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DAIRY FARM BUSINESS SUMMARY

JULY 2008 *E.B. 2008-10*

NORTHERN HUDSON REGION 2007

DAIRY FARM BUSINESS SUMMARY AND ANALYSIS

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NORTHERN HUDSON REGION
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2007 DAIRY FARM BUSINESS SUMMARY
NORTHERN HUDSON REGION*

INTRODUCTION

Dairy farm managers throughout New York State have been participating in Cornell Cooperative Extension's farm business summary and analysis program since the early 1950's. Managers of each participating farm business receive a comprehensive summary and analysis of their farm business. The information in this report represents averages of the data submitted from dairy farms in the Northern Hudson Region for 2007.

Program Objective

The primary objective of the dairy farm business summary, DFBS, is to help farm managers improve the business and financial management of their business through appropriate use of historical data and the application of modern farm business analysis techniques. This information can also be used to establish goals that enable the business to better fulfill its mission. In short, DFBS provides business and financial information needed in identifying and evaluating strengths and weaknesses of the farm business.

Format Features

This regional report follows the same general format as the 2007 DFBS individual farm report received by participating dairy farmers. The analysis tables have an open column or section labeled My Farm. It may be used by any dairy farm manager who wants to compare his or her business with the average data of this region. The individual farm data, the regional averages and other data can then be used to establish goals for the business. Non-DFBS participants can download a DFBS Data Check-In Form at http://dfbs.cornell.edu. After collecting the data on the form, it can be entered in the U. S. Top Dairies business summary program at the same web site to obtain a summary of their business.

This report features:

(1) an income statement including accrual adjustments for farm business expenses and receipts, as well as measures of profitability with and without appreciation,

(2) a complete balance sheet with analytical ratios;

(3) a statement of owner equity which shows the sources of the change in owner equity during the year;

(4) a cash flow statement and debt repayment ability analysis;

(5) an analysis of crop acreage, yields, and expenses;

(6) an analysis of dairy livestock numbers, production, and expenses;

(7) a capital and labor efficiency analysis; and

(8) progress of the farm business over the past two years.

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*The Northern Hudson Region of New York State, with the number of participating farms in parentheses, is comprised of Albany (5), Saratoga (8), Schenectady (4), Rensselaer (20), Washington (10), and Schoharie (1) counties in New York. This year three farms in Addison County, Vermont, were also included. This report was written by George J. Conneman, Professor, Farm Management. Linda Putnam was in charge of data preparation. Farm business data were collected by Cooperative Extension Educators Cathy Wickswat; Sandra Buxton; and Richard Smith; and Senior Extension Associate in PRO-DAIRY, Jason Karszes.

SUMMARY AND ANALYSIS OF THE FARM BUSINESS

Business Characteristics

Planning optimal management strategies is a crucial component of operating a successful farm. Various combinations of farm resources, enterprises, business arrangements, and management techniques are used by the dairy farmers in this region. The following table shows important farm business characteristics and the number of farms with each characteristic.

BUSINESS CHARACTERISTICS
51 Northern Hudson Region Dairy Farms, 2007

Type of Farm	Number
Dairy	50
Part-time dairy	0
Dairy cash-crop	1
Certified organic milk producer	0
Rotational grazing farm	2

Type of Ownership	Number
Owner	44
Renter	7

Type of Business	Number
Sole Proprietorship	22
Partnership	15
Limited Liability Corporation	12
Subchapter S Corporation	2
Subchapter C Corporation	0

Type of Barn	Number
Stanchion or Tie-Stall	11
Freestall	38
Combination	2

Milking Frequency	Number
2 times per day	39
3 times per day	10
Other	2

Milking System	Number
Bucket & carry	0
Dumping station	0
Pipeline	14
Herringbone conventional exit	27
Herringbone rapid exit	3
Parallel	4
Parabone	0
Rotary	0
Other	3

Production Records	Number
Testing Service	39
On Farm System	5
Other	0
None	7

Business Record System	Number
Account Book	8
Accounting Service	15
On-farm computer	26
Other	2

Breed of Herd	Percent
Holstein	93
Jersey	3
Other	4

The averages used in this report were compiled using data from all the participating dairy farms in this region unless noted otherwise. There are full-time dairy farms, part-time farms, dairy cash-crop farms, farms with confined herds, farms with grazing herds, farm renters, partnerships, and corporations included in the average. Average data for these specific types of farms are presented in the State Business Summary.

Income Statement

In order for an income statement to accurately measure farm income, it must include cash transactions and accrual adjustments (changes in accounts payable, accounts receivable, inventories, and prepaid expenses).

Cash paid is the actual cash outlay during the year and does not necessarily represent the cost of goods and services actually used in 2007.

Change in inventory: Increases in inventories of supplies and other purchased inputs are subtracted in computing accrual expenses because they represent purchased inputs not actually used during the year. Decreases in purchased inventories are added to expenses because they represent inputs purchased in a prior year and used this year.

CASH AND ACCRUAL FARM EXPENSES

51 Northern Hudson Region Dairy Farms, 2007

Expense Item	Cash Paid	-	Change in Inventory or Prepaid Expense	+	Change in Accounts Payable	=	Accrual Expenses
Hired Labor	$148,946		$ 237	<<	$ -48		$ 148,661
Feed							
Dairy grain & concentrate	327,530		23,531		-13,586		290,414
Dairy roughage	15,658		101		-178		15,378
Nondairy	0		0		0		0
Professional nutritional services	371		0		-43		328
Machinery							
Machinery hire, rent & lease	23,349		1	<<	-476		22,872
Machinery repairs & farm vehicle exp.	58,484		65		-926		57,494
Fuel, oil & grease	45,217		858		-1,268		43,091
Livestock							
Replacement livestock	1,498		0	<<	0		1,498
Breeding	16,403		1,051		-516		14,836
Veterinary & medicine	40,066		695		-416		38,955
Milk marketing	57,679		0	<<	-398		57,281
Bedding	19,195		307		-460		18,428
Milking supplies	27,234		176		-180		26,878
Cattle lease & rent	577		0	<<	0		577
Custom boarding	11,652		0	<<	-118		11,534
Livestock professional fees	3,192		8		1		3,185
Other livestock expense	21,303		502		-95		20,706
Crops							
Fertilizer & lime	37,929		6,086		-3,213		28,630
Seeds & plants	20,147		4,169		-378		15,600
Spray, other crop expense	16,108		303		-1,435		14,370
Crop professional fees	654		268		-44		342
Real Estate							
Land, building & fence repair	14,551		1,440		-200		12,911
Taxes	13,578		223	<<	-73		13,282
Rent & lease	14,257		-12	<<	203		14,472
Other							
Insurance	9,143		239	<<	-5		8,898
Utilities (farm share)	28,608		133	<<	-48		28,427
Interest paid	40,605		0	<<	-223		40,382
Other professional fees	4,076		20		-133		3,923
Miscellaneous	6,222		20		-263		5,939
Total Operating	$1,024,232		$ 40,421		$ -24,520		$ 959,290
Expansion livestock	5,281		0	<<	0		5,281
Extraordinary expense	0		0	<<	0		0
Machinery depreciation							32,572
Building depreciation							22,439
TOTAL ACCRUAL EXPENSES							$ 1,019,582

Change in prepaid expenses (noted above by <<) is a net change in non-inventory expenses that have been paid in advance of their use. For example, prepaid lease expense on the beginning of year balance sheet represents last year's payment for use of the asset during this year. End of year prepaid expense represents payments made this year for next year's use of the asset. Adding payments made last year for this year's use of the asset, and subtracting payments made this year for next year's use of the asset is accomplished by subtracting the difference.

Change in accounts payable: An increase in accounts payable from beginning to end of year is added when calculating accrual expenses because these expenses were incurred (resources used) in 2007 but not paid for. A decrease is subtracted because it represents payment for resources used before 2007.

Accrual expenses are an estimate of the costs of inputs, except operator/family labor and equity capital, actually used in this year's production. They are the cash paid, less changes in inventory and prepaid expenses, plus accounts payable.

CASH AND ACCRUAL FARM RECEIPTS
51 Northern Hudson Region Dairy Farms, 2007

Receipt Item	Cash Receipts	+	Change in Inventory	+	Change in Accounts Receivable	=	Accrual Receipts
Milk sales	$ 1,102,231				$ 35,270		$1,137,501
Dairy cattle	45,035		$ 16,790		1,415		63,240
Dairy calves	7,908		-547		75		7,436
Other livestock	4,836		-619		0		4,217
Crops	6,553		35,791		1,292		43,636
Government receipts	18,571		0 *		67		18,638
Custom machine work	2,660				791		3,452
Gas tax refund	108				39		147
Other	16,766				-635		16,131
Less nonfarm noncash capital**		(-)	0 **			(-)	0
Total Receipts	$ 1,204,668		$ 51,415		$ 38,314		$ 1,294,397

*Change in advanced government receipts.
**Gifts or inheritances of cattle or crops included in inventory.

Cash receipts include the gross value of milk checks received during the year plus all other payments received from the sale of farm products, services, and government programs. Nonfarm income is not included in calculating farm profitability.

Changes in inventory of assets produced by the business are calculated by subtracting beginning of year values from end of year values excluding appreciation. Increases in livestock inventory caused by herd growth and/or quality are added, and decreases caused by herd reduction and/or quality are subtracted. Changes in inventories of crops grown are also included. An increase in advanced government receipts is subtracted from cash income because it represents income received in 2007 for the 2008 crop year in excess of funds earned for 2007. Likewise, a decrease is added to cash government receipts because it represents funds earned for 2007 but received in 2006.

Changes in accounts receivable are calculated by subtracting beginning year balances from end year balances. Payments in January 2008 for milk produced in December 2007 compared to January 2007 payments for milk produced in 2006 are included as a change in accounts receivable in determining accrual milk sales.

Accrual receipts represent the value of all farm commodities produced and services actually generated by the farm business during the year.

Profitability Analysis

Farm operators* contribute labor, management, and equity capital to their businesses and the combination of these resources, and the other resources used in the business, determines profitability. Farm profitability can be measured as the return to all family resources or as the return to one or more individual resources such as labor and management.

The return to any individual resource must be viewed as an estimate because the cost of other family resources must be approximated to calculate returns to the selected resource. For example, the costs of operator and family labor and management must be approximated to calculate the returns to equity capital.

* Operators are the individuals who are integrally involved in the operation and management of the farm business. They are not limited to those who are the owner of a sole proprietorship or are formally a member of the partnership or corporation.

Net farm income is the return to the farm operators and other unpaid family members for their labor, management, and equity capital. It is the farm family's net annual return from working, managing, and financing the farm business. This is not a measure of cash available from the year's business operation. Cash flow is evaluated later in this report.

Net farm income is computed both with and without appreciation. Appreciation represents the change in values caused by annual changes in prices of livestock, machinery, real estate inventory, and stocks and certificates (other than Farm Credit stock required for loan borrowings). Appreciation is a major factor contributing to changes in farm net worth and must be included for a complete profitability analysis.

