



DeRenzis & Associates, LLP  
~ Certified Public Accountants ~

December 31, 2015  
Dairy Farm Cost Study

# Available Services

## **Accounting:**

Accrual basis financial statements, review and compilations

Process all revenue and expense activity both cash and accrual basis

Cashflow, Breakeven and Budgeting reports

Payroll services

Accounting software setup, installation and our continuous support.

## **Tax Services:**

Income tax preparation and tax deferral

Income tax returns for individual, partnership, corporation, trust, gift and estate

IRS audit representation and meeting with auditor

Estate and Trust planning

## **Consulting Services:**

Litigation support

Bank loan acquisition and negotiation

Partnership formation and dissolution



**DeRenzis & Associates, LLP**  
~ Certified Public Accountants ~

“ Whosoever will come after me, let him deny himself, and take up his cross, and follow me. For whosoever will save his life shall lose it; but whosoever will save his life shall lose it; but whosoever shall lose his life for my sake and the gospel's, the same shall save it. For what shall it profit a man if he shall gain the whole world, and lose his own soul? ”

Mark 8:35-36





*To Our Clients and Friends of the Dairy Industry:*

*The following pages contain the DeRenzis & Associates, LLP Dairy Farm Cost Study for the year ended, December 31, 2015.*

*The data is compiled from dairy operations in Central Valley California, Washington, Idaho, New Mexico, and West Texas.*

*This report includes a comparison of the results in the regions stated above for the year ended December 31, 2015 both on a "per hundredweight of milk" basis and on a "per head" basis. Also included are certain financial ratios and other information for that period.*

*This publication of DeRenzis & Associates, LLP is designed as a reference tool and a management aid to benefit those who value such information. DeRenzis & Associates, LLP believes this information to be accurate and reliable, but is not responsible for errors in the reported information.*

*We appreciate your time in reviewing this information and hope it becomes useful. If you have any questions or comments please feel free to contact our firm.*

*For more information, prior year cost studies and pertinent data and forms, please visit our web site of [www.derenzisllp.com](http://www.derenzisllp.com)*

*May God bless you and thank you for your dedication to our country.*

*DeRenzis & Associates, LLP*

*DeRenzis & Associates, LLP  
Certified Public Accountants*

*June 2016*

# ***DAIRY FARM COST STUDY***

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***COST STUDY***  
***CENTRAL VALLEY CALIFORNIA***  
***DECEMBER 31, 2015***

**COST STUDY  
CENTRAL VALLEY CALIFORNIA**

**AVERAGE INCOME AND EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2015**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<b>OPERATING INCOME:</b>					
Milk	\$ 11,796,907	93.85	%	\$ 15.12	\$ 3,349
Calves and heifers, net	541,623	4.31		0.69	154
Patronage dividends	52,430	0.42		0.07	15
Other	<u>179,001</u>	<u>1.42</u>		<u>0.23</u>	<u>51</u>
 Total income	 \$ <u>12,569,961</u>	 <u>100.00</u>	 %	 \$ <u>16.11</u>	 \$ <u>3,569</u>
 <b>OPERATING EXPENSES:</b>					
Feed:					
Hay	\$ 1,925,741	15.32	%	\$ 2.47	\$ 547
Grain	5,799,639	46.14		7.43	1,647
Silage	1,713,993	13.64		2.20	487
Haylage	173,195	1.38		0.22	49
Heifer raising	580,643	4.62		0.74	165
Less cost of feeding heifers	<u>(2,112,903)</u>	<u>(16.79)</u>		<u>(2.71)</u>	<u>(600)</u>
 Total feed	 \$ <u>8,080,308</u>	 <u>64.31</u>	 %	 \$ <u>10.35</u>	 \$ <u>2,295</u>
 Herd replacement cost:					
Depreciation on dairy herd	\$ 966,588	7.68	%	\$ 1.24	\$ 274
Loss on sale of cows	<u>15,860</u>	<u>0.13</u>		<u>0.02</u>	<u>5</u>
 Total herd replacement cost	 \$ <u>982,448</u>	 <u>7.81</u>	 %	 \$ <u>1.26</u>	 \$ <u>279</u>
 Other operating expenses, Schedule 1					
	\$ <u>3,970,618</u>	<u>31.59</u>	%	\$ <u>5.07</u>	\$ <u>1,127</u>
 Total operating expenses	 \$ <u>13,033,374</u>	 <u>103.71</u>	 %	 \$ <u>16.68</u>	 \$ <u>3,701</u>
 Net loss	 \$ <u><u>(463,413)</u></u>	 <u><u>(3.71)</u></u>	 %	 \$ <u><u>(0.57)</u></u>	 \$ <u><u>(132)</u></u>

