

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	<u>\$40,380</u>	<u>\$46,485</u>	<u>\$45,104</u>
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	<u>\$14,787</u>	<u>\$18,398</u>	<u>\$14,187</u>
Increase in Inventory	1,656	3,444	271
TOTAL FARM RECEIPTS	<u>\$16,443</u>	<u>\$21,842</u>	<u>\$14,458</u>
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	<u>\$ 9,640</u>	<u>\$11,377</u>	<u>\$11,235</u>
New machinery	1,424	1,404	1,808
New buildings	311	232	247
Unpaid labor	164	129	85
TOTAL FARM EXPENSES	<u>\$11,539</u>	<u>\$13,142</u>	<u>\$13,375</u>
IV. Financial Summary:			
Total farm receipts	\$16,443	\$21,842	\$14,458
Total farm expenses	<u>11,539</u>	<u>13,142</u>	<u>13,375</u>
Farm Income	\$ 4,904	\$ 8,700	\$ 1,083
5% on Av. Capital	1,977	2,238	2,249
Labor Income per Farm	<u>\$ 2,927</u>	<u>\$ 6,462</u>	<u>\$-1,166</u>
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.

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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
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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

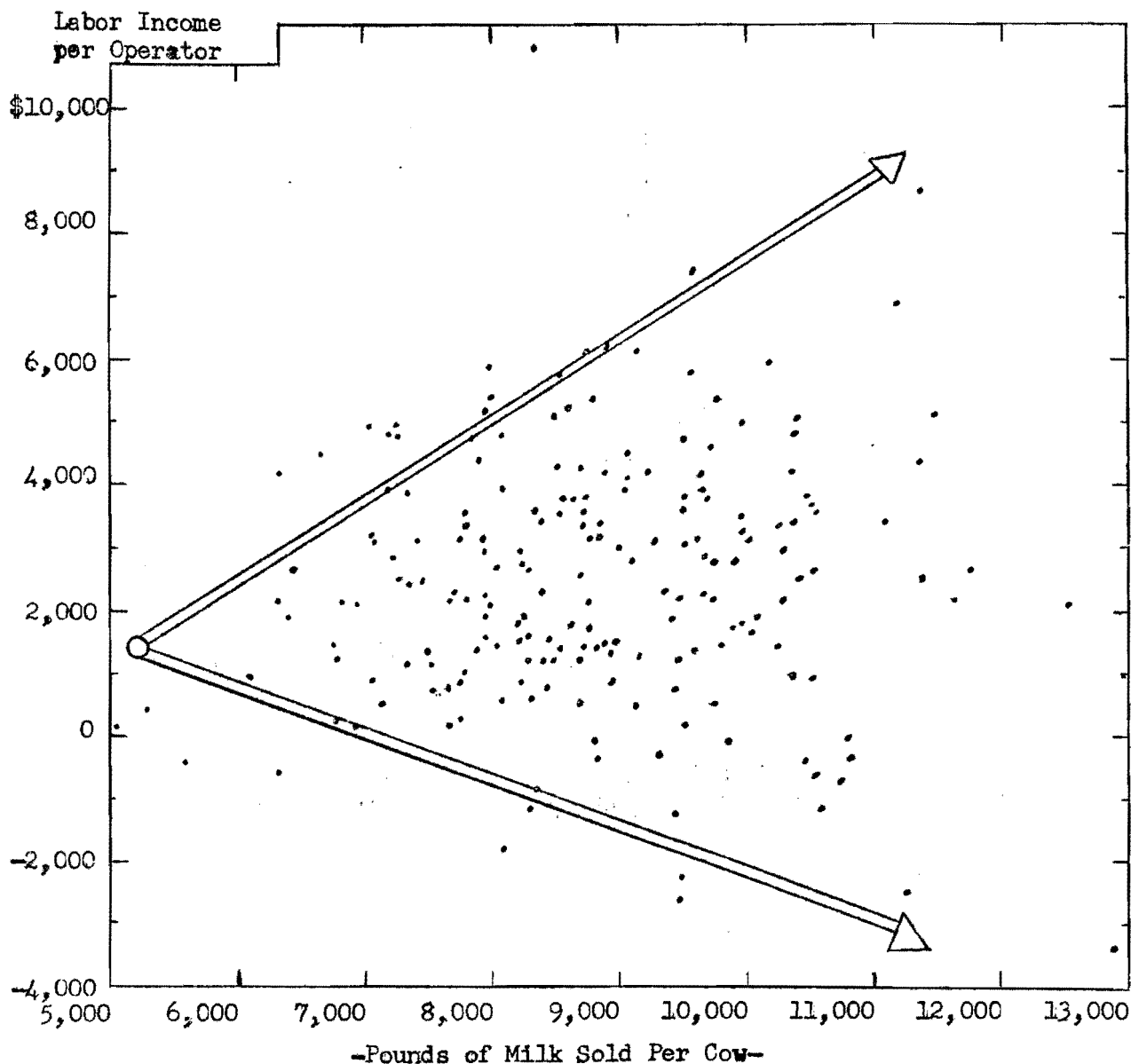
Item	Central New York Farms	Columbia County	
		New York Market	Special Markets
Number of farms	201	25	13
<u>Things to work with:</u>			
Number of cows	33	35	66
Number of heifers	20	24	62
Acres of hay	54	NA	NA
Acres of corn silage	16	NA	NA
Acres of oats	20	NA	NA
Total crop acres	105	NA	NA
<u>Size of business:</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.