NET FARM INCOME

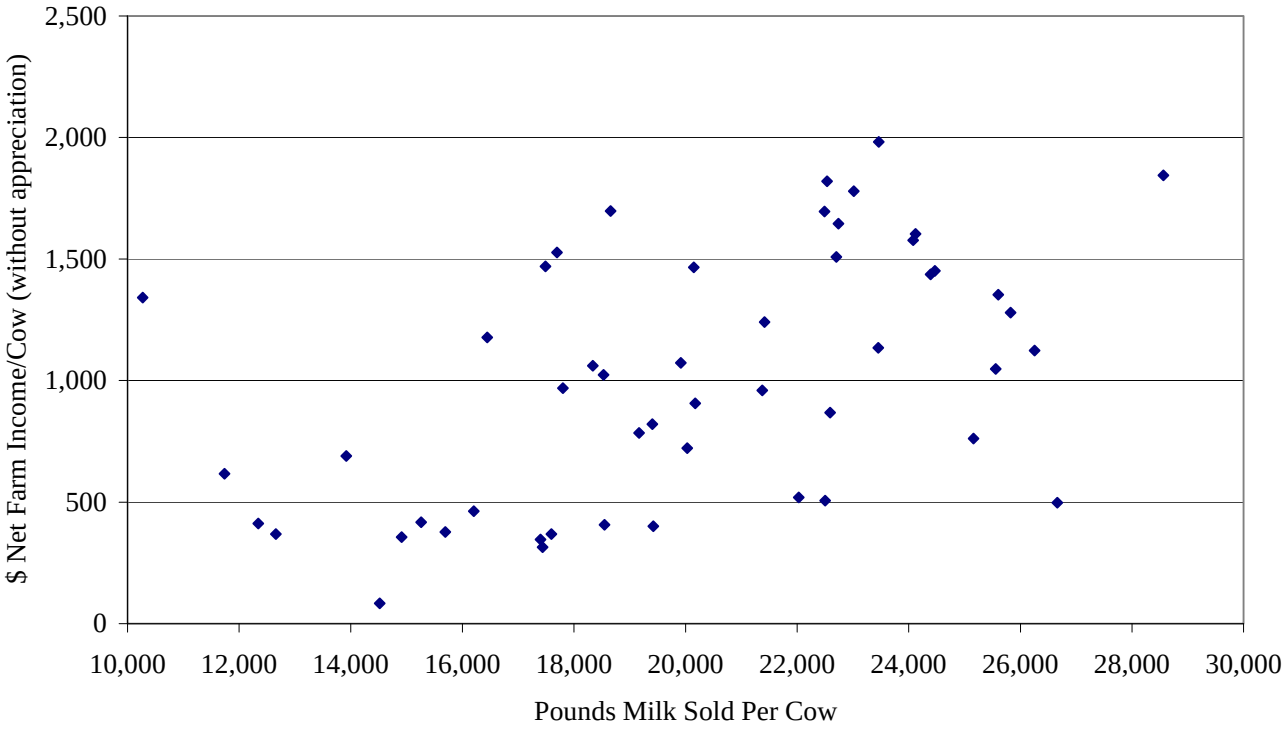
51 Northern Hudson Region Dairy Farms, 2007

	Average		My Farm	
Item	Total	Per Cow	Total	Per Cow
Total accrual receipts	$1,294,397		$_____	
Appreciation: Livestock	45,259		_____	
Machinery	5,294		_____	
Real Estate	35,081		_____	
Other Stock & Certificates	1,960		_____	
Total Including Appreciation	$1,381,992		$_____	
Total accrual expenses	1,019,582		- _____	
Net Farm Income (with appreciation)	$ 362,410	$ 1,508	$_____	$ _____
Net Farm Income (without appreciation)	$ 274,815	$ 1,144	$_____	$ _____

The chart below shows the relationship between net farm income per cow (without appreciation) and pounds of milk sold per cow. Higher net farm incomes can be achieved across a range of production levels as a result of different management systems, such as grazing, being utilized by the participating dairies.

NET FARM INCOME PER COW AND MILK PER COW

51 Northern Hudson Region Dairy Farms, 2007



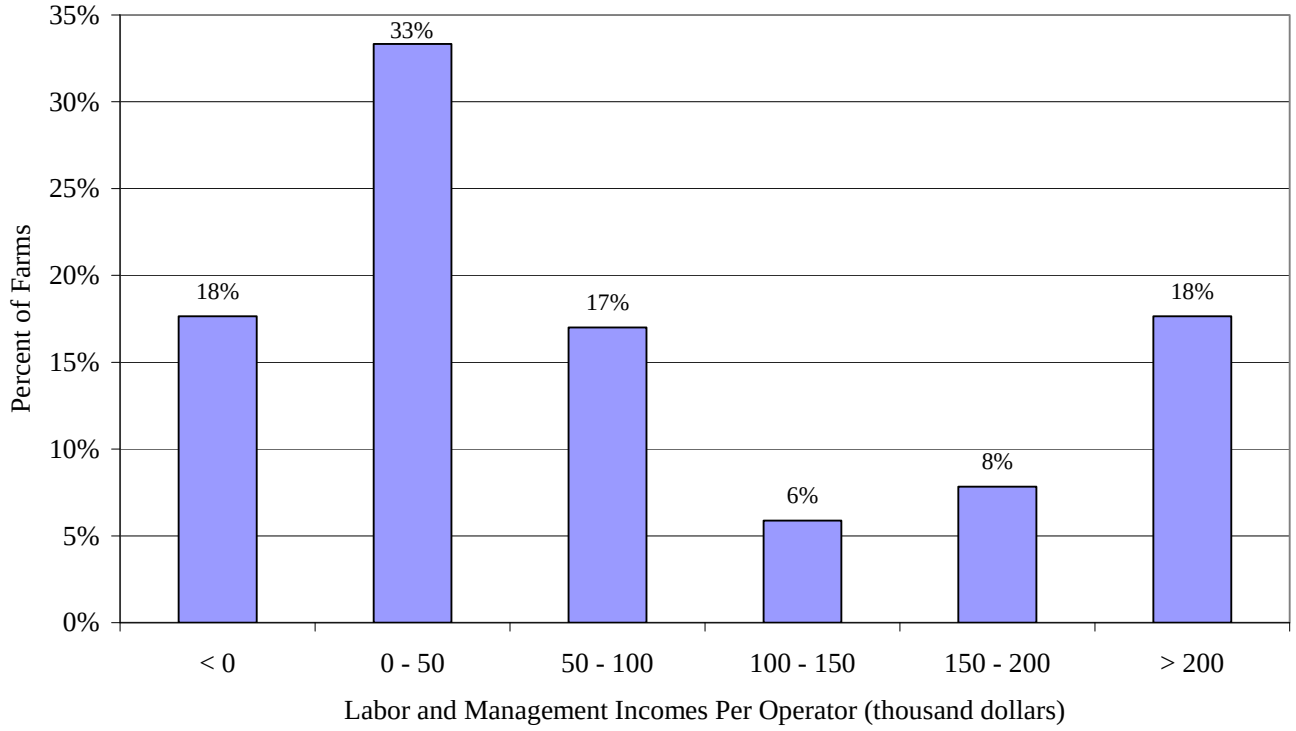
Labor and management income is the return which farm operators receive for their labor and management used in the farm business. Appreciation is not included as part of the return to labor and management because it results from ownership of assets rather than management of the farm business. Labor and management income is calculated by deducting a charge for unpaid family labor and the opportunity cost of equity capital, at a real interest rate of five percent, from net farm income excluding appreciation. The interest charge of five percent reflects the long-term average rate of return above inflation that a farmer might expect to earn in comparable risk investments.

LABOR AND MANAGEMENT INCOME
51 Northern Hudson Region Dairy Farms, 2007

Item	Average	My Farm
Net farm income without appreciation	$ 274,815	$ _____
Family labor unpaid @ $2,400 per month	- 4,922	-_____
Interest on $1,467,115 average equity capital @ 5% real rate	- 73,356	-_____
Labor & Management Income per farm (1.55 Operators/farm)	$ 196,537	$ _____
Labor & Management Income per Operator/Manager	$ 126,798	$ _____

Labor and management income per operator averaged $126,798 on these 51 farms in 2007. The range in labor and management income per operator was from about $-38,000 to more than $737,000. Returns to labor and management were less than $50,000 on 51 percent of the farms. Labor and management incomes per operator were between $50,000 and $150,000 on 23 percent of the farms, while 26 percent had labor and management incomes of $150,000 or more per operator.

DISTRIBUTION OF LABOR AND MANAGEMENT INCOMES PER OPERATOR
51 Northern Hudson Region Dairy Farms, 2007



Return on equity capital measures the net return remaining for the farmer's equity or owned capital after a charge has been made for the owner-operator's labor and management. The earnings or amount of net farm income allocated to labor and management is the opportunity cost of operators' labor and management estimated by the cooperators. Return on equity capital is calculated with and without appreciation. The rate of return on equity capital is determined by dividing the amount returned by the average farm net worth (market value) or equity capital. Rate of return on total capital is calculated by adding interest paid to the return on equity capital and then dividing by average farm assets (market value). Net farm income from operations ratio is net farm income (without appreciation) divided by total accrual receipts.

RETURN ON EQUITY CAPITAL AND RETURN ON TOTAL CAPITAL
51 Northern Hudson Region Dairy Farms, 2007

Item	Average	My Farm
Net farm income with appreciation	$ 362,410	$_____
Family labor unpaid @$2,400 per month	- 4,922	- _____
Value of operators' labor & management	- 55,265	- _____
Return on equity capital with appreciation	$ 302,223	$_____
Interest paid	+ 40,382	+ _____
Return on total capital with appreciation	$ 342,605	$_____
Return on equity capital without appreciation	$ 214,628	$_____
Return on total capital without appreciation	$ 255,010	$_____
Rate of return on average equity capital:		
with appreciation	20.6%	_____ %
without appreciation	14.6%	_____ %
Rate of return on average total capital:		
with appreciation	16.1%	_____ %
without appreciation	12.0%	_____ %
Net Farm Income from Operations Ratio	0.21	_____

Farm and Family Financial Status

The first step in evaluating the financial position of the farm is to construct a balance sheet which identifies and values all the assets and liabilities of the business. The second step is to evaluate the relationship between assets, liabilities, and net worth and changes that occurred during the year.

Financial lease obligations are included in the balance sheet. The present value of all future payments is listed as a liability since the farmer is committed to make the payments by signing the lease. The present value is also listed as an asset, representing the future value the item has to the business. For 2007, lease payments were discounted by 9.06 percent to obtain their present value.

Advanced government receipts are included as current liabilities. Government payments received in 2007 that are for participation in the 2008 program are the end year balance and payments received in 2006 for participation in the 2007 program are the beginning year balance.

Current Portion or principal due in the next year for intermediate and long term debt is included as a current liability.

2007 FARM BUSINESS & NONFARM MARKET VALUE BALANCE SHEET

51 Northern Hudson Region Dairy Farms, 2007

Farm Assets	Jan. 1	Dec. 31	Farm Liabilities & Net Worth	Jan. 1	Dec. 31
Current			Current		
Farm cash, checking & savings	$ 9,397	$ 13,050	Accounts payable	$ 70,571	$ 46,050
Accounts receivable	64,045	102,359	Operating debt	32,962	38,691
Prepaid expenses	523	1,640	Short Term	5,402	2,747
Feed & supplies	147,956	223,052	Advanced govt. receipts	0	0
			Current Portion:		
			Intermediate	49,568	58,717
			Long Term	14,372	14,533
Total Current	$ 221,921	$ 340,101	Total Current	$ 172,874	$ 160,739
Intermediate			Intermediate		
Dairy cows:			Structured debt		
owned	$ 333,894	$ 369,634	1-10 years	$ 285,911	$ 284,929
leased	106	73	Financial lease		
Heifers	184,532	210,277	(cattle/machinery)	106	73
Bulls & other livestock	7,196	6,594	Farm Credit stock	1,161	1,243
Mach. & equip. owned	345,427	390,685	Total Intermediate	$ 287,178	$ 286,245
Mach. & equip. leased	0	0			
Farm Credit stock	1,161	1,243			
Other stock/certificate	34,472	37,757			
Total Intermediate	$ 906,788	$1,016,263			
			Long Term		
Long Term			Structured debt		
Land & buildings:			>10 years	$ 202,159	$ 202,764
owned	$ 859,395	$ 901,719	Financial lease		
leased	484	356	(structures)	484	356
Total Long Term	$ 859,879	$ 902,075	Total Long Term	$ 202,643	$ 203,120
			Total Farm Liabilities	$ 662,695	$ 650,103
Total Farm Assets	$1,988,589	$2,258,439	FARM NET WORTH	$1,325,894	$1,608,335

Nonfarm Assets, Liabilities & Net Worth (Average of 32 farms reporting)

Assets	Jan. 1	Dec. 31	Liabilities & Net Worth	Jan. 1	Dec. 31
Personal cash, checking & savings	$ 2,166	$ 2,183	Nonfarm Liabilities	$ 5,713	$ 6,098
Cash value life insurance	25,748	28,119			
Nonfarm real estate	415,224	418,241			
Auto (personal share)	5,953	6,163			
Stocks & bonds	18,458	21,678			
Household furnishings	9,313	9,344			
All other nonfarm assets	9,410	10,129			
Total Nonfarm Assets	$ 486,273	$ 495,856	NONFARM NET WORTH	$ 480,560	$ 489,758

Farm & Nonfarm Assets, Liabilities, and Net Worth*	Jan. 1	Dec. 31
Total Assets	$2,474,862	$2,754,295
Total Liabilities	668,408	656,201
TOTAL FARM & NONFARM NET WORTH	$1,806,454	$2,098,094

*Assumes that average nonfarm assets and liabilities for the nonreporting farms were the same as for those reporting.

Balance sheet analysis involves examination of relative asset and debt levels for the business. Percent equity is calculated by dividing end of year net worth by end of year assets and multiplying by 100. The debt to asset ratio is compiled by dividing liabilities by assets. Low debt to asset ratios reflect business solvency and the potential capacity to borrow. The leverage ratio is the dollars of debt per dollar of equity, computed by dividing total farm liabilities by farm net worth. Debt levels per productive unit represent old standards that are still useful if used with measures of cash flow and repayment ability. A current ratio of less than 1.5 or that has been falling warrants additional evaluation. The amount of working capital that is adequate must be related to the size of the farm business.