**COST STUDY  
CENTRAL VALLEY CALIFORNIA**

**SCHEDULE 1**

**SCHEDULE OF OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2015**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<i>Interest and rent</i>	\$ 545,649	4.35 %	\$	0.69	\$ 154
<i>Labor and partners' salary</i>	956,366	7.61		1.23	272
<i>Depreciation - other</i>	438,715	3.49		0.56	125
<i>Milk hauling</i>	253,218	2.01		0.32	72
<i>Advertising and promotion</i>	169,890	1.35		0.22	48
<i>CWT program</i>	2,930	0.02		0.00	1
<i>Supplies</i>	260,068	2.07		0.33	74
<i>Bedding</i>	3,309	0.03		0.00	1
<i>Repairs and maintenance</i>	434,023	3.45		0.56	123
<i>Utilities</i>	264,162	2.10		0.34	75
<i>Taxes</i>	189,416	1.51		0.24	54
<i>Insurance</i>	176,320	1.40		0.23	50
<i>Fuel</i>	124,606	0.99		0.16	35
<i>Legal and accounting</i>	43,667	0.35		0.06	12
<i>Employee benefits</i>	49,207	0.39		0.06	14
<i>Veterinary and medicine</i>	300,209	2.39		0.38	85
<i>Breeding and semen</i>	85,204	0.68		0.11	24
<i>Travel</i>	3,626	0.03		0.00	1
<i>Livestock hauling</i>	2,435	0.02		0.00	1
<i>Deadstock removal</i>	6,406	0.05		0.01	2
<i>Testing and trimming</i>	63,361	0.50		0.08	18
<i>Miscellaneous</i>	5,344	0.04		0.01	2
<i>Less cost of raising heifers</i>	<u>(407,511)</u>	<u>(3.24)</u>		<u>(0.52)</u>	<u>(116)</u>
 <i>Total</i>	 \$ <u>3,970,618</u>	 <u>31.59</u> %	 \$	 <u>5.07</u>	 \$ <u>1,127</u>

**COST STUDY  
CENTRAL VALLEY CALIFORNIA**

**SUPPLEMENTARY DATA**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>MILK PRODUCTION</u></b>					
<i>Pounds of whole milk produced</i>	78,016,475	87,392,933	88,421,486	72,904,639	91,522,547
<i>Average butterfat test</i>	3.77%	3.61%	3.64%	3.64%	3.62%
<i>Average solids-non-fat test</i>	8.88%	8.89%	8.88%	8.86%	8.86%
<i>Average daily pounds per milking cow</i>	71	74	71	70	71
<b><u>DAIRY HERD</u></b>					
<i>Average herd size:</i>					
<i>Milking cows</i>	3,015	3,330	3,410	2,860	3,535
<i>Dry cows</i>	465	515	495	460	570
<i>Bulls</i>	44	47	51	42	51
<i>Springers, cows and bulls purchased:</i>					
<i>Number of head</i>	121	155	214	244	156
<i>Total amount paid</i>	\$ 189,406	\$ 210,725	\$ 276,418	\$ 271,979	\$ 190,063
<i>Average per head</i>	\$ 1,565	\$ 1,360	\$ 1,292	\$ 1,115	\$ 1,218
<i>Self-raised heifers transferred to milking herd</i>	1,437	1,381	1,412	1,260	1,435
<i>Cows and bulls sold:</i>					
<i>Number of head</i>	1,168	1,275	1,386	1,194	1,358
<i>Total amount received</i>	\$ 1,227,982	\$ 1,423,252	\$ 1,172,724	\$ 969,232	\$ 1,056,708
<i>Average per head</i>	\$ 1,051	\$ 1,116	\$ 846	\$ 812	\$ 778
<i>Dead cows</i>	257	256	242	193	211
<i>Herd turnover rate</i>	40%	39%	41%	41%	37%
<b><u>PRODUCT PRICE</u></b>					
<i>Average price received per cwt. of milk shipped</i>	\$ 15.12	\$ 21.74	\$ 18.36	\$ 16.45	\$ 18.42



