



2005 Dairy Farm Business Summary

Willy Webster
 Webster Farm

03/10/2006
 NOT APPROVED

Progress of the Farm Business			
SELECTED FACTORS	2003	2004	2005
Size of Business			
Average number of cows	170	175	157
Average number of heifers	100	90	87
Milk sold, pounds	3,910,000	4,026,200	3,626,700
Worker equivalent	5.00	5.00	4.67
Total tillable acres	450	450	450
Rates of Production			
Milk sold per cow, pounds	23,000	23,007	23,100
Hay DM per acre, tons	3.75	3.4	4.53
Corn silage per acre, tons	19.09	18.18	20.91
Labor Efficiency			
Cows per worker	34	35	34
Milk sold per worker, pounds	782,000	805,240	776,595
Cost Control and Milk Price			
Grain & concentrate purchased as a % milk sales	32%	30%	26%
Dairy feed & crop expense per cwt. Milk	\$5.34	\$6.35	\$6.20
Labor and machinery costs per cow	\$1,325	\$1,255	\$1,324
Purchased input cost of producing milk per cwt.	\$11.13	\$12.63	\$12.52
Total cost of producing milk per cwt.	\$13.83	\$15.36	\$15.70
Operating cost of producing milk per cwt.	\$10.58	\$12.15	\$11.88
Net milk price	\$12.30	\$16.01	\$15.03
Capital Efficiency (average for year)			
Farm Capital per cow	\$6,422	\$6,518	\$7,500
Machinery and equipment per cow	\$1,520	\$1,607	\$1,823
Asset turnover ratio	0.52	0.6	0.56
Profitability			
Net farm income without appreciation	\$54,050	\$146,400	\$110,225
Net farm income per cow without appreciation	\$318	\$837	\$702
Net farm income with appreciation	\$72,550	\$160,400	\$131,225
Net farm income per cow with appreciation	\$427	\$917	\$836
Labor & management income per operator/manager	\$1,663	\$45,604	\$25,001
Rate return on equity capital with appreciation	-1.82%	13.72%	7.37%
Rate return on all capital with appreciation	3.91%	11.4%	8.09%
Financial Summary			
Farm net worth, end year	\$515,310	\$636,360	\$716,585
Debt to asset ratio	0.53	0.45	0.4
Farm debt per cow	\$3,105	\$3,210	\$3,067
Debt coverage ratio	3.07	1.45	1.71

Income Statement

Farm Expenses	Cash Detail	Total Cash Amount Paid	- Change in Inventory or Prepaid Expenses	+ Change in Accounts Payable	= Accrual Expenses
<u>Hired Labor</u>		\$46,000	\$0	\$0	\$46,000
Gross pay	\$43,000				
Health insurance & retirement contribution	\$2,000				
FICA/ Workers compensation	\$1,000				
Other benefits	\$0				
<u>Feed</u>					
Dairy grain & concentrate		\$151,500	\$-2,000	\$-5,000	\$148,500
Dairy roughage		\$10,200	\$-500	\$0	\$10,700
Nondairy feed		\$0	\$0	\$0	\$0
Professional fees		\$0	\$0	\$0	\$0
<u>Machinery</u>					
Machine hire, rent & lease		\$7,500	\$0	\$200	\$7,700
Machinery repairs & farm vehicle expense		\$27,400	\$0	\$-1,800	\$25,600
Equipment repair	\$10,500				
Milking system repair	\$5,400				
Vehicle Expense	\$6,700				
Parts & supplies	\$4,800				
Fuel, oil & grease		\$15,700	\$0	\$0	\$15,700
<u>Livestock</u>					
Replacement livestock		\$3,900	\$0	\$0	\$3,900
Breeding		\$7,850	\$0	\$0	\$7,850
Veterinary & medicine		\$19,000	\$0	\$100	\$19,100
Veterinary service	\$10,000				
Medicine	\$5,000				
Hoof trimming	\$4,000				
Milk marketing		\$19,440	\$0	\$0	\$19,440
Milk hauling	\$10,000				
Advertising & Promotion	\$5,440				
Cooperative dues	\$4,000				
Bedding		\$10,000	\$0	\$0	\$10,000
Milking Supplies		\$3,500	\$0	\$0	\$3,500
Cattle lease & rent		\$800	\$0	\$0	\$800
Custom boarding		\$5,000	\$0	\$1,500	\$6,500
bST		\$3,000	\$0	\$0	\$3,000
Professional fees		\$500	\$0	\$0	\$500
Other livestock expense		\$100	\$0	\$0	\$100
<u>Crops</u>					
Fertilizer & lime		\$30,000	\$2,000	\$0	\$28,000
Seeds & plants		\$31,000	\$1,000	\$0	\$30,000
Spray, other crop expense		\$8,000	\$500	\$0	\$7,500
Professional fees		\$0	\$0	\$0	\$0

Income Statement (continued)

Farm Expenses	Total Cash Amount Paid	-	Change in Inventory or Prepaid Expenses	+	Change in Accounts Payable	=	Accrual Expenses
<u>Real Estate</u>							
Land, building & fence repair	\$25,000		\$0		\$-1,000		\$24,000
Taxes	\$9,000		\$0		\$0		\$9,000
Rent & lease	\$7,000		\$0		\$0		\$7,000
<u>Other</u>							
Insurance	\$5,000		\$200		\$0		\$4,800
Utilities (farm share)	\$17,000		\$0		\$1,000		\$18,000
Interest	\$45,400		\$0		\$0		\$45,400
Professional fees	\$0		\$0		\$0		\$0
Miscellaneous	\$500		\$0		\$0		\$500
TOTAL OPERATING EXPENSES	\$509,290		\$1,200		\$-5,000		\$503,090
Expansion livestock	\$0		\$0		\$0		\$0
Extraordinary Expense	\$0		\$0		\$0		\$0
Machinery depreciation							\$15,000
Building depreciation							\$8,500
TOTAL ACCRUAL EXPENSES							\$526,590