BALANCE SHEET ANALYSIS

51 Northern Hudson Region Dairy Farms, 2007

Item			Average	My Farm
Financial Ratios - Farm:				
Percent equity			71%	_____ %
Debt/asset ratio: total			.29	_____
long-term			.23	_____
intermediate/current			.33	_____
Leverage Ratio:			.40	_____
Current Ratio:			2.12	
Working capital	$179,363	As % of total expenses:	18%	
Farm Debt Analysis:				
Accounts payable as % of total debt			7%	_____ %
Long-term liabilities as a % of total debt			31%	_____ %
Current & inter. liabilities as a % of total debt			69%	_____ %
Cost of term debt (weighted average)			5.37%	_____ %

Farm Debt Levels:	Per Cow	Per Tillable Acre Owned	Per Cow	Per Tillable Acre Owned
Total farm debt	$ 2,677	$ 2,953	$ _____	$ _____
Long-term debt	836	923	_____	_____
Intermediate & long term	2,015	2,223	_____	_____
Intermediate & current debt	1,841	2,030	_____	_____

Farm inventory balance is an accounting of the value of assets used on the balance sheet and the changes that occur from the beginning to end of year. Changes in the livestock inventory are included in the dairy analysis. Net investment indicates whether the capital stock is being expanded (positive) or depleted (negative).

FARM INVENTORY BALANCE

51 Northern Hudson Region Dairy Farms, 2007

Item	Average of Region's Farms			
	Real Estate		Machinery & Equipment	
Value beginning of year		$ 859,395		$ 345,427
Purchases	$ 53,444*		$ 74,823	
Gift & inheritance	+ 0		+ 0	
Lost capital	- 23,749			
Sales	- 14		- 2,287	
Depreciation	- 22,439		- 32,572	
Net investment		= 7,242		= 39,964
Appreciation		+ 35,081		+ 5,294
Value end of year		$ 901,719		$ 390,685

*$1,544 land and $51,900 buildings and/or depreciable improvements.

The Statement of Owner Equity has two purposes. It allows (1) verification that the accrual income statement and market value balance sheet are consistent (in accountants terms, they reconcile) and (2) identification of the causes of change in equity that occurred on the farm during the year. The Statement of Owner Equity allows you to determine to what degree the change in equity was caused by (1) earnings from the business, and nonfarm income, in excess of withdrawals being retained in the business (called retained earnings), (2) outside capital being invested in the business or farm capital being removed from the business (called contributed/withdrawn capital) , (3) increases or decreases in the value (price) of assets owned by the business (called change in valuation equity), and (4) the error in the business cash flow accounting.

Retained earnings is an excellent indicator of farm generated financial progress.

STATEMENT OF OWNER EQUITY (RECONCILIATION)
51 Northern Hudson Region Dairy Farms, 2007

Item	Average		My Farm	
Beginning of year farm net worth		$1,325,894		$ _____
Net farm income without appreciation	$ 274,815		$_____	
+Nonfarm cash income	+ 10,038		+_____	
-Personal withdrawals & family expenditures excluding nonfarm borrowings	- 94,901		- _____	
RETAINED EARNINGS		+ $ 189,952		+$ _____
Nonfarm noncash transfers to farm	$ 0		$_____	
+Cash used in business from nonfarm capital	+ 27,328		+_____	
-Note or mortgage from farm real estate sold (nonfarm)	- 0		- _____	
CONTRIBUTED/WITHDRAWN CAPITAL		+ $ 27,328		+$ _____
Appreciation	$ 87,595		$_____	
-Lost capital	- 23,749		- _____	
CHANGE IN VALUATION EQUITY		+ $ 63,846		+$ _____
IMBALANCE/ERROR		- -1,316		- $ _____
End of year net worth*		= $1,608,335		=$ _____

Change in Net Worth		
Without appreciation	$ 194,846	$ _____
With appreciation	$ 282,441	$ _____

*May not add due to rounding.

Cash Flow Statement

Completing an annual cash flow statement is an important step in understanding the sources and uses of funds for the business. Understanding last year's cash flow is the first step toward planning and managing cash flow for the current and future years.

The annual cash flow statement is structured to show net cash provided by operating activities, investing activities, financing activities and from reserves. All cash inflows and outflows, including beginning and end balances, are included. Therefore, the sum of net cash provided from all four activities should be zero. Any imbalance is the error from incorrect accounting of cash inflows/outflows.

ANNUAL CASH FLOW STATEMENT
51 Northern Hudson Region Dairy Farms, 2007

Item			Average	
Cash Flow from Operating Activities				
Cash farm receipts		$ 1,204,668		
- Cash farm expenses		1,024,232		
- Extraordinary expense		0		
= Net cash farm income			$ 180,436	
Personal withdrawals & family expenses including nonfarm debt payments		$ 95,415		
- Nonfarm income		10,038		
- Net cash withdrawals from the farm			$ 85,377	
= Net Provided by Operating Activities				$ 95,059
Cash Flow From Investing Activities				
Sale of assets:	machinery	$ 2,287		
	+ real estate	14		
	+ other stock & cert.	1,694		
= Total asset sales			$ 3,995	
Capital purchases:	expansion livestock	$ 5,281		
	+ machinery	74,823		
	+ real estate	53,444		
	+ other stock & cert.	3,018		
- Total invested in farm assets			$ 136,567	
= Net Provided by Investment Activities				$ -132,571
Cash Flow From Financing Activities				
Money borrowed (intermediate & long term)		$ 94,108		
+ Money borrowed (short term)		400		
+ Increase in operating debt		5,729		
+ Cash from nonfarm capital used in business		27,328		
+ Money borrowed - nonfarm		514		
= Cash inflow from financing			$ 128,079	
Principal payments (intermediate & long term)		$ 85,174		
+ Principal payments (short term)		3,055		
+ Decrease in operating debt		0		
- Cash outflow for financing			$ 88,229	
= Net Provided by Financing Activities				$ 39,850
Cash Flow From Reserves				
Beginning farm cash, checking & savings			$ 9,397	
- Ending farm cash, checking & savings			13,050	
= Net Provided from Reserves				$ -3,654
Imbalance (error)				$ -1,316

ANNUAL CASH FLOW STATEMENT

Item		My Farm	
Cash Flow from Operating Activities			
Cash farm receipts	$ _____		
- Cash farm expenses	_____		
- Extraordinary expense	_____		
= Net cash farm income		$ _____	
Personal withdrawals & family expenses including nonfarm debt payments	$ _____		
- Nonfarm income	_____		
- Net cash withdrawals from the farm		$ _____	
= Net Provided by Operating Activities			$ _____
Cash Flow From Investing Activities			
Sale of assets: machinery	$ _____		
+ real estate	_____		
+ other stock & cert.	_____		
= Total asset sales		$ _____	
Capital purchases: expansion livestock	$ _____		
+ machinery	_____		
+ real estate	_____		
+ other stock & cert.	_____		
- Total invested in farm assets		$ _____	
= Net Provided by Investment Activities			$ _____
Cash Flow From Financing Activities			
Money borrowed (intermediate & long term)	$ _____		
+ Money borrowed (short term)	_____		
+ Increase in operating debt	_____		
+ Cash from nonfarm capital used in business	_____		
+ Money borrowed - nonfarm	_____		
= Cash inflow from financing		$ _____	
Principal payments (intermediate & long term)	$ _____		
+ Principal payments (short term)	_____		
+ Decrease in operating debt	_____		
- Cash outflow for financing		$ _____	
= Net Provided by Financing Activities			$ _____
Cash Flow From Reserves			
Beginning farm cash, checking & savings		$ _____	
- Ending farm cash, checking & savings		_____	
= Net Provided from Reserves			$ _____
Imbalance (error)			$ _____

Repayment Analysis

A valuable use of cash flow analysis is to compare the debt payments planned for the last year with the amount actually paid. The measures listed below provide a number of different perspectives on the repayment performance of the business. However, the critical question to many farmers and lenders is whether planned payments can be made in 2008. The cash flow projection worksheet on the next page can be used to estimate repayment ability, which can then be compared to planned 2008 debt payments shown below.

FARM DEBT PAYMENTS PLANNED

Same 44 Northern Hudson Region Dairy Farms, 2006 & 2007

	Average			My Farm		
	2007 Payments		Planned	2007 Payments		Planned
Debt Payments	Planned	Made	2008	Planned	Made	2008
Long term	$ 27,228	$ 25,985	$ 26,970	$ _____	$ _____	$ _____
Intermediate term	74,661	94,498	72,527	_____	_____	_____
Short term	1,098	2,534	750	_____	_____	_____
Operating (net reduction)	710	9,357	1,136	_____	_____	_____
Accounts payable (net reduction)	636	24,050	361	_____	_____	_____
Total	$ 104,334	$ 156,425	$ 101,744	$ _____	$ _____	$ _____
Per cow	$ 436	$ 654		$ _____	$ _____	
Per cwt. 2007 milk	$ 1.94	$ 2.90		$ _____	$ _____	
Percent of total 2007 farm receipts	9%	12%		_____	_____	
Percent of 2007 milk receipts	9%	14%		_____	_____	

The cash flow coverage ratio and debt coverage ratio measure the ability of the farm business to meet its planned debt payment schedule. The ratios show the percentage of payments planned for 2007 (as of December 31, 2006) that could have been made with the amount available for debt service in 2007. Farmers who did not participate in DFBS in 2006 have their 2007 ratios based on planned debt payments for 2008.

COVERAGE RATIOS

Same 44 Northern Hudson Region Dairy Farms, 2006 & 2007

Item	Average	Item	Average
Cash Flow Coverage Ratio		Debt Coverage Ratio	
Cash farm receipts	$1,201,551	Net farm income (w/o appreciation)	$277,611
- Cash farm expenses	1,020,829	+ Depreciation	55,051
+ Interest paid (cash)	37,705	+ Interest paid (accrual)	37,447
- Net personal withdrawals from farm*	70,107	- Net personal withdrawals from farm*	70,107
(A) = Amount Available for Debt Service	$148,321	(A') = Repayment Capacity	$300,002
(B) = Debt Payments Planned for 2007 (as of December 31, 2006)	$104,334	(B) = Debt Payments Planned for 2007 (as of December 31, 2006)	$104,334
(A/ B)= Cash Flow Coverage Ratio for 2007	1.42	(A'/B)= Debt Coverage Ratio for 2007	2.88

*Personal withdrawals and family expenditures less nonfarm income and nonfarm money borrowed. If family withdrawals are excluded, or inaccurately included, the ratios will be incorrect.

ANNUAL CASH FLOW WORKSHEET

Item	51 Northern Hudson Region Dairy Farms Per Cow	51 Northern Hudson Region Dairy Farms Per Cwt.	My Farm Per Cow/ Per Cwt.	Expected Change	2008 Projection
Average number of cows	240				
Total cwt. of milk sold		54,060			
Accrual Operating Receipts					
Milk	$4,734	$21.04	$_____	_____	$ _____
Dairy cattle	263	1.17	_____	_____	_____
Dairy calves	31	0.14	_____	_____	_____
Other livestock	18	0.08	_____	_____	_____
Crops	182	0.81	_____	_____	_____
Miscellaneous Receipts	160	0.71	_____	_____	_____
Total	$5,387	$23.94	$_____	_____	$ _____
Accrual Operating Expenses					
Hired labor	$ 619	$ 2.75	$_____	_____	$ _____
Dairy grain & concentrate	1,209	5.37	_____	_____	_____
Dairy roughage	64	0.28	_____	_____	_____
Nondairy feed	0	0.00	_____	_____	_____
Professional nutritional services	1	0.01	_____	_____	_____
Machinery hire, rent & lease	95	0.42	_____	_____	_____
Machinery repair & vehicle expense	239	1.06	_____	_____	_____
Fuel, oil & grease	179	0.80	_____	_____	_____
Replacement livestock	6	0.03	_____	_____	_____
Breeding	62	0.27	_____	_____	_____
Veterinary & medicine	162	0.72	_____	_____	_____
Milk marketing	238	1.06	_____	_____	_____
Bedding	77	0.34	_____	_____	_____
Milking supplies	112	0.50	_____	_____	_____
Cattle lease	2	0.01	_____	_____	_____
Custom boarding	48	0.21	_____	_____	_____
Livestock professional fees	13	0.06	_____	_____	_____
Other livestock expense	87	0.39	_____	_____	_____
Fertilizer & lime	119	0.53	_____	_____	_____
Seeds & plants	65	0.29	_____	_____	_____
Spray & other crop expense	60	0.27	_____	_____	_____
Crop professional fees	1	0.01	_____	_____	_____
Land, building & fence repair	54	0.24	_____	_____	_____
Taxes	55	0.25	_____	_____	_____
Real estate rent & lease	60	0.27	_____	_____	_____
Insurance	37	0.16	_____	_____	_____
Utilities	118	0.53	_____	_____	_____
Other professional fees	16	0.07			
Miscellaneous	25	0.11	_____	_____	_____
Total Less Interest Paid	$3,824	$17.00	$_____	_____	$ _____
Net Accrual Operating Income	Total				
(without interest paid)	$375,489		$_____		$ _____
- Change in livestock /crop inventory*	51,415		_____	_____	_____
- Change in accounts receivable	38,314		_____	_____	_____
- Change in feed & supply inventory**	40,421		_____	_____	_____
+ Change in accounts payable***	-24,298		_____	_____	_____
NET CASH FLOW	$221,041		$_____		$ _____
- Net family withdrawals	83,212		_____	_____	_____
Available for Farm	$137,830		$_____		_____
- Farm debt payments	160,300		_____	_____	_____
Available for Farm Investment	$ -22,470		$_____		$ _____
- Capital purchases	136,567		_____	_____	_____
Additional Capital Needed	$-159,037		$_____	_____	$ _____

*Includes change in advance government receipts. **Includes change in prepaid expenses. ***Excludes change in interest account payable.