***COST STUDY***  
***WASHINGTON***  
***DECEMBER 31, 2015***

***COST STUDY  
WASHINGTON***

***AVERAGE INCOME AND EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2015***

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<i>OPERATING INCOME:</i>					
Milk	\$ 7,750,678	96.10	%	\$ 17.20	\$ 3,913
Calves and heifers, net	243,571	3.01		0.54	123
Patronage dividends	39,319	0.49		0.09	20
Other	<u>31,898</u>	<u>0.40</u>		<u>0.07</u>	<u>16</u>
 Total income	 \$ <u>8,065,466</u>	 <u>100.00</u>	 %	 \$ <u>17.90</u>	 \$ <u>4,072</u>
 <i>OPERATING EXPENSES:</i>					
<i>Feed:</i>					
Hay	\$ 612,936	7.60	%	\$ 1.36	\$ 309
Grain	3,115,649	38.63		6.92	1,573
Silage	786,364	9.75		1.75	397
Haylage	690,916	8.57		1.53	349
Heifer raising	381,126	4.73		0.85	192
Less cost of feeding heifers	<u>(1,082,033)</u>	<u>(13.42)</u>		<u>(2.40)</u>	<u>(546)</u>
 Total feed	 \$ <u>4,504,958</u>	 <u>55.86</u>	 %	 \$ <u>10.01</u>	 \$ <u>2,274</u>
 <i>Herd replacement cost:</i>					
Depreciation on dairy herd	\$ 502,527	6.23	%	\$ 1.12	\$ 254
Loss on sale of cows	<u>13,887</u>	<u>0.17</u>		<u>0.03</u>	<u>7</u>
 Total herd replacement cost	 \$ <u>516,414</u>	 <u>6.40</u>	 %	 \$ <u>1.15</u>	 \$ <u>261</u>
 <i>Other operating expenses, Schedule 2</i>					
	\$ <u>3,406,078</u>	<u>42.20</u>	%	\$ <u>7.58</u>	\$ <u>1,720</u>
 Total operating expenses	 \$ <u>8,427,450</u>	 <u>104.46</u>	 %	 \$ <u>18.74</u>	 \$ <u>4,255</u>
 Net loss	 \$ <u><u>(361,984)</u></u>	 <u><u>(4.46)</u></u>	 %	 \$ <u><u>(0.84)</u></u>	 \$ <u><u>(183)</u></u>

**COST STUDY  
WASHINGTON**

**SCHEDULE 2**

**SCHEDULE OF OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2015**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<i>Interest and rent</i>	\$ 420,421	5.18	%	\$ 0.94	\$ 213
<i>Labor and partners' salary</i>	930,026	11.53		2.06	469
<i>Straw</i>	36,593	0.45		0.08	18
<i>Depreciation - other</i>	277,906	3.45		0.62	140
<i>Milk hauling</i>	267,197	3.31		0.59	135
<i>Advertising and promotion</i>	132,689	1.65		0.29	67
<i>CWT program</i>	18,028	0.22		0.04	9
<i>Supplies</i>	227,832	2.82		0.51	115
<i>Bedding</i>	3,978	0.05		0.01	2
<i>Repairs and maintenance</i>	399,571	4.95		0.89	202
<i>Utilities</i>	138,431	1.72		0.31	70
<i>Taxes</i>	103,303	1.28		0.23	52
<i>Insurance</i>	93,492	1.16		0.21	47
<i>Fuel</i>	112,497	1.39		0.25	57
<i>Legal and accounting</i>	38,824	0.48		0.09	20
<i>Employee benefits</i>	60,933	0.76		0.14	31
<i>Veterinary and medicine</i>	230,324	2.86		0.51	116
<i>Breeding and semen</i>	76,050	0.94		0.17	38
<i>Travel</i>	2,070	0.03		0.00	1
<i>Livestock hauling</i>	13,364	0.17		0.03	7
<i>Deadstock removal</i>	3,379	0.04		0.01	2
<i>Testing and trimming</i>	58,033	0.72		0.13	29
<i>Miscellaneous</i>	1,609	0.02		0.00	1
<i>Less cost of raising heifers</i>	<u>(240,472)</u>	<u>(2.98)</u>		<u>(0.53)</u>	<u>(121)</u>
 <i>Total</i>	 \$ <u>3,406,078</u>	 <u>42.20</u>	 %	 \$ <u>7.58</u>	 \$ <u>1,720</u>

