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# Dairy Farm Operating Trends

**December 31, 2002**



**MOORE STEPHENS WURTH FRAZER AND TORBET, LLP**

Certified Public Accountants and Consultants

**Creating New Horizons By Building Relationships and Exceeding Expectations**

***To Our Valued Clients and Other Friends in the Dairy Industry***

*The following pages contain the Moore Stephens Wurth Frazer and Torbet, LLP's Dairy Farm Operating Trends for the year ended December 31, 2002.*

*The data is compiled from dairy operations in Southern California, the San Joaquin Valley, Arizona, Idaho, and New Mexico with a combined milk production of over 3.2 billion pounds and more than 159,000 head of mature cows in the current year.*

*This report includes a comparison of the results in the regions listed above for the year ended December 31, 2002 both on a "per hundredweight of milk" basis and on a "per head" basis. Also included are selected financial ratios and other information for the period.*

*This publication is designed as a reference tool and a management aid for dairy farm managers and advisors. Moore Stephens Wurth Frazer and Torbet, LLP believes the information to be reliable, but is not responsible for errors in reported source information.*

*Our publication continues to be recognized as the top industry source for relevant dairy statistics. This report is provided to and widely utilized by dairy farmers, lending institutions, universities, colleges and other agribusiness industries.*

*We appreciate all of your past and present support and thank you for your continued reliance on Moore Stephens Wurth Frazer and Torbet, LLP. If you have any comments or questions, please contact Sharon A. Davis at our City of Industry office at (909) 594-2713 or Bob Matlick or Mike Edwards at our Visalia office at (559) 732-4135.*

*Sincerely,*

*Moore Stephens Wurth Frazer and Torbet LLP*

**MOORE STEPHENS WURTH FRAZER AND TORBET, LLP**  
**Certified Public Accountants and Consultants**

*May 2003*



# DAIRY FARM OPERATING TRENDS

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## 2002 IN REVIEW

### Comparative Net Income (Loss) By Region:

2002 has been an extremely difficult year for dairymen. All areas except New Mexico experienced net losses primarily due to the huge decline in the milk price. Idaho has been hit the hardest by the reduced milk price primarily due to their cheese market.

Net income (loss) per head:	Southern California	San Joaquin Valley	Arizona	Idaho	New Mexico
2002	\$ (69)	\$ (2)	\$ (60)	\$ (106)	\$ 103
2001	553	555	382	543	499
Change	\$ (622)	\$ (557)	\$ (442)	\$ (649)	\$ (396)

### Comparative Feed Cost By Region:

Feed costs have increased from 2001 across the regions for the year. These costs will carry into 2003. Feed costs per head are lowest in New Mexico and highest in the San Joaquin Valley.

Feed cost per head:	Southern California	San Joaquin Valley	Arizona	Idaho	New Mexico
2002	\$ 1,152	\$ 1,298	\$ 1,165	\$ 1,259	\$ 1,051
2001	1,067	1,200	1,091	1,171	1,006
Change	\$ 85	\$ 98	\$ 74	\$ 88	\$ 45

### Comparative Production By Region:

Milk production per cow per day was stable in most areas, with Southern California experiencing the largest decrease and Arizona realizing the largest increase.

Lbs. per milk cow per day	Southern California	San Joaquin Valley	Arizona	Idaho	New Mexico
2002	63.7	69.4	68.5	70.9	65.3
2001	66.2	67.6	64.2	72.0	64.8
Change	(2.5)	1.8	4.3	(1.1)	0.5

## Herd Turnover Rate By Region:

---

Herd turnover rates remained fairly stable in Southern California, San Joaquin Valley and Idaho, while New Mexico experienced the largest decrease in turnover rate and Arizona experienced the largest increase in herd turnover.

	Southern California	San Joaquin Valley	Arizona	Idaho	New Mexico
2002	29.7%	31.7%	34.9%	32.5%	29.2%
2001	32.4%	32.5%	29.5%	32.5%	38.9%

## Average Cost of Replacement Per Head By Region:

---

The cost of replacements increased at the beginning of 2002 throughout most areas. The trend began a downward move towards the end of 2002 finally reflecting the low milk price. This decrease will continue into 2003.

	Southern California	San Joaquin Valley	Arizona	Idaho	New Mexico
2002	\$ 1,772	\$ 1,694	\$ 1,618	\$ 1,375	\$ 1,521
2001	\$ 1,729	\$ 1,584	\$ 1,558	\$ 1,423	\$ 1,452

## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(BASED ON AVERAGE AMOUNTS PER HEAD)

	Southern California	San Joaquin Valley	Arizona
Income:			
Milk sales	\$ 2,283	\$ 2,525	\$ 2,420
Calves and other	27	74	71
Total income	\$ 2,310	\$ 2,599	\$ 2,491
Cost of operations:			
Feed:			
Grain	\$ 782	\$ 907	\$ 757
Hay and other	370	391	408
Total feed	\$ 1,152	\$ 1,298	\$ 1,165
Labor, (including fringe costs)	\$ 278	\$ 262	\$ 247
Herd replacement costs	\$ 236	\$ 256	\$ 330
Other costs:			
Milk hauling	\$ 64	\$ 61	\$ 98
State and association charges	34	39	47
Veterinary, breeding, testing, etc.	60	69	42
Supplies	100	105	107
Repairs and maintenance	152	92	74
Utilities	47	65	51
Occupancy costs	104	105	116
Depreciation - equipment	25	64	38
Interest	65	109	125
Miscellaneous	62	76	111
Total other costs	\$ 713	\$ 785	\$ 809
Total cost of operations	\$ 2,379	\$ 2,601	\$ 2,551
Net income (loss)	\$ (69)	\$ (2)	\$ (60)

See accompanying explanation of income and cost factors.

Your  
December 31, 2002  
Amounts

**Idaho**      **New Mexico**

\$ 2,490	\$ 2,284	\$
61	77	
\$ 2,551	\$ 2,361	\$
\$ 800	\$ 755	\$
459	296	
\$ 1,259	\$ 1,051	\$
\$ 270	\$ 260	\$
\$ 303	\$ 275	\$
\$ 49	\$ 96	\$
51	39	
81	55	
134	117	
105	73	
47	36	
78	59	
72	46	
105	88	
103	63	
\$ 825	\$ 672	\$
\$ 2,657	\$ 2,258	\$
\$ (106)	\$ 103	\$

## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA  
FOR THE YEAR ENDED DECEMBER 31, 2002  
(BASED ON AVERAGE AMOUNTS  
PER HUNDREDWEIGHT OF MILK)

	Southern California	San Joaquin Valley	Arizona
<b>Income:</b>			
Milk sales	\$ 11.69	\$ 11.66	\$ 12.04
Calves and other	0.13	0.34	0.36
<b>Total income</b>	<b>\$ 11.82</b>	<b>\$ 12.00</b>	<b>\$ 12.40</b>
<b>Cost of operations:</b>			
Feed:			
Grain	\$ 4.01	\$ 4.19	\$ 3.77
Hay and other	1.90	1.79	2.03
<b>Total feed</b>	<b>\$ 5.91</b>	<b>\$ 5.98</b>	<b>\$ 5.80</b>
Labor, (including fringe costs)	\$ 1.42	\$ 1.21	\$ 1.24
Herd replacement costs	\$ 1.21	\$ 1.18	\$ 1.64
Other costs:			
Milk hauling	\$ 0.33	\$ 0.28	\$ 0.49
State and association charges	0.17	0.18	0.23
Veterinary, breeding, testing, etc.	0.30	0.32	0.21
Supplies	0.51	0.49	0.53
Repairs and maintenance	0.78	0.43	0.37
Utilities	0.24	0.30	0.25
Occupancy costs	0.53	0.49	0.57
Depreciation - equipment	0.13	0.30	0.19
Interest	0.33	0.50	0.62
Miscellaneous	0.31	0.36	0.56
<b>Total other costs</b>	<b>\$ 3.63</b>	<b>\$ 3.65</b>	<b>\$ 4.02</b>
<b>Total cost of operations</b>	<b>\$ 12.17</b>	<b>\$ 12.02</b>	<b>\$ 12.70</b>
<b>Net income (loss)</b>	<b>\$ (0.35)</b>	<b>\$ (0.02)</b>	<b>\$ (0.30)</b>

See accompanying explanation of income and cost factors.

Your  
December 31, 2002  
Amounts

**Idaho**      **New Mexico**

\$ 11.62	\$ 12.09	\$
0.29	0.41	
\$ 11.91	\$ 12.50	\$
\$ 3.74	\$ 4.00	\$
2.15	1.56	
\$ 5.89	\$ 5.56	\$
\$ 1.25	\$ 1.38	\$
\$ 1.41	\$ 1.46	\$
\$ 0.23	\$ 0.51	\$
0.24	0.21	
0.37	0.29	
0.63	0.62	
0.49	0.39	
0.22	0.19	
0.37	0.31	
0.34	0.25	
0.49	0.46	
0.48	0.34	
\$ 3.86	\$ 3.57	\$
\$ 12.41	\$ 11.97	\$
\$ (0.50)	\$ 0.53	\$

## SUMMARY OF FINANCIAL STATISTICS

### COMPARISON BY AREA FOR THE YEAR ENDED DECEMBER 31, 2002

	Southern California	San Joaquin Valley	Arizona
1. Current Ratio	1.06:1	1.23:1	0.78:1
2. Debt Per Cow	\$ 958	\$ 1,464	\$ 1,577
3. Debt to Equity Ratio	0.94:1	1.11:1	2.45:1
4. Return on Total Assets	-1.4%	-0.04%	-1.5%

1. The current ratio represents current assets divided by current liabilities.
2. Debt per cow equals the total long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Debt to equity ratio represents total debt divided by total equity.
4. The return on total assets represents the net income divided by the total assets, stated at cost.

**Idaho**

**New  
Mexico**

**Your 2002  
Results**

1.00:1	1.16:1
\$ 1,614	\$ 1,132
1.66:1	1.20:1
-3.2%	2.0%

# CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
 DECEMBER 31, 2002, 2001, AND 2000  
 SOUTHERN CALIFORNIA  
 (BASED ON AVERAGE AMOUNTS)

	PER HEAD			2000
	2002		2001	
	\$		\$	
Income:				
Milk sales	\$ 2,283		\$ 2,888	\$ 2,444
Calves and other	27		33	60
Total income	\$ 2,310		\$ 2,921	\$ 2,504
Cost of operations:				
Feed:				
Grain	\$ 782		\$ 740	\$ 738
Hay and other	370		327	329
Total feed	\$ 1,152		\$ 1,067	\$ 1,067
Labor, (including fringe costs)	\$ 278		\$ 287	\$ 262
Herd replacement costs	\$ 236		\$ 257	\$ 271
Other costs:				
Milk hauling	\$ 64		\$ 69	\$ 62
State and association charges	34		37	40
Veterinary, breeding, testing, etc.	60		69	53
Supplies	100		103	88
Repairs and maintenance	152		159	107
Utilities	47		47	41
Occupancy costs	104		104	91
Depreciation - equipment	25		21	22
Interest	65		83	96
Miscellaneous	62		65	85
Total other costs	\$ 713		\$ 757	\$ 685
Total cost of operations	\$ 2,379		\$ 2,368	\$ 2,285
Net income (loss)	\$ (69)		\$ 553	\$ 219

See accompanying explanation of income and cost factors.

**YOUR 2002  
RESULTS**

**PER CWT. OF MILK**

2002	2001	2000	PER HEAD	PER CWT. OF MILK
\$ 11.69	\$ 14.46	\$ 12.04		
0.13	0.16	0.30		
\$ 11.82	\$ 14.62	\$ 12.34		
\$ 4.01	\$ 3.71	\$ 3.64		
1.90	1.65	1.62		
\$ 5.91	\$ 5.36	\$ 5.26		
\$ 1.42	\$ 1.44	\$ 1.29		
\$ 1.21	\$ 1.29	\$ 1.34		
\$ 0.33	\$ 0.35	\$ 0.30		
0.17	0.19	0.20		
0.30	0.34	0.26		
0.51	0.52	0.43		
0.78	0.79	0.53		
0.24	0.23	0.20		
0.53	0.52	0.44		
0.13	0.11	0.11		
0.33	0.41	0.47		
0.31	0.32	0.41		
\$ 3.63	\$ 3.78	\$ 3.35		
\$ 12.17	\$ 11.87	\$ 11.24		
\$ (0.35)	\$ 2.75	\$ 1.10		

