



DeRenzis & Associates, LLP  
~ Certified Public Accountants ~

December 31, 2016  
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, 2016.*

*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, 2016 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*

# **DAIRY FARM COST STUDY**

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**COST STUDY**

**CENTRAL VALLEY CALIFORNIA**

**DECEMBER 31, 2016**

**COST STUDY  
CENTRAL VALLEY CALIFORNIA**

**AVERAGE INCOME AND EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2016**

	AMOUNT	PERCENT		PER CWT. OF MILK	PER AVERAGE HERD SIZE
<b>OPERATING INCOME:</b>					
Milk	\$ 11,595,313	96.70 %	\$	15.42	\$ 3,420
Calves and heifers, net	117,821	0.98		0.16	35
Patronage dividends	125,249	1.04		0.17	37
Other	153,687	1.28		0.20	45
Total income from operation	\$ 11,992,070	100.00 %	\$	15.95	\$ 3,537
<b>OPERATING EXPENSES:</b>					
Feed:					
Hay	\$ 1,647,968	13.74 %	\$	2.19	\$ 486
Grain	4,989,987	41.61		6.63	1,472
Silage	1,479,519	12.34		1.97	436
Haylage	133,732	1.12		0.18	39
Heifer raising	694,279	5.79		0.92	205
Less cost of feeding heifers	(2,118,594)	(17.65)		(2.82)	(625)
Total feed	\$ 6,826,891	56.95 %	\$	9.07	\$ 2,013
Herd replacement cost:					
Depreciation on dairy herd	\$ 1,013,630	8.45 %	\$	1.35	\$ 299
Loss on sale of cows and bulls	347,339	2.90		0.46	102
Total herd replacement cost	\$ 1,360,969	11.35 %	\$	1.81	\$ 401
Other operating expenses, Schedule 1					
	\$ 4,052,908	33.80 %	\$	5.40	\$ 1,196
Total operating expenses	\$ 12,240,768	102.10 %	\$	16.28	\$ 3,610
Net loss	\$ (248,698)	(2.10) %	\$	(0.33)	\$ (73)

**COST STUDY  
CENTRAL VALLEY CALIFORNIA**

**SCHEDULE 1**

**SCHEDULE OF OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2016**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
Interest and rent	\$ 546,829	4.56	%	\$ 0.73	\$ 161
Labor and partners' salary	1,008,619	8.41		1.34	298
Depreciation - other	463,843	3.87		0.62	137
Milk hauling	248,461	2.07		0.33	73
Advertising and promotion	170,255	1.42		0.23	50
CWT program	3,842	0.03		0.01	1
Supplies	235,925	1.97		0.31	70
Bedding	14,815	0.12		0.02	4
Repairs and maintenance	442,553	3.69		0.59	131
Utilities	234,392	1.95		0.31	69
Taxes	195,202	1.63		0.26	58
Insurance	186,843	1.56		0.25	55
Fuel	120,158	1.00		0.16	35
Legal and accounting	43,341	0.36		0.06	13
Employee benefits	48,640	0.41		0.06	14
Veterinary and medicine	301,678	2.52		0.40	89
Breeding and semen	94,264	0.79		0.13	28
Travel	6,688	0.06		0.01	2
Livestock hauling	3,733	0.03		-	1
Deadstock removal	6,228	0.05		0.01	2
Testing and trimming	64,413	0.54		0.09	19
Miscellaneous	9,731	0.08		0.01	3
Less cost of raising heifers	<u>(397,545)</u>	<u>(3.32)</u>		<u>(0.53)</u>	<u>(117)</u>
Totals	<u>\$ 4,052,908</u>	<u>33.80</u>	%	<u>\$ 5.40</u>	<u>\$ 1,196</u>