***COST STUDY  
WASHINGTON***

**SUPPLEMENTARY DATA**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>MILK PRODUCTION</u></b>					
<i>Pounds of whole milk produced</i>	45,050,132	49,661,815	51,316,317	54,425,162	54,591,641
<i>Average butterfat test</i>	4.02%	4.07%	4.01%	3.82%	3.69%
<i>Average protein test</i>	3.26%	3.34%	3.29%	3.18%	3.16%
<i>Average daily pounds per milking cow</i>	71	71	72	74	74
<i>Average somatic cell count</i>	200,000	198,000	203,000	206,000	224,000
<b><u>DAIRY HERD</u></b>					
<i>Average herd size:</i>					
<i>Milking cows</i>	1,705	1,920	1,950	2,020	2,015
<i>Dry cows</i>	225	330	325	340	340
<i>Bulls</i>	4	8	11	8	7
<i>Springers, cows and bulls purchased:</i>					
<i>Number of head</i>	NONE	161	161	113	78
<i>Total amount paid</i>	\$	\$ 313,339	\$ 240,652	\$ 181,778	\$ 59,710
<i>Average per head</i>		\$ 1,946	\$ 1,495	\$ 1,609	\$ 766
<i>Self-raised heifers transferred to milking herd</i>	835	907	758	802	1,024
<i>Cows and bulls sold:</i>					
<i>Number of head</i>	659	704	830	858	758
<i>Total amount received</i>	\$ 638,672	\$ 694,587	\$ 582,365	\$ 640,949	\$ 501,885
<i>Average per head</i>	\$ 970	\$ 987	\$ 702	\$ 747	\$ 662
<i>Dead cows</i>	122	141	149	158	150
<i>Herd turnover rate</i>	40%	37%	42%	43%	38%
<b><u>PRODUCT PRICE</u></b>					
<i>Average price received per cwt. of milk shipped</i>	\$ 17.20	\$ 25.10	\$ 20.90	\$ 18.46	\$ 20.37

***COST STUDY***

***IDAHO***

***DECEMBER 31, 2015***



***COST STUDY  
IDAHO***

***AVERAGE INCOME AND EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2015***

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<i>OPERATING INCOME:</i>					
Milk	\$ 14,117,014	95.71 %	\$	16.89	\$ 4,134
Calves and heifers, net	502,445	3.42		0.60	147
Patronage dividends	41,333	0.28		0.05	12
Other	<u>87,371</u>	<u>0.59</u>		<u>0.10</u>	<u>26</u>
Total income	\$ <u>14,748,163</u>	<u>100.00 %</u>	\$	<u>17.64</u>	\$ <u>4,319</u>
<i>OPERATING EXPENSES:</i>					
<i>Feed:</i>					
Hay	\$ 1,891,385	12.82 %	\$	2.26	\$ 554
Grain	5,044,179	34.20		6.03	1,477
Silage	2,094,487	14.20		2.51	613
Haylage	499,432	3.39		0.60	146
Heifer raising	943,885	6.40		1.13	276
Less cost of feeding heifers	<u>(2,103,640)</u>	<u>(14.26)</u>		<u>(2.52)</u>	<u>(616)</u>
Total feed	\$ <u>8,369,728</u>	<u>56.75 %</u>	\$	<u>10.01</u>	\$ <u>2,450</u>
<i>Herd replacement cost:</i>					
Depreciation on dairy herd	\$ 970,293	6.58 %	\$	1.16	\$ 284
Loss on sale of cows	<u>121,495</u>	<u>0.82</u>		<u>0.15</u>	<u>36</u>
Total herd replacement cost	\$ <u>1,091,788</u>	<u>7.40 %</u>	\$	<u>1.31</u>	\$ <u>320</u>
Other operating expenses, Schedule 3	\$ <u>4,806,813</u>	<u>32.59 %</u>	\$	<u>5.77</u>	\$ <u>1,409</u>
Total operating expenses	\$ <u>14,268,328</u>	<u>96.75 %</u>	\$	<u>17.09</u>	\$ <u>4,178</u>
Net income	\$ <u><u>479,835</u></u>	<u><u>3.25 %</u></u>	\$	<u><u>0.55</u></u>	\$ <u><u>141</u></u>