Farm Receipts	Cash Detail Receipts	+	Total Cash Receipts	+	Change in Inventory	+	Change in Accounts Receivable	=	Accrual Receipts
<u>Milk</u>									
Butterfat	\$221,370						\$-500		\$220,870
Protein	\$261,405						\$-2,000		\$259,405
Other Solids	\$25,120						\$-2,000		\$23,120
Producer Price Differential	\$29,830						\$2,500		\$32,330
Quality	\$8,321						\$-100		\$8,221
Volume	\$10,990						\$-100		\$10,890
Compact Payment	\$0						\$0		\$0
Patronage Dividend	\$0						\$0		\$0
Other Milk	\$9,420						\$200		\$9,620
Futures/Contracts	\$0						\$0		\$0
Total Milk			\$566,456				\$-2,000		\$564,456
Raised Cattle Sales	\$20,000								
Purchased Cattle Sales	\$0								
Total Cattle Sales			\$20,000		\$13,200		\$0		\$33,200
Dairy Calves			\$2,000		\$-1,500		\$0		\$500
Other Livestock			\$0		\$0		\$0		\$0
Crops			\$5,000		\$29,325		\$0		\$34,325
Government Receipts			\$3,144		\$500		\$0		\$3,644
Custom Machine Work			\$0				\$0		\$0
Gas Tax Refunds			\$0				\$0		\$0
Other			\$690				\$0		\$690
-Noncash capital transfer					\$0				\$0
TOTAL FARM RECEIPTS			\$597,290		\$41,525		\$-2,000		\$636,815

Profitability Analysis

	<u>Without</u> <u>Appreciation</u>	<u>+ Appreciation</u>	<u>With</u> <u>= Appreciation</u>
<u>RETURN TO OPERATOR(S) & UNPAID FAMILY LABOR, MANAGEMENT, & EQUITY CAPITAL:</u>			
Total Accrual Receipts	\$636,815		
+ Livestock Appreciation		\$0	
+ Machinery Appreciation		\$12,500	
+ Real Estate Appreciation		\$8,500	
+ Other Stock & Certificate Appreciation		\$0	
Total Accrual Receipts Including Appreciation			\$657,815
- Total Accrual Expenses	\$526,590		\$526,590
= NET FARM INCOME BEFORE TAX	\$110,225		\$131,225
- Estimated State and Federal Income Tax	\$4,077		
= NET FARM INCOME AFTER TAX	\$106,148		
<u>RETURN TO OPERATOR(S) LABOR & MANAGEMENT:</u>			
Net Farm Income Before Tax	\$110,225		
- Unpaid Family Labor @ 2,200/month	\$26,400		
- Interest on 676,472.5 Average Equity Capital @ 5.000% Real Rate	\$33,824		
= LABOR & MANAGEMENT INCOME PER FARM	\$50,001	(2 Operator(s)/farm)	
LABOR & MGMT. INCOME PER OPERATOR/MGR	\$25,001		
<u>RETURN TO EQUITY CAPITAL:</u>			
Net Farm Income Before Tax	\$110,225		\$131,225
- Unpaid Family Labor @ 2,200/month	\$26,400		\$26,400
- Value of Operator(s) Labor & Management	\$55,000		\$55,000
= RETURN TO EQUITY CAPITAL	\$28,825		\$49,825
Rate of Return on Equity Capital	4.26%		7.37%
<u>RETURN TO ALL CAPITAL:</u>			
Return to Equity Capital	\$28,825		\$49,825
+ Interest Paid	\$45,400		\$45,400
= RETURN TO ALL CAPITAL	\$74,225		\$95,225
Rate of Return on All Capital	6.3%		8.09%
Net Farm Income from Operations Ratio	0.17		