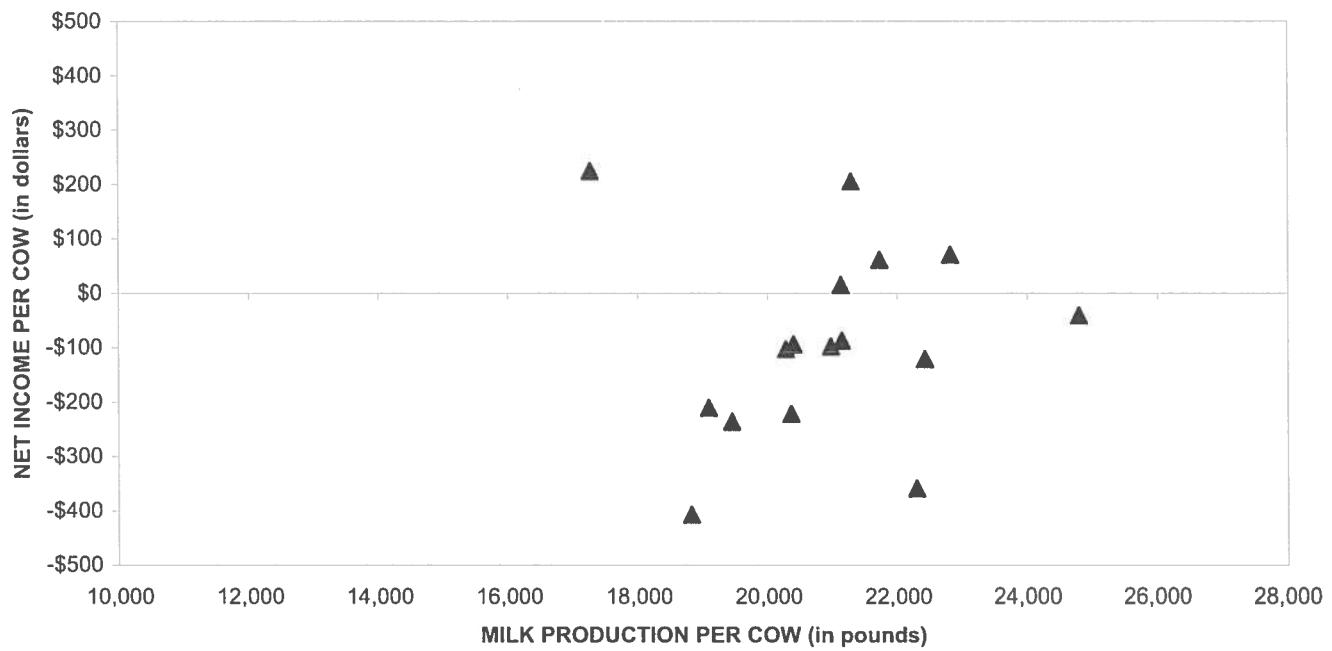
## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
DECEMBER 31, 2002, 2001, AND 2000  
SOUTHERN CALIFORNIA  
(BASED ON AVERAGE AMOUNTS)

	2002	2001	2000
<b>PRODUCTION AND PRICE INFORMATION:</b>			
Annual pounds of milk, per cow (including dry cows)			
	19,519	19,958	20,294
Daily pounds of milk, per milking cow	63.7	66.2	66.7
Butterfat test	3.57 %	3.61 %	3.56 %
Solids-non-fat test	8.73 %	8.71 %	8.73 %
Blend price per hundredweight	\$ 11.69	\$ 14.46	\$ 12.04
Milk receipts, per milking cow	\$ 2,720	\$ 3,495	\$ 2,932
<b>HERD INFORMATION:</b>			
Herd size - total	1,951	1,628	1,611
Percent of dry cows	16.1 %	17.4 %	16.7 %
Herd turnover rate	29.7 %	32.4 %	36.4 %
Composition of herd:			
Purchased cows	21 %	30 %	20 %
Self-raised cows	79 %	70 %	80 %
Cost of purchased cows	\$ 1,772	\$ 1,729	\$ 1,496
Beef price received	\$ 455	\$ 497	\$ 452
<b>FEED INFORMATION:</b>			
Cost of feed as a percent of milk income:			
Grain	34.3 %	25.6 %	30.2 %
Hay and other	16.2 %	11.3 %	13.5 %
Totals	50.5 %	36.9 %	43.7 %

## PROFITABILITY BY MILK PRODUCTION PER COW

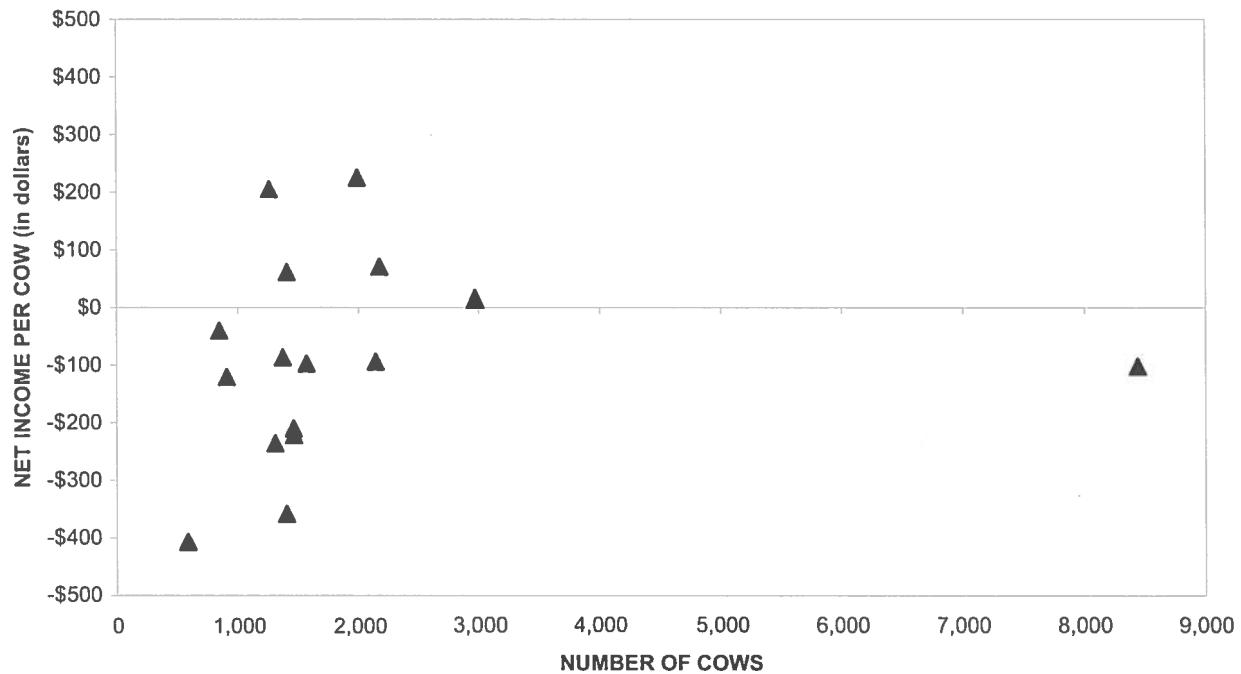
### Southern California



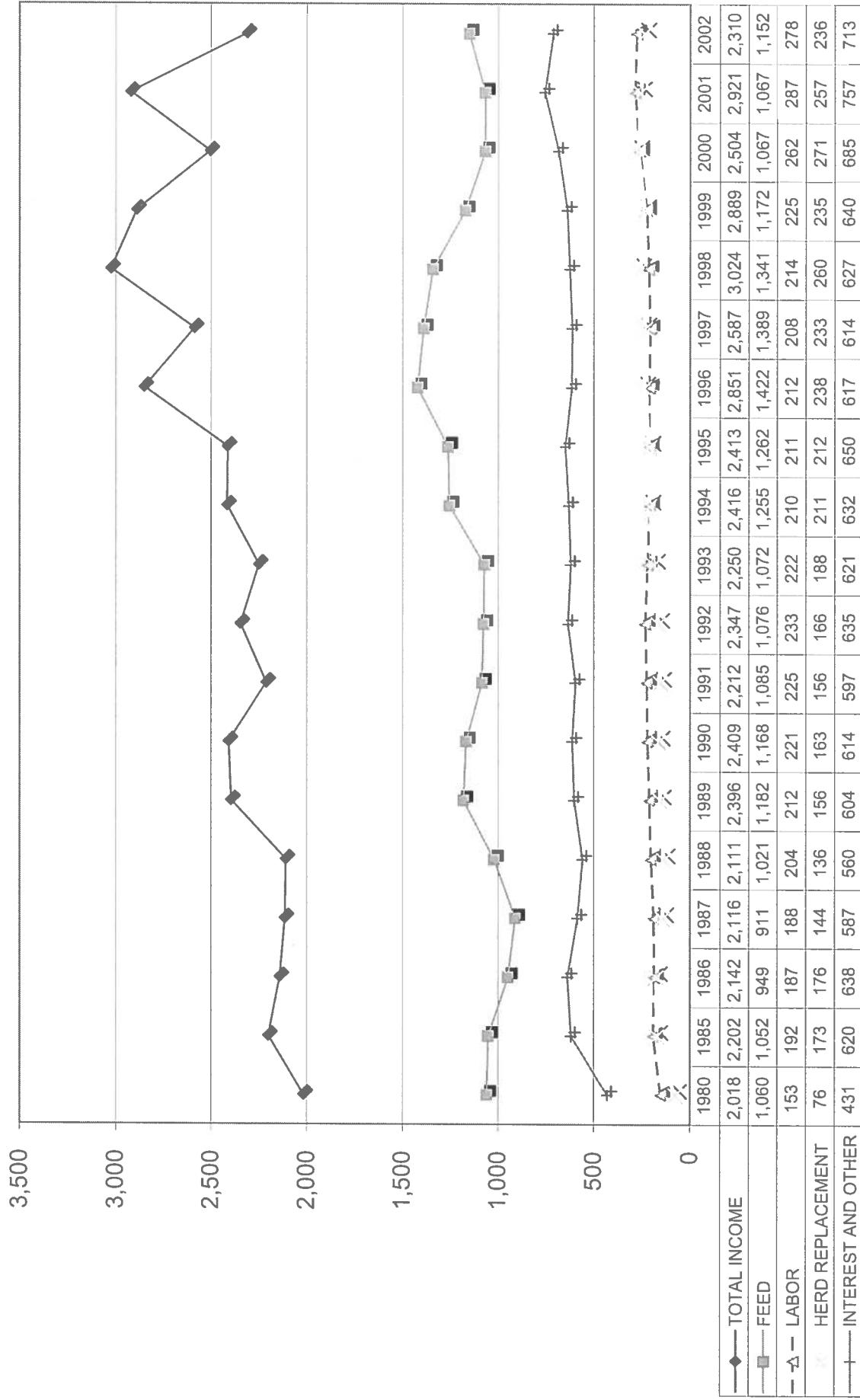
Milk production per cow is the actual pounds of milk produced for the year divided by the average total cows in the herd (milking and dry)

## PROFITABILITY BY HERD SIZE

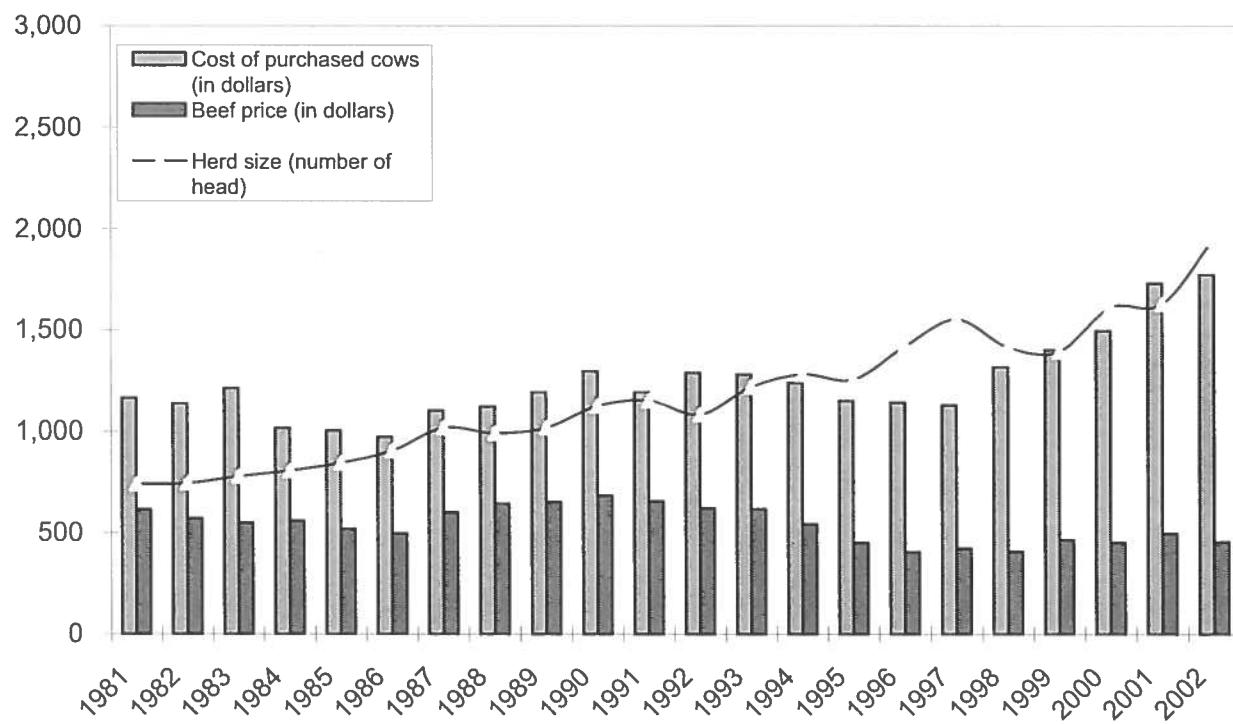
### Southern California



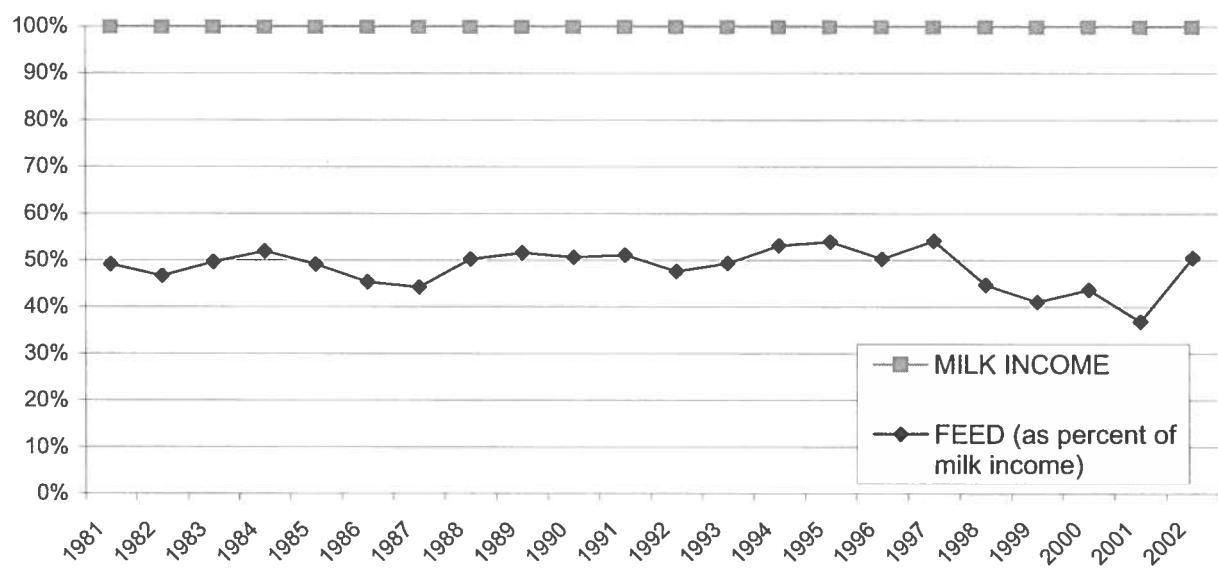
**LONG-TERM TREND - ON A "PER HEAD" BASIS**  
**SOUTHERN CALIFORNIA**  
**INCOME AND OPERATING COSTS**  
**1980 - 2002**



**LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE, AND HERD SIZE**  
**SOUTHERN CALIFORNIA**



**FEED COST vs. MILK INCOME**  
**SOUTHERN CALIFORNIA**



## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2002, 2001, AND 2000  
SAN JOAQUIN VALLEY  
(BASED ON AVERAGE AMOUNTS)

	PER HEAD			2000		
	2002		2001			
	\$	2,525	\$	2,931	\$	2,495
Income:						
Milk sales	\$	2,525	\$	2,931	\$	2,495
Calves and other		74		106		82
Total income	\$	2,599	\$	3,037	\$	2,577
Cost of operations:						
Feed:						
Grain	\$	907	\$	851	\$	806
Hay and other		391		349		280
Total feed	\$	1,298	\$	1,200	\$	1,086
Labor, (including fringe costs)	\$	262	\$	239	\$	241
Herd replacement costs	\$	256	\$	255	\$	249
Other costs:						
Milk hauling	\$	61	\$	53	\$	54
State and association charges		39		40		40
Veterinary, breeding, testing, etc.		69		67		61
Supplies		105		94		90
Repairs and maintenance		92		88		94
Utilities		65		53		43
Occupancy costs		105		99		82
Depreciation - equipment		64		56		63
Interest		109		148		191
Miscellaneous		76		90		84
Total other costs	\$	785	\$	788	\$	802
Total cost of operations	\$	2,601	\$	2,482	\$	2,378
Net income (loss)	\$	(2)	\$	555	\$	199

See accompanying explanation of income and cost factors.

YOUR 2002  
RESULTS

PER CWT. OF MILK					PER HEAD	PER CWT. OF MILK
2002	2001	2000				
\$ 11.66	\$ 14.18	\$ 11.88				
0.34	0.51	0.40				
\$ 12.00	\$ 14.69	\$ 12.28				
\$ 4.19	\$ 4.12	\$ 3.84				
1.79	1.68	1.33				
\$ 5.98	\$ 5.80	\$ 5.17				
\$ 1.21	\$ 1.15	\$ 1.15				
\$ 1.18	\$ 1.23	\$ 1.19				
\$ 0.28	\$ 0.26	\$ 0.26				
0.18	0.19	0.19				
0.32	0.33	0.30				
0.49	0.46	0.43				
0.43	0.43	0.45				
0.30	0.25	0.21				
0.49	0.48	0.39				
0.30	0.27	0.30				
0.50	0.72	0.91				
0.36	0.43	0.38				
\$ 3.65	\$ 3.82	\$ 3.82				
\$ 12.02	\$ 12.00	\$ 11.33				
\$ (0.02)	\$ 2.69	\$ 0.95				

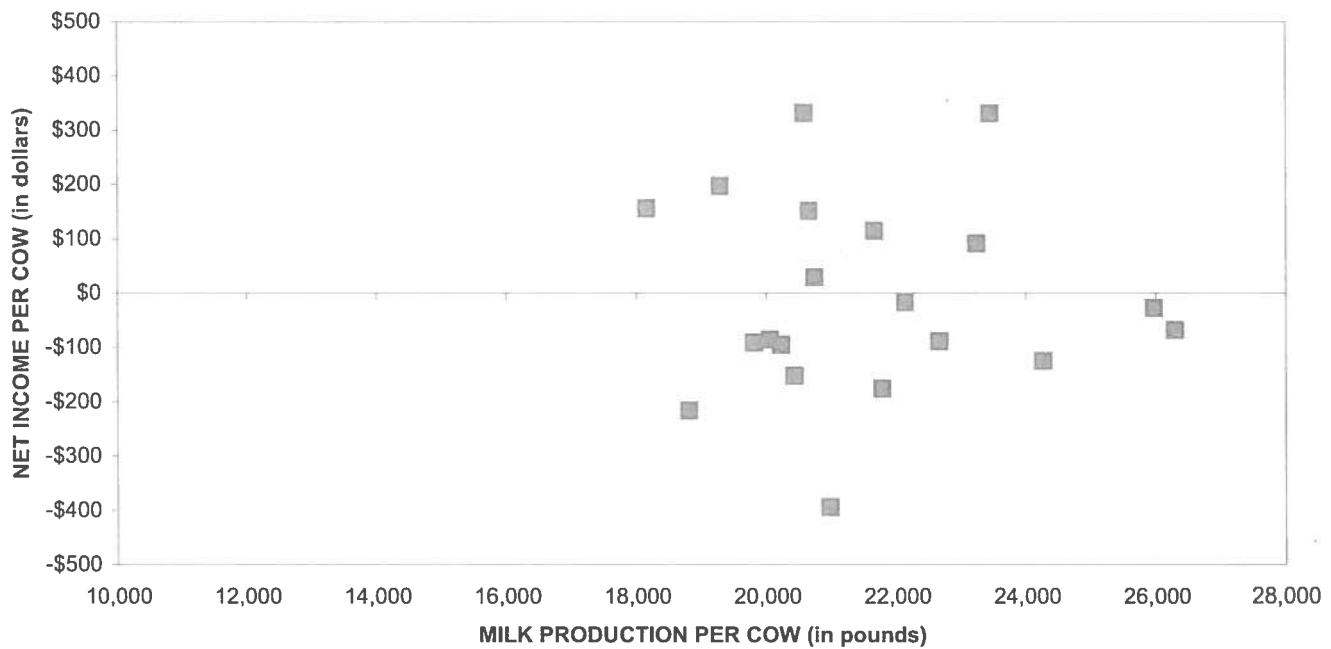
## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
 DECEMBER 31, 2002, 2001, AND 2000  
 SAN JOAQUIN VALLEY  
 (BASED ON AVERAGE AMOUNTS)

	2002	2001	2000
<b>PRODUCTION AND PRICE INFORMATION:</b>			
Annual pounds of milk, per cow (including dry cows)	21,647	20,660	21,005
Daily pounds of milk, per milking cow	69.4	67.6	69.0
Butterfat test	3.69 %	3.65 %	3.66 %
Solids-non-fat test	8.73 %	8.71 %	8.74 %
Blend price per hundredweight	\$ 11.66	\$ 14.18	\$ 11.88
Milk receipts, per milking cow	\$ 2,955	\$ 3,499	\$ 2,991
<b>HERD INFORMATION:</b>			
Herd size - total	2,334	2,328	2,143
Percent of dry cows	14.6 %	16.2 %	16.6 %
Herd turnover rate	31.7 %	32.5 %	34.5 %
Composition of herd:			
Purchased cows	28 %	39 %	15 %
Self-raised cows	72 %	61 %	85 %
Cost of purchased cows	\$ 1,694	\$ 1,584	\$ 1,456
Beef price received	\$ 484	\$ 489	\$ 460
<b>FEED INFORMATION:</b>			
Cost of feed as a percent of milk income:			
Grain	35.9 %	29.0 %	32.3 %
Hay and other	15.5 %	11.9 %	11.2 %
Totals	51.4 %	40.9 %	43.5 %

## PROFITABILITY BY MILK PRODUCTION PER COW

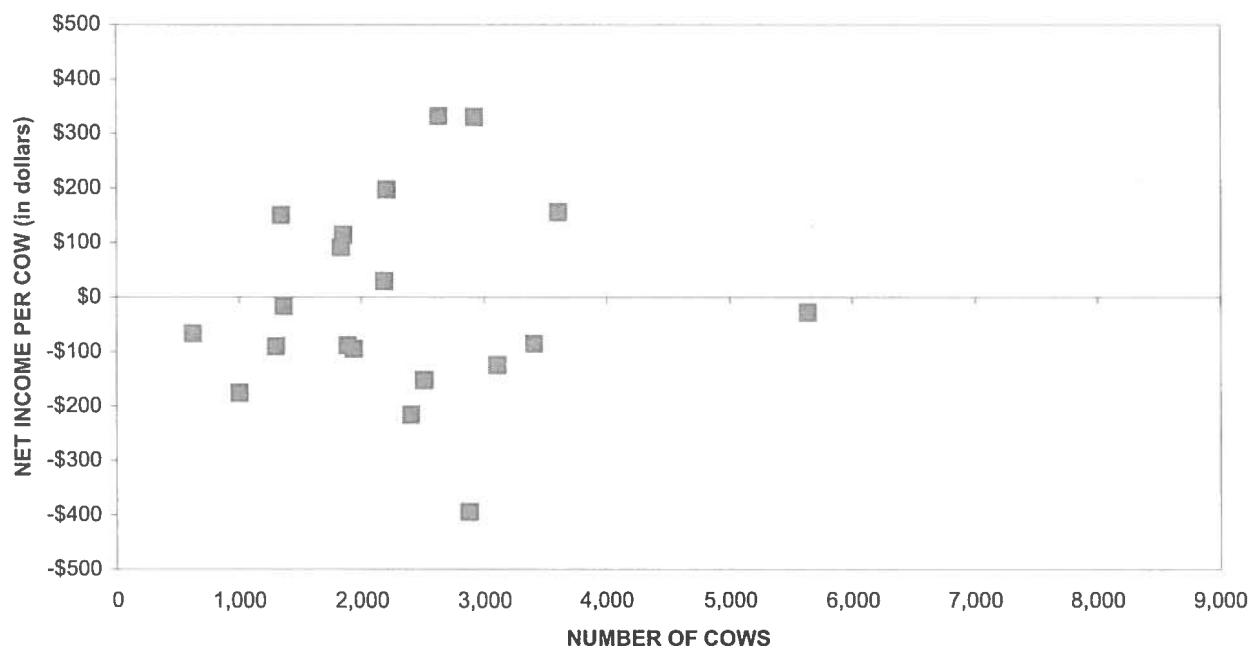
### San Joaquin Valley



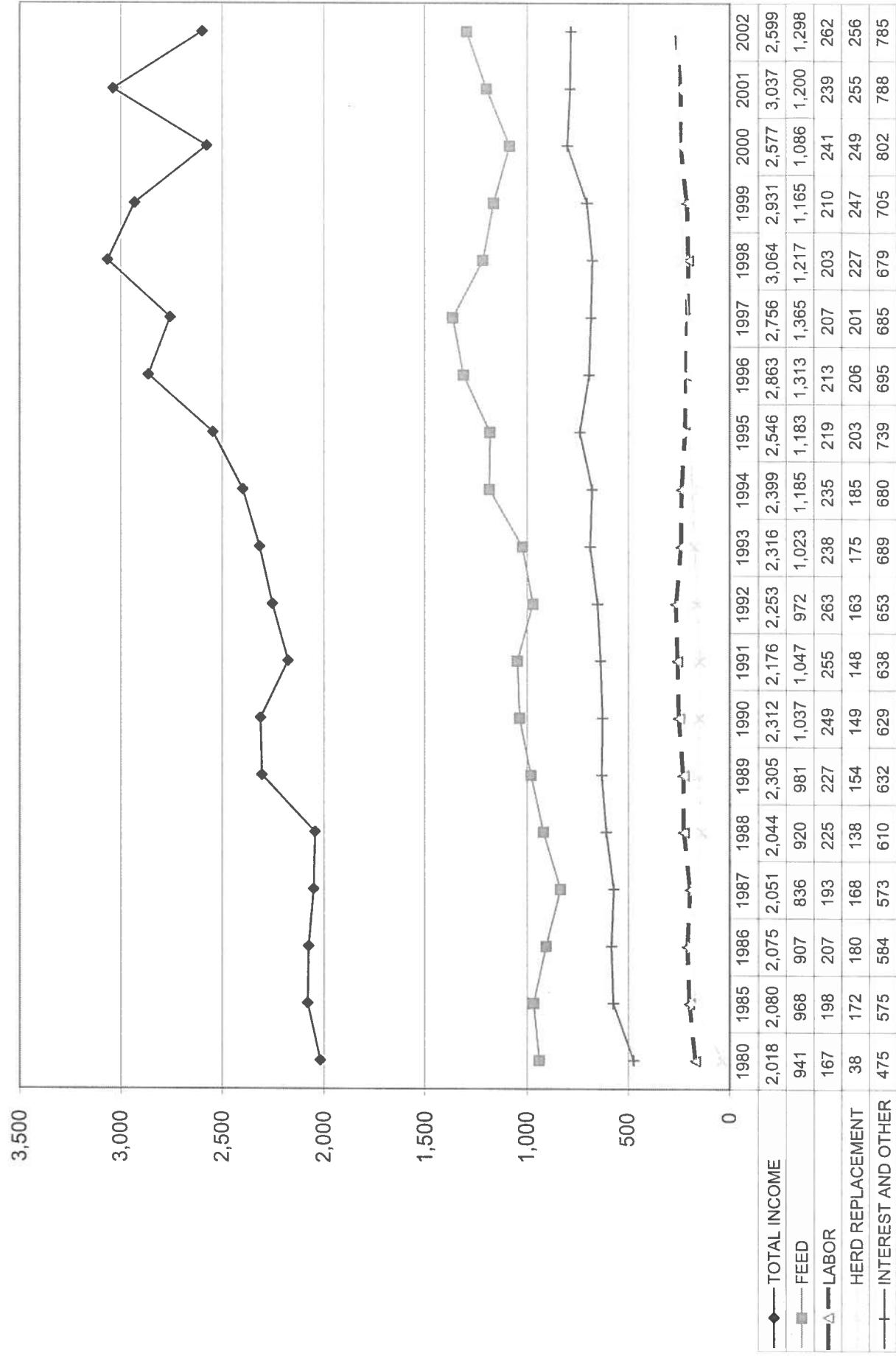
Milk production per cow is the actual pounds of milk produced for the year divided by the average total cows in the herd (milking and dry)