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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

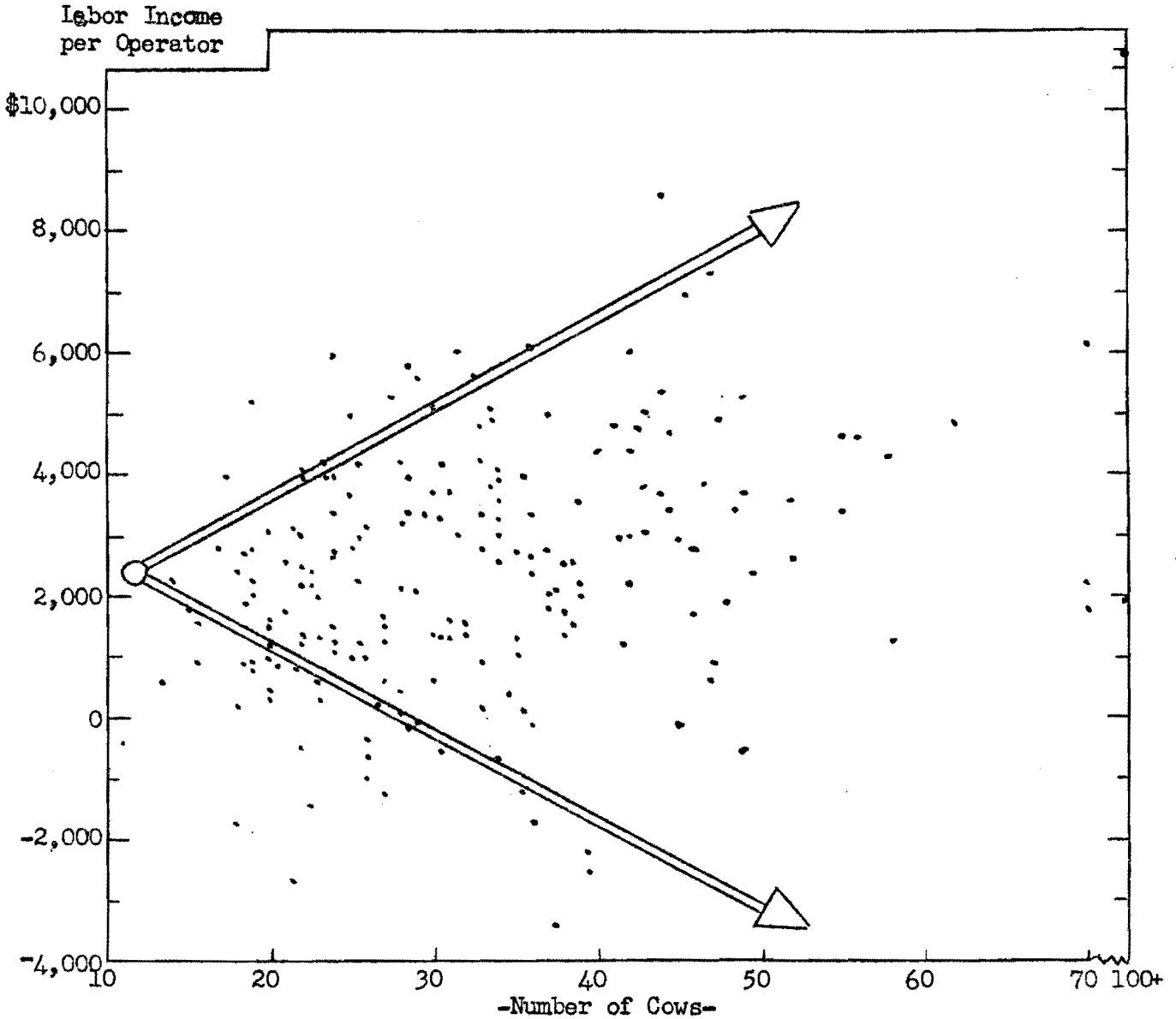


Each dairy farm included in the farm account projects is represented by a dot on the above graph. Labor income per operator is plotted rather than the labor income per farm.

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?

NUMBER OF COWS PER FARM 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.

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.