per Cow Always Mean A High Income?

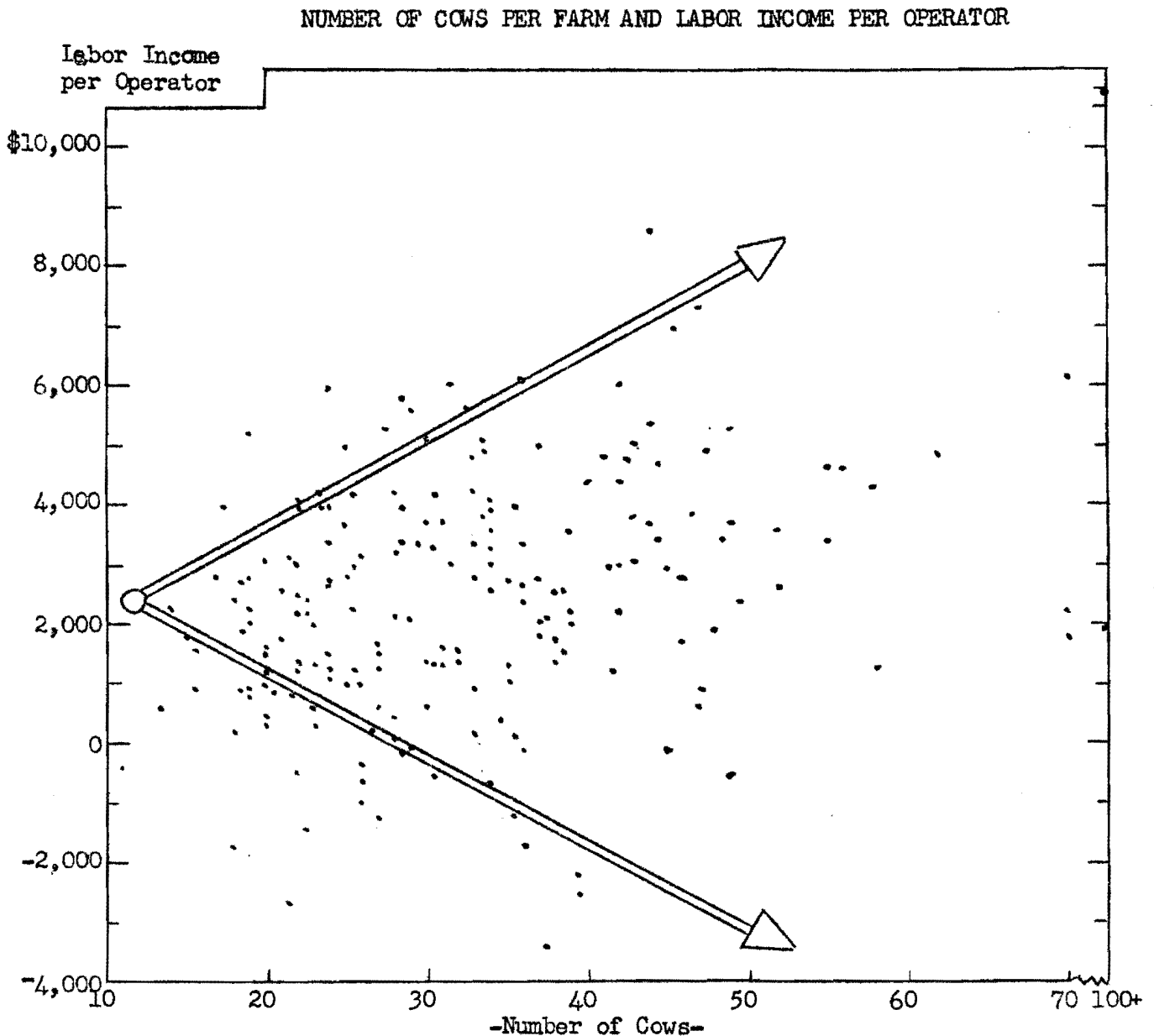
MILK SOLD PER COW AND LABOR INCOME PER OPERATOR



Each dairy farm included in the farm account projects is represented by a dot on the above graph. Labor income per operator is plotted rather than the labor income per farm.

SUMMARY OF 201 FARM BUSINESS FOR 1955
CENTRAL NEW YORK FARM ACCOUNT PROJECT COOPERATORS

Does A Large Number Of Cows Always Mean A High Income?



Each dairy farm included in the farm account projects is represented by a dot on the above graph. Labor income per operator is plotted rather than the labor income per farm.

There is a great variation in the investment in machinery and the cost of operating machinery on New York dairy farms. The 1955 figures for 201 reasonably typical dairy farms located in Central New York are given below.

MACHINERY COSTS*
201 Central New York Dairy Farms, 1955

| Item | Average 201 Farms | |
|------------------------------------|-------------------|----------------|
| | Amount | Per cent |
| Beginning inventory | \$8,223 | |
| New machinery bought | <u>1,422</u> | |
| Total | | \$9,645 |
| End inventory | \$8,475 | |
| Machinery sold | <u>69</u> | |
| Total | | <u>\$8,544</u> |
| Depreciation | \$1,101 | 39 |
| Gas and oil | 642 | 23 |
| Machinery repairs | 609 | 21 |
| Milk hauling | 228 | 8 |
| Machine hire | 123 | 4 |
| Auto expense (farm share) | <u>132</u> | <u>5</u> |
| Total Machinery Cost | \$2,835 | 100 |
| ----- | | |
| Machinery cost per cow | \$86 | |
| Machinery cost per man | \$1,575 | |
| Machinery inventory (end): per cow | \$258 | |
| per man | \$4,708 | |

*Does not include interest, insurance, housing, or labor repair costs.

The inventory value of the machinery on these farms was 21 per cent or about one-fifth of the total capital investment. The machinery costs were 24 per cent of the total expenses on these farms in 1955.