**COST STUDY  
IDAHO**

**SCHEDULE 3**

**SCHEDULE OF OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2015**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<i>Interest and rent</i>	\$ 578,135	3.93	%	\$ 0.69	\$ 169
<i>Labor and partners' salary</i>	1,265,468	8.58		1.51	371
<i>Straw</i>	182,076	1.23		0.22	53
<i>Depreciation - other</i>	467,492	3.17		0.56	137
<i>Milk hauling</i>	268,549	1.82		0.32	79
<i>Advertising and promotion</i>	159,095	1.08		0.19	47
<i>CWT program</i>	12,884	0.09		0.02	4
<i>Supplies</i>	259,032	1.76		0.31	76
<i>Repairs and maintenance</i>	534,058	3.62		0.64	156
<i>BST</i>	53,797	0.36		0.06	16
<i>Utilities</i>	150,860	1.02		0.18	44
<i>Taxes</i>	149,532	1.01		0.18	44
<i>Insurance</i>	100,365	0.68		0.12	29
<i>Fuel</i>	165,325	1.12		0.20	48
<i>Legal and accounting</i>	38,976	0.26		0.05	11
<i>Employee benefits</i>	41,667	0.28		0.05	12
<i>Veterinary and medicine</i>	302,576	2.05		0.36	89
<i>Breeding and semen</i>	163,467	1.11		0.20	48
<i>Travel</i>	6,022	0.04		0.01	2
<i>Livestock hauling</i>	12,636	0.09		0.02	4
<i>Deadstock removal</i>	5,581	0.04		0.01	2
<i>Testing and trimming</i>	77,688	0.53		0.09	23
<i>Miscellaneous</i>	18,023	0.12		0.02	5
<i>Less cost of raising heifers</i>	<u>(206,491)</u>	<u>(1.40)</u>		<u>(0.25)</u>	<u>(60)</u>
 <i>Total</i>	 \$ <u>4,806,813</u>	 <u>32.59</u>	 %	 \$ <u>5.77</u>	 \$ <u>1,409</u>

***COST STUDY  
IDAHO***

**SUPPLEMENTARY DATA**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>MILK PRODUCTION</u></b>					
<i>Pounds of whole milk</i>	83,596,609	64,282,523	59,262,894	70,652,332	66,905,806
<i>Average butterfat test</i>	3.81%	3.81%	3.84%	3.75%	3.70%
<i>Average protein test</i>	3.10%	3.08%	3.10%	3.07%	3.06%
<i>Average daily pounds per milking cow</i>	76	75	71	76	74
<i>Average somatic cell count</i>	123,000	143,000	124,000	119,000	159,000
<b><u>DAIRY HERD</u></b>					
<i>Average herd size:</i>					
<i>Milking cows</i>	2,995	2,370	2,300	2,535	2,480
<i>Dry cows</i>	415	340	315	365	350
<i>Bulls</i>	5	12	9	10	13
<i>Cows and bulls purchased:</i>					
<i>Number of head</i>	214	307	226	244	71
<i>Total amount paid</i>	\$ 454,317	\$ 628,070	\$ 347,989	\$ 349,315	\$ 83,201
<i>Average per head</i>	\$ 2,122	\$ 2,045	\$ 1,540	\$ 1,432	\$ 1,172
<i>Self-raised heifers transferred to milking herd</i>	1,173	950	905	1,137	1,079
<i>Cows and bulls sold:</i>					
<i>Number of head</i>	1,035	838	899	1,014	959
<i>Total amount received</i>	\$ 1,058,702	\$ 882,713	\$ 657,187	\$ 724,922	\$ 626,395
<i>Average per head</i>	\$ 1,023	\$ 1,053	\$ 731	\$ 715	\$ 653
<i>Dead cows</i>	193	192	130	185	182
<i>Herd turnover rate</i>	36%	38%	39%	41%	40%
<b><u>PRODUCT PRICE</u></b>					
<i>Average price received per cwt. of milk shipped</i>	\$ 16.89	\$ 23.67	\$ 19.59	\$ 18.24	\$ 18.78