## PROFITABILITY BY HERD SIZE

### San Joaquin Valley



**LONG-TERM TREND - ON A "PER HEAD" BASIS**  
**SAN JOAQUIN VALLEY**  
**INCOME AND OPERATING COSTS**  
**1980 - 2002**



## NOTES

## OUR FIRM AND THE DAIRY INDUSTRY

Moore Stephens Wurth Frazer and Torbet, LLP has been associated with the dairy industry since the early 1950's. At that time, many immigrants from Europe were arriving in California's "Dairy Valley" and establishing their farming operations. These early dairies averaged 50 cows and the families provided most of the labor.

Moore Stephens Wurth Frazer and Torbet, LLP's partners, situated in "Dairy Valley", were instrumental in the creation of federal and state laws to help dairymen. We have consistently supported pro-agricultural organizations in their efforts to help shape policy and better the living and working environments for dairy families.

As development expanded in the dairy farming area, our firm helped many dairies relocate throughout California and other Western states. Many families we are servicing now have their third generation stepping into the operation's management. We have grown with these families into their multiple operations, often totaling 10,000 cows or more. Today, Moore Stephens Wurth Frazer and Torbet, LLP has clients in California, Arizona, Texas, New Mexico, Colorado, Idaho, Oregon, Washington, Nevada and Kansas. Also, we actively consult with many dairies throughout the United States.

As we look to the future, the trend to larger, more efficient dairies will continue. Along with this trend, the dairy industry is facing continued challenges in its expansion and relocation activities including the ability to construct new dairies. The dairy industry brings many jobs to an area and allows associated businesses to grow and flourish. This creates further conflict between the local communities and the environmentalists.

The environmental issues are extremely important and the dairies need to monitor and control the impact on the surrounding community including air quality, water quality and odor issues. The regulatory controls and enforcement will increase in impact to the dairies in 2003.

The low milk prices in 2002 which has followed into 2003 coupled with the increasing feed costs have placed considerable financial strain on many dairies.

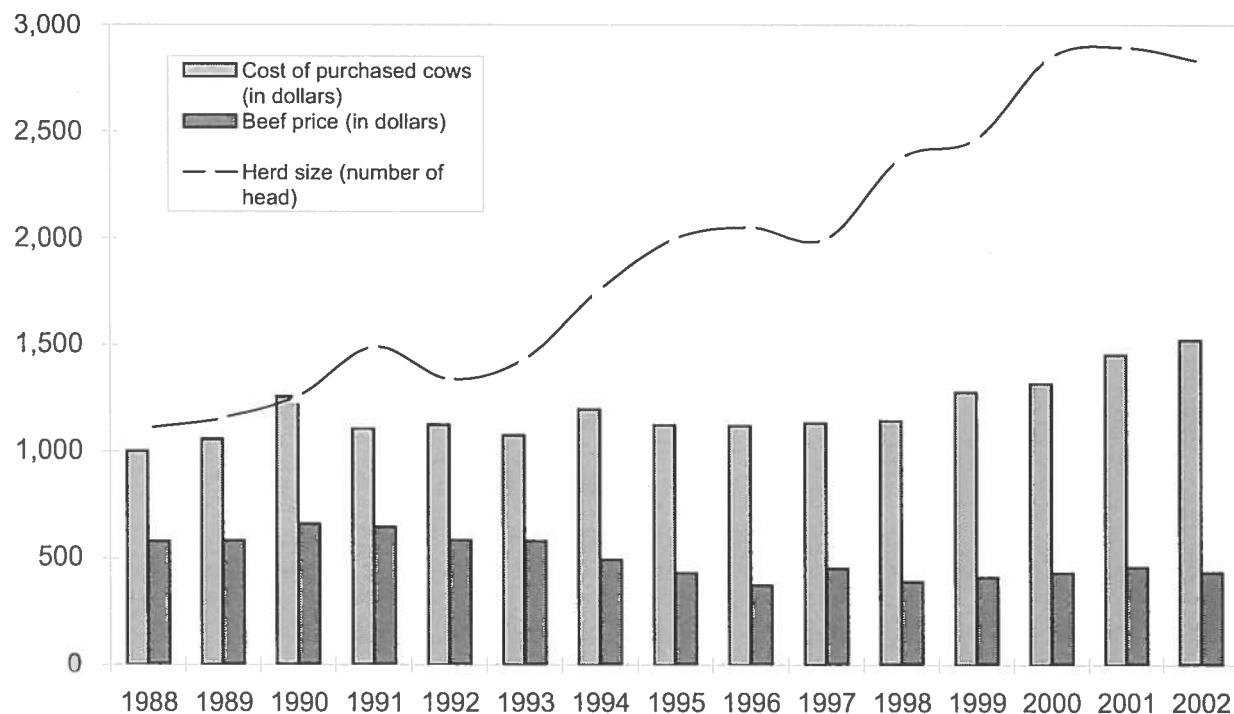
All of these factors culminate in a substantial amount of capital required to maintain a dairy farm and will put increasing pressure on dairy operators to make critical financial decisions. Moore Stephens Wurth Frazer and Torbet, LLP will be instrumental in providing the assistance needed to make these decisions.

We are proud of our dairy clients' social, political and charitable contributions to their communities.

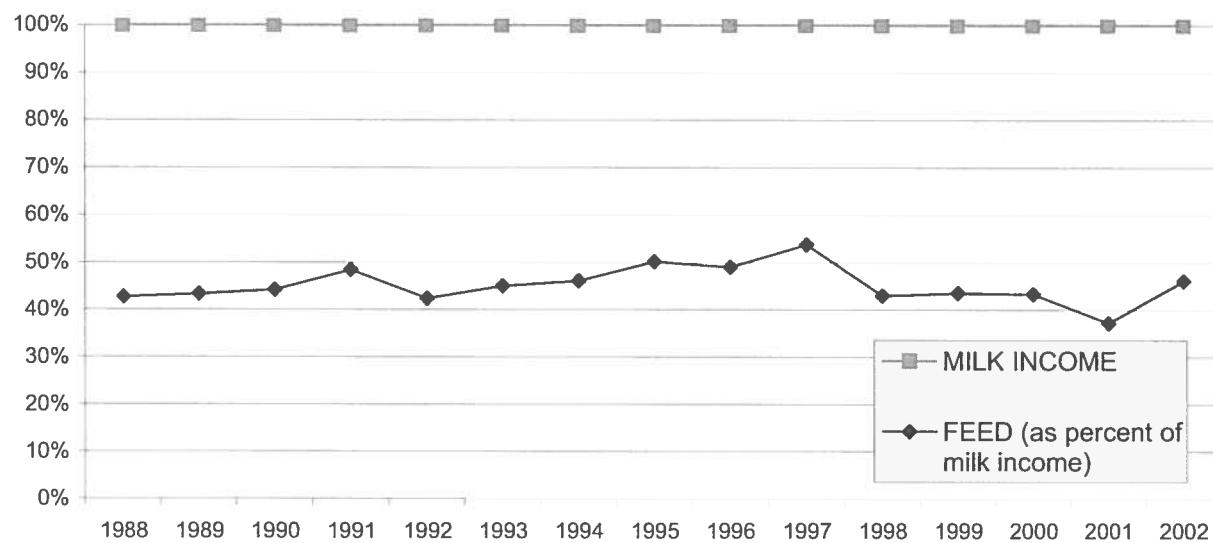
## EXPLANATION OF INCOME AND COST FACTORS

<b>Basis of presentation</b>	Information is included both on a "per head" basis and a "per hundredweight of milk" basis. The "per head" statistics are based on the total average number of milking and dry cows in a herd for the period.
<b>Milk sales</b>	Includes milk income, quality and production bonuses, patronage dividends, and USDA program payments.
<b>Calves and other income</b>	This is primarily composed of the sale of calves, heifers, other livestock and equipment, and net crop income.
<b>Feed</b>	Grain includes all minerals and BST expense.
<b>Labor</b>	Includes wages and fringe costs such as payroll taxes, workers' compensation insurance, medical insurance, union benefits, etc. Compensation to owner-employees or partners is not included.
<b>Herd replacement cost</b>	Represents the difference between the actual price paid for purchased cows (or estimated cost of self-raised cows) at the time the cows were added to the milking herd less the sales price received for cows disposed of. This difference is amortized over the productive life of the cows.
<b>Occupancy cost</b>	Includes property taxes and depreciation of buildings on owner occupied facilities, rent paid and depreciation of improvements on leased facilities. It does not include interest paid on real property.
<b>Miscellaneous cost</b>	Includes auto and truck expenses, insurance, professional fees, quality penalties and other dairy expenses not otherwise classified. In Arizona, this also includes the UDA operating losses.
<b>Net income</b>	Is stated before a provision for income taxes or a return on the dairy owner's investment.

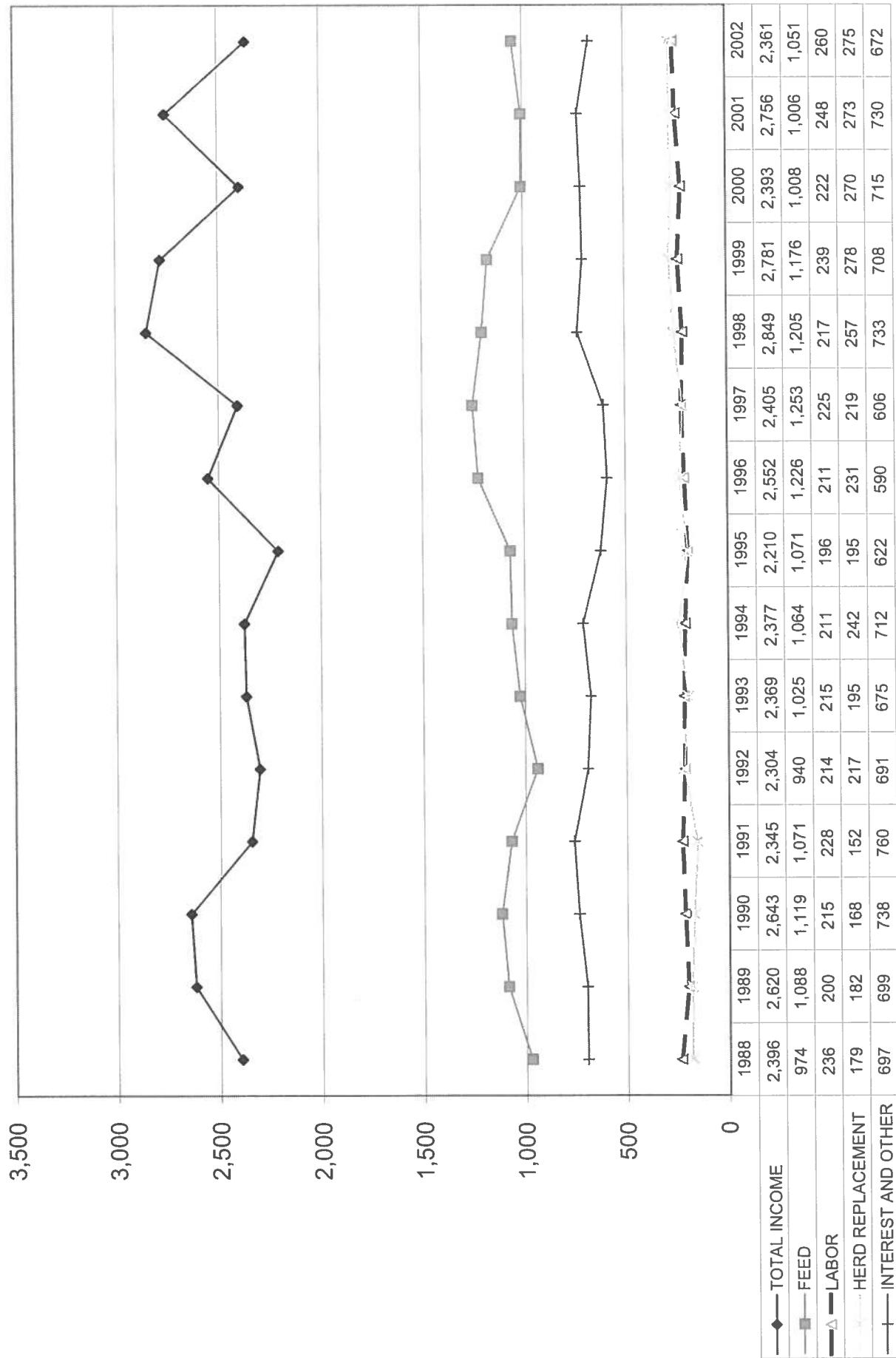
**LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE, AND HERD SIZE  
NEW MEXICO**