Balance Sheet of the Farm January 1, 2005

ASSETS	Market Value	Cost Value	LIABILITIES & NET WORTH	Market Value	Cost Value
<u>CURRENT</u>			<u>CURRENT</u>		
Farm cash, check & savings	\$15,000	\$15,000	Accounts payable	\$20,000	\$20,000
Accounts receivable	\$30,000	\$30,000	Operating debt:		
Prepaid expenses	\$500	\$500	#1: op debt	\$3,000	\$3,000
Feed & supplies	\$133,325	\$133,325	#2:	\$0	\$0
TOTAL CURRENT	\$178,825	\$178,825	#3:	\$0	\$0
			Short term:		
			#1: 1st natl	\$0	\$0
			#2:	\$0	\$0
			Advanced Government Receipts	\$500	\$500
			Current portion:		
			Intermediate	\$23,224	\$23,224
			Long term	\$8,228	\$8,228
			Deferred taxes	\$55,360	---
			TOTAL CURRENT	\$110,312	\$54,952
<u>INTERMEDIATE</u>			<u>INTERMEDIATE</u>		
Dairy cows: Raised	\$162,000	\$135,000	#1: Comm.	\$21,500	\$21,500
Leased	\$1,650	\$1,650	#2: First Bank	\$80,285	\$80,285
Heifers: Raised	\$57,750	\$54,000	#3: Machinery	\$101,531	\$101,531
Bulls/Other Livestock: Raised	\$0	\$0	#4:	\$0	\$0
Dairy cows: Purchased	\$4,800}		#5:	\$0	\$0
Heifers: Purchased	\$0}	\$2,000	#6:	\$0	\$0
Bulls/Other Lvstk: Purchased	\$0}		#7:	\$0	\$0
Mach. & equipment owned	\$265,000	\$160,000	#8:	\$0	\$0
Mach. & equipment leased	\$21,394	\$21,394	#9:	\$0	\$0
FCB stock	\$1,500	\$1,500	Financial lease (cattle & mach.)	\$23,044	\$23,044
Other stock & certificates	\$25	\$25	FCB stock	\$1,500	\$1,500
TOTAL INTERMEDIATE	\$514,119	\$375,569	Deferred taxes	\$79,796	---
			TOTAL INTERMEDIATE	\$307,656	\$227,860
			<u>LONG TERM</u>		
			#1: mortgage	\$191,772	\$191,772
			#2:	\$0	\$0
<u>LONG TERM</u>			#3:	\$0	\$0
Land & buildings			#4:	\$0	\$0
Owned	\$418,000	\$283,500	#5:	\$0	\$0
Leased	\$52,038	\$52,038	Financial lease (structures)	\$52,038	\$52,038
TOTAL LONG TERM	\$470,038	\$335,538	Deferred taxes	\$26,189	---
			TOTAL LONG TERM	\$269,999	\$243,810
TOTAL FARM ASSETS	\$1,162,982	\$889,932	TOTAL FARM LIABILITIES	\$687,967	\$526,622
			FARM NET WORTH	\$475,015	\$363,310
			FARM NET WORTH (excluding deferred taxes)	\$636,360	

Balance Sheet of the Farm December 31, 2005

ASSETS	Market Value	Cost Value	LIABILITIES & NET WORTH	Market Value	Cost Value
<u>CURRENT</u>			<u>CURRENT</u>		
Farm cash, check & savings	\$10,000	\$10,000	Accounts payable	\$15,000	\$15,000
Accounts receivable	\$28,000	\$28,000	Operating debt:		
Prepaid expenses	\$700	\$700	#1: op debt	\$0	\$0
Feed & supplies	\$163,650	\$163,650	#2:	\$0	\$0
TOTAL CURRENT	\$202,350	\$202,350	#3:	\$0	\$0
			Short term:		
			#1: 1st natl	\$5,000	\$5,000
			#2:	\$0	\$0
			Advanced Government Receipts	\$0	\$0
			Current portion:		
			Intermediate	\$23,616	\$23,616
			Long term	\$8,475	\$8,475
			Deferred taxes	\$66,022	---
			TOTAL CURRENT	\$118,113	\$52,091
<u>INTERMEDIATE</u>			<u>INTERMEDIATE</u>		
Dairy cows: Raised	\$175,500	\$135,000	#1: Comm.	\$0	\$0
Leased	\$1,114	\$1,114	#2: First Bank	\$76,038	\$76,038
Heifers: Raised	\$60,750	\$51,000	#3: Machinery	\$99,386	\$99,386
Bulls/Other Livestock: Raised	\$0	\$0	#4:	\$0	\$0
Dairy cows: Purchased	\$0}		#5:	\$0	\$0
Heifers: Purchased	\$0}	\$4,000	#6:	\$0	\$0
Bulls/Other Lvstk: Purchased	\$0}		#7:	\$0	\$0
Mach. & equipment owned	\$270,000	\$153,000	#8:	\$0	\$0
Mach. & equipment leased	\$16,133	\$16,133	#9:	\$0	\$0
FCB stock	\$1,500	\$1,500	Financial lease (cattle & mach.)	\$17,247	\$17,247
Other stock & certificates	\$25	\$25	FCB stock	\$1,500	\$1,500
TOTAL INTERMEDIATE	\$525,022	\$361,772	Deferred taxes	\$87,328	---
			TOTAL INTERMEDIATE	\$281,499	\$194,171
			<u>LONG TERM</u>		
			#1: mortgage	\$187,525	\$187,525
			#2:	\$0	\$0
<u>LONG TERM</u>			#3:	\$0	\$0
Land & buildings			#4:	\$0	\$0
Owned	\$423,000	\$280,000	#5:	\$0	\$0
Leased	\$41,559	\$41,559	Financial lease (structures)	\$41,559	\$41,559
TOTAL LONG TERM	\$464,559	\$321,559	Deferred taxes	\$28,255	---
			TOTAL LONG TERM	\$257,339	\$229,084
TOTAL FARM ASSETS	\$1,191,931	\$885,681	TOTAL FARM LIABILITIES	\$656,951	\$475,346
			FARM NET WORTH	\$534,980	\$410,335
			FARM NET WORTH (excluding deferred taxes)	\$716,585	

2005 Nonfarm Balance Sheet

NONFARM ASSETS	January 1	Dec. 31	NONFARM LIABILITIES	January 1	Dec. 31
Personal cash, checking & savings	\$20,000	\$15,000	#1 car	\$0	\$0
Cash value of life insurance	\$6,500	\$7,000	#2 0	\$0	\$0
Nonfarm real estate	\$10,000	\$12,000			
Auto (personal share)	\$8,000	\$6,000	TOTAL NONFARM LIABILITIES	\$0	\$0
Stocks & bonds	\$7,000	\$6,000			
Household furnishings	\$8,000	\$10,000			
All other	\$0	\$0			
TOTAL NONFARM ASSETS	\$59,500	\$56,000	NONFARM NET WORTH	\$59,500	\$56,000