***COST STUDY***  
***NEW MEXICO***  
***DECEMBER 31, 2015***

***COST STUDY  
NEW MEXICO***

***AVERAGE INCOME AND EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2015***

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<i>OPERATING INCOME:</i>					
Milk	\$ 12,675,643	93.86 %	\$	16.14	\$ 3,472
Calves and heifers, net	622,087	4.60		0.79	170
Patronage dividends	109,488	0.81		0.14	30
Other	<u>98,032</u>	<u>0.73</u>		<u>0.12</u>	<u>27</u>
 Total income	 \$ <u>13,505,250</u>	 <u>100.00</u> %	 \$	 <u>17.21</u>	 \$ <u>3,700</u>
 <i>OPERATING EXPENSES:</i>					
<i>Feed:</i>					
Hay	\$ 1,898,572	14.06 %	\$	2.42	\$ 520
Grain	5,870,272	43.47		7.48	1,608
Silage	2,295,128	16.99		2.92	629
Haylage	1,991	0.01		0.00	1
Heifer raising	344,368	2.55		0.44	94
Less cost of feeding heifers	<u>(2,203,795)</u>	<u>(16.32)</u>		<u>(2.81)</u>	<u>(604)</u>
 Total feed	 \$ <u>8,206,537</u>	 <u>60.76</u> %	 \$	 <u>10.45</u>	 \$ <u>2,248</u>
 <i>Herd replacement cost:</i>					
Depreciation on dairy herd	\$ 1,115,064	8.26 %	\$	1.42	\$ 305
Loss on sale of cows	<u>265,263</u>	<u>1.96</u>		<u>0.34</u>	<u>73</u>
 Total herd replacement cost	 \$ <u>1,380,327</u>	 <u>10.22</u> %	 \$	 <u>1.76</u>	 \$ <u>379</u>
 <i>Other operating expenses,</i>					
Schedule 4	\$ <u>4,508,651</u>	<u>33.33</u> %	\$	<u>5.74</u>	\$ <u>1,236</u>
 Total operating expenses	 \$ <u>14,095,516</u>	 <u>104.33</u> %	 \$	 <u>17.96</u>	 \$ <u>3,862</u>
 Net loss	 \$ <u><u>(590,265)</u></u>	 <u><u>(4.33)</u></u> %	 \$	 <u><u>(0.75)</u></u>	 \$ <u><u>(163)</u></u>



**COST STUDY  
NEW MEXICO**

**SCHEDULE 4**

**SCHEDULE OF OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2015**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<i>Interest and rent</i>	\$ 403,637	2.93	%	\$ 0.49	\$ 112
<i>Labor and partners' salary</i>	1,263,213	9.35		1.61	346
<i>Depreciation - other</i>	365,913	2.71		0.47	100
<i>Milk hauling</i>	574,460	4.25		0.73	157
<i>Advertising and promotion</i>	193,378	1.43		0.25	53
<i>CWT program</i>	16,191	0.12		0.02	4
<i>Supplies</i>	333,291	2.47		0.42	91
<i>Bedding</i>	6,172	0.05		0.01	2
<i>Repairs and maintenance</i>	527,602	3.91		0.67	145
<i>Utilities</i>	179,420	1.33		0.23	49
<i>Taxes</i>	185,810	1.38		0.24	51
<i>Insurance</i>	103,149	0.76		0.13	28
<i>Fuel</i>	157,289	1.16		0.20	43
<i>Legal and accounting</i>	38,578	0.29		0.05	11
<i>Employee benefits</i>	43,981	0.33		0.06	12
<i>Veterinary and medicine</i>	335,894	2.49		0.43	92
<i>Breeding and semen</i>	138,029	1.02		0.18	38
<i>Travel</i>	1,677	0.01		0.00	0
<i>Livestock hauling</i>	7,965	0.06		0.01	2
<i>Deadstock removal</i>	12,777	0.09		0.02	4
<i>Testing and trimming</i>	111,794	0.83		0.14	31
<i>Miscellaneous</i>	5,402	0.04		0.01	1
<i>Less cost of raising heifers</i>	<u>(496,971)</u>	<u>(3.68)</u>		<u>(0.63)</u>	<u>(136)</u>
 <i>Total</i>	 \$ <u>4,508,651</u>	 <u>33.33</u>	 %	 \$ <u>5.74</u>	 \$ <u>1,236</u>

