

Kentucky Farm Business Management Program

**Family Living
2001 Sources and Uses Summary**

Agricultural Economics – Extension No. 2006-08

July 2006

David L. Heisterberg and Jennifer L. Rogers

University of Kentucky
Department of Agricultural Economics
400 Charles E. Barnhart Building
Lexington, Kentucky 40546-0276

Phone: 859-257-5762

Fax: 859-323-1913

<http://www.uky.edu/Ag/AgEcon/>

Acknowledgments

Special credit should be given to the Farm Business Management Specialists who supplied data used in this report. Their attention to details and accuracy of records are what make these results so valuable to farmers and to those working with farmers throughout the state. Specialists who served in 2001 and provided summary data are:

Colby A. Blair	Bluegrass Farm Analysis Group, Inc.	(859) 879-6809
Rick R. Costin	Lincoln Trail Farm Analysis Group, Inc.	(270) 737-4799
Craig D. Gibson	Ohio Valley Farm Analysis Group, Inc.	(270) 827-1395
Suzy L. Martin	Ohio Valley Farm Analysis Group, Inc.	(270) 685-8480
Brian D. Lacefield	Pennyroyal Farm Analysis Group, Inc.	(270) 886-5281
David L. Heisterberg	Pennyroyal Farm Analysis Group, Inc.	(270) 886-5281
Rush H. Midkiff	Pennyroyal Farm Analysis Group, Inc.	(270) 842-5823
Terry W. Moss	Pennyroyal Farm Analysis Group, Inc.	(270) 886-5281
Russ M. Morgan	Purchase Farm Analysis Group, Inc.	(270) 247-5031
KFBM Website	http://www.uky.edu/Ag/KFBM/	

A Special Note to Our Readers

The data for this study are drawn from the detailed financial records of producers cooperating with the Kentucky Farm Business Management Program. The data are not drawn from a random sample of farms in the state. However, these data are the most accurate and detailed farm financial data which are available to researchers and educators. Every attempt has been made to select a set of farms for these research studies which are “typical” operations and have complete financial information available for analysis. These data are carefully cross-checked by our farm management specialists before inclusion in this analysis. It should be noted that farms included in this study are representative of commercial farms producing major commodities and livestock, but not of all farms in Kentucky.

Table 1. Farm and Family Sources and Uses of Dollars
- Average per Farm in Kentucky, 1998 – 2001

<i>Item</i>	2001	2000	1999	1998
Number of families	161	133	143	142
Age of operator	54	50	51	49
Number in family	3.0	3.1	3.0	3.1
Age of oldest dependent child	15	15	15	15
Total tillable operator acres ¹	630	644	657	691
Value of feed fed	\$28,706	\$27,035	\$28,235	\$24,281
Net farm income	\$54,008	\$74,529	\$39,710	\$2,758
FAMILY LIVING EXPENSE:				
Contributions	\$2,553	\$2,406	\$2,324	\$2,217
Medical	5,612	5,291	5,454	4,567
Life Insurance	1,692	1,871	1,878	2,099
Expendables	31,284	31,877	28,340	30,289
Total Non-Capital	(41,142)	(41,444)	(37,996)	(39,172)
Capital	2,632	2,283	2,746	2,137
Total Living Expenses	(\$43,774)	(\$43,728)	(\$40,742)	(\$41,309)
SOURCES OF FUNDS:				
Non-taxable receipts ²	28,277	28,575	36,175	23,687
Net non-farm income	29,857	29,840	35,649	21,796
Money borrowed	184,865	177,589	166,274	226,011
Total farm receipts	<u>303,697</u>	<u>292,964</u>	<u>292,462</u>	<u>300,032</u>
TOTAL SOURCE ALL FUNDS	\$546,696	\$528,968	\$530,561	\$571,526
USES OF FUNDS:				
Farm				
Interest paid	\$21,113	\$21,816	\$20,236	\$22,258
Other farm expenses	218,592	208,974	210,747	214,071
Machinery-bldg. purchases	<u>40,532</u>	<u>32,198</u>	<u>23,960</u>	<u>36,082</u>
Total Farm Expenditures	(\$280,237)	(\$262,988)	(\$254,943)	(\$272,412)
Principal payments	\$170,358	\$169,990	\$177,199	\$206,010
Income & S.S. tax	14,227	11,583	12,588	14,840
Savings & investment ³	38,104	40,678	45,082	36,997
Living expenses:				
Total Non-Capital	\$41,142	\$41,444	\$37,996	\$39,172
Capital	<u>2,632</u>	<u>2,283</u>	<u>2,746</u>	<u>2,137</u>
Total Living Expense	(\$43,774)	(\$43,728)	(\$40,742)	(\$41,309)
TOTAL USE OF FUNDS	\$546,700	\$528,966	\$530,555	\$571,568
Balancing error	3	-2	-6	42

¹ Total tillable operator acres for 1998-2001.