2005 FARM & NONFARM MARKET VALUE BALANCE SHEET

Total Farm & Nonfarm Assets	\$1,222,482	\$1,247,931
Total Farm & Nonfarm Liabilities	\$687,967	\$656,951
FARM & NONFARM NET WORTH	\$534,515	\$590,980

Balance Sheet Analysis (excluding deferred taxes)

Financial Ratios	Farm Business, End Year			
	Market Value	Cost Value	Farm & Nonfarm	
Percent equity	60%	46%	47%	
Debt to asset ratios:				
Total	0.4	0.54	0.53	
Long-term	0.49	0.71		
Intermediate/current	0.34	0.44		
Leverage ratio	0.66	1.16		
Current ratio	3.88	3.88		
Working capital	\$150,259	\$150,259		
As % of total expenses	29%	29%		
<u>Debt Analysis</u>				
Accounts payable as percent of total debt	3%			
Long-term debt as a percent of total debt	48%			
Current & intermediate debt as % of total debt	52%			
Cost of term debt (weighted average)	6.3%			
<u>Debt Levels</u>	<u>Per Cow</u>	<u>Per Tillable Acre Owned</u>		
Total farm debt	\$3,067	\$1,584		
Long term debt	\$1,478	\$764		
Intermediate & long term	\$2,731	\$1,411		
Intermediate & current	\$1,589	\$821		
<u>Farm Inventory (Market Value)</u>	<u>Real Estate</u>	<u>Machinery & Equipment</u>	<u>Livestock</u>	<u>Feed & Supplies</u>
Beginning of year	\$418,000	\$265,000	\$224,550	\$133,325
Purchases	\$10,000*	\$8,000		
+ Noncash transfer to farm	\$0	\$0		
- Lost capital	\$5,000			
- Net sales	\$0	\$500		
- Depreciation	\$8,500	\$15,000		
= Net investment	\$-3,500	\$-7,500	\$11,700**	
Appreciation	\$8,500	\$12,500	\$0	
End of Year	\$423,000	\$270,000	\$236,250	\$163,650

* 0 land + 10,000 building.

** See page 12, "Dairy Inventory Analysis", for dairy cow and heifer inventory detail.

Statement of Owner Equity (Reconciliation)

	<u>FARM BUSINESS</u>	
Beginning of year farm net worth (excluding deferred taxes)		\$636,360
Net farm income without appreciation	\$110,225	
+ Nonfarm cash income	+\$2,000	
- Personal withdrawals and family expenditures excluding nonfarm borrowings	-\$48,000	
RETAINED EARNINGS		+\$64,225
Nonfarm noncash transfers to farm	\$0	
+ Cash used in business from nonfarm capital	+\$0	
- Note/mortgage from farm real estate sold (nonfarm)	-\$0	
CONTRIBUTED/WITHDRAWN CAPITAL	=	+\$0
Appreciation	\$21,000	
- Lost capital	-\$5,000	
CHANGE IN VALUATION EQUITY		+\$16,000
IMBALANCE/ERROR		-\$0
End of year farm net worth		=\$716,585
Change in net worth with appreciation		\$80,225

<u>Change in Net Worth</u>	<u>Farm</u>	<u>Farm &</u>
	<u>Business</u>	<u>Nonfarm</u>
Without appreciation	\$59,225	
With appreciation	\$80,225	\$56,465

The Statement of Owner Equity has two purposes: It allows:

1. Verification that the accrual income statement and market value balance sheet are interrelated and 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), and
3. Increases or decreases in the value (price) of assets owned by the business (called change in valuation equity).

Annual Cash Flow Statement

CASH FLOW FROM OPERATING ACTIVITIES

Cash farm receipts	\$597,290	
- Cash farm expenses	\$509,290	
- Extraordinary expenses	\$0	
= Net cash farm income		\$88,000
Personal withdrawals & family expenses, including nonfarm debt payments	\$48,000	
- Nonfarm income	\$2,000	
- Net cash withdrawals from the farm		\$46,000
= Net Provided by Operating Activities		\$42,000

CASH FLOW FROM INVESTING ACTIVITIES

Sale of assets: machinery	\$500	
+ real estate	\$0	
+ other stock and certificates	\$0	
= Total asset sales		\$500
Capital purchases: expansion livestock	\$0	
+ machinery	\$8,000	
+ real estate	\$10,000	
+ other stock and certificates	\$0	
- Total invested in farm assets		\$18,000
= Net Provided by Investing Activities		\$-17,500

CASH FLOW FROM FINANCING ACTIVITIES

Money borrowed (intermediate & long term)	\$8,000	
+ Money borrowed (short term)	\$10,000	
+ Increase in operating debt	\$0	
+ Cash from nonfarm capital used in business	\$0	
+ Money borrowed (nonfarm)	\$0	
= Cash inflow from financing		\$18,000
Principal payments (intermediate & long term)	\$39,500	
+ Principal payments (short term)	\$5,000	
+ Decrease in operating debt	\$3,000	
- Cash outflow for financing		\$47,500
= Net Provided by Financing Activities		\$-29,500