**FEED COST vs. MILK INCOME  
NEW MEXICO**

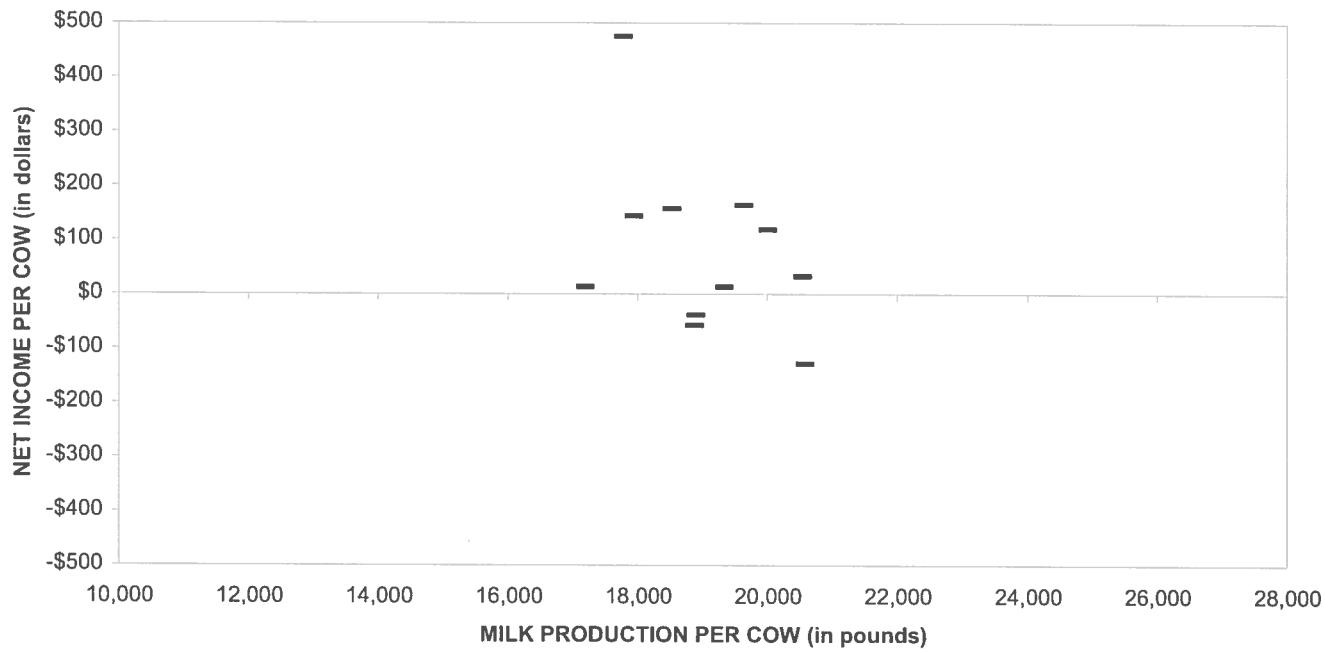


**LONG-TERM TREND - ON A "PER HEAD" BASIS**  
**NEW MEXICO**  
**INCOME AND OPERATING COSTS**  
**1988 - 2002**



## PROFITABILITY BY MILK PRODUCTION PER COW

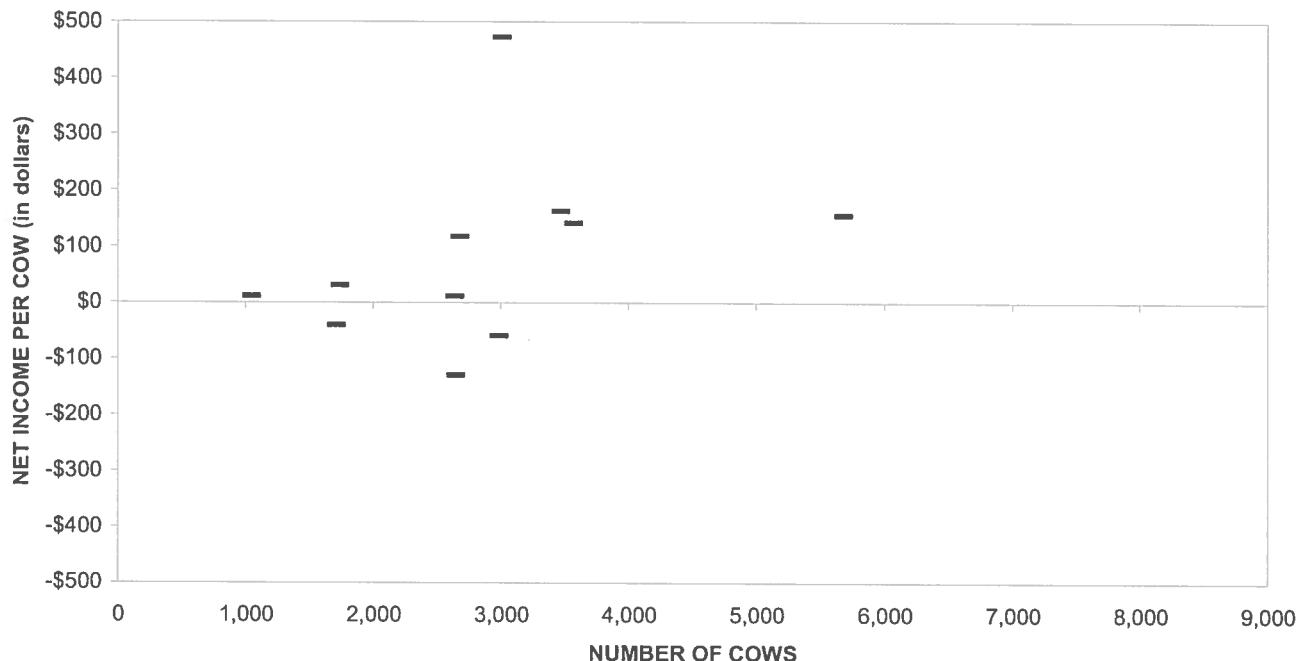
### New Mexico



Milk production per cow is the actual pounds of milk produced for the year divided by the average total cows in the herd (milking and dry)

## PROFITABILITY BY HERD SIZE

### New Mexico



## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
 DECEMBER 31, 2002, 2001, AND 2000  
 NEW MEXICO  
 (BASED ON AVERAGE AMOUNTS)

2002                    2001                    2000

### PRODUCTION AND PRICE INFORMATION:

Annual pounds of milk, per cow (including dry cows)                    18,888                    18,516                    19,301

Daily pounds of milk, per milking cow                    65.3                    64.8                    66.3

Butterfat test                    3.56 %                    3.53 %                    3.54 %

Blend price per hundredweight                    \$ 12.09                    \$ 14.58                    \$ 12.06

Milk receipts, per milking cow                    \$ 2,883                    \$ 3,449                    \$ 2,922

### HERD INFORMATION:

Herd size - total                    2,829                    2,896                    2,852

Percent of dry cows                    20.8 %                    21.7 %                    20.3 %

Herd turnover rate                    29.2 %                    38.9 %                    31.5 %

### Composition of herd:

Purchased cows                    43 %                    53 %                    37 %

Self-raised cows                    57 %                    47 %                    63 %

Cost of purchased cows                    \$ 1,521                    \$ 1,452                    \$ 1,317

Beef price received                    \$ 430                    \$ 456                    \$ 429

### FEED INFORMATION:

#### Cost of feed as a percent of milk income:

Grain                    33.1 %                    27.0 %                    31.7 %

Hay and other                    13.0 %                    10.3 %                    11.6 %

Totals                    46.1 %                    37.3 %                    43.3 %

**PER CWT. OF MILK****YOUR 2002  
RESULTS**

2002	2001	2000	PER HEAD	PER CWT. OF MILK
\$ 12.09	\$ 14.58	\$ 12.06		
0.41	0.29	0.33		
\$ 12.50	\$ 14.87	\$ 12.39		
\$ 4.00	\$ 3.94	\$ 3.83		
1.56	1.50	1.39		
\$ 5.56	\$ 5.44	\$ 5.22		
\$ 1.38	\$ 1.34	\$ 1.15		
\$ 1.46	\$ 1.48	\$ 1.40		
\$ 0.51	\$ 0.66	\$ 0.55		
0.21	0.21	0.17		
0.29	0.26	0.22		
0.62	0.64	0.50		
0.39	0.43	0.38		
0.19	0.21	0.17		
0.31	0.32	0.33		
0.25	0.22	0.19		
0.46	0.60	0.79		
0.34	0.40	0.39		
\$ 3.57	\$ 3.95	\$ 3.69		
\$ 11.97	\$ 12.21	\$ 11.46		
\$ 0.53	\$ 2.66	\$ 0.93		

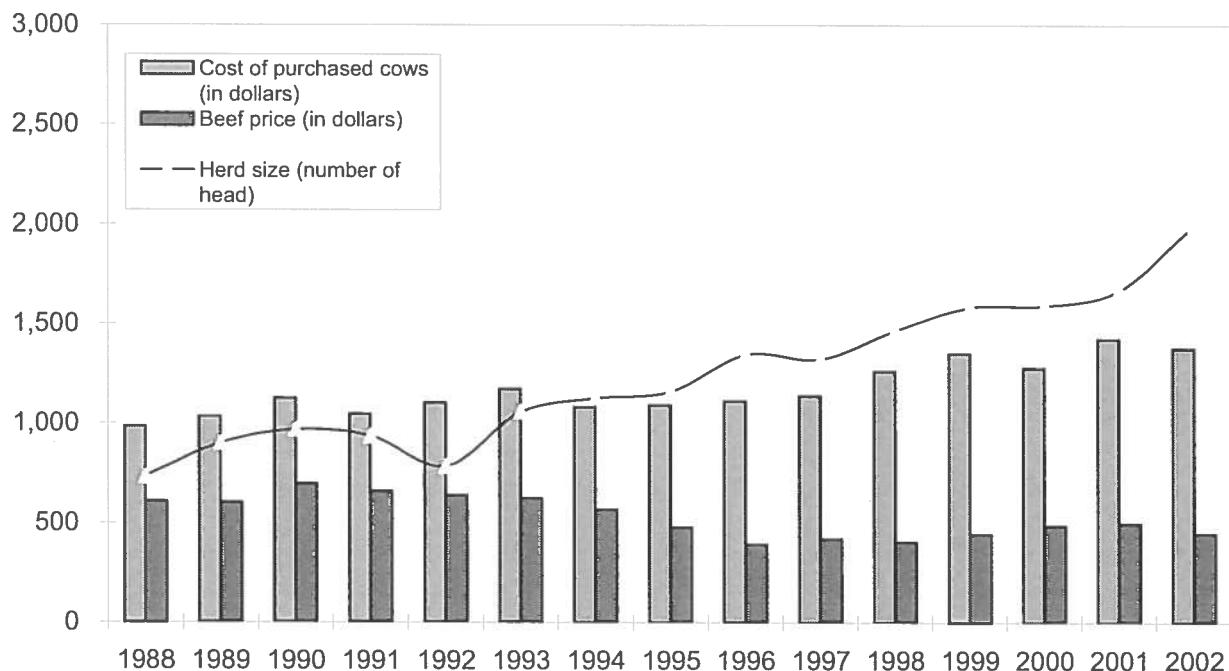
## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2002, 2001, AND 2000  
NEW MEXICO  
(BASED ON AVERAGE AMOUNTS)

