

Farmers, Ranchers Use Many Methods In

KEEPING RECORDS

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Farmers and ranchers have been burdened with a steadily increasing load of reports which must be filed. Each year the complexity of these reports increases. They include the farmer's own income tax report plus the quarterly report which he must make for each of his laborers for social security, industrial insurance, and state income tax withholding.

The necessity of having accurate, verifiable information with which to make these reports has forced virtually every farmer and rancher to keep some kind of record.

Two-thirds Do It Themselves

One-fourth of Arizona farmers and ranchers make their own tax reports, according to a survey taken in the spring of 1957. Somewhat less than half are doing their own record keeping but go to an accountant for help with tax reports. Putting these together, about two-thirds are doing some form of record keeping themselves or with family help. Wives were often mentioned as the bookkeepers.

About one-eighth take advantage of what might be called a bookkeeping service. They take their information to an accountant weekly, monthly, or quarterly and the accountant keeps a regular set of books for them and makes their quarterly and annual tax reports. A like number (mostly the larger farms and ranches) employ either a part-time or a full-time bookkeeper.

Less than 10 per cent make no attempt at record keeping during the year but take their evidences of business transactions to an accountant at the end of the year and have him make their tax report from these.

Cattlemen Do Their Own

The cotton farmers included in this survey made much greater use of the bookkeeping service by accountants (32%) than did the average of all types of farms. Only four per cent of the cattle ranchers used this method. The reason for this difference is that accountants are much less accessible to the ranchers and also ranchers have fewer number of transactions to record.

The percentage of cattle ranchers doing their own record keeping work (75%) was greater than the average for all types of farms.

The cost of record keeping depends upon the method used and the size and

type of business operated. The table below shows a distribution of the amount spent in 1956 for both record keeping and tax work for all farms and ranches studied.

On cotton farms with less than 100 acres of cotton, the average cost for record keeping and tax work combined was \$45. For those from 100 to 300 acres, the figure was \$272 and for those with 300 to 500 acres the cost was \$708.

Average Is \$75

Cattle ranchers running less than 100 cows spent an average of \$56 for record keeping and tax work combined while ranchers with from 100 to 300 cows averaged \$61 and those with 300 to 500 cows spent an average of \$212. An average figure spent for tax reports only for all farms and ranches would be about \$75.

Many of the operators of large-scale farms (2,000 acres of cropland or its equivalent in other operations) employ one or more full-time bookkeepers. The most frequently mentioned cost of employing a full-time bookkeeper was in the range of from \$3,000 to \$5,000.

The cost of the bookkeeping service from an accountant in town varies, depending on size and kind of operation. Cotton farmers commonly employ this method. Most frequently mentioned figure for cotton farms with 200 to 300 acres of cotton was \$250 to \$400 per year for record keeping and tax work combined. The charge for this service may either be on an hourly basis (usually \$3 per hour and up) or a flat rate per month. In the latter case the charge is commensurate with the time involved.

Cite Many Limitations

The most commonly mentioned comments about present record keeping methods in order of frequency are:

1. Would like a more detailed breakdown in the records by crop and livestock enterprise and for costs of particular operations.
2. Takes too much time or don't have time.
3. Neglect record keeping, often lose data.
4. Need a better set of books or better record forms.
5. Records are not readily available when wanted. (This limitation was mentioned by some of those who had an accountant in town keeping their books for them.)

Some of the other complaints were that record keeping was too expensive and that it was "just a darned nuisance."

Amount Spent for Record Keeping and Tax Work
By All Farms and Ranches

Amount Spent	Tax Work Only	Record Keeping and Tax Work Combined
	per cent ^a	per cent ^b
Less than \$10	29	24
\$10 to \$30	29	24
\$30 to \$70	18	15
\$70 to \$150	10	8
\$150 to \$350	9	10
\$350 to \$500	2	6
\$500 to \$1,000	2	6
\$1,000 to \$5,000	1	5
Over \$5,000	0	2
TOTAL	100	100

^aBased on 757 Replies.

^bBased on 929 replies.