CASH FLOW FROM RESERVES

Beginning farm cash, checking & savings	\$15,000	
- Ending farm cash, checking & savings	\$10,000	
= Net Provided from Reserves		\$5,000

IMBALANCE (ERROR)		\$0
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Repayment Analysis

<u>Debt Payments</u>	<u>Planned for 2005*</u>	<u>Made in 2005</u>	<u>Planned for 2006</u>
Long term	\$20,400	\$16,000	\$20,004
Intermediate term	\$57,480	\$68,500	\$36,000
Short term	\$0	\$5,400	\$5,000
Operating (net reduction)	\$0	\$3,000	\$0
Accounts payable (net reduction)	\$0	\$5,000	\$0
Total	\$77,880	\$97,900	\$61,004
(Percent made of planned = 126%)			
Per cow	\$496	\$624	
Per cwt 2005 milk	\$2.15	\$2.70	
Percent of total 2005 receipts	13%	15%	
Percent of 2005 milk receipts	14%	17%	

*If on business summary in 2004.

<u>Cash Flow Coverage Ratio</u>		<u>Debt Coverage Ratio</u>	
Cash farm receipts	\$597,290	Net farm income (without appreciation)	\$110,225
- Cash farm expenses	\$509,290	+ Depreciation	\$23,500
+ Interest paid (cash)	\$45,400	+ Interest paid (accrual)	\$45,400
- Net personal withdrawals from farm**	\$46,000	- Net personal withdrawals from farm**	\$46,000
(A) = Amount available for debt service	\$87,400	(A) = Repayment capacity	\$133,125
(B) = Debt payments planned for 2005	\$77,880	(B) = Debt payments planned for 2005	\$77,880
(A/B) Cash Flow Coverage Ratio for 2005	1.12	(A/B) Debt Coverage Ratio for 2005	1.71

**Personal withdrawals & family expenditures less nonfarm income and nonfarm money borrowed.

Cropping Program Analysis

<u>LAND</u>	<u>Owned</u>	<u>Rented</u>	<u>Total</u>
Tillable	300	150	450
Nontillable pasture	10	0	10
Other nontillable	13	0	13
Total	323	150	473

<u>CROP YIELDS</u>	<u>Acres</u>	<u>Total Production</u>	<u>Production Per Acre</u>
Dry hay		315 tons DM	
Baleage		0 tons DM	
Hay crop silage		500 tons DM	
Total Hay Crop Production	180.00	815 tons DM	4.53 tons DM
Corn silage	110.00	2,300.00 tons	20.91 tons
		805 tons DM	7.32 tons DM
Other forage	0.00	0 tons DM	0 tons DM
Total Forage	290	1,620 tons DM	5.59 tons DM
Corn grain	100.00	12,000.00 bushels	120 bushels
Oats	15.00	800.00 bushels	53.33 bushels
Wheat	15.00	700.00 bushels	46.67 bushels
Other crops	0.00		
Tillable pasture	30.00		
Idle tillable land	0.00		
Less doublecropped acres	0		Rotational grazing
Total tillable acres	450.00		

CROP RELATED ACCRUAL EXPENSES

<u>Crop Expenses</u>	<u>Total Per Tillable Acre</u>	<u>All Corn Per Acre</u>	<u>Corn Silage Per TonDM</u>	<u>Corn Grain Per Dry Shell Bushel</u>
Fertilizer & lime	\$62.22	\$57.14	\$7.81	\$0.48
Seeds & plants	\$66.67	\$47.62	\$6.51	\$0.40
Spray & other crop expenses	<u>\$16.67</u>	<u>\$14.29</u>	<u>\$1.95</u>	<u>\$0.12</u>
Total Crop Expense	\$145.56	\$119.05	\$16.27	\$1.00

<u>Crop Expenses</u>	<u>Hay Crop</u>		<u>Pasture Crop</u>	
	<u>Per Acre</u>	<u>Per Ton DM</u>	<u>Per Tillable Acre</u>	<u>Per Total Acre</u>
Fertilizer & lime	\$44.44	\$9.82	\$0.00	\$0.00
Seeds & plants	\$56	\$12.27	\$0.00	\$0.00
Spray & other crop expenses	<u>\$5.56</u>	<u>\$1.23</u>	<u>\$0.00</u>	<u>\$0.00</u>
Total Crop Expense	\$106.00	\$23.32	\$0.00	\$0.00

<u>MACHINERY</u>	<u>Total</u>	<u>Per Tillable Acre</u>
Fuel, oil & grease	\$15,700	\$34.89
Machinery repair & farm vehicle expense	\$25,600	\$56.89
Machine hire, rent & lease	\$7,700	\$17.11
Interest (5.000% of average market value, owned & leased)	\$14,313	\$31.81
Depreciation	<u>\$15,000</u>	<u>\$33.33</u>
Total Machinery Cost	\$78,313	\$174.03

CROP PER COW FACTORS

Total tillable acres per cow	2.87
Total forage acres per cow	1.85
Harvested forage dry matter per cow	10.32

Dairy Analysis

DAIRY INVENTORY

(Market Values)	Dairy Cows		Bred Heifers		Open Heifers		Calves	
	No.	Value	No.	Value	No.	Value	No.	Value
Beginning of Year	139	\$166,800	30	\$27,000	30	\$18,000	30	\$12,750
+ Change in inventory (without apprec.)		\$8,700		\$-2,000		\$6,500		\$-1,500
+ Appreciation		\$0		\$0		\$0		\$0
= End of Year	135	\$175,500	25	\$25,000	35	\$24,500	25	\$11,250
Total End (including leased)	155							
Average number	157		87		All Age Groups			