**COST STUDY  
CENTRAL VALLEY CALIFORNIA**

**SUPPLEMENTARY DATA**

	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>MILK PRODUCTION</u></b>					
Pounds of whole milk produced	75,210,585	78,016,475	87,392,933	88,421,486	72,904,639
Average butterfat test	3.64%	3.77%	3.61%	3.64%	3.64%
Average solid-non-fat test	8.86%	8.88%	8.89%	8.88%	8.86%
Average daily pounds per milking cow	71	71	74	71	70
<b><u>DAIRY HERD</u></b>					
Average herd size:					
Milking cows	2,880	3,015	3,330	3,410	2,860
Dry cows	465	465	515	495	460
Bulls	45	44	47	51	42
Springers, cows and bulls purchased:					
Number of head	104	121	155	214	244
Total amount paid \$	\$ 182,356	\$ 189,406	\$ 210,725	\$ 276,418	\$ 271,979
Average per head \$	\$ 1,753	\$ 1,565	\$ 1,360	\$ 1,292	\$ 1,115
Self-raised heifers transferred to milking herd	1,277	1,437	1,381	1,412	1,260
Cows and bulls sold:					
Number of head	1,105	1,168	1,275	1,386	1,194
Total amount received \$	\$ 854,293	\$ 1,227,982	\$ 1,423,252	\$ 1,172,724	\$ 969,232
Average per head \$	\$ 773	\$ 1,051	\$ 1,116	\$ 846	\$ 812
Dead cows	223	257	256	242	193
Herd turnover rate	39%	40%	39%	41%	41%
<b><u>PRODUCT PRICE</u></b>					
Average price received per cwt. of milk shipped \$	\$ 15.42	\$ 15.12	\$ 21.74	\$ 18.36	\$ 16.45



**COST STUDY**  
**WASHINGTON**  
**DECEMBER 31, 2016**

**COST STUDY  
WASHINGTON**

**AVERAGE INCOME AND EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2016**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<b>OPERATING INCOME:</b>					
Milk	\$ 7,232,809	97.09 %	\$	16.85	\$ 3,685
Calves and heifers, net	50,242	0.67		0.12	26
Patronage dividends	102,351	1.37		0.24	52
Other	<u>64,662</u>	<u>0.87</u>		<u>0.15</u>	<u>33</u>
Total income from operation	\$ <u>7,450,064</u>	<u>100.00 %</u>	\$	<u>17.36</u>	\$ <u>3,796</u>
<b>OPERATING EXPENSES:</b>					
Feed:					
Hay	\$ 506,655	6.80 %	\$	1.18	\$ 258
Grain	2,827,208	37.95		6.59	1,440
Silage	786,406	10.56		1.83	401
Haylage	380,958	5.11		0.89	194
Heifer raising	351,061	4.71		0.82	179
Less cost of feeding heifers	<u>(1,109,728)</u>	<u>(14.88)</u>		<u>(2.59)</u>	<u>(565)</u>
Total feed	\$ <u>3,742,560</u>	<u>50.25 %</u>	\$	<u>8.72</u>	\$ <u>1,907</u>
Herd replacement cost:					
Depreciation on dairy herd	\$ 465,900	6.25 %	\$	1.09	\$ 237
Loss on sale of cows and bulls	<u>200,449</u>	<u>2.69</u>		<u>0.47</u>	<u>102</u>
Total herd replacement cost	\$ <u>666,349</u>	<u>8.94 %</u>	\$	<u>1.56</u>	\$ <u>339</u>
Other operating expenses, Schedule 2					
	\$ <u>3,310,214</u>	<u>44.44 %</u>	\$	<u>7.73</u>	\$ <u>1,686</u>
Total operating expenses	\$ <u>7,719,123</u>	<u>103.63 %</u>	\$	<u>18.01</u>	\$ <u>3,932</u>
Net loss	\$ <u><u>(269,059)</u></u>	<u><u>(3.63) %</u></u>	\$	<u><u>(0.65)</u></u>	\$ <u><u>(136)</u></u>

**COST STUDY  
WASHINGTON**

**SCHEDULE 2**

**SCHEDULE OF OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2016**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
Interest and rent	\$ 394,724	5.30	%	\$ 0.92	\$ 201
Labor and partners' salary	973,887	13.07		2.27	496
Straw	56,442	0.76		0.13	29
Depreciation - other	271,656	3.65		0.63	138
Milk hauling	223,458	3.00		0.52	114
Advertising and promotion	107,525	1.44		0.25	55
CWT program	19,820	0.27		0.05	10
Supplies	239,320	3.21		0.56	122
Bedding	7,927	0.11		0.02	4
Repairs and maintenance	349,868	4.70		0.82	178
Utilities	135,451	1.82		0.32	69
Taxes	111,093	1.49		0.26	57
Insurance	86,132	1.16		0.20	44
Fuel	107,741	1.45		0.25	55
Legal and accounting	39,097	0.52		0.09	20
Employee benefits	64,862	0.87		0.15	33
Veterinary and medicine	221,634	2.97		0.52	113
Breeding and semen	91,038	1.22		0.21	46
Travel	2,174	0.03		0.01	1
Livestock hauling	8,337	0.11		0.02	4
Deadstock removal	4,921	0.07		0.01	3
Testing and trimming	61,083	0.82		0.14	31
Miscellaneous	4,036	0.05		0.01	2
Less cost of raising heifers	<u>(272,012)</u>	<u>(3.65)</u>		<u>(0.63)</u>	<u>(139)</u>
Totals	<u>\$ 3,310,214</u>	<u>44.44</u>	%	<u>\$ 7.73</u>	<u>\$ 1,686</u>