**COST STUDY  
NEW MEXICO**

**SUPPLEMENTARY DATA**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>MILK PRODUCTION</u></b>					
<i>Pounds of whole milk produced</i>	78,520,724	81,875,504	71,342,930	72,792,566	72,792,566
<i>Average butterfat test</i>	3.57%	3.56%	3.57%	3.53%	3.54%
<i>Average protein test</i>	3.10%	3.11%	3.11%	3.07%	3.03%
<i>Average daily pounds per milking cow</i>	70	73	70	70	70
<i>Average somatic cell count</i>	213,000	162,000	175,000	177,000	171,000
<b><u>DAIRY HERD</u></b>					
<i>Average herd size:</i>					
<i>Milking cows</i>	3,075	3,090	2,775	2,840	2,845
<i>Dry cows</i>	550	555	485	490	470
<i>Bulls</i>	29	32	30	29	27
<i>Springers, cows and bulls purchased:</i>					
<i>Number of head</i>	287	320	157	411	87
<i>Total amount paid</i>	\$ 550,137	\$ 558,483	\$ 183,076	\$ 613,980	\$ 117,345
<i>Average per head</i>	\$ 1,918	\$ 1,745	\$ 1,168	\$ 1,495	\$ 1,349
<i>Self-raised heifers transferred to milking herd</i>	1,358	1,255	1,138	1,086	1,214
<i>Cows and bulls sold:</i>					
<i>Number of head</i>	1,372	1,204	1,148	1,252	1,030
<i>Total amount received</i>	\$ 1,409,708	\$ 1,365,468	\$ 970,564	\$ 1,056,734	\$ 739,511
<i>Average per head</i>	\$ 1,028	\$ 1,134	\$ 845	\$ 844	\$ 718
<i>Dead cows</i>	288	217	200	224	186
<i>Herd turnover rate</i>	45%	39%	34%	44%	36%
<b><u>PRODUCT PRICE</u></b>					
<i>Average price received per cwt. of milk shipped</i>	\$ 16.14	\$ 22.69	\$ 19.18	\$ 17.99	\$ 19.68

***COST STUDY***  
***WEST TEXAS***  
***DECEMBER 31, 2015***

***COST STUDY  
WEST TEXAS***

***AVERAGE INCOME AND EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2015***

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<i>OPERATING INCOME:</i>					
Milk	\$ 14,654,663	94.28 %	\$	16.43	\$ 3,548
Calves and heifers, net	696,559	4.48		0.78	169
Patronage dividends	96,173	0.62		0.11	23
Other	<u>95,964</u>	<u>0.62</u>		<u>0.11</u>	<u>23</u>
 Total income	 \$ <u>15,543,362</u>	 <u>100.00 %</u>	 \$	 <u>17.41</u>	 \$ <u>3,762</u>
 <i>OPERATING EXPENSES:</i>					
<i>Feed:</i>					
Hay	\$ 1,589,340	10.23 %	\$	1.78	\$ 385
Grain	6,402,636	41.19		7.18	1,550
Silage	2,637,618	16.97		2.96	639
Haylage	33,884	0.22		0.04	8
Heifer raising	596,051	3.83		0.67	144
Less cost of feeding heifers	<u>(2,377,606)</u>	<u>(15.30)</u>		<u>(2.67)</u>	<u>(576)</u>
 Total feed	 \$ <u>8,881,923</u>	 <u>57.14 %</u>	 \$	 <u>9.97</u>	 \$ <u>2,150</u>
 <i>Herd replacement cost:</i>					
Depreciation on dairy herd	\$ 1,225,200	7.88 %	\$	1.37	\$ 297
Loss on sale of cows	<u>183,898</u>	<u>1.18</u>		<u>0.21</u>	<u>45</u>
 Total herd replacement cost	 \$ <u>1,409,099</u>	 <u>9.07 %</u>	 \$	 <u>1.58</u>	 \$ <u>342</u>
 <i>Other operating expenses, Schedule 5</i>					
	\$ <u>5,449,122</u>	<u>35.05 %</u>	\$	<u>6.09</u>	\$ <u>1,321</u>
 Total operating expenses	 \$ <u>15,740,145</u>	 <u>101.26 %</u>	 \$	 <u>17.64</u>	 \$ <u>3,814</u>
 Net loss	 \$ <u><u>(196,783)</u></u>	 <u><u>(1.26) %</u></u>	 \$	 <u><u>(0.22)</u></u>	 \$ <u><u>(52)</u></u>