MILK PRODUCTION

Total milk sold	3,626,700 lbs.
Milk sold per cow	23,100 lbs.
Average milk plant test	3.92% butterfat

ANIMALS LEAVING THE HERD

	Number	Percent
Cows sold for beef	40	25
Cows sold for dairy	0	0
Cows died	2	1
Culling rate		26

ACCRUAL RECEIPTS FROM DAIRY

	Total	Per Cow	Per Cwt.
Milk	\$564,456	\$3,595	\$15.56
Dairy cattle (including culls)	\$33,200	\$211	\$0.92
Dairy calves	\$500	\$3	\$0.01
Total	\$598,156	\$3,810	\$16.49
Net milk receipts	\$545,016	\$3,471	\$15.03

ACCRUAL COSTS AND PROFITABILITY

	Total	Per Cow	Per Cwt.
Operating cost of producing milk	\$430,731	\$2,744	\$11.88
Purchased inputs cost of producing milk*	\$454,231	\$2,893	\$12.52
Total cost of producing milk	\$569,455	\$3,627	\$15.70
Net farm income with appreciation	\$131,225	\$836	\$3.62
Net farm income without appreciation	\$110,225	\$702	\$3.04

DAIRY RELATED ACCRUAL EXPENSES

	Total	Per Cow	Per Cwt.
Purchased dairy grain & concentrates	\$148,500	\$946	\$4.09
Purchase dairy roughage	\$10,700	\$68	\$0.30
Total purchased dairy feed	\$159,200	\$1,014	\$4.39
Purchased grain & concentrates as % of milk receipts	26%		
Purchased feed and crop expense	\$224,700	\$1,431	\$6.20
Purchased feed and crop expense as % of milk receipts	40%		
Breeding	\$7,850	\$50	\$0.22
Veterinary & medicine	\$19,100	\$122	\$0.53
Milk marketing	\$19,440	\$124	\$0.54
Bedding	\$10,000	\$64	\$0.28
Milking supplies	\$3,500	\$22	\$0.10
Cattle lease	\$800	\$5	\$0.02
Custom boarding	\$6,500	\$41	\$0.18
bST expense	\$3,000	\$19	\$0.08
Professional fees	\$500	\$3	\$0.01
Other livestock expense	\$100	\$1	\$0.00

*Total cost of producing milk excluding unpaid family labor and operator's labor, management and capital.

Testing Service	Partnership	Farm coded full-time
Conventional Herringbone	On - farm accounting software QB	Farm coded owner
Freestall	100% Holstein, 0% Jersey, 0% Other.	Farm coded dairy
3X per day		
bST usage = 19.86		

Milk Income and Marketing Report

	Pounds	Percent	Price Per Pound	Total	Per Cwt. Milk	Per Cow
BASE FARM PRICE						
Butterfat	142,000	3.92%	\$1.56	\$220,870	\$6.09	\$1,407
Protein	119,500	3.3%	\$2.17	\$259,405	\$7.15	\$1,652
Solids	220,000	6.07%	\$0.11	\$23,120	\$0.64	\$147
Total Component Contribution					\$13.88	\$3,206
PPD	3,626,700			\$32,330	\$0.89	\$206
Base Farm Price					\$14.77	\$3,412
<u>Premiums</u>						
Quality				\$8,221	\$0.23	\$52
Volume				\$10,890	\$0.30	\$69
Market Premiums				\$9,620	\$0.27	\$61
Total Premiums					\$0.80	\$182
BASE FARM PRICE + PREMIUM					\$15.57	\$3,594
<u>Deductions</u>						
Promotion				\$5,440	\$0.15	\$35
Hauling & Stop Charges.				\$10,000	\$0.28	\$64
Market Fees & Coop Dues				\$4,000	\$0.11	\$25
Total Deductions					\$0.54	\$124
BASE FARM PRICE + PREMIUMS - DEDUCTIONS					\$15.03	\$3,470
<u>Marketing Programs</u>						
Compact				\$0	\$0.00	\$0
Futures Contracts, Forward Contracting, Etc.				\$0	\$0.00	\$0
Total Marketing Income					\$0.00	\$0
Patronage Dividends				\$0	\$0.00	\$0
NET PRICE RECEIVED ON FARM, ALL SOURCES					\$15.03	\$3,470
PPD - Hauling					\$0.61	\$142
PPD - Hauling + Market Premiums					\$0.88	\$203
Net Marketing Value (PPD + Total Premiums - Total Deductions)					\$1.15	\$264

Capital & Labor Efficiency Analysis

CAPITAL EFFICIENCY (Average Market Value)	Per Worker	Per Cow	Per Tillable Acre	Per Tillable Acre Owned
Farm capital	\$252,132	\$7,500	\$2,617	\$3,925
Real estate		\$2,976		\$1,558
Machinery & equipment	\$61,298	\$1,823	\$636	

RATIOS	Asset Turnover	Operating Expense	Interest Expense	Depreciation Expense
	0.56	0.72	0.07	0.04

LABOR FORCE	Months	Age	Years of Education	Value of Labor & Management
Operator number 1	13.0	48	14	\$25,000
Operator number 2	13.0	50	16	\$30,000
Operator number 3	0.0	0	0	\$0
Operator number 4	0.0	0	0	\$0
Operator number 5	0.0	0	0	\$0
Operator number 6	0.0	0	0	\$0
:				
Family paid	0.0			
Family unpaid	12.0			
Hired	18.0			
Total	56.0	/12 = 4.67 2	Worker Equivalent Operator/Manager Equivalent	