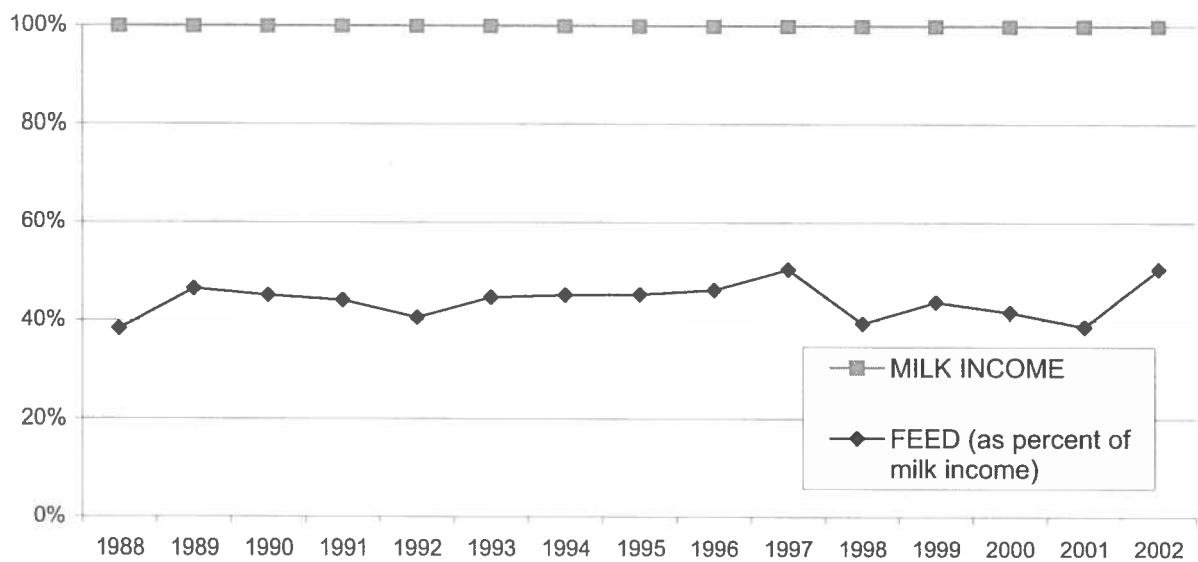
	PER HEAD					
	2002		2001		2000	
	\$		\$		\$	
<b>Income:</b>						
Milk sales	\$ 2,284		\$ 2,701		\$ 2,329	
Calves and other	77		55		64	
<b>Total income</b>	<b>\$ 2,361</b>		<b>\$ 2,756</b>		<b>\$ 2,393</b>	
<b>Cost of operations:</b>						
Feed:						
Grain	\$ 755		\$ 729		\$ 739	
Hay and other	296		277		269	
<b>Total feed</b>	<b>\$ 1,051</b>		<b>\$ 1,006</b>		<b>\$ 1,008</b>	
<b>Labor, (including fringe costs)</b>	<b>\$ 260</b>		<b>\$ 248</b>		<b>\$ 222</b>	
<b>Herd replacement costs</b>	<b>\$ 275</b>		<b>\$ 273</b>		<b>\$ 270</b>	
Other costs:						
Milk hauling	\$ 96		\$ 123		\$ 107	
State and association charges	39		38		33	
Veterinary, breeding, testing, etc.	55		49		43	
Supplies	117		118		96	
Repairs and maintenance	73		80		74	
Utilities	36		39		32	
Occupancy costs	59		60		65	
Depreciation - equipment	46		40		37	
Interest	88		111		152	
Miscellaneous	63		72		76	
<b>Total other costs</b>	<b>\$ 672</b>		<b>\$ 730</b>		<b>\$ 715</b>	
<b>Total cost of operations</b>	<b>\$ 2,258</b>		<b>\$ 2,257</b>		<b>\$ 2,215</b>	
<b>Net income</b>	<b>\$ 103</b>		<b>\$ 499</b>		<b>\$ 178</b>	

See accompanying explanation of income and cost factors.

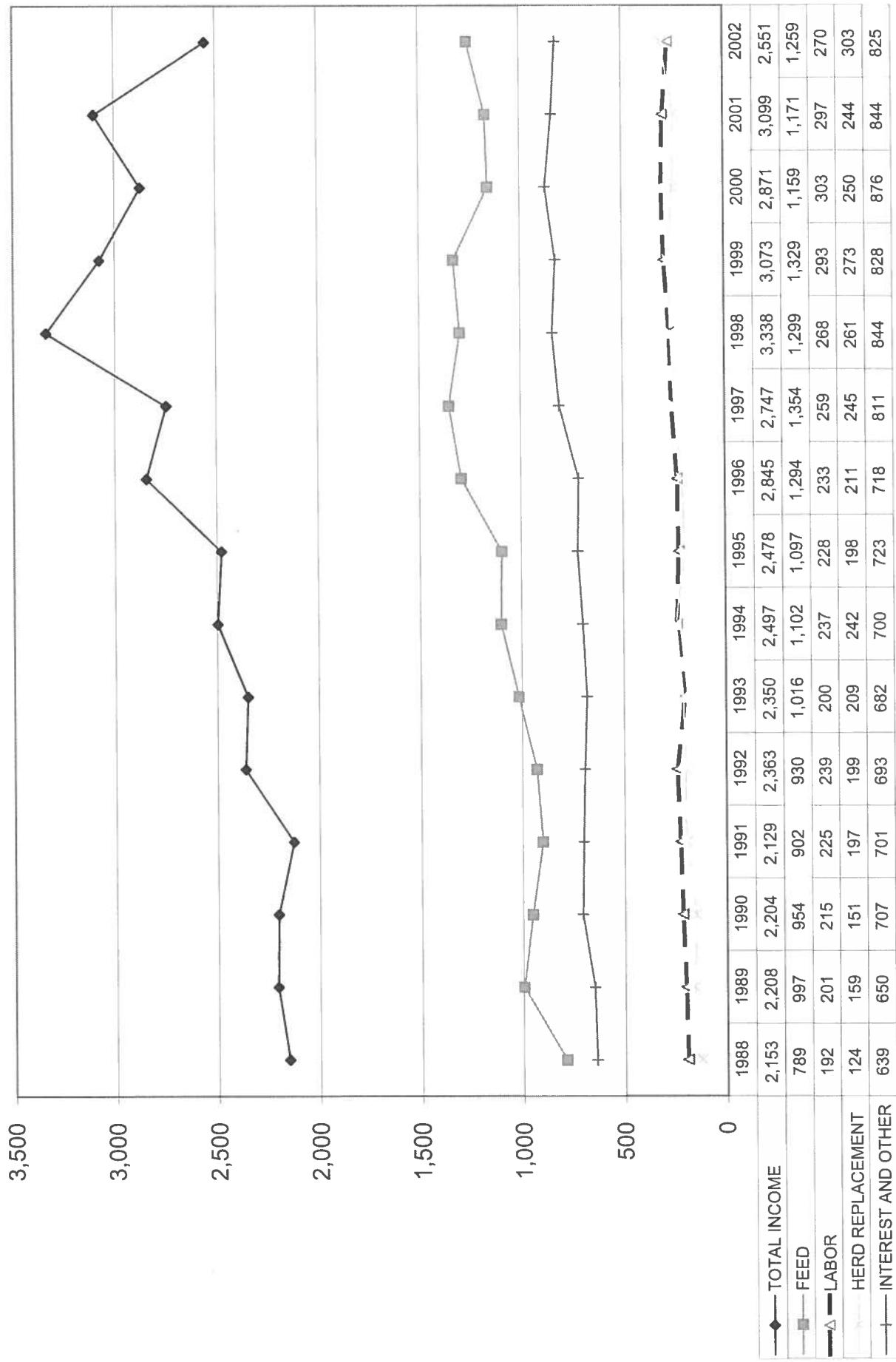
**LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE,  
AND HERD SIZE  
IDAHO**



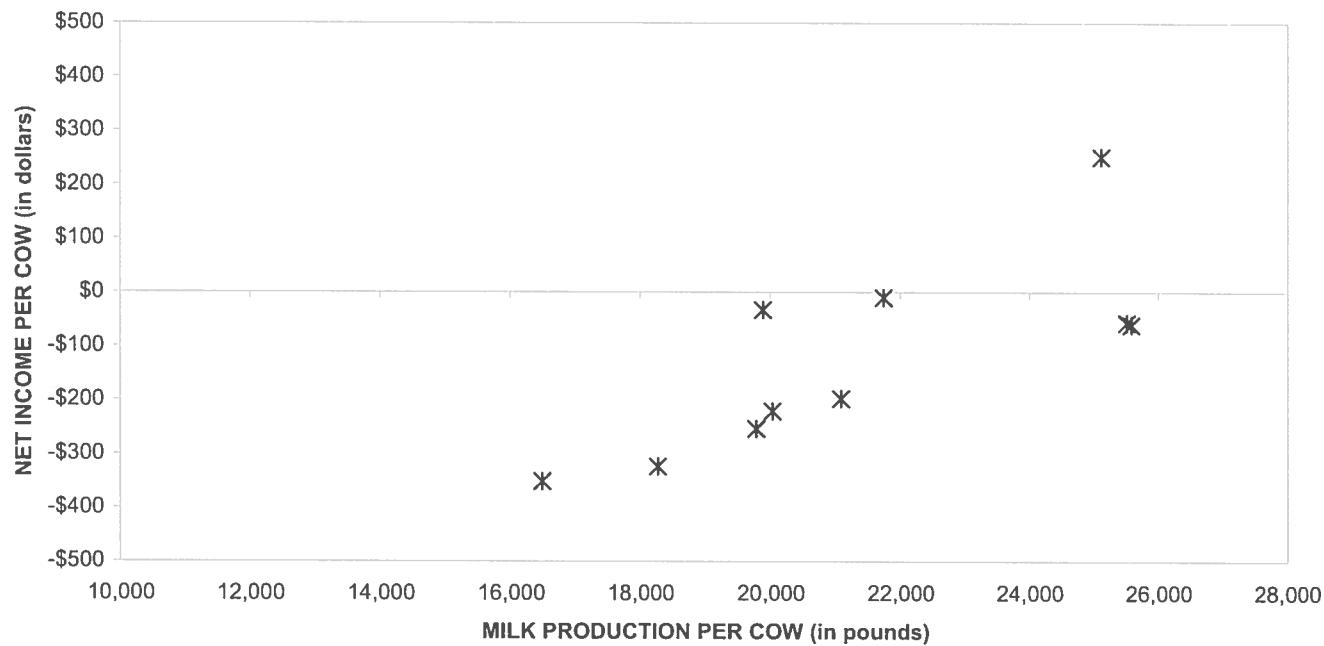
**FEED COST vs. MILK INCOME  
IDAHO**



LONG-TERM TREND - ON A "PER HEAD" BASIS  
**IDAHO**  
**INCOME AND OPERATING COSTS**  
**1988 - 2002**

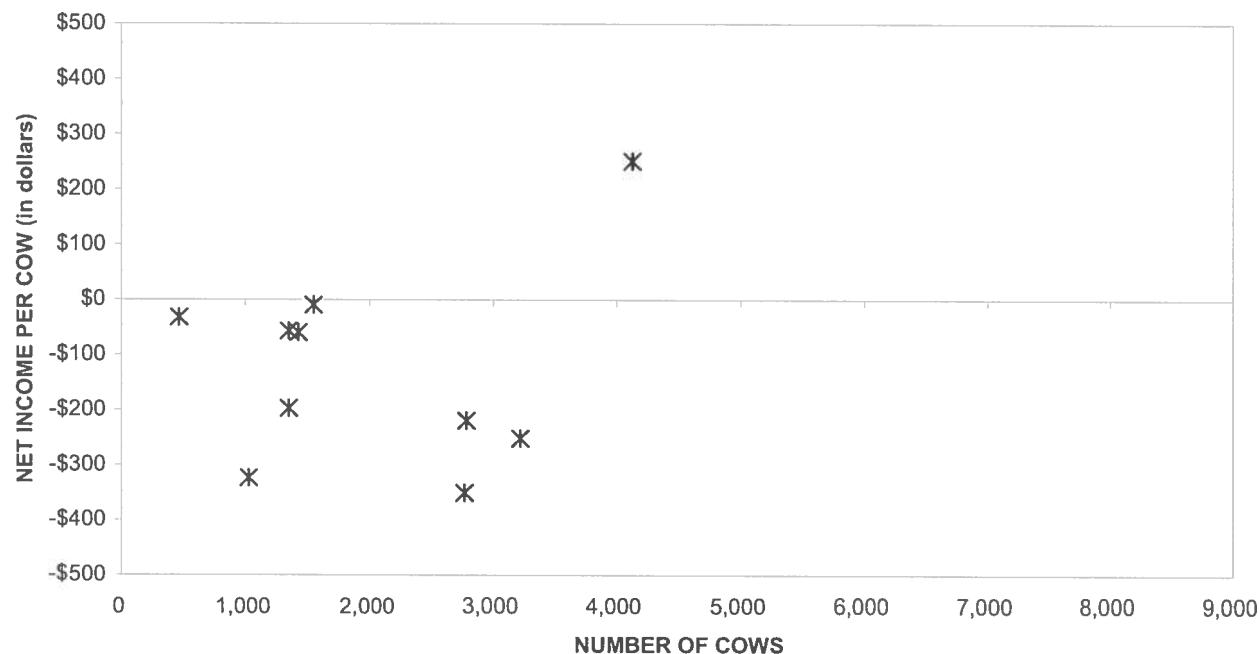


## PROFITABILITY BY MILK PRODUCTION PER COW Idaho



Milk production per cow is the actual pounds of milk produced for the year divided by the average total cows in the herd (milking and dry)

## PROFITABILITY BY HERD SIZE Idaho



## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
 DECEMBER 31, 2002, 2001, AND 2000  
 IDAHO  
 (BASED ON AVERAGE AMOUNTS)

	2002	2001	2000
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### PRODUCTION AND PRICE INFORMATION:

Annual pounds of milk, per cow (including dry cows)	21,420	22,104	24,380
---	--------	--------	--------

Daily pounds of milk, per milking cow	70.9	72.0	72.0
---------------------------------------	------	------	------

Butterfat test	3.55 %	3.52 %	3.62 %
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Blend price per hundredweight	\$ 11.62	\$ 13.68	\$ 11.40
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Milk receipts, per milking cow	\$ 3,007	\$ 3,598	\$ 2,997
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### HERD INFORMATION:

Herd size - total	2,002	1,669	1,592
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Percent of dry cows	17.2 %	15.9 %	7.3 %
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Herd turnover rate	32.5 %	32.5 %	32.5 %
--------------------	--------	--------	--------

Composition of herd:			
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Purchased cows	51 %	60 %	33 %
Self-raised cows	49 %	40 %	67 %

Cost of purchased cows	\$ 1,375	\$ 1,423	\$ 1,277
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Beef price received	\$ 444	\$ 495	\$ 484
---------------------	--------	--------	--------