² Included fund transfers and withdrawals from savings, tax refunds, gifts, inheritances, transfer from other business ent. & misc.

³ Includes transfers to savings, loans to others, real estate purchases, other non-farm capital and net change in bank balance.

**Table 2. Kentucky Farm and Family Sources and Uses of Dollars, 2001
by Number in Family and All Families.**

<i>Item</i>	<i>Number in Family</i>			<i>All Families</i>
	1 - 2	3 - 5	>5	2001
Number of families	73	82	6	161
Age of operator	63	47	43	54
Number in family	1.8	3.9	6.0	3.0
Age of oldest dependent child	19	15	17	15
Total tillable operator acres ¹	541	721	472	630
Value of feed fed	\$21,779	\$34,377	\$35,479	\$28,706
Net farm income	\$37,379	\$68,511	\$58,113	\$54,008
FAMILY LIVING EXPENSE:				
Contributions	\$2,575	\$2,624	\$1,315	\$2,553
Medical	5,719	5,441	6,666	5,612
Life Insurance	1,762	1,704	677	1,692
Expendables	<u>24,293</u>	<u>37,061</u>	<u>37,394</u>	<u>31,284</u>
Total Non-Capital.	(34,349)	(46,830)	(46,052)	(41,142)
Capital.	<u>1,620</u>	<u>3,725</u>	<u>17</u>	<u>2,632</u>
Total Living Expenses	(\$35,969)	(\$50,555)	(\$46,069)	(\$43,774)
SOURCES OF FUNDS:				
Non-taxable receipts ²	\$29,498	\$28,530	\$9,975	\$28,277
Net non-farm income	23,345	36,153	23,031	29,857
Money borrowed	135,374	228,146	195,505	184,865
Total farm receipts	<u>233,713</u>	<u>366,600</u>	<u>295,493</u>	<u>303,697</u>
TOTAL SOURCE ALL FUNDS	\$421,931	\$659,428	\$524,004	\$546,696
USES OF FUNDS:				
Farm				
Interest paid	\$19,163	\$23,548	\$11,563	\$21,113
Other farm expenses	164,923	265,987	223,826	218,592
Machinery-bldg. purchases	<u>28,964</u>	<u>51,358</u>	<u>33,321</u>	<u>40,532</u>
Total Farm Expenditures	(\$213,050)	(\$340,893)	(\$268,710)	(\$280,237)
Principal payments	\$124,710	\$211,308	\$166,086	\$170,358
Income & S.S. tax	11,270	17,459	6,047	14,227
Savings & investment ³	36,947	39,207	37,092	38,104
Living expenses:				
Total Non-Capital	\$34,349	\$46,830	\$46,052	\$41,142
Capital	<u>1,620</u>	<u>3,725</u>	<u>17</u>	<u>2,632</u>
Total Living Expense	(\$35,969)	(\$50,555)	(\$46,069)	(\$43,774)
TOTAL USE OF FUNDS	\$421,946	\$659,422	\$524,004	\$546,700
Balancing error	15	-7	0	3

¹ Total tillable operator acres for 2001.

² Included fund transfers and withdrawals from savings, tax refunds, gifts, inheritances, transfer from other business ent. & misc.

³ Includes transfers to savings, loans to others, real estate purchases, other non-farm capital and net change in bank balance.

**Table 3. Kentucky Farm and Family Sources and Uses of Dollars, 2001
by Age of Oldest Dependent Child**

<i>Item</i>	<i>Age of Oldest Dependent Child</i>		
	<i>Under 10</i>	<i>10 - 16</i>	<i>Over 16</i>
Number of families	19	25	48
Age of operator	40	45	50
Number in family	4.2	3.7	4.0
Age of oldest dependent child	6	13	20
Total tillable operator acres ¹	757	693	747
Value of feed fed	\$47,193	\$23,947	\$36,490
Net farm income	\$70,650	\$62,410	\$72,192
FAMILY LIVING EXPENSE:			
Contributions	\$2,053	\$2,565	\$2,643
Medical	5,964	4,964	5,706
Life Insurance	2,231	1,022	1,713
Expendables	<u>36,704</u>	<u>33,322</u>	<u>38,737</u>
Total Non-Capital	(46,952)	(41,874)	(48,799)
Capital	<u>3,074</u>	<u>4,014</u>	<u>3,089</u>
Total Living Expenses	(\$50,026)	(\$45,888)	(\$51,888)
SOURCES OF FUNDS:			
Non-taxable receipts ²	\$24,985	\$19,986	\$31,970
Net non-farm income	25,497	30,358	39,816
Money borrowed	293,211	195,555	220,395
Total farm receipts	<u>403,845</u>	<u>325,108</u>	<u>372,691</u>
TOTAL SOURCE ALL FUNDS	\$747,539	\$571,007	\$664,873
USES OF FUNDS:			
Farm			
Interest paid	\$33,908	\$20,183	\$21,054
Other farm expenses	300,659	235,790	269,896
Machinery-bldg. purchases	<u>65,248</u>	<u>48,151</u>	<u>45,766</u>
Total Farm Expenditures	(\$399,816)	(\$304,123)	(\$336,717)
Principal payments	\$263,557	\$178,407	\$204,066
Income & S.S. tax	9,827	9,881	23,243
Savings & investment ³	24,295	32,698	48,959
Living expenses:			
Total Non-Capital	\$46,952	\$41,874	\$48,799
Capital	<u>3,074</u>	<u>4,014</u>	<u>3,089</u>
Total Living Expense	(\$50,026)	(\$45,888)	(\$51,888)
TOTAL USE OF FUNDS	\$747,522	\$570,998	\$664,873
Balancing error	-17	-9	0