LABOR EFFICIENCY	Total	Per Worker
Cows, average number	157	34
Milk sold, pounds	3,626,700	776,595
Tillable acres	450	96

LABOR COST	Total	Per Cow	Per Cwt.
Value of operator(s) labor (\$ 2,200 / month)*	\$57,200	\$364	\$1.58
Family unpaid (\$2,200 / month)*	\$26,400	\$168	\$0.73
Hired	\$46,000	\$293	\$1.27
Gross pay	\$43,000		
Health insurance & retirement contribution	\$2,000		
FICA/worker compensation	\$1,000		
Other benefits	\$0		
Total Labor	\$129,600	\$825	\$3.57
Machinery Cost (see page 11)	\$78,313	\$499	\$2.16
Total Labor & Machinery Cost	\$207,913	\$1,324	\$5.73
Hired labor expense per hired worker equivalent	\$30,667		
Hired labor expense as % of milk sales	8.15%		

*When comparing to previous years' data, please note 1998 constants used in calculations were \$1600/month for both the value of operator(s) labor and unpaid family labor. In 1999, these values were \$1800/month, 2000 = \$1900/month, 2001 = \$2000/month, and in 2002 = \$2100/month.

Receipts and Expenses per Cow and per Cwt. 2003 - 2005

Item	2003		2004		2005	
	Per Cow	Per Cwt.	Per Cow	Per Cwt.	Per Cow	Per Cwt.
Average number of cows	170		175		157	
Cwt. of milk sold		39,100		40,262		36,267
ACCRUAL OPERATING RECEIPTS						
Milk	\$2,878	\$12.51	\$3,741	\$16.26	\$3,595	\$15.56
Dairy cattle	\$309	\$1.34	\$87	\$0.38	\$211	\$0.92
Dairy calves	\$-26	\$-0.11	\$-13	\$-0.06	\$3	\$0.01
Other livestock	\$0	\$0	\$0	\$0	\$0	\$0
Crops	\$26	\$0.11	\$-22	\$-0.10	\$219	\$0.95
Miscellaneous receipts	\$69	\$0.30	\$41	\$0.18	\$28	\$0.12
Total Operating Receipts	\$3,256	\$14.16	\$3,835	\$16.67	\$4,056	\$17.56
ACCRUAL OPERATING EXPENSES						
Hired labor	\$288	\$1.25	\$289	\$1.25	\$293	\$1.27
Dairy grain & concentrate	\$929	\$4.04	\$1,109	\$4.82	\$946	\$4.09
Dairy roughage	\$124	\$0.54	\$129	\$0.56	\$68	\$0.30
Nondairy feed	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Professional nutritional services	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Machine hire, rent & lease	\$55	\$0.24	\$31	\$0.14	\$49	\$0.21
Machine repair & vehicle expense	\$265	\$1.15	\$200	\$0.87	\$163	\$0.71
Fuel, oil & grease	\$82	\$0.36	\$114	\$0.50	\$100	\$0.43
Replacement livestock	\$29	\$0.13	\$13	\$0.06	\$25	\$0.11
Breeding	\$35	\$0.15	\$34	\$0.15	\$50	\$0.22
Veterinary & medicine	\$82	\$0.36	\$41	\$0.18	\$122	\$0.53
Milk marketing	\$50	\$0.22	\$57	\$0.25	\$124	\$0.54
Bedding	\$32	\$0.14	\$34	\$0.15	\$64	\$0.28
Milking supplies	\$26	\$0.12	\$23	\$0.10	\$22	\$0.10
Cattle lease	\$6	\$0.03	\$5	\$0.02	\$5	\$0.02
Custom boarding	\$53	\$0.23	\$17	\$0.07	\$41	\$0.18
BST expense	\$24	\$0.10	\$11	\$0.05	\$19	\$0.08
Professional fees (livestock)	\$2	\$0.01	\$3	\$0.01	\$3	\$0.01
Other livestock expense	\$0	\$0.00	\$1	\$0.00	\$1	\$0.00
Fertilizer & lime	\$103	\$0.45	\$114	\$0.50	\$178	\$0.77
Seeds & plants	\$18	\$0.08	\$63	\$0.27	\$191	\$0.83
Spray & other crop expense	\$53	\$0.23	\$46	\$0.20	\$48	\$0.21
Professional fees (crops)	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Land, building & fence repair	\$35	\$0.15	\$54	\$0.24	\$153	\$0.66
Taxes	\$50	\$0.22	\$49	\$0.21	\$57	\$0.25
Real estate rent & lease	\$56	\$0.25	\$55	\$0.24	\$45	\$0.19
Insurance	\$24	\$0.10	\$22	\$0.10	\$31	\$0.13
Utilities	\$79	\$0.35	\$82	\$0.36	\$115	\$0.50
Interest paid	\$303	\$1.32	\$291	\$1.27	\$289	\$1.25
Professional fees (other)	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Miscellaneous	\$6	\$0.03	\$3	\$0.01	\$3	\$0.01
Total Operating Expenses	\$2,811	\$12.22	\$2,890	\$12.56	\$3,204	\$13.87
Expansion livestock	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Extraordinary expense	\$0	\$0.00	\$0	\$0.00	\$0	\$0.00
Machinery depreciation	\$68	\$0.29	\$63	\$0.27	\$96	\$0.41
Real estate depreciation	\$59	\$0.26	\$46	\$0.20	\$54	\$0.23
Total Expenses	\$2,938	\$12.77	\$2,998	\$13.03	\$3,354	\$14.52
Net Farm Income						
Without Appreciation	\$318	\$1.38	\$837	\$3.64	\$702	\$3.04