Cropping Analysis

The cropping program is an important part of the dairy farm business and often represents opportunities for improved productivity and profitability. A complete evaluation of what the available land resources are, how they are being used, the level of crop yields, and what it costs to produce crops is important in evaluating alternative cropping and feed purchasing alternatives.

LAND RESOURCES AND CROP PRODUCTION
51 Northern Hudson Region Dairy Farms, 2007

Item	Average			My Farm		
Land	Owned	Rented	Total	Owned	Rented	Total
Tillable	220	377	598	_____	_____	_____
Nontillable	47	18	65	_____	_____	_____
Other nontillable	119	12	130	_____	_____	_____
Total	386	407	793	_____	_____	_____

Crop Yields	Farms	Acres*	Production/Acre	Acres	Production/Acre
Hay crop	51	320	2.62 tons DM	_____	_____ tons DM
Corn silage	49	229	17.57 ton	_____	_____ tons
			5.81 tons DM		_____ tons DM
Other forage	5	57	1.86 tons DM	_____	_____ tons DM
Total forage	51	545	3.90 tons DM	_____	_____ tons DM
Corn grain	11	128	153 bushels	_____	_____ bushels
Oats	3	15	42 bushels	_____	_____ bushels
Wheat	0	0	0 bushels	_____	_____ bushels
Other crops	10	29		_____	
Tillable pasture	8	47		_____	
Idle	17	44		_____	
Total Tillable Acres	51	598		_____	

*This column represents the average acreage for the farms producing that crop. Average acreages including those farms not producing were hay crop 320, corn silage 220, corn grain 28, oats 1, tillable pasture 7, and idle 15.

Average crop acres and yields compiled for the region are for the farms reporting each crop. Yields of forage crops have been converted to tons of dry matter using dry matter coefficients reported by the farmers. Grain production has been converted to bushels of dry grain equivalent based on dry matter information provided.

The following crop/dairy ratios indicate the relationship between forage production, forage production resources, and the dairy herd.

CROP/DAIRY RATIOS
51 Northern Hudson Region Dairy Farms, 2007

Item	Average*	My Farm
Total tillable acres per cow	2.49	_____
Total forage acres per cow	2.27	_____
Harvested forage dry matter, tons per cow	8.85	_____

*Excludes farms that do not harvest forages.

Cropping Analysis (continued)

A number of cooperators have allocated crop expenses among the hay crop, corn, and other crops produced. Fertilizer and lime, seeds and plants, and spray and other crop expenses have been computed per acre and per production unit for hay and corn. Additional expense items such as fuels, labor, and machinery repairs are not included. Rotational grazing was used on two farms in the region.

CROP RELATED ACCRUAL EXPENSES
Northern Hudson Region Dairy Farms Reporting, 2007

Item	Total Per Till. Acre	All Corn Per Acre	Corn Silage Per Ton DM	Corn Grain Per Dry Sh. Bu.	Hay Crop Per Acre	Hay Crop Per Ton DM	Pasture Per Till Acre	Pasture Per Total Acre
No. of farms reporting	51	8			8		0	
Ave. number of acres	598	176			238		0	0
Fert. & lime	$ 42.75	$ 60.20	$ 10.02	$ 0.07	$ 21.02	$ 10.65	$ 0.00	$ 0.00
Seeds & plants	23.21	44.33	7.36	0.05	9.12	3.81	0.00	0.00
Spray & other crop expense	19.88	53.02	8.73	0.06	7.69	4.13	0.00	0.00
TOTAL	$ 85.84	$ 157.55	$ 26.11	$ 0.18	$ 37.83	$ 18.59	$ 0.00	$ 0.00
My Farm								
Fertilizer & lime	$ _____	$_____	$_____	$ _____	$ _____	$ _____	$_____	$_____
Seeds & plants	_____	_____	_____	_____	_____	_____	_____	_____
Spray & other crop expense	_____	_____	_____	_____	_____	_____	_____	_____
TOTAL	$ _____	$_____	$_____	$ _____	$ _____	$ _____	$_____	$_____

Most machinery costs are associated with crop production and should be analyzed with the crop enterprise. Total machinery expenses include the major fixed costs (interest and depreciation), as well as the accrual operating costs. Although machinery costs have not been allocated to individual crops, they are shown below per total tillable acre.

ACCRUAL MACHINERY EXPENSES
51 Northern Hudson Region Dairy Farms, 2007*

Machinery Expense	Average Total Expenses	Average Per Tillable Acre	My Farm Total Expenses	My Farm Per Tillable Acre
Fuel, oil & grease	$ 43,091	$ 72.10	$ _____	$ _____
Mach. repair & vehicle expense	57,494	96.20	_____	_____
Machine hire, rent & lease	22,871	38.27	_____	_____
Interest (5%)	18,403	30.79	_____	_____
Depreciation	32,572	54.50	_____	_____
Total	$ 174,431	$ 291.86	$ _____	$ _____

*Excludes farms that do not harvest forages.

Dairy Analysis

Analysis of the dairy enterprise can reveal strengths and weaknesses of the dairy farm business. Information on this page should be used in conjunction with DHI and other dairy production information. Changes in dairy herd size and market values that occur during the year are identified in the table below. The change in inventory value without appreciation is attributed to physical changes in herd size and quality. Any change in inventory is included as an accrual farm receipt when calculating all of the profitability measures on pages 6 and 7.

DAIRY HERD INVENTORY

51 Northern Hudson Region Dairy Farms, 2007

	Dairy Cows		Heifer					
			Bred		Open		Calves	
Item	No.	Value	No.	Value	No.	Value	No.	Value
Beg. year (owned)	236	$ 333,894	67	$ 90,865	68	$ 60,205	62	$ 33,463
+ Change w/o apprec.		8,788		7,700		302		-547
+ Appreciation		26,952		9,191		4,722		4,376
End year (owned)	241	$ 369,634	73	$ 107,756	69	$ 65,228	61	$ 37,292
End including leased	243							
Average number	240		200	(all age groups)				
My Farm:								
Beg. year (owned)	_____	$_____	_____	$ _____	_____	$_____	_____	$ _____
+ Change w/o apprec.		_____		_____		_____		_____
+ Appreciation		_____		_____		_____		_____
End year (owned)	_____	$_____	_____	$ _____	_____	$_____	_____	$ _____
End including leased	_____							
Average number	_____		_____	(all age groups)				

Total milk sold and milk sold per cow are extremely valuable measures of size and productivity, respectively, on the dairy farm. These measures of milk output are based on pounds of milk marketed during the year.

MILK PRODUCTION

51 Northern Hudson Region Dairy Farms, 2007

Item	Average	My Farm
Total milk sold, lbs.	5,405,975	_____
Milk sold per cow, lbs.	22,500	_____
Average milk plant test, percent butterfat	3.69%	_____

Monitoring and evaluating culling practices and experiences on an annual basis are important herd management tools. Culling rate can have an affect on both milk per cow and profitability.

ANIMALS LEAVING THE HERD

51 Northern Hudson Region Dairy Farms, 2007

	Average		My Farm	
Item	Number	Percent*	Number	Percent*
Cows sold for beef	60	25.0	_____	_____
Cows sold for dairy	3	1.4	_____	_____
Cows died	14	5.8	_____	_____
Culling rate**		30.8		_____

*Percent of average number of cows in the herd. **Cows sold for beef plus cows died.

The cost of producing milk has been compiled using the whole farm method and is featured in the following table. Accrual receipts from milk sales can be compared with the accrual costs of producing milk per cow and per hundredweight of milk. Using the whole farm method, operating costs of producing milk are estimated by deducting nonmilk accrual receipts from total accrual operating expenses including expansion livestock purchased. Purchased inputs cost of producing milk are the operating costs plus depreciation. Total costs of producing milk include the operating costs of producing milk plus depreciation on machinery and buildings, the value of unpaid family labor, the value of operators' labor and management, and the interest charge for using equity capital.

ACCRUAL RECEIPTS FROM DAIRY, COSTS OF PRODUCING MILK, AND PROFITABILITY

51 Northern Hudson Region Dairy Farms, 2007

	Average			My Farm		
Item	Total	Per Cow	Per Cwt.	Total	Per Cow	Per Cwt.
Accrual Cost of Producing Milk						
Operating costs	$ 807,676	$ 3,362	$ 14.94	$_____	$_____	$_____
Purchased inputs costs	$ 862,686	$ 3,590	$ 15.96	$_____	$_____	$_____
Total Costs	$ 996,229	$ 4,146	$ 18.43	$_____	$_____	$_____
Accrual Receipts From Milk	$1,137,501	$ 4,734	$ 21.04	$_____	$_____	$_____
Net Milk Receipts	$1,080,220	$ 3,959	$ 19.98	$_____	$_____	$_____
Net Farm Income without Apprec.	$ 274,815	$ 1,144	$ 5.08	$_____	$_____	$_____
Net Farm Income with Appreciation	$ 362,410	$ 1,508	$ 6.70	$_____	$_____	$_____

The accrual operating expenses most commonly associated with the dairy enterprise are listed in the table below. Feed and crop expenses include total purchased dairy feed plus fertilizer, seeds, spray and other crop expenses.

DAIRY RELATED ACCRUAL EXPENSES

51 Northern Hudson Region Dairy Farms, 2007

	Average		My Farm	
Item	Per Cow	Per Cwt.	Per Cow	Per Cwt.
Purchased dairy grain & concentrate	$ 1,209	$ 5.37	$_____	$_____
Purchased dairy roughage	64	.28	_____	_____
Total Purchased Dairy Feed	$ 1,273	$ 5.66	$_____	$_____
Purchased grain & concentrate as % of milk receipts	26%		_____ %	
Purchased feed & crop expense	$ 1,518	$ 6.75	$_____	$_____
Purchased feed & crop expense as % of milk receipts	32%		_____ %	
Breeding	$ 62	$ .27	$_____	$_____
Veterinary & medicine	162	.72	_____	_____
Milk marketing	238	1.06	_____	_____
Bedding	77	.34	_____	_____
Milking supplies	112	.50	_____	_____
Cattle lease	2	.01	_____	_____
Custom boarding	48	.21	_____	_____
Livestock professional fees	13	.06	_____	_____
Other livestock expense	86	.39	_____	_____

Capital and Labor Efficiency Analysis

Capital efficiency factors measure how effectively the capital is being used in the farm business. Measures of labor efficiency are key indicators of management's success in generating products per unit of labor input. When evaluating a business, the relationship between capital efficiency and labor efficiency should be explored. For example, if capital efficiency shows high capital investment per worker or per cow, labor efficiency should be high reflecting use of capital to make labor more effective. However, if capital investment is high per worker or per cow, and labor efficiency is low, a problem may exist on that farm.

CAPITAL EFFICIENCY
51 Northern Hudson Region Dairy Farms, 2007

Item	Per Worker	Per Cow	Per Tillable Acre	Per Tillable Acre Owned
Farm capital	$312,281	$8,838	$3,553	$9,644
Real estate		3,667		4,001
Machinery & equipment	54,126	1,532	616	

Ratios

Asset turnover	Operating Expense	Interest Expense	Depreciation Expense
.65	.71	.03	.04

My Farm

Farm capital	$ _____	$ _____	$ _____	$ _____
Real estate	_____	_____	_____	_____
Machinery & equipment	_____	_____	_____	_____

Ratios

Asset turnover	Operating Expense	Interest Expense	Depreciation Expense
_____	_____	_____	_____

LABOR FORCE INVENTORY
51 Northern Hudson Region Dairy Farms, 2007

Labor Force	Months	Age	Years of Education	Value of Labor & Management
Operator number 1	14.2	53	14	$33,398
Operator number 2	7.1	48	14	17,945
Operator number 3	1.4	36	15	3,922
Family paid	4.0			
Family unpaid	2.1			
Hired	52.8			
Total	81.6	/ 12 = 6.80 Worker Equivalent		
		1.55 Operator/Manager Equivalent		
My Farm: Total	_____	/ 12 = ____ Worker Equivalent		
Operator's	_____	/ 12 = ____ Operator/Manager Equivalent		

Small conventional stall operations of 60 or less cows should strive for labor efficiency of 600,000 or more pounds of milk sold per worker. Large conventional stall operations should strive for 850,000 or more pounds of milk sold per worker. Small free stall operations of less than 300 cows should strive for 1,000,000 pounds of milk sold per worker and large free stall operations with more than 300 cows should strive for over 1,200,000 pounds of milk sold per worker.