### FEED INFORMATION:

Cost of feed as a percent of milk income:			
---	--	--	--

Grain	32.1 %	25.0 %	26.5 %
Hay and other	18.4 %	13.7 %	15.2 %

Totals	50.5 %	38.7 %	41.7 %
--------	--------	--------	--------

**PER CWT. OF MILK**

**YOUR 2002  
RESULTS**

2002	2001	2000	PER HEAD	PER CWT. OF MILK
\$ 11.62	\$ 13.68	\$ 11.40		
0.29	0.34	0.36		
\$ 11.91	\$ 14.02	\$ 11.76		
\$ 3.74	\$ 3.41	\$ 3.02		
2.15	1.89	1.74		
\$ 5.89	\$ 5.30	\$ 4.76		
\$ 1.25	\$ 1.34	\$ 1.25		
\$ 1.41	\$ 1.11	\$ 1.03		
\$ 0.23	\$ 0.23	\$ 0.23		
0.24	0.22	0.23		
0.37	0.39	0.32		
0.63	0.64	0.55		
0.49	0.45	0.39		
0.22	0.18	0.14		
0.37	0.34	0.27		
0.34	0.29	0.31		
0.49	0.56	0.61		
0.48	0.52	0.56		
\$ 3.86	\$ 3.82	\$ 3.61		
\$ 12.41	\$ 11.57	\$ 10.65		
\$ (0.50)	\$ 2.45	\$ 1.11		

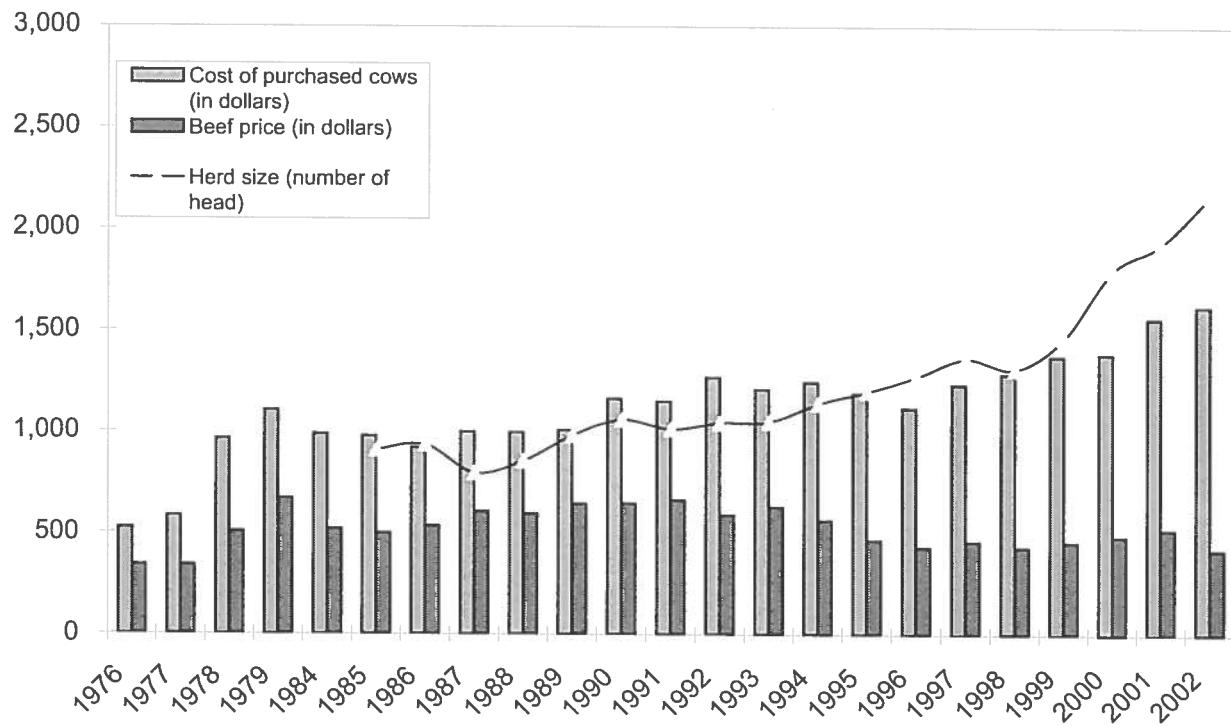
# CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2002, 2001, AND 2000  
IDAHO  
(BASED ON AVERAGE AMOUNTS)

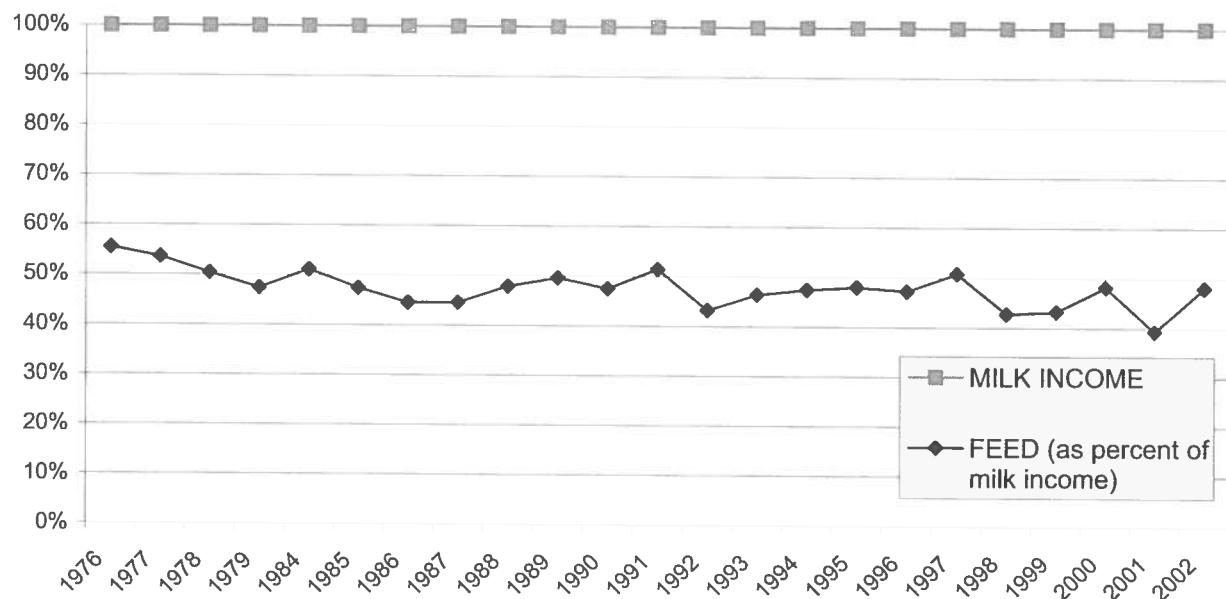
	PER HEAD			2000		
	2002		2001			
	\$	2,490 61	\$	3,024 75	\$	2,779 92
Income:						
Milk sales	\$	2,490	\$	3,024	\$	2,779
Calves and other		61		75		92
Total income	\$	2,551	\$	3,099	\$	2,871
Cost of operations:						
Feed:						
Grain	\$	800	\$	755	\$	736
Hay and other		459		416		423
Total feed	\$	1,259	\$	1,171	\$	1,159
Labor, (including fringe costs)	\$	270	\$	297	\$	303
Herd replacement costs	\$	303	\$	244	\$	250
Other costs:						
Milk hauling	\$	49	\$	50	\$	55
State and association charges		51		49		57
Veterinary, breeding, testing, etc.		81		86		78
Supplies		134		142		133
Repairs and maintenance		105		99		94
Utilities		47		40		34
Occupancy costs		78		76		66
Depreciation - equipment		72		65		74
Interest		105		123		148
Miscellaneous		103		114		137
Total other costs	\$	825	\$	844	\$	876
Total cost of operations	\$	2,657	\$	2,556	\$	2,588
Net income (loss)	\$	(106)	\$	543	\$	283

See accompanying explanations of income and cost factors.

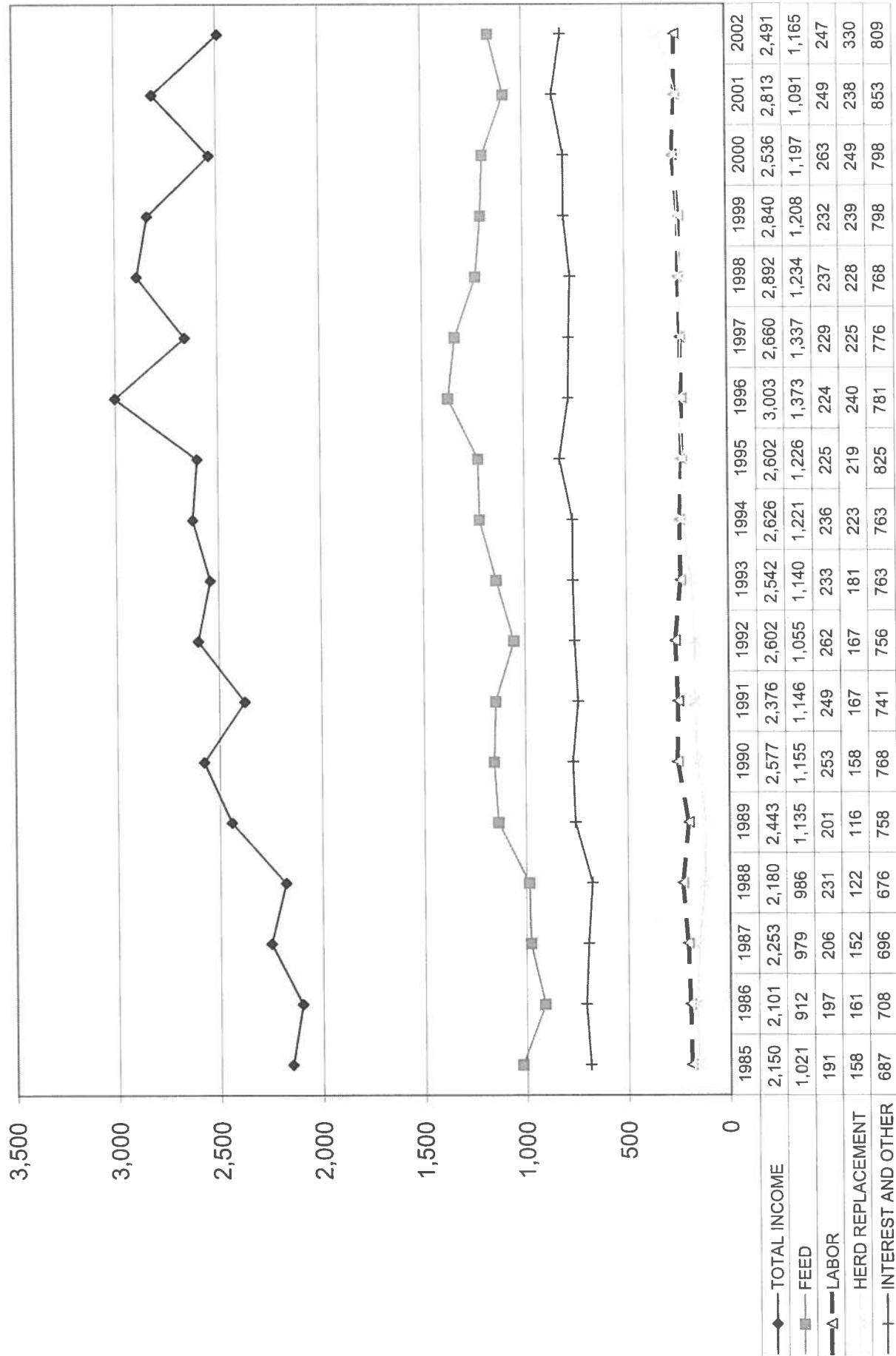
**LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE,  
AND HERD SIZE  
ARIZONA**