Optional Cash Flow Worksheet

Item	Total	Per Cow	Per Cwt.	Expected Change	Projection
Average number of cows	157				
Cwt. of milk sold	36,267				
ACCRUAL OPERATING RECEIPTS					
Milk	\$564,456	\$3,595	\$15.56		\$
Dairy cattle	\$33,200	\$211	\$0.92		
Dairy calves	\$500	\$3	\$0.01		
Other livestock	\$0	\$0	\$0		
Crops	\$34,325	\$219	\$0.95		
Miscellaneous receipts	\$4,334	\$28	\$0.12		
Total Operating Receipts	\$636,815	\$4,056	\$17.56		\$
ACCRUAL OPERATING EXPENSES					
Hired labor	\$46,000	\$293	\$1.27		\$
Dairy grain & concentrate	\$148,500	\$946	\$4.09		
Dairy roughage	\$10,700	\$68	\$0.30		
Nondairy feed	\$0	\$0	\$0.00		
Professional nutritional services	\$0	\$0	\$0.00		
Machine hire, rent & lease	\$7,700	\$49	\$0.21		
Machine repair & vehicle expense	\$25,600	\$163	\$0.71		
Fuel, oil & grease	\$15,700	\$100	\$0.43		
Replacement livestock	\$3,900	\$25	\$0.11		
Breeding	\$7,850	\$50	\$0.22		
Veterinary & medicine	\$19,100	\$122	\$0.53		
Milk marketing	\$19,440	\$124	\$0.54		
Bedding	\$10,000	\$64	\$0.28		
Milking supplies	\$3,500	\$22	\$0.10		
Cattle lease	\$800	\$5	\$0.02		
Custom boarding	\$6,500	\$41	\$0.18		
BST expense	\$3,000	\$19	\$0.08		
Livestock professional fees	\$500	\$3	\$0.01		
Other livestock expense	\$100	\$1	\$0.00		
Fertilizer & lime	\$28,000	\$178	\$0.77		
Seeds & plants	\$30,000	\$191	\$0.83		
Spray & other crop expense	\$7,500	\$48	\$0.21		
Crops professional fees	\$0	\$0	\$0.00		
Land, building & fence repair	\$24,000	\$153	\$0.66		
Taxes	\$9,000	\$57	\$0.25		
Real estate rent & lease	\$7,000	\$45	\$0.19		
Insurance	\$4,800	\$31	\$0.13		
Utilities	\$18,000	\$115	\$0.50		
Other professional fees	\$0	\$0	\$0.00		
Miscellaneous	\$500	\$3	\$0.01		
Total Less Interest Paid	\$457,690	\$2,915	\$12.62		\$
NET ACCRUAL OPER. INC. (w/o int.)					
- change in livestock & crop inventory	\$41,525	\$264	\$1.14		
- change in accounts receivable	\$-2,000	\$-13	\$-0.06		
- change in feed & supply inventory	\$1,200	\$8	\$0.03		
+ change in accounts payable (less interest)	\$-5,000	\$-32	\$-0.14		
NET CASH FLOW					
- net family withdrawals	\$46,000	\$293	\$1.27		\$
Amount Available for Farm	\$87,400	\$557	\$2.41		\$
- farm debt payments*	\$97,900	\$624	\$2.70		
Amount Available for Farm Investment	\$-10,500	\$-67	\$-0.29		\$
- capital purchases	\$18,000	\$115	\$0.5		
Excess Capital or Capital Needed	\$-28,500	\$-182	\$-0.79		\$

Diagnostic Report

Screen #4

Dairy cow end year inventory at beginning prices > beginning year inventory but no increase in dairy cow numbers.

Quality of cows increased from beginning to end of year (Screen 4). Check to see if this is accurate.

Screen #9

Hay crop yield is < 2 or > 4 tons DM per acre. Yield is 4.53.

Hay crop yield is outside the "normal" range. Check to see if a large number of acres of new seeding were established, poor weather or good weather existed. Also check acres in hay for accuracy (Screen 9).

Corn silage yield is < 2.5 or > 7 tons DM per acre. Yield is 7.32.

Corn silage yield is outside "normal" range. Check to see if the dry matter coefficient and conversion are correct (Screen 9). Check acres of corn silage (Screen 9) and determine if some acres were not harvested. Check calculation of quantity harvested.

Screen #13

Accounts receivable < 5% of milk sales.

The December milk check may not have been included as an account receivable (Screens 10 & 12). Check to see if all accounts have been included.

Screen #15

Milk price < \$11 or > \$15. Price = \$(15.56) per cwt.

Milk price is outside the "normal" range. Check to see if pounds of milk sold are under-reported (Screen 7), milk sales (gross) are over-reported (Screen 15) or a non-Holstein herd is being summarized (Screen 7).

Other Diagnostics

Cash Inflow = \$632,790.00

Cash Outflow = \$632,790.00

Imbalance = \$0.00

Milk price = \$15.56

Farm coded full-time

Farm coded owner

Farm coded dairy