Labor costs and machinery costs should also be evaluated both individually and jointly. The more machinery or technology at a worker's disposal, the less time, and therefore cost, that should be required to get work accomplished. Striving for labor and machinery costs per cow of less than $1,000 on small conventional stall barns, less than $900 on large conventional stall barns, less than $850 on small free stall barns and below $750 on large free stall barns should be a goal.

LABOR EFFICIENCY

51 Northern Hudson Region Dairy Farms, 2007

Labor	Average		My Farm	
Efficiency	Total	Per Worker	Total	Per Worker
Cows, average number	240	35	_____	_____
Milk sold, pounds	5,405,975	795,386	_____	_____
Tillable acres	598	88	_____	_____

LABOR AND MACHINERY COSTS

51 Northern Hudson Region Dairy Farms, 2007

	Average			My Farm		
Labor Costs	Total	Per Cow	Per Cwt.	Total	Per Cow	Per Cwt.
Value of operator(s) labor ($2,400/month)	$ 54,312	$ 226	$ 1.00	$_____	$ _____	$ _____
Family unpaid ($2,400/month)	4,920	20	.09	_____	_____	_____
Hired	148,661	619	2.75	_____	_____	_____
Total Labor	$ 207,893	$ 865	$ 3.85	$_____	$ _____	$ _____
Machinery Cost	$ 174,431	$ 726	$ 3.23	$_____	$ _____	$ _____
Total Labor & Mach.	$ 382,325	$ 1,591	$ 7.07	$_____	$ _____	$ _____
Hired labor expense per hired worker equivalent			$31,363	$ _____		
Hired labor expense as % of milk sales			13.1%	_____%		

COMPARATIVE ANALYSIS OF THE FARM BUSINESS

Progress of the Farm Business

Comparing your business with average data from regional DFBS cooperators that participated in both of the last two years can be helpful to establishing your goals for these parameters. It is equally important for you to determine the progress your business has made over the past two or three years, to compare this progress to your goals, and to set goals for the future.

PROGRESS OF THE FARM BUSINESS
Same 44 Northern Hudson Region Dairy Farms, 2006 & 2007

	Average of 44 Farms*		My Farm		
Selected Factors	2006	2007	2006	2007	Goal
Size of Business					
Average number of cows	233	239	_____	_____	_____
Average number of heifers	196	200	_____	_____	_____
Milk sold, pounds	5,293,085	5,388,341	_____	_____	_____
Worker equivalent	6.67	6.76	_____	_____	_____
Total tillable acres	578	572	_____	_____	_____
Rates of Production					
Milk sold per cow, pounds	22,673	22,530	_____	_____	_____
Hay DM per acre, tons	2.8	2.8	_____	_____	_____
Corn silage per acre, tons	14.0	18.0	_____	_____	_____
Labor Efficiency					
Cows per worker	35	35	_____	_____	_____
Milk sold/worker, pounds	793,566	797,092	_____	_____	_____
Cost Control					
Grain & conc. purchased as % of milk sales	31%	25%	_____ %	_____ %	_____ %
Dairy feed & crop expense per cwt. milk	$ 5.54	$ 6.75	$ _____	$ _____	$ _____
Labor & mach. costs/cow	$ 1,501	$ 1,592	$ _____	$ _____	$ _____
Operating cost of producing cwt. of milk	$ 13.45	$ 14.97	$ _____	$ _____	$ _____
Capital Efficiency**					
Farm capital per cow	$ 8,482	$ 8,806	$ _____	$ _____	$ _____
Mach. & equipment per cow	$ 1,529	$ 1,605	$ _____	$ _____	$ _____
Asset turnover ratio	.48	.64	_____	_____	_____
Profitability					
Net farm income w/o apprec.	$ -14,167	$ 277,611	$ _____	$ _____	$ _____
Net farm income w/apprec.	$ 32,210	$ 342,262	$ _____	$ _____	$ _____
Labor & mgmt. income per operator/manager	$ -54,335	$ 125,250	$ _____	$ _____	$ _____
Rate of return on equity capital w/appreciation	-2.0	19.0	_____ %	_____ %	_____ %
Rate of return on all capital w/appreciation	0.7	15.1	_____ %	_____ %	_____ %
Financial Summary					
Farm net worth, end year	$1,330,685	$ 1,616,281	$ _____	$ _____	$ _____
Debt to asset ratio	.35	.28	_____	_____	_____
Farm debt per cow	$ 2,909	$ 2,527	$ _____	$ _____	$ _____

*Farms participating both years.
**Average for the year.

RECEIPTS AND EXPENSES PER COW AND PER CWT.
Same 44 Northern Hudson Region Dairy Farms, 2006 & 2007

	2006		2007	
Item	Per Cow	Per Cwt.	Per Cow	Per Cwt.
Average Number of Cows	233		239	
Cwt. of Milk Sold		52,931		53,883
ACCRUAL OPERATING RECEIPTS				
Milk	$3,225	$14.22	$4,764	$21.14
Dairy cattle	267	1.18	238	1.06
Dairy calves	78	0.35	27	0.12
Other livestock	29	0.13	20	0.09
Crops	25	0.11	172	0.76
Miscellaneous receipts	229	1.01	161	0.71
Total Receipts	$3,852	$16.99	$5,381	$23.88
ACCRUAL OPERATING EXPENSES				
Hired labor	$ 589	$ 2.60	$ 607	$ 2.70
Dairy grain & concentrate	1,014	4.47	1,210	5.37
Dairy roughage	51	0.23	66	0.29
Nondairy feed	0	0.00	0	0.00
Professional nutritional services	2	0.01	1	0.00
Machine hire, rent & lease	69	0.30	97	0.43
Machinery repair & vehicle expense	211	0.93	241	1.07
Fuel, oil & grease	161	0.71	179	0.79
Replacement livestock	9	0.04	7	0.03
Breeding	60	0.27	61	0.27
Veterinary & medicine	153	0.68	163	0.72
Milk marketing	252	1.11	239	1.06
Bedding	84	0.37	83	0.37
Milking supplies	101	0.45	116	0.51
Cattle lease	0	0.00	0	0.00
Custom boarding	55	0.24	54	0.24
Livestock professional fees	15	0.07	13	0.06
Other livestock expense	84	0.36	83	0.37
Fertilizer & lime	97	0.43	121	0.54
Seeds & plants	53	0.23	64	0.28
Spray & other crop expense	38	0.17	59	0.26
Crop professional fees	3	0.01	2	0.01
Land, building & fence repair	47	0.21	52	0.23
Taxes	59	0.26	61	0.27
Real estate rent & lease	53	0.23	51	0.23
Insurance	36	0.16	38	0.17
Utilities	108	0.48	118	0.52
Interest paid	169	0.75	157	0.69
Other professional fees	10	0.05	16	0.07
Miscellaneous	21	0.09	24	0.11
Total Operating Expenses	$3,606	$15.91	$3,982	$17.67
Expansion Livestock	71	0.31	8	0.04
Extraordinary Expense	3	0.02	0	0.00
Machinery Depreciation	139	0.61	134	0.60
Real Estate Depreciation	93	0.41	96	0.43
Total Expenses	$3,912	$17.26	$4,220	$18.74
Net Farm Income Without Appreciation	$ -61	$ -0.27	$1,161	$ 5.15

Regional Farm Business Chart

The Farm Business Chart is a tool which can be used in analyzing your business. Compare your business by drawing a line through or near the figure in each column which represents your current level of performance. The five figures in each column represent the average of each 20 percent or quintile of farms included in the regional summary. Use this information to identify business areas where more challenging goals are needed.

FARM BUSINESS CHART FOR FARM MANAGEMENT COOPERATORS

51 Northern Hudson Region Dairy Farms, 2007

Size of Business			Rate of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
17.99	682	16,399,690	25,661	4.2	23	47	1,023,798
7.78	295	6,812,552	22,956	3.0	19	37	816,344
4.06	134	2,585,484	20,589	2.5	18	33	674,367
3.04	87	1,509,513	18,059	2.0	16	29	531,150
2.05	52	881,424	13,997	1.4	12	22	356,278

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$628	18%	$482	$1,268	$832	$5.02
963	24	656	1,493	1,208	6.25
1,116	27	753	1,664	1,389	7.05
1,264	28	863	1,819	1,582	7.36
1,464	32	1,004	2,149	1,825	8.19

Value and Cost of Production			Profitability			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Producing Milk Per Cwt.	Net Farm Income with Appreciation	Net Farm Income w/o Appreciation	Labor & Mgt. Income Per Operator	Change in Net Worth with Appreciation
(12)	(12)	(12)	(4)	(4)	(4)	(8)
$5,407	$11.31	$16.87	$1,147,753	$893,764	$385,240	$938,474
4,848	13.85	18.05	456,820	340,452	127,777	340,163
4,286	15.16	19.18	147,636	117,855	54,175	118,213
3,738	16.44	21.35	95,023	69,144	25,952	72,255
2,890	18.24	24.77	47,807	28,304	-8,765	13,186

*Page number of the participant's DFBS report where the factor is located.

Supplementary Information

Each year DFBS cooperators volunteer to complete supplementary data collection forms looking at selected management aspects of the business or specific research areas being studied. This is in addition to the normal DFBS data collection form. An area that was examined this year was the source of dairy replacements. Following is a summary of this information.

SOURCE OF DAIRY REPLACEMENTS
39 New York Dairy Farms, 2007

Animals Entering Herd	Average
Number calving in 2007 for first time	127.4
Animals purchased, %[1]	5.9%
Animals raised by farm, %[2]	94.1%
Current Heifer Inventory	
Raised on dairy, %	89.7%
Raised by a custom grower, %	10.3%

[1] Animals purchased are animals purchased from a different farm and were not the farm's genetics.
[2] Animals raised by farm are animals that were born on the farm and entered the herd, which includes animals raised by the farm or custom grower.

On the average farm, 127.4 animals calved for the first time in 2007. The breakdown on these animals for source was 5.9 percent purchased and 94.1 percent raised by the farm. Of the current heifer inventory, 89.7 percent were raised on the dairy and 10.3 percent were being raised by a custom grower. There is increased interest in evaluating the dairy replacement enterprise.

Milk Income and Marketing Expense Breakdown

Starting January 1st, 2000, the northeast switched to multiple components pricing, which changed the format of the milk check and how farmers received payment for their milk. To examine the breakdown of the gross milk income and the marketing expenses, 45 Northern Hudson farms provided data for all the different sources of income for milk sales and the milk marketing expenses on an accrual basis. This information is reported in the following two tables. The tables are divided into six different areas, each representing a different area of income or expenses.

The first section looks at the value of the milk components on a per cwt. basis. The second area looks at the Producer Price Differential. The third area looks at the premiums a farm receives. Any premiums not specifically noted as quality or volume related are included in market premiums. The fourth area looks at the expenses associated with marketing milk. A new line item in this section is the expenses associated with utilizing forward contracting or hedging programs to market milk, such as commission or broker fees. The fifth area is income from the compact program or from forward contracting or hedging programs. The sixth area is the patronage dividends or refunds from the milk cooperatives. Equity purchased in the milk cooperative utilizing a monthly deduction from the milk check or a percent of the patronage dividend is treated as a capital purchase and is not a milk marketing expense. The cumulative total for these six areas is the net price received on farms. Your net farm price can be found on page 12 of your farm's DFBS report.

The table on page 25 reports the averages for these different areas. The table on page 26 contains the range for each of the individual lines of the report. This table is in farm business chart format with each item sorted independently and ranked by fifths. Numbers for the different areas will not add to the totals for that quintile or to the net price received because the highest farms for each item were averaged, not the same farms throughout the six areas. This table shows the range of income and expenses received by farms for all the different areas.

For your individual farm, compare your accrual numbers following this same format to look at how you compare to other farms in your region and to identify possible areas to generate additional revenue.