**COST STUDY  
WASHINGTON**

**SUPPLEMENTARY DATA**

	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>MILK PRODUCTION</u></b>					
Pounds of whole milk produced	42,923,862	45,050,132	49,661,815	51,316,317	54,425,162
Average butterfat test	4.06%	4.02%	4.07%	4.01%	3.82%
Average protein test	3.32%	3.26%	3.34%	3.29%	3.18%
Average daily pounds per milking cow	70	71	71	72	74
Average somatic cell count	223,000	200,000	198,000	203,000	206,000
<b><u>DAIRY HERD</u></b>					
Average herd size:					
Milking cows	1,675	1,705	1,920	1,950	2,020
Dry cows	285	225	330	325	340
Bulls	3	4	8	11	8
Springers, cows and bulls purchased:					
Number of head	3	NONE	161	161	113
Total amount paid	\$ 4,920	\$ -	\$ 313,339	\$ 240,652	\$ 181,778
Average per head	\$ 1,640	\$ -	\$ 1,946	\$ 1,495	\$ 1,609
Self-raised heifers transferred to milking herd	761	835	907	758	802
Cows and bulls sold:					
Number of head	632	659	704	830	858
Total amount received	\$ 481,071	\$ 638,672	\$ 694,587	\$ 582,365	\$ 640,949
Average per head	\$ 761	\$ 969	\$ 987	\$ 702	\$ 747
Dead cows	144	122	141	149	158
Herd turnover rate	40%	40%	37%	42%	43%
<b><u>PRODUCT PRICE</u></b>					
Average price received per cwt. of milk shipped	\$ 16.85	\$ 17.20	\$ 25.10	\$ 20.90	\$ 18.46

**COST STUDY**

**IDAHO**

**DECEMBER 31, 2016**

**COST STUDY  
IDAHO**

**AVERAGE INCOME AND EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2016**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<b>OPERATING INCOME:</b>					
Milk	\$ 14,491,543	98.05	%	\$ 16.19	\$ 4,009
Calves and heifers, net	87,689	0.59		0.10	24
Patronage dividends	83,388	0.56		0.09	23
Other	<u>117,576</u>	<u>0.80</u>		<u>0.13</u>	<u>33</u>
Total income from operation	\$ <u>14,780,196</u>	<u>100.00</u>	%	\$ <u>16.51</u>	\$ <u>4,089</u>
<b>OPERATING EXPENSES:</b>					
Feed:					
Hay	\$ 1,627,999	11.01	%	\$ 1.82	\$ 450
Grain	5,113,721	34.60		5.71	1,415
Silage	1,743,613	11.80		1.95	482
Haylage	418,039	2.83		0.47	116
Heifer raising	1,148,094	7.77		1.28	318
Less cost of feeding heifers	<u>(2,300,167)</u>	<u>(15.54)</u>		<u>(2.57)</u>	<u>(636)</u>
Total feed	\$ <u>7,751,299</u>	<u>52.47</u>	%	\$ <u>8.66</u>	\$ <u>2,145</u>
Herd replacement cost:					
Depreciation on dairy herd	\$ 1,035,135	7.00	%	\$ 1.16	\$ 286
Loss on sale of cows and bulls	<u>439,706</u>	<u>2.97</u>		<u>0.49</u>	<u>122</u>
Total herd replacement cost	\$ <u>1,474,841</u>	<u>9.97</u>	%	\$ <u>1.65</u>	\$ <u>408</u>
Other operating expenses, Schedule 3					
	\$ <u>5,119,466</u>	<u>34.64</u>	%	\$ <u>5.74</u>	\$ <u>1,417</u>
Total operating expenses	\$ <u>14,345,606</u>	<u>97.08</u>	%	\$ <u>16.05</u>	\$ <u>3,970</u>
Net income	\$ <u><u>434,590</u></u>	<u><u>2.92</u></u>	%	\$ <u><u>0.46</u></u>	\$ <u><u>119</u></u>