¹ Total tillable operator acres for 2001.

² Included fund transfers and withdrawals from savings, tax refunds, gifts, inheritances, transfer from other business ent. & misc.

³ Includes transfers to savings, loans to others, real estate purchases, other non-farm capital and net change in bank balance.

**Table 4. Kentucky Farm and Family Sources and Uses of Dollars, 2001
by High-Low 1/3 Non-Capital Living Expenses for Family of 3 to 5.**

<i>Item</i>	<i>Non-Capital Living Expense For Family of Three to Five</i>	
	<i>High 1/3</i>	<i>Low 1/3</i>
Number of families	27	27
Age of operator	47	46
Number in family	4.1	3.6
Age of oldest dependent child	15	14
Total tillable operator acres ¹	1,070	434
Value of feed fed	\$17,427	\$36,160
Net farm income	\$86,201	\$49,911
FAMILY LIVING EXPENSE:		
Contributions	\$2,910	\$1,553
Medical	7,030	4,000
Life Insurance	2,584	1,351
Expendables	52,193	23,799
Total Non-Capital.	(64,717)	(30,703)
Capital.	4,804	3,099
Total Living Expenses	(\$69,520)	(\$33,802)
SOURCES OF FUNDS:		
Non-taxable receipts ²	\$30,535	\$18,271
Net non-farm income	32,713	35,509
Money borrowed	332,744	144,660
Total farm receipts	<u>497,943</u>	<u>242,027</u>
TOTAL SOURCE ALL FUNDS	\$893,935	\$440,467
USES OF FUNDS:		
Farm		
Interest paid	\$32,015	\$13,030
Other farm expenses	362,378	179,320
Machinery-bldg. purchases	<u>63,319</u>	<u>38,591</u>
Total Farm Expenditures	(\$457,712)	(\$230,941)
Principal payments	\$311,529	\$126,369
Income & S.S. tax	20,746	10,785
Savings & investment ³	34,427	38,559
Living expenses:		
Total Non-Capital	\$64,717	\$30,703
Capital	<u>4,804</u>	<u>3,099</u>
Total Living Expense	(\$69,520)	(\$33,802)
TOTAL USE OF FUNDS	\$893,935	\$440,455
Balancing error	0	-12

¹ Total tillable operator acres for 2001.

² Included fund transfers and withdrawals from savings, tax refunds, gifts, inheritances, transfer from other business ent. & misc.

³ Includes transfers to savings, loans to others, real estate purchases, other non-farm capital and net change in bank balance

**Table 5. Kentucky Farm and Family Sources and Uses of Dollars, 2001
by Operator Tillable Acres and High-Low 1/3 Non-Capital Living
Expenses for 300-600 Acre Size.**