AVERAGE MILK INCOME AND MARKETING REPORT
45 Northern Hudson Region Dairy Farms, 2007

	Pounds	Percent	Price/Pound	Total	$/Cwt of Milk
BASE FARM PRICE					
Butterfat	216,065.24	3.71%	$1.47	$ 317,699.93	$ 5.46
Protein	179,655.44	3.09%	$3.52	$ 632,200.38	$10.86
Solids	311,000.84	5.34%	$0.45	$ 140,107.69	$ 2.41
Total Component Contribution					$18.72
PPD	5,822,979.04			$ 80,227.80	$1.38
Base Farm Price					$20.10
Premiums					
Quality				$12,465.51	$0.21
Volume				$18,889.38	$0.32
Market Premiums				$22,756.80	$0.39
Total Premiums					$0.92
BASE FARM PRICE + PREMIUM					$21.02
Deductions					
Promotion				$8,868.89	$0.15
Hauling + Stop Charges.				$45,824.44	$0.79
Market Fees & Coop Dues				$8,272.96	$0.14
Total Deductions					$1.08
BASE FARM PRICE + PREMIUMS - DEDUCTIONS					$19.94
Marketing Programs					
Futures Contracts, Forward Contracting, Etc.				$0.00	$0.00
Total Marketing Income					$0.00
Patronage Dividends				$2,295.64	$ 0.04
NET PRICE RECEIVED ON FARM, ALL SOURCES					**$19.98**
PPD - Hauling, $ per cwt.					$0.59
PPD - Hauling + Market Premiums, $ per cwt.					$0.98
Net Marketing Value (PPD + Total Premiums - Total Deductions), $ per cwt.					$1.23

MILK PRICE INFORMATION BY QUINTILE*
(Each Category Sorted Independently)
45 Northern Hudson Region Dairy Farms, 2007

	Lowest Quintile	←		→	Highest Quintile
Butterfat, %	3.53	3.66	3.75	3.87	4.09
Protein, %	2.96	3.03	3.07	3.14	3.27
Other Solids, %	5.55	5.68	5.71	5.75	5.79
Butterfat, $ per Cwt.	5.24	5.40	5.51	5.66	5.99
Protein, $ per Cwt.	10.19	10.70	10.93	11.11	11.48
Other solids, $ per Cwt.	2.30	2.38	2.41	2.45	2.54
Total Component Value per Cwt.	**$18.00**	**$18.53**	**$18.81**	**$19.08**	**$19.83**
PPD, $ per Cwt.	1.16	1.27	1.34	1.46	1.69
Base Farm Price per Cwt.	**$19.39**	**$19.86**	**$20.14**	**$20.50**	**$21.25**
Quality, $ per Cwt.	-0.01	0.04	0.11	0.23	0.53
Volume, $ per Cwt.	0.00	0.03	0.09	0.19	0.54
Market premium, $ per Cwt.	0.07	0.27	0.36	0.43	0.58
Total Premium, $ per Cwt.	**0.33**	**0.43**	**0.57**	**0.80**	**1.28**
Base Farm Price + Premiums per Cwt.	**$20.01**	**$20.51**	**$20.84**	**$21.22**	**$21.92**
Promotion, $ per Cwt.	0.15	0.15	0.15	0.15	0.19
Hauling, $ per Cwt.	0.51	0.69	0.92	1.05	1.32
Market fees & coop dues per Cwt.	0.02	0.09	0.16	0.18	0.24
Total Marketing Expenses per Cwt.	**$0.78**	**$1.00**	**$1.23**	**$1.37**	**$1.58**
Base + Premiums – Deductions per Cwt.	**$18.67**	**$19.30**	**$19.79**	**$20.08**	**$20.74**
Futures contract, forward contracting, $ per Cwt.	0.00	0.00	0.00	0.00	0.00
Total Marketing Income, $ per Cwt.	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Patronage Dividends, $ per Cwt.	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.13**
Net Price Received From All Sources, $ per Cwt.	**$18.68**	**$19.31**	**$19.79**	**$20.14**	**$20.78**
PPD - Hauling, $ per cwt.	**0.20**	**0.37**	**0.47**	**0.62**	**0.81**
PPD - Hauling + Market Premiums, $ per cwt.	**0.45**	**0.70**	**0.81**	**0.94**	**1.26**
Net Marketing Value (PPD + Total Premiums - Total Deductions), $ per cwt.	**0.29**	**0.54**	**0.78**	**1.10**	**1.70**

*Data for each category are calculated independently of all others. Therefore, summation of individual categories will not equal total categories.

New York State Farm Business Charts

The Farm Business Chart is a tool which can be used in analyzing a business by drawing a line through the figure in each column which represents the current level of management performance. The figure at the top of each column is the average of the top 10 percent of the 240 farms for that factor. The other figures in each column are the average for the second 10 percent, third 10 percent, etc. Each column of the chart is independent of the others. The farms which are in the top 10 percent for one factor would not necessarily be the same farms which make up the top 10 percent for any other factor.

The cost control factors are ranked from low to high, but the lowest cost is not necessarily the most profitable. In some cases, the "best" management position is somewhere near the middle or average. Many things affect the level of costs, and must be taken into account when analyzing the factors.

FARM BUSINESS CHART FOR FARM MANAGEMENT COOPERATORS

240 New York Dairy Farms, 2006

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
28.1	1,334	32,838,030	26,422	5.7	26	63	1,408,635
16.3	709	16,957,054	24,798	4.1	22	51	1,164,573
11.0	477	10,783,772	23,910	3.7	20	47	1,039,317
7.6	331	7,448,566	23,018	3.4	19	42	954,496
5.2	214	4,585,983	22,109	3.1	18	39	826,233
4.0	146	2,847,092	20,965	2.7	17	36	731,278
3.4	110	2,130,985	19,752	2.4	16	33	650,759
2.8	81	1,531,301	18,425	2.2	14	30	585,305
2.1	60	1,068,877	16,623	1.9	12	26	478,008
1.5	40	670,582	12,981	1.3	9	20	321,457

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$405	17%	$340	$951	$570	$3.30
622	23	464	1,148	800	4.11
706	26	530	1,255	884	4.48
782	27	573	1,336	988	4.76
842	29	621	1,396	1,061	4.99
892	30	658	1,462	1,125	5.17
945	31	702	1,544	1,174	5.36
1,006	33	760	1,679	1,255	5.70
1,057	36	855	1,849	1,325	6.24
1,221	42	1,139	2,320	1,501	7.37

*Page number of the participant's DFBS report where the factor is located.

FARM BUSINESS CHART FOR
FARM MANAGEMENT COOPERATORS
240 New York Dairy Farms, 2006

Milk Receipts Per Cow	Milk Receipts Per Cwt.	Oper. Cost Milk Per Cow	Oper. Cost Milk Per Cwt.	Total Cost Production Per Cow	Total Cost Production Per Cwt.
(12)	(12)	(12)	(12)	(12)	(12)
$3,700	$15.39	$1,328	$8.24	$2,373	$12.93
3,413	14.56	1,738	9.69	2,865	14.08
3,274	14.26	2,026	10.30	3,118	14.66
3,163	14.00	2,231	10.74	3,306	15.28
3,061	13.83	2,369	11.27	3,444	15.83
2,909	13.68	2,564	11.93	3,546	16.43
2,720	13.54	2,707	12.44	3,712	17.35
2,565	13.40	2,901	12.94	3,839	18.55
2,338	13.24	3,131	13.62	4,062	20.16
1,808	12.88	3,465	15.95	4,500	24.96

Profitability						
Net Farm Income Without Appreciation			Net Farm Income With Appreciation		Labor & Management Income	
Total	Per Cow	Operations Ratio	Total	Per Cow	Per Farm	Per Operator
(4)	(12)	(4)	(4)	(12)	(4)	(4)
$322,100	$811	0.23	$580,521	$1,156	$152,400	$103,004
140,266	557	0.16	251,067	777	43,564	25,997
85,016	444	0.12	162,504	628	12,316	7,456
51,109	344	0.10	103,202	523	-3,736	-2,485
32,171	214	0.06	69,484	416	-18,707	-13,358
18,126	125	0.03	45,567	309	-37,164	-26,146
4,697	34	0.01	29,036	228	-62,910	-45,584
-16,215	-80	-0.02	15,548	100	-88,972	-65,273
-41,972	-194	-0.06	-5,920	-40	-137,571	-96,575
-183,853	-653	-0.25	-76,486	-442	-368,899	-215,708

Farm Business Charts for farms with freestall barns and 150 cows or less, 151-300 cows, and more than 300 cows; and farms with conventional barns with 60 cows or less and more than 60 cows are shown on pages 32-36.

Financial Analysis Chart

The farm financial analysis chart on page 29 is designed just like the Farm Business Chart and may be used to assess the financial health of the farm business. Most of the financial measures used in the chart are defined on pages 6, 9, 13 and 19 of this publication. References to DFBS output page numbers for participating dairy farmers are provided in the table headings.

FINANCIAL ANALYSIS CHART
240 New York Dairy Farms, 2006

Liquidity (repayment)							
Planned Debt Payments Per Cow	Available for Debt Service Per Cow	Cash Flow Coverage Ratio	Debt Coverage Ratio	Debt Payments as Percent of Milk Sales	Debt Per Cow	Working Capital as % of Total Expenses	Current Ratio
(10)*	(16)	(10)	(10)	(10)	(7)	(7)	(7)
$70	$916	6.08	5.75	2%	$355	44%	21.29
207	677	1.62	1.69	7	1,144	29	4.45
309	570	1.29	1.31	10	1,735	22	2.97
372	518	1.04	1.09	12	2,217	17	2.24
414	451	0.85	0.92	14	2,531	14	1.86
465	371	0.75	0.71	16	2,867	10	1.62
536	290	0.64	0.50	18	3,221	7	1.36
605	186	0.50	0.34	21	3,581	2	1.08
689	90	0.25	0.01	24	4,197	-4	0.80
872	-323	-1.12	-1.67	34	5,299	-18	0.42

Solvency				Operational Ratios		
		Debt/Asset Ratio				
Leverage Ratio**	Percent Equity	Current & Intermediate	Long Term	Operating Expense Ratio	Interest Expense Ratio	Depreciation Expense Ratio
(7)	(7)	(7)	(7)	(14)	(14)	(14)
0.03	97%	0.03	0.00	0.65	0.00	0.02
0.16	87	0.11	0.00	0.72	0.02	0.05
0.23	82	0.17	0.02	0.76	0.03	0.05
0.33	76	0.25	0.13	0.79	0.04	0.06
0.45	69	0.29	0.22	0.81	0.04	0.07
0.57	64	0.33	0.31	0.83	0.05	0.08
0.65	61	0.39	0.42	0.85	0.06	0.09
0.85	54	0.48	0.56	0.88	0.07	0.10
1.14	47	0.56	0.68	0.92	0.07	0.12
2.38	34	0.79	0.89	1.09	0.11	0.17

Efficiency (Capital)					Profitability	
					Percent Rate of Return with Appreciation on:	
Asset Turnover (ratio)	Real Estate Investment Per Cow	Machinery Investment Per Cow	Total Farm Assets Per Cow	Change in Net Worth With Appreciation	Equity	Investment***
(14)	(14)	(14)	(14)	(8)	(4)	(4)
0.73	$1,452	$596	$5,471	$370,169	16%	12%
0.60	2,183	872	6,557	125,206	9	8
0.54	2,529	1,087	7,001	70,554	5	5
0.50	2,859	1,305	7,418	35,165	3	4
0.46	3,176	1,508	7,851	14,111	1	3
0.43	3,572	1,681	8,564	3,977	-1	2
0.38	4,041	1,899	9,460	-7,539	-2	0
0.35	4,658	2,211	10,346	-23,182	-5	-2
0.30	5,572	2,670	11,680	-62,442	-10	-4
0.21	8,469	3,845	15,097	-254,438	-27	-11

*Page number of the participant's DFBS report where the factor is located.
**Dollars of debt per dollar of equity, computed by dividing total liabilities by total equity.
***Return on all farm capital (no deduction for interest paid) divided by total farm assets

Comparison by Type of Barn and Herd Size

When analyzing a dairy farm business by comparing it to a group of farms, it is important that the group of farms have used as many of the same physical characteristics as possible as the farm being analyzed. To assist in this endeavor, dairy farms in the summary have been divided into those with freestall and those with conventional housing. Conventional housing includes stanchion and tiestall barns. Within each group, is a further classification by size of the dairy herd.

The table on page 31 includes the average values for the resulting five groups of dairy farms. The average size of farms in the five groups ranges from 45 cows on the small conventional farms to 737 cows on the largest freestall farms.

The largest freestall farms averaged the highest milk output per cow and per worker, the lowest total cost of production and investment per cow, and the greatest returns to labor, management and capital.