**FEED COST vs. MILK INCOME  
ARIZONA**

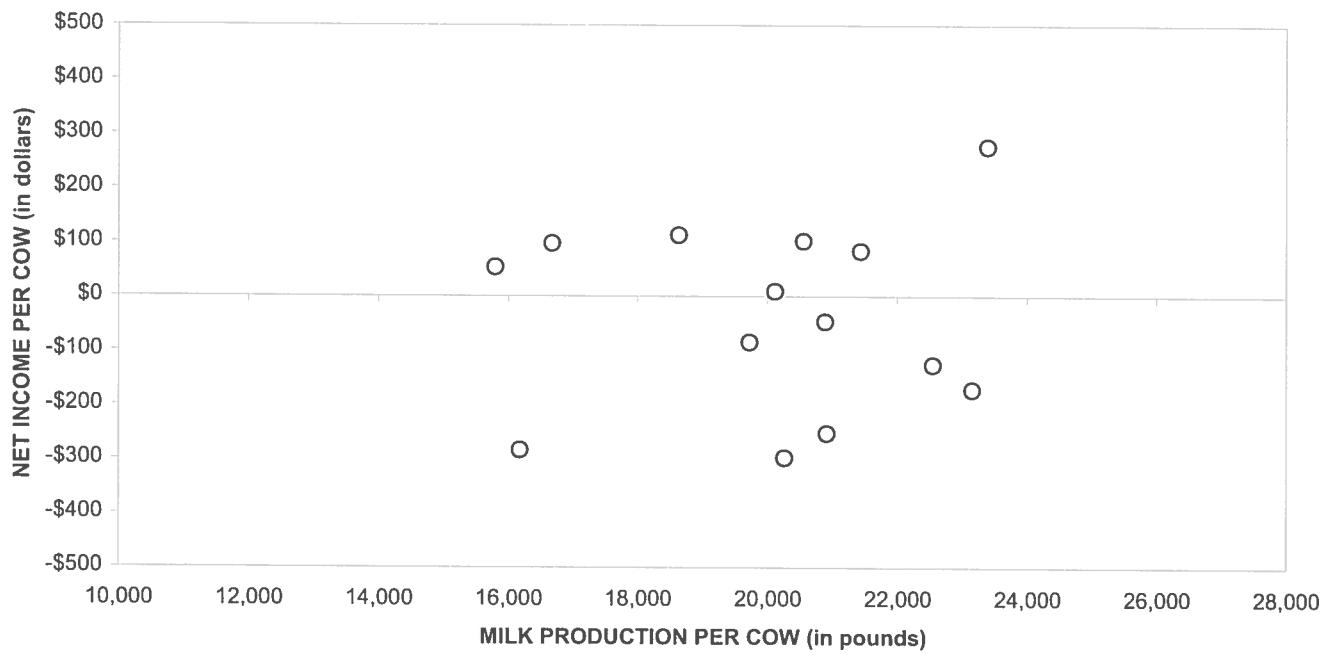


LONG-TERM TREND - ON A "PER HEAD" BASIS  
**ARIZONA**  
**INCOME AND OPERATING COSTS**  
**1985 - 2002**



## PROFITABILITY BY MILK PRODUCTION PER COW

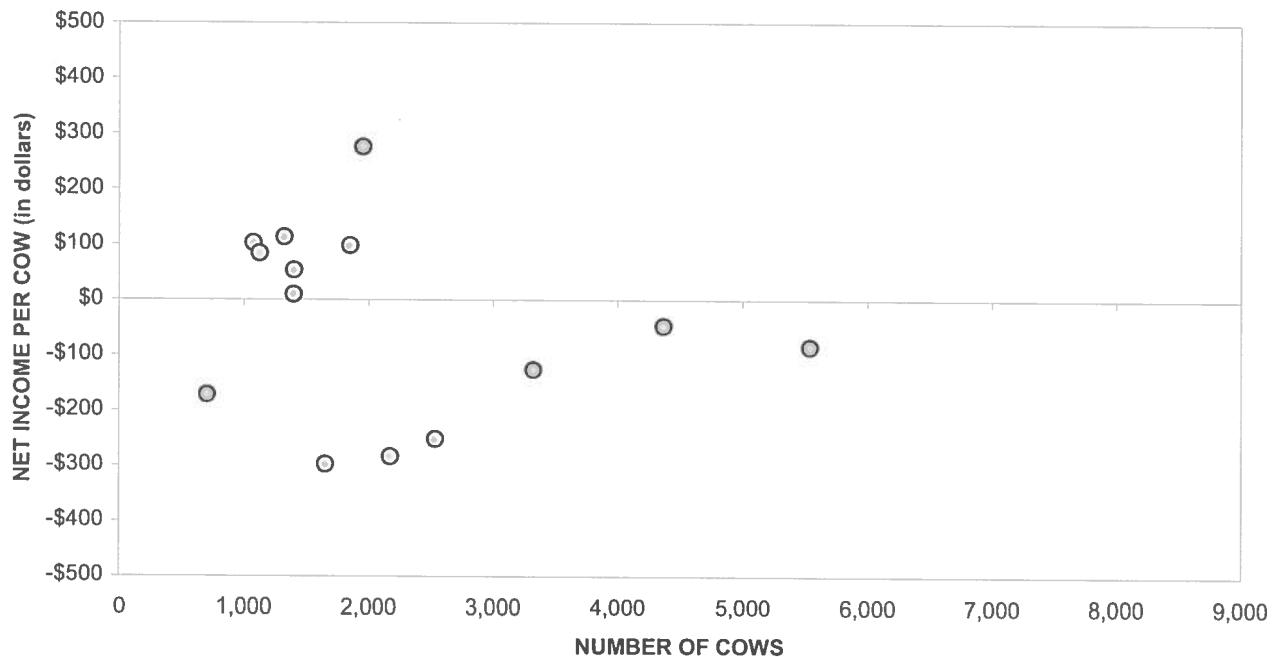
### Arizona



Milk production per cow is the actual pounds of milk produced for the year divided by the average total cows in the herd (milking and dry)

## PROFITABILITY BY HERD SIZE

### Arizona



## SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED  
 DECEMBER 31, 2002, 2001, AND 2000  
 ARIZONA  
 (BASED ON AVERAGE AMOUNTS)

	2002	2001	2000
<b>PRODUCTION AND PRICE INFORMATION:</b>			
Annual pounds of milk, per cow (including dry cows)	20,081	18,993	20,565
Daily pounds of milk, per milking cow	68.5	64.2	67.4
Butterfat test	3.58 %	3.55 %	3.61 %
Blend price per hundredweight	\$ 12.04	\$ 14.61	\$ 12.07
Milk receipts, per milking cow	\$ 3,011	\$ 3,427	\$ 2,969
<b>HERD INFORMATION:</b>			
Herd size - total	2,171	1,928	1,798
Percent of dry cows	19.6 %	19.0 %	16.4 %
Herd turnover rate	34.9 %	29.5 %	34.6 %
Composition of herd:			
Purchased cows	72 %	75 %	50 %
Self-raised cows	28 %	25 %	50 %
Cost of purchased cows	\$ 1,618	\$ 1,558	\$ 1,384
Beef price received	\$ 417	\$ 517	\$ 485
<b>FEED INFORMATION:</b>			
Cost of feed as a percent of milk income:			
Grain	31.3 %	24.4 %	32.9 %
Hay and other	16.8 %	15.0 %	15.4 %
Totals	48.1 %	39.4 %	48.3 %

**PER CWT. OF MILK**

**YOUR 2002  
RESULTS**

**PER CWT.  
OF MILK**

2002	2001	2000	PER HEAD	PER CWT. OF MILK
\$ 12.04 0.36	\$ 14.61 0.20	\$ 12.07 0.26		
\$ 12.40	\$ 14.81	\$ 12.33		
\$ 3.77 2.03	\$ 3.56 2.19	\$ 3.97 1.85		
\$ 5.80	\$ 5.75	\$ 5.82		
\$ 1.24	\$ 1.32	\$ 1.28		
\$ 1.64	\$ 1.25	\$ 1.21		
\$ 0.49 0.23 0.21 0.53 0.37 0.25 0.57 0.19 0.62 0.56	\$ 0.48 0.19 0.24 0.52 0.41 0.27 0.64 0.20 0.84 0.70	\$ 0.35 0.19 0.21 0.47 0.43 0.26 0.39 0.18 0.86 0.56		
\$ 4.02	\$ 4.49	\$ 3.90		
\$ 12.70	\$ 12.81	\$ 12.21		
\$ (0.30)	\$ 2.00	\$ 0.12		

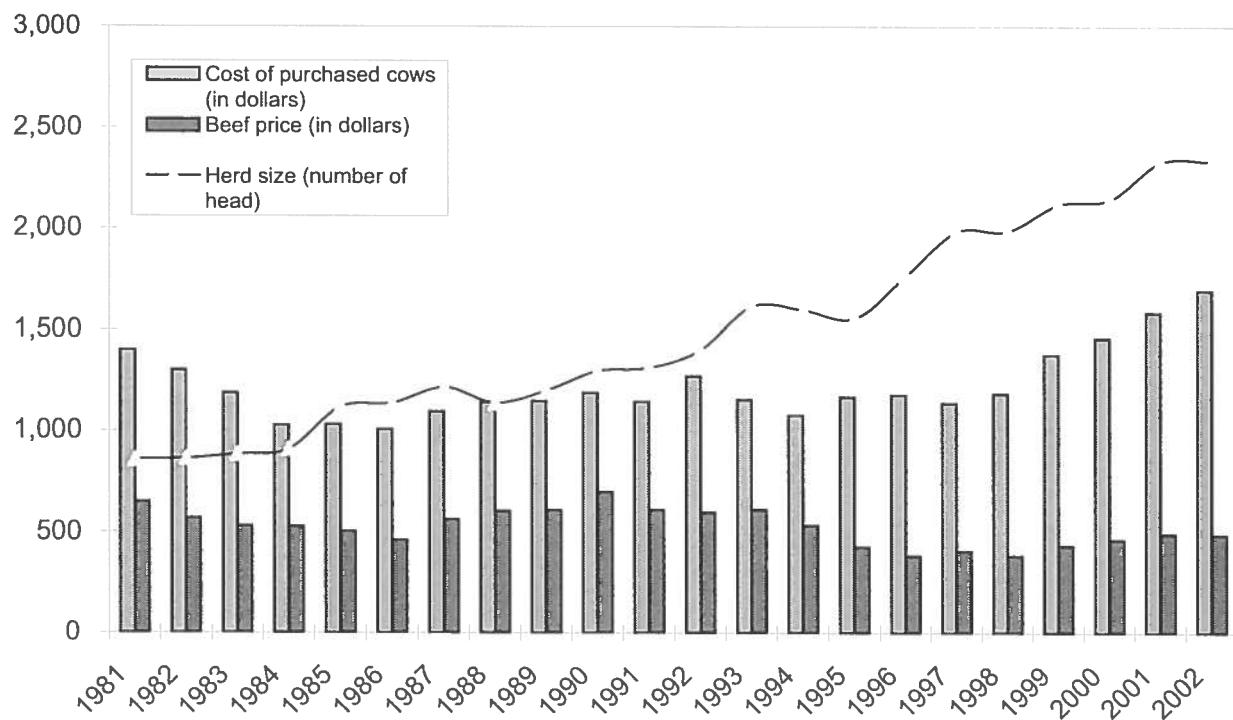
## CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED  
DECEMBER 31, 2002, 2001, AND 2000  
ARIZONA  
(BASED ON AVERAGE AMOUNTS)

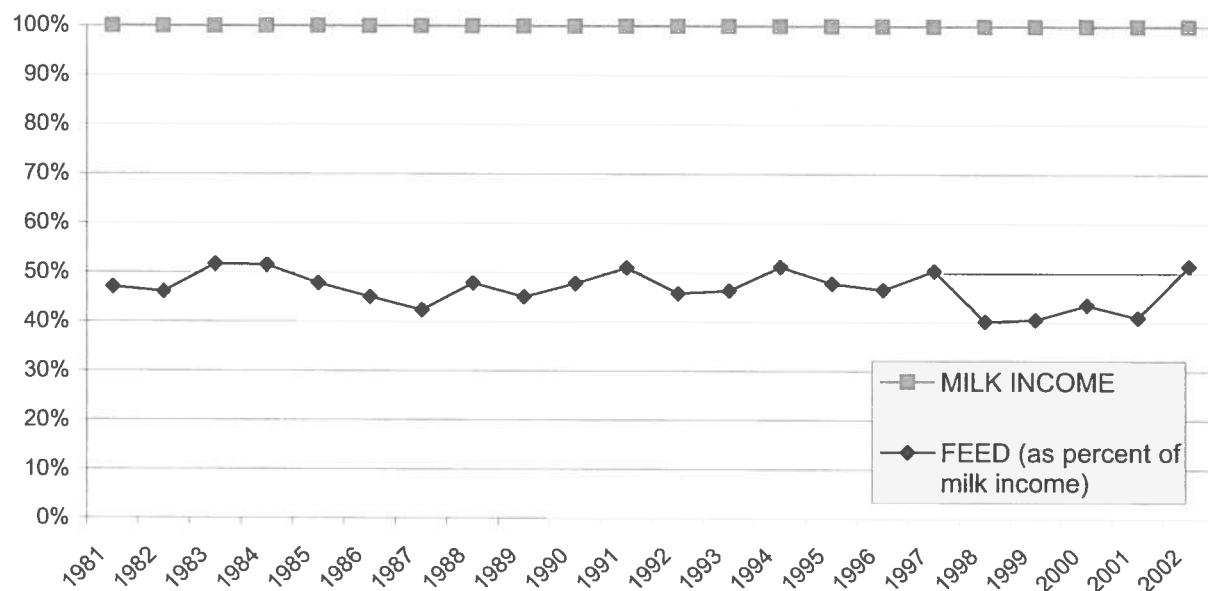
	PER HEAD			2000
	2002		2001	
	\$		\$	
Income:				
Milk sales	\$ 2,420		\$ 2,776	\$ 2,482
Calves and other	71		37	54
Total income	\$ 2,491		\$ 2,813	\$ 2,536
Cost of operations:				
Feed:				
Grain	\$ 757		\$ 676	\$ 816
Hay and other	408		415	381
Total feed	\$ 1,165		\$ 1,091	\$ 1,197
Labor, (including fringe costs)	\$ 247		\$ 249	\$ 263
Herd replacement costs	\$ 330		\$ 238	\$ 249
Other costs:				
Milk hauling	\$ 98		\$ 91	\$ 72
State and association charges	47		37	40
Veterinary, breeding, testing, etc.	42		45	43
Supplies	107		99	96
Repairs and maintenance	74		77	88
Utilities	51		52	53
Occupancy costs	116		122	79
Depreciation - equipment	38		37	36
Interest	125		159	176
Miscellaneous	111		134	115
Total other costs	\$ 809		\$ 853	\$ 798
Total cost of operations	\$ 2,551		\$ 2,431	\$ 2,507
Net income (loss)	\$ (60)		\$ 382	\$ 29

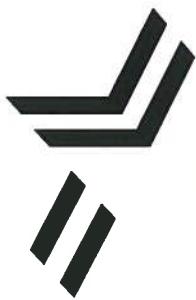
See accompanying explanation of income and cost factors.

**LONG TERM TREND - COST OF PURCHASED COWS, BEEF PRICE,  
AND HERD SIZE  
SAN JOAQUIN VALLEY**



**FEED COST vs. MILK INCOME  
SAN JOAQUIN VALLEY**





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