**COST STUDY  
IDAHO**

**SCHEDULE 3**

**SCHEDULE OF OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2016**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
Interest and rent	\$ 547,044	3.70	%	\$ 0.61	\$ 151
Labor and partners' salary	1,449,719	9.81		1.62	401
Straw	204,257	1.38		0.23	57
Depreciation - other	516,458	3.49		0.58	143
Milk hauling	294,510	1.99		0.33	81
Advertising and promotion	174,398	1.18		0.19	48
CWT program	13,851	0.09		0.02	4
Supplies	295,234	2.00		0.33	82
Bedding	23,223	0.16		0.03	6
Repairs and maintenance	542,950	3.67		0.61	150
Utilities	161,853	1.10		0.18	45
Taxes	159,280	1.08		0.18	44
Insurance	85,795	0.58		0.10	24
Fuel	150,921	1.02		0.17	42
Legal and accounting	47,543	0.32		0.05	13
Employee benefits	39,768	0.27		0.04	11
Veterinary and medicine	344,918	2.33		0.39	95
Breeding and semen	168,443	1.14		0.19	47
Travel	3,968	0.03		-	1
Livestock hauling	17,016	0.12		0.02	5
Deadstock removal	5,667	0.04		0.01	2
Testing and trimming	81,219	0.55		0.09	22
Miscellaneous	27,910	0.19		0.03	8
Less cost of raising heifers	<u>(236,479)</u>	<u>(1.60)</u>		<u>(0.26)</u>	<u>(65)</u>
Totals	<u>\$ 5,119,466</u>	<u>34.64</u>	%	<u>\$ 5.74</u>	<u>\$ 1,417</u>

**COST STUDY  
IDAHO**

**SUPPLEMENTARY DATA**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<b><u>MILK PRODUCTION</u></b>					
Pounds of whole milk produced	89,533,952	83,596,609	64,282,523	59,262,894	70,652,332
Average butterfat test	3.85%	3.81%	3.81%	3.84%	3.75%
Average protein test	3.12%	3.10%	3.08%	3.10%	3.07%
Average daily pounds per milking cow	77	76	75	71	76
Average somatic cell count	133,000	123,000	143,000	124,000	119,000
<b><u>DAIRY HERD</u></b>					
Average herd size:					
Milking cows	3,165	2,995	2,370	2,300	2,535
Dry cows	445	415	340	315	365
Bulls	5	5	12	9	10
Springers, cows and bulls purchased:					
Number of head	282	214	307	226	244
Total amount paid \$	495,138	\$ 454,317	\$ 628,070	\$ 347,989	\$ 349,315
Average per head \$	1,756	\$ 2,123	\$ 2,046	\$ 1,540	\$ 1,432
Self-raised heifers transferred to milking herd	1,418	950	950	905	1,137
Cows and bulls sold:					
Number of head	1,084	1,035	838	899	1,014
Total amount received \$	816,613	\$ 1,058,702	\$ 882,713	\$ 657,187	\$ 724,922
Average per head \$	753	\$ 1,023	\$ 1,053	\$ 731	\$ 715
Dead cows	182	193	192	130	185
Herd turnover rate	35%	36%	38%	39%	41%
<b><u>PRODUCT PRICE</u></b>					
Average price received per cwt. of milk shipped \$	16.19	\$ 16.89	\$ 23.67	\$ 19.59	\$ 18.34