Item	Operator Tillable Acres in Farm			Non-Capital Living Expenses 300-600 Operator Tillable Acres	
	Under 300	300-600	600+	High 1/3	Low 1/3
Number of families	50	44	61	15	15
Age of operator	55	59	50	55	67
Number in family	2.9	2.8	3.3	3.2	1.9
Age of oldest dependent child	15	14	15	14	20
Total tillable operator acres ¹	167	420	1,223	410	417
Value of feed fed	\$39,007	\$40,437	\$14,623	\$63,167	\$24,667
Net farm income	\$25,684	\$33,232	\$97,313	\$49,015	\$14,358
FAMILY LIVING EXPENSE:					
Contributions	\$2,248	\$3,101	\$2,596	\$4,032	\$2,263
Medical	5,255	5,023	6,502	5,472	4,280
Life Insurance	1,180	1,360	2,500	2,202	865
Expendables	<u>27,448</u>	<u>28,000</u>	<u>37,654</u>	<u>39,080</u>	<u>17,718</u>
Total Non-Capital.	(36,132)	(37,484)	(49,253)	(50,786)	(25,125)
Capital.	<u>2,359</u>	<u>2,083</u>	<u>3,225</u>	<u>4,873</u>	<u>173</u>
Total Living Expenses	(\$38,491)	(\$39,567)	(\$52,477)	(\$55,659)	(\$25,298)
SOURCES OF FUNDS:					
Non-taxable receipts ²	\$25,241	\$20,263	\$37,289	\$11,954	\$31,403
Net non-farm income	33,229	36,154	22,094	53,606	27,903
Money borrowed	119,227	98,274	317,960	102,226	58,327
Total farm receipts	<u>190,169</u>	<u>197,620</u>	<u>500,252</u>	<u>240,255</u>	<u>155,581</u>
TOTAL SOURCE ALL FUNDS	\$367,866	\$352,310	\$877,595	\$408,041	\$273,214
USES OF FUNDS:					
Farm					
Interest paid	\$15,508	\$15,309	\$31,300	\$19,670	\$12,473
Other farm expenses	139,579	138,404	361,185	165,170	113,161
Machinery-bldg. purchases	<u>23,151</u>	<u>20,914</u>	<u>72,884</u>	<u>26,610</u>	<u>15,335</u>
Total Farm Expenditures	(\$178,238)	(\$174,627)	(\$465,369)	(\$211,450)	(\$140,969)
Principal payments	\$115,300	\$102,097	\$279,937	\$96,283	\$62,753
Income & S.S. tax	12,275	13,383	17,148	23,179	10,096
Savings & investment ³	23,578	22,637	62,659	21,470	34,098
Living expenses:					
Total Non-Capital	\$36,132	\$37,484	\$49,253	\$50,786	\$25,125
Capital	<u>2,359</u>	<u>2,083</u>	<u>3,225</u>	<u>4,873</u>	<u>173</u>
Total Living Expense	(\$38,491)	(\$39,567)	(\$52,477)	(\$55,659)	(\$25,298)
TOTAL USE OF FUNDS	\$367,882	\$352,311	\$877,589	\$408,041	\$273,214
Balancing error	16	1	-5	0	0

¹ Total tillable operator acres for 2001.

² Included fund transfers and withdrawals from savings, tax refunds, gifts, inheritances, transfer from other business ent. & misc.

³ Includes transfers to savings, loans to others, real estate purchases, other non-farm capital and net change in bank balance

**Table 6. Kentucky Farm and Family Sources and Uses of Dollars, 2001
by Age of Operator for Family of 1 to 2.**

<i>Item</i>	<i>Age of Operator</i>	
	<i>Less than 45</i>	<i>45 and Older</i>
Number of families	7	62
Age of operator	38	66
Number in family	1.6	1.9
Age of oldest dependent child	NA	NA
Total tillable operator acres ¹	293	514
Value of feed fed	\$14,592	\$20,526
Net farm income	\$26,356	\$34,564
FAMILY LIVING EXPENSE:		
Contributions	\$2,747	\$2,610
Medical	2,251	6,074
Life Insurance	624	1,901
Expendables	<u>20,492</u>	<u>24,250</u>
Total Non-Capital	(26,115)	(34,834)
Capital	<u>3,364</u>	<u>1,504</u>
Total Living Expenses	(\$29,479)	(\$36,338)
SOURCES OF FUNDS:		
Non-taxable receipts ²	\$29,962	\$29,580
Net non-farm income	16,454	24,794
Money borrowed	134,732	125,505
Total farm receipts	<u>203,341</u>	<u>222,288</u>
TOTAL SOURCE ALL FUNDS	\$384,489	\$402,167
USES OF FUNDS:		
Farm		
Interest paid	\$10,676	\$18,791
Other farm expenses	181,408	150,986
Machinery-bldg. purchases	<u>23,109</u>	<u>27,801</u>
Total Farm Expenditures	(\$215,193)	(\$197,577)
Principal payments	\$103,037	\$120,055
Income & S.S. tax	7,541	11,103
Savings & investment ³	29,238	37,111
Living expenses:		
Total Non-Capital	\$26,115	\$34,834
Capital	<u>3,364</u>	<u>1,504</u>
Total Living Expense	(\$29,479)	(\$36,338)
TOTAL USE OF FUNDS	\$384,488	\$402,185
Balancing error	-1	18

¹ Total tillable operator acres for 2001.

² Included fund transfers and withdrawals from savings, tax refunds, gifts, inheritances, transfer from other business ent. & misc.

³ Includes transfers to savings, loans to others, real estate purchases, other non-farm capital and net change in bank balance

Educational programs of the Kentucky Cooperative Extension Service serve all people regardless of race, color, age, sex, religion, disability, or national origin.