Farm business charts have been computed for each of the five housing and herd size categories and are on pages 32-36. By comparing the farm's performance on the most appropriate business chart, a farm manager will be better able to evaluate his or her business performance.

Herd Size Comparisons

A detailed comparison of profitability, financial situation and business analysis factors across herd sizes is contained on pages 48-60 of the 2006 State Summary*. As herd size increases, the net farm income profitability generally increases (page 48)*. Net farm income without appreciation averaged $5,133 per farm for the less than 50 cow farms and $71,561 per farm for those with more than 600 cows. Return to all capital without appreciation also generally increased as herd size increased.

Assets, liabilities and financial measures are presented on pages 55-58*. All but the smallest herd size category saw an increase in net worth during 2006. The largest herd size category experienced an increase in net worth of more than $55,000. However, percent equity went down as assets increased. The largest herds had the lowest percent equity; while the smaller herds averaged 75 percent.

Crop yields showed little relationship to herd size, but fertilizer and lime expenses, and machinery cost per tillable acre generally increased as herd size increased (pages 59-60)*. The farms with 600 and more cows per farm averaged 34 percent more milk sold per cow than the smallest farms. All of the groups with 200 or more cows averaged above 20,000 pounds of milk sold per cow while the farms smaller than 200 cows averaged 18,788 pounds of milk sold per cow. Farm capital per worker increased, and farm capital per cow decreased as herd size increased. Milk sold per worker increased dramatically as herd size increased, ranging from 394,777 pounds at the lowest herd size category up to 1,139,299 pounds at the largest size category.

*Wayne A. Knoblauch, Linda D. Putnam, and Jason Karszes, Dairy Farm Management Business Summary, New York, 2006, Department of Applied Economics and Management, Cornell University, R.B. 2007-01, October 2007.

SELECTED BUSINESS FACTORS BY TYPE OF BARN AND HERD SIZE

226 New York Dairy Farms, 2006

	Conventional		Freestall		
Item Farms with:	<= 60 Cows	>60 Cows	<=150 Cows	151-300 Cows	≥300 Cows
Number of farms	33	31	40	32	90
Cropping Program Analysis					
Total Tillable acres	163	291	268	509	1,412
Tillable acres rented*	72	108	125	227	722
Hay crop acres*	112	177	162	255	671
Corn silage acres*	18	58	70	146	540
Hay crop, tons DM/acre	1.9	2.4	2.6	3.1	3.5
Corn silage, tons/acre	13.0	15.0	15.9	17.7	18.8
Oats, bushels/acre	32	48	67	55	68
Forage DM per cow, tons	6.7	8.2	8.3	8.2	8.0
Tillable acres/cow	3.7	3.3	2.7	2.5	2.0
Fertilizer & lime expense/tillable acre	$18.16	$26.07	$31.06	$35.50	$36.49
Total machinery costs	$30,680	$65,384	$72,772	$139,662	$445,945
Machinery cost/tillable acre	$185	$225	$252	$270	$310
Dairy Analysis					
Number of cows	45	88	103	212	737
Number of heifers	36	73	85	169	594
Milk sold, lbs.	812,007	1,623,888	1,952,823	4,634,237	17,592,917
Milk sold/cow, lbs.	17,985	18,441	19,006	21,889	23,880
Operating cost of producing milk/cwt.	$10.89	$11.43	$12.12	$11.15	$12.21
Total cost of producing milk/cwt.	$19.50	$18.55	$18.29	$15.05	$14.98
Price/cwt. milk sold	$13.70	$13.75	$13.99	$13.72	$13.86
Purchased dairy feed/cow	$827	$742	$917	$916	$1,024
Purchased dairy feed/cwt. milk	$4.60	$4.02	$4.82	$4.18	$4.29
Purchased grain & concentrate as % of milk receipts	31%	29%	32%	28%	29%
Purchased feed & crop expense/cwt milk	$5.28	$4.95	$5.74	$5.02	$4.99
Capital Efficiency					
Farm capital/worker	$272,686	$293,447	$317,114	$345,627	$338,825
Farm capital/cow	$11,234	$9,964	$9,413	$8,358	$7,414
Farm capital/tillable acre owned	$5,572	$4,797	$6,749	$6,281	$7,921
Real estate/cow	$5,840	$3,942	$4,156	$3,620	$2,792
Machinery investment/cow	$2,152	$2,629	$2,015	$1,494	$1,251
Asset turnover ratio	0.30	0.33	0.36	0.46	0.56
Labor Efficiency					
Worker equivalent	1.86	2.99	3.05	5.12	16.12
Operator/manager equivalent	1.13	1.46	1.51	1.64	1.97
Milk sold/worker, lbs.	435,977	542,653	641,321	905,419	1,091,541
Cows/worker	24	29	34	41	46
Labor cost/cow	$1,041	$895	$804	$700	$746
Labor cost/tillable acre	$288	$271	$308	$291	$389
Profitability & Balance Sheet Analysis					
Net farm income (without appreciation)	$11,533	$12,103	$5,886	$64,354	$71,152
Labor & management income/operator	$-14,350	$-21,733	$-24,984	$-1,615	$-48,899
Rate return on all capital with appreciation	-2.5%	-1.2%	-1.2%	3.9%	4.9%
Farm debt/cow	$2,608	$2,137	$2,554	$2,529	$3,048
Percent equity	76%	79%	73%	69%	59%

*Average of all farms, not only those reporting data.

FARM BUSINESS CHART FOR SMALL CONVENTIONAL STALL DAIRY FARMS

33 Conventional Stall Dairy Farms with 60 or Less Cows, New York, 2006

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
2.96	59	1,192,109	24,092	3.7	20	40	815,100
2.50	55	1,022,366	22,470	3.0	18	36	642,167
2.22	52	982,135	20,497	2.6	16	32	566,243
2.07	50	954,362	19,848	2.3	14	28	525,681
1.92	47	889,922	19,286	2.1	13	25	451,840
1.82	45	827,669	17,946	2.0	12	25	423,297
1.58	44	797,005	17,083	1.9	12	23	389,718
1.49	41	747,286	15,205	1.8	11	22	365,412
1.41	36	569,820	14,110	1.5	9	19	321,522
1.17	30	382,780	12,138	0.9	7	16	236,755

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$337	16%	$312	$1,070	$465	$3.18
580	24	464	1,303	711	4.12
661	27	525	1,440	820	4.72
701	30	600	1,559	892	4.90
752	31	649	1,725	930	5.10
790	33	712	1,840	1,002	5.18
848	34	737	1,959	1,039	5.60
915	35	815	2,078	1,089	6.20
1,016	39	983	2,416	1,298	7.05
1,155	47	1,191	2,669	1,435	8.30

Value and Cost of Production			Profitability			
			Net Farm Income Without Appreciation			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Production Per Cwt.	Total	Per Cow	Labor & Mgmt. Income Per Operator	Change in Net Worth w/Appreciation
(12)	(12)	(12)	(4)	(12)	(4)	(8)
$3,229	$7.01	$13.74	$55,764	$1,111	$35,285	$60,691
3,106	8.72	17.03	36,861	829	7,558	19,430
2,907	9.52	17.99	28,102	687	3,047	14,650
2,724	10.03	18.73	24,784	504	-2,217	11,494
2,604	10.29	19.13	18,710	399	-4,368	7,836
2,454	10.55	19.66	15,313	353	-10,192	3,294
2,361	11.14	21.25	9,672	257	-16,497	529
2,151	12.47	23.35	5,947	161	-30,598	-3,217
1,880	13.21	24.43	-663	-23	-50,984	-6,700
1,664	19.26	27.59	-52,039	-1,077	-64,639	-44,982

*Page number of the participant's DFBS report where the factor is located.

FARM BUSINESS CHART FOR LARGE CONVENTIONAL STALL DAIRY FARMS

31 Conventional Stall Dairy Farms with More Than 60 Cows, New York, 2006

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
4.35	135	2,472,209	25,249	3.7	20	54	1,078,074
3.76	120	2,158,230	22,777	3.4	20	43	747,577
3.39	97	1,918,592	20,915	3.2	19	39	696,173
3.22	91	1,818,612	20,105	2.7	17	33	632,396
3.13	86	1,675,584	19,567	2.4	16	30	601,404
3.03	78	1,467,295	18,704	2.3	15	29	583,983
2.96	75	1,397,258	17,486	2.1	15	27	536,303
2.71	73	1,310,830	16,462	2.0	13	24	441,855
2.14	69	1,229,133	15,415	1.8	12	23	360,779
1.69	65	999,329	12,042	1.2	10	18	276,423

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$237	11%	$340	$970	$433	$2.68
471	19	468	1,286	611	3.47
589	23	568	1,389	764	4.02
652	26	621	1,427	826	4.25
718	28	657	1,519	880	4.64
761	29	687	1,684	915	5.06
860	31	735	1,812	1,059	5.36
916	34	787	1,942	1,139	5.93
1,051	43	942	2,129	1,229	6.92
1,175	49	1,477	2,487	1,399	8.04

Value and Cost of Production			Profitability			
			Net Farm Income Without Appreciation			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Production Per Cwt.	Total	Per Cow	Labor & Mgmt. Income Per Operator	Change in Net Worth w/Appreciation
(12)	(12)	(12)	(4)	(12)	(4)	(8)
$3,448	$8.33	$14.05	$61,538	$732	$27,041	$88,608
3,020	9.27	15.24	45,611	582	10,534	61,926
2,923	9.75	16.25	43,602	492	2,418	31,908
2,756	10.33	17.01	29,765	400	-2,914	19,281
2,627	10.94	17.45	24,864	295	-8,611	12,450
2,559	11.59	18.61	16,987	211	-15,394	5,256
2,527	12.10	20.02	11,918	136	-21,575	-5,117
2,275	13.06	21.39	-8,176	-70	-33,407	-15,148
2,130	14.70	21.97	-24,688	-243	-55,561	-30,903
1,667	16.05	31.41	-57,268	-646	-111,988	-78,830

*Page number of the participant's DFBS report where the factor is located.

FARM BUSINESS CHART FOR SMALL FREESTALL DAIRY FARMS

40 Freestall Barn Dairy Farms with 150 or Less Cows, New York, 2006

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
4.44	147	3,009,202	23,975	5.4	23	54	1,020,554
4.14	138	2,646,140	22,739	4.2	22	45	802,089
3.91	130	2,446,828	21,775	3.7	20	40	740,894
3.45	119	2,248,574	19,910	3.5	19	36	682,575
3.18	109	2,151,144	18,982	3.0	19	34	642,635
2.79	97	2,000,472	18,384	2.6	18	33	614,097
2.55	88	1,671,262	18,043	2.3	16	32	581,642
2.30	84	1,467,241	17,449	2.1	14	30	541,226
2.21	66	1,146,756	15,389	1.7	11	25	484,770
1.51	50	740,611	12,326	1.3	7	21	363,039

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$486	22%	$307	$913	$642	$4.14
639	26	382	1,131	840	4.62
716	28	489	1,217	898	4.91
747	30	545	1,290	976	5.24
797	31	601	1,353	1,035	5.64
853	32	638	1,455	1,077	5.96
921	35	717	1,614	1,198	6.20
949	36	865	1,792	1,295	6.65
1,052	38	1,012	1,972	1,371	6.97
1,257	42	1,326	2,540	1,612	7.66

Value and Cost of Production			Profitability			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Production Per Cwt.	Net Farm Income Without Appreciation		Labor & Mgmt. Income Per Operator	Change in Net Worth w/Appreciation
			Total	Per Cow		
(12)	(12)	(12)	(4)	(12)	(4)	(8)
$3,308	$8.25	$13.95	$84,862	$786	$20,428	$134,309
3,177	9.72	15.90	54,526	562	7,529	52,952
3,014	10.26	16.71	44,353	411	-2,928	25,788
2,808	10.70	17.26	26,066	255	-9,030	18,006
2,630	11.47	17.87	14,580	155	-19,517	9,120
2,591	12.37	18.63	996	-5	-27,570	3,019
2,492	13.02	19.18	-10,879	-119	-37,765	-6,404
2,377	13.71	20.64	-28,779	-277	-53,931	-18,299
2,200	14.83	21.71	-40,264	-448	-76,273	-33,853
1,775	16.83	25.74	-86,598	-851	-140,434	-66,774

*Page number of the participant's DFBS report where the factor is located.