**COST STUDY  
WEST TEXAS**

**SCHEDULE 5**

**SCHEDULE OF OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2015**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<i>Interest and rent</i>	\$ 493,934	3.18 %	\$	0.53	\$ 120
<i>Labor and partners' salary</i>	1,420,796	9.14		1.59	344
<i>Depreciation - other</i>	425,914	2.74		0.48	103
<i>Milk hauling</i>	804,978	5.18		0.90	195
<i>Advertising and promotion</i>	239,719	1.54		0.27	58
<i>CWT program</i>	12,568	0.08		0.01	3
<i>Supplies</i>	384,543	2.47		0.43	93
<i>Bedding</i>	14,357	0.09		0.02	3
<i>Repairs and maintenance</i>	623,330	4.01		0.70	151
<i>Utilities</i>	196,993	1.27		0.22	48
<i>Taxes</i>	183,780	1.18		0.21	45
<i>Insurance</i>	147,445	0.95		0.17	36
<i>Fuel</i>	177,540	1.14		0.20	43
<i>Legal and accounting</i>	48,561	0.31		0.05	12
<i>Employee benefits</i>	52,523	0.34		0.06	13
<i>Veterinary and medicine</i>	408,850	2.63		0.46	99
<i>Breeding and semen</i>	160,413	1.03		0.18	39
<i>Travel</i>	6,578	0.04		0.01	2
<i>Livestock hauling</i>	6,210	0.04		0.01	2
<i>Deadstock removal</i>	12,211	0.08		0.01	3
<i>Testing and trimming</i>	133,510	0.86		0.15	32
<i>Miscellaneous</i>	8,054	0.05		0.01	2
<i>Less cost of raising heifers</i>	<u>(513,685)</u>	<u>(3.30)</u>		<u>(0.58)</u>	<u>(124)</u>
 <i>Total</i>	 \$ <u>5,449,122</u>	 <u>35.05</u> %	 \$	 <u>6.09</u>	 \$ <u>1,321</u>



***COST STUDY  
WEST TEXAS***

**SUPPLEMENTARY DATA**

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
<b><u>MILK PRODUCTION</u></b>					
<i>Pounds of whole milk produced</i>	89,213,978	89,106,678	77,627,967	86,260,185	91,859,280
<i>Average butterfat test</i>	3.61%	3.61%	3.62%	3.59%	3.59%
<i>Average protein test</i>	3.12%	3.13%	3.13%	3.10%	3.05%
<i>Average daily pounds per milking cow</i>	70	72	70	70	68
<i>Average somatic cell count</i>	229,000	168,000	163,000	174,000	150,000
<b><u>DAIRY HERD</u></b>					
<i>Average herd size:</i>					
<i>Milking cows</i>	3,510	3,380	3,040	3,360	3,685
<i>Dry cows</i>	600	590	510	570	600
<i>Bulls</i>	25	24	26	31	27
<i>Springers, cows and bulls purchased:</i>					
<i>Number of head</i>	411	339	303	427	167
<i>Total amount paid</i>	\$ 825,345	\$ 611,278	\$ 208,548	\$ 628,741	\$ 226,041
<i>Average per head</i>	\$ 2,009	\$ 1,803	\$ 689	\$ 1,474	\$ 1,353
<i>Self-raised heifers transferred to milking herd</i>	1,597	1,384	1,327	1,431	1,573
<i>Cows and bulls sold:</i>					
<i>Number of head</i>	1,594	1,374	1,334	1,562	1,339
<i>Total amount received</i>	\$ 1,714,585	\$ 1,606,761	\$ 1,356,347	\$ 1,342,734	\$ 977,381
<i>Average per head</i>	\$ 1,075	\$ 1,169	\$ 1,017	\$ 860	\$ 730
<i>Dead cows</i>	349	242	223	260	227
<i>Herd turnover rate</i>	47%	40%	44%	46%	36%
<b><u>PRODUCT PRICE</u></b>					
<i>Average price received per cwt. of milk shipped</i>	\$ 16.43	\$ 23.10	\$ 19.52	\$ 18.24	\$ 19.84

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