FARM BUSINESS CHART FOR MEDIUM FREESTALL DAIRY FARMS

32 Freestall Barn Dairy Farms with 151-300 Cows, New York, 2006

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
6.85	295	6,803,733	26,202	6.2	27	56	1,262,341
6.40	266	6,199,266	24,268	4.2	24	53	1,134,379
6.10	244	5,663,779	23,844	3.7	22	50	1,054,796
5.81	233	5,304,067	22,760	3.5	20	47	984,712
5.32	224	4,893,865	22,360	3.3	18	44	965,082
4.97	210	4,362,160	21,728	3.3	18	41	944,801
4.65	191	3,813,986	21,099	3.2	17	38	854,606
4.41	175	3,700,072	19,976	2.7	15	36	799,302
3.96	160	3,485,104	19,600	2.3	13	34	710,021
3.62	155	3,033,097	17,792	1.2	9	30	609,123

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$494	17%	$366	$958	$711	$3.38
609	22	518	1,146	824	4.21
684	25	583	1,226	888	4.46
834	27	615	1,290	1,038	4.93
867	30	648	1,331	1,117	5.07
894	31	722	1,422	1,174	5.16
1,007	31	760	1,526	1,228	5.31
1,035	33	800	1,606	1,282	5.44
1,069	34	833	1,689	1,306	5.74
1,220	40	1,012	1,850	1,492	6.88

Value and Cost of Production			Profitability			
			Net Farm Income Without Appreciation			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Production Per Cwt.	Total	Per Cow	Labor & Mgmt. Income Per Operator	Change in Net Worth w/Appreciation
(12)	(12)	(12)	(4)	(12)	(4)	(8)
$3,491	$8.13	$12.15	$180,461	$866	$97,756	$231,312
3,331	9.68	13.28	148,574	624	70,187	151,076
3,243	10.10	14.09	128,360	547	46,110	83,350
3,140	10.44	14.99	112,749	524	21,853	57,576
3,086	10.69	15.46	91,102	427	6,880	49,736
3,011	11.28	15.78	65,600	334	-6,094	33,845
2,888	12.23	16.11	48,907	262	-18,454	14,890
2,808	12.65	16.50	7,306	45	-30,134	-10,534
2,674	13.54	17.13	-22,496	-116	-64,698	-20,075
2,480	14.54	18.65	-49,965	-260	-105,913	-106,776

*Page number of the participant's DFBS report where the factor is located.

FARM BUSINESS CHART FOR LARGE FREESTALL DAIRY FARMS

90 Freestall Barn Dairy Farms with 300 or More Cows, New York, 2006

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-Alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
36.03	1,810	45,183,773	27,268	6.5	25	72	1,600,266
25.13	1,107	27,312,355	25,866	4.9	23	55	1,299,401
20.33	945	21,841,861	25,141	4.2	21	52	1,228,778
17.33	739	18,196,941	24,602	3.8	20	49	1,158,575
14.55	643	15,574,548	24,086	3.5	20	47	1,098,777
12.45	562	12,842,749	23,589	3.2	18	44	1,031,749
11.07	468	10,755,092	23,022	3.0	18	41	981,735
9.59	418	9,257,135	22,195	2.7	16	39	934,132
8.28	358	8,048,583	21,380	2.3	15	35	818,668
6.41	316	6,916,134	18,120	1.8	12	31	699,839

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$643	22%	$391	$981	$846	$3.92
788	24	492	1,119	1,008	4.38
840	26	532	1,226	1,065	4.58
875	27	562	1,309	1,121	4.76
924	28	613	1,368	1,152	4.91
962	29	645	1,398	1,178	5.09
994	30	670	1,456	1,225	5.22
1,026	32	708	1,505	1,282	5.37
1,079	33	762	1,569	1,347	5.70
1,245	35	868	1,726	1,518	6.09

Value and Cost of Production			Profitability			
			Net Farm Income Without Appreciation			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Production Per Cwt.	Total	Per Cow	Labor & Mgmt. Income Per Operator	Change in Net Worth w/Appreciation
(12)	(12)	(12)	(4)	(12)	(4)	(8)
$3,879	$9.94	$13.10	$505,232	$621	$156,812	$582,002
3,617	10.68	13.80	234,784	455	51,000	231,461
3,486	11.05	14.16	165,121	348	18,977	148,971
3,392	11.48	14.44	135,942	199	-535	112,773
3,310	11.92	14.90	87,077	125	-34,348	65,450
3,242	12.35	15.17	43,559	67	-58,502	2,109
3,157	12.65	15.40	4,213	11	-75,082	-29,412
3,093	12.94	15.87	-32,305	-59	-109,530	-80,368
2,970	13.48	16.31	-78,751	-140	-165,483	-166,542
2,604	14.62	18.09	-353,349	-383	-308,007	-426,908

*Page number of the participant's DFBS report where the factor is located.

IDENTIFY AND SET GOALS

If businesses are to be successful, they must have direction. Written goals help provide businesses with an identifiable direction over both the long and short term. Goal setting is as important on a dairy farm as it is in other businesses. Written goals are a tool which farm operators can use to ensure that the business continues to move in the desired direction. Goals should be SMART:

1. Goals should be **S**pecific.

2. Goals should be **M**easurable.

3. Goals should be **A**chievable but challenging.

4. Goals should be **R**ewarding.

5. Goals should be **T**imed with a designated date by which the goal will be achieved.

Goal setting on a dairy farm should be a process for writing down and agreeing on goals that you have already given some thought to. It is also important to remember that once you write out your goals they are not cast in concrete. If a change takes place which has a major impact on the farm business, the goals should be reworked to accommodate that change. Refer to your goals as often as necessary to keep the farm business progressing.

It is important to identify both objectives (long-range) and goals (short-range) when looking at the future of your farm business.

A suggested format for writing out your goals is as follows:

a. Begin with a mission statement which describes why the business exists based on the preferences and values of the owners.

b. Identify 4-6 objectives.

c. Identify SMART goals.

Worksheet for Setting Goals

I. Mission and Objectives

_____

_____

_____

_____

_____

_____

_____

_____

Worksheet for Setting Goals (Continued)

II. Goals

What	How	When	Who is Responsible

Summarize Your Business Performance

The Farm Business and Financial Analysis Charts on pages 23 and 27-29 can be used to help identify strengths and weaknesses of your farm business. Identify three major strengths and three areas of your farm business that need improvement.

Strengths:	Needs improvement:

GLOSSARY AND LOCATION OF COMMON TERMS

Accounts Payable - Open accounts or bills owed to feed and supply firms, cattle dealers, veterinarians and other providers of farm services and supplies.

Accounts Receivable - Outstanding receipts from items sold or sales proceeds not yet received, such as the payment for December milk sales received in January.

Accrual Expenses - (defined on page 3)

Accrual Receipts - (defined on page 4)

Annual Cash Flow Statement - (defined on page 11)

Appreciation - (defined on page 5)

Asset Turnover Ratio - The ratio of total farm income to total farm assets, calculated by dividing total accrual operating receipts plus appreciation by average total farm assets.

Balance Sheet - A "snapshot" of the business financial position at a given point in time, usually December 31. The balance sheet equates the value of assets to liabilities plus net worth.

bST Usage - An estimate of the percentage of herd, on average, that was supplemented with bovine somatotropin during the year.

Capital Efficiency - The amount of capital invested per production unit. Relatively high investments per worker with low to moderate investments per cow imply efficient use of capital.

Cash From Nonfarm Capital Used in the Business - Transfers of money from nonfarm savings or investments to the farm business where it is used to pay operating expenses, make debt payments and/or capital purchases.

Cash Flow Coverage Ratio - (defined on page 13)

Cash Paid - (defined on page 2)

Cash Receipts - (defined on page 4)

Change in Accounts Payable - (defined on page 3)

Change in Accounts Receivable - (defined on page 4)

Change in Inventory - (defined on page 2)

Cost of Term Debt - A weighted average of the cost of borrowed capital to the farm. Calculate by multiplying end of year principal of each loan that is borrowed by the interest rate for each loan at that time. Add up each amount that is calculated for each loan and then divide by total amount of borrowed funds. Do not include accounts payable, operating debt or advanced government receipts. This information is found on pages 8 & 9 of the data entry form.

Culling Rate - (defined on page 17)

Current Portion - (defined on page 7)

Current Ratio – Measures the extent to which current farm assets, if liquidated, would cover current farm liabilities. Calculated as current farm assets at end year divided by current farm liabilities at end year.

Dairy (farm) - A farm business where dairy farming is the primary enterprise, operating and managing this farm is a full-time occupation for one or more people and cropland is owned.

Dairy Cash-Crop (farm) - Operating and managing this farm is the full-time occupation of one or more people, cropland is owned but crop sales exceed 10 percent of accrual milk receipts.

Debt Coverage Ratio – (defined on page 13)

Debt Per Cow - Total end-of-year debt divided by end-of-year number of cows.

Debt to Asset Ratios - (defined on page 9)

Depreciation Expense Ratio – Machinery and building depreciation divided by total accrual receipts.

Dry Matter - The amount or proportion of dry material that remains after all water is removed. Commonly used to measure dry matter percent and tons of dry matter in feed.

Equity Capital - The farm operator/manager's owned capital or farm net worth.

Expansion Livestock - Purchased dairy cattle and other livestock that cause an increase in herd size from the beginning to the end of the year.

Farm Debt Payments as Percent of Milk Sales - Amount of milk income committed to debt repayment, calculated by dividing planned debt payments by total milk receipts. A reliable measure of repayment ability, see page 14.

Farm Debt Payments Per Cow - Planned or scheduled debt payments per cow represent the repayment plan scheduled at the beginning of the year divided by the average number of cows for the year. This measure of repayment ability is used in the Financial Analysis Chart.

Financial Lease - A long-term non-cancelable contract giving the lessee use of an asset in exchange for a series of lease payments. The term of a financial lease usually covers a major portion of the economic life of the asset. The lease is a substitute for purchase. The lessor retains ownership of the asset.

Hired Labor Expense per Hired Worker Equivalent – The total cost to the farm per hired worker equivalent. Divide accrual hired labor expense by number of hired plus family paid worker equivalents.

Hired Labor Expense as % of Milk Sales – The percentage of the gross milk receipts that is used for labor expense. Divide accrual hired labor expense by accrual milk sales.

Income Statement - A complete and accurate account of farm business receipts and expenses used to measure profitability over a period of time such as one year or one month.

Interest Expense Ratio – Accrual interest expense divided by total accrual receipts.

Labor and Management Income - (defined on page 6)

Labor and Management Income Per Operator - The return to the owner/manager's labor and management per full-time operator.

Labor Efficiency - Production capacity and output per worker.

Leverage Ratio - (defined on page 9)

Liquidity - Ability of business to generate cash to make debt payments or to convert assets to cash.

Net Farm Income - (defined on page 5)

Net Farm Income from Operations Ratio - (defined on page 7)

Net Milk Receipts – Accrual milk receipts less milk marketing expense.

Net Worth - The value of assets less liabilities equal net worth. It is the equity the owner has in owned assets.

Operating Costs of Producing Milk - (defined on page 18)

Operating Expense Ratio – Total accrual expenses less interest and machinery and building depreciation, divided by total accrual receipts.

Opportunity Costs - The cost or charge made for using a resource based on its value in its most likely alternative use. The opportunity cost of a farmer's labor and management is the value he/she would receive if employed in his/her most qualified alternative position.

Other Livestock Expenses - All other dairy herd and livestock expenses not included in more specific categories. Other livestock expenses include; bST, DHIC, registration fees and transfers.

Part-Time Dairy (farm) - Dairy farming is the primary enterprise, cropland is owned but operating and managing this farm is not a full-time occupation for one or more people.

Personal Withdrawals and Family Expenditures Including Nonfarm Debt Payments - All the money removed from the farm business for personal or nonfarm use including family living expenses, health and life insurance, income taxes, nonfarm debt payments, and investments.

Profitability - The return or net income the owner/manager receives for using one or more of his or her resources in the farm business. True "economic profit" is what remains after deducting all the costs including the opportunity costs of the owner/manager's labor, management, and equity capital.

Purchased Inputs Cost of Producing Milk - (defined on page 18)

Renter - Farm business owner/operator owns no tillable land and commonly rents all other farm real estate.

Repayment Analysis - An evaluation of the business' ability to make planned debt payments.

Replacement Livestock - Dairy cattle and other livestock purchased to replace those that were culled or sold from the herd during the year.

Return on Equity Capital - (defined on page 7)

Return on Total Capital - (defined on page 7)

Solvency - The extent or ability of assets to cover or pay liabilities. Debt/asset and leverage ratios are common measures of solvency.

Total Costs of Producing Milk - (defined on page 18)

Whole Farm Method - A procedure used to calculate costs of producing milk on dairy farms without using enterprise cost accounts. All non-milk receipts are assigned a cost equal to their sale value and deducted from total farm expenses to determine the costs of producing milk.

Working Capital – A theoretical measure of the amount of funds available to purchase inputs and inventory items after the sale of current farm assets and payment of all current farm liabilities. Calculated as current farm assets at end year less current farm liabilities at end year.

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