**COST STUDY**  
**NEW MEXICO**  
**DECEMBER 31, 2016**

**COST STUDY  
NEW MEXICO**

**AVERAGE INCOME AND EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2016**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
<b>OPERATING INCOME:</b>					
Milk	\$ 12,357,759	97.79 %	\$	16.70	\$ 3,361
Calves and heifers, net	87,365	0.69		0.12	24
Patronage dividends	127,065	1.01		0.17	35
Other	<u>64,804</u>	<u>0.51</u>		<u>0.09</u>	<u>18</u>
Total income from operation	\$ <u>12,636,993</u>	<u>100.00 %</u>	\$	<u>17.08</u>	<u>\$ 3,438</u>
<b>OPERATING EXPENSES:</b>					
Feed:					
Hay	\$ 1,483,927	11.74 %	\$	2.01	\$ 404
Grain	5,077,196	40.18		6.86	1,381
Silage	2,145,929	16.98		2.90	584
Heifer raising	333,333	2.64		0.45	91
Less cost of feeding heifers	<u>(2,258,668)</u>	<u>(17.85)</u>		<u>(3.05)</u>	<u>(614)</u>
Total feed	\$ <u>6,781,717</u>	<u>53.69 %</u>	\$	<u>9.17</u>	<u>\$ 1,846</u>
Herd replacement cost:					
Depreciation on dairy herd	\$ 1,121,912	8.88 %	\$	1.52	\$ 305
Loss on sale of cows and bulls	<u>683,069</u>	<u>5.41</u>		<u>0.92</u>	<u>186</u>
Total herd replacement cost	\$ <u>1,804,981</u>	<u>14.29 %</u>	\$	<u>2.44</u>	<u>\$ 491</u>
Other operating expenses,					
Schedule 4	\$ <u>4,427,469</u>	<u>35.07 %</u>	\$	<u>5.99</u>	<u>\$ 1,203</u>
Total operating expenses	\$ <u>13,014,167</u>	<u>103.05 %</u>	\$	<u>17.60</u>	<u>\$ 3,540</u>
Net loss	\$ <u><u>(377,174)</u></u>	<u><u>(3.05) %</u></u>	\$	<u><u>(0.52)</u></u>	<u><u>(102)</u></u>

**COST STUDY  
NEW MEXICO**

**SCHEDULE 4**

**SCHEDULE OF OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2016**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
Interest and rent	\$ 429,424	3.40	%	\$ 0.58	\$ 117
Labor and partners' salary	1,220,304	9.66		1.65	332
Depreciation - other	422,918	3.35		0.57	115
Milk hauling	586,439	4.64		0.79	159
Advertising and promotion	194,316	1.54		0.26	53
CWT program	15,961	0.13		0.02	4
Supplies	339,558	2.69		0.46	92
Bedding	1,935	0.02		-	1
Repairs and maintenance	478,349	3.79		0.65	130
Utilities	166,081	1.31		0.22	45
Taxes	177,655	1.41		0.24	48
Insurance	106,245	0.84		0.14	29
Fuel	129,960	1.03		0.18	35
Legal and accounting	40,170	0.32		0.05	11
Employee benefits	51,266	0.41		0.07	14
Veterinary and medicine	322,245	2.55		0.44	88
Breeding and semen	153,061	1.21		0.21	42
Travel	4,766	0.04		0.01	1
Livestock hauling	1,758	0.01		-	-
Deadstock removal	6,990	0.06		0.01	2
Testing and trimming	108,340	0.86		0.15	29
Miscellaneous	3,857	0.03		0.01	1
Less cost of raising heifers	<u>(534,129)</u>	<u>(4.23)</u>		<u>(0.72)</u>	<u>(145)</u>
Totals	<u>\$ 4,427,469</u>	<u>35.07</u>	%	<u>\$ 5.99</u>	<u>\$ 1,203</u>

**COST STUDY  
NEW MEXICO**

**SUPPLEMENTARY DATA**

	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>MILK PRODUCTION</u></b>					
Pounds of whole milk produced	73,991,029	78,520,724	81,875,504	71,342,930	72,792,566
Average butterfat test	3.59%	3.57%	3.56%	3.57%	3.53%
Average protein test	3.13%	3.10%	3.11%	3.11%	3.07%
Average daily pounds per milking cow	65	70	73	70	70
Average somatic cell count	200,000	213,000	162,000	175,000	177,000
<b><u>DAIRY HERD</u></b>					
Average herd size:					
Milking cows	3,090	3,075	3,090	2,775	2,840
Dry cows	565	550	555	485	490
Bulls	22	29	32	30	29
Springers, cows and bulls purchased:					
Number of head	254	287	320	157	411
Total amount paid	\$ 444,821	\$ 550,137	\$ 558,483	\$ 183,076	\$ 613,980
Average per head	\$ 1,751	\$ 1,917	\$ 1,745	\$ 1,166	\$ 1,494
Self-raised heifers transferred to milking herd	1,365	1,358	1,255	1,138	1,086
Cows and bulls sold:					
Number of head	978	1,372	1,204	1,148	1,252
Total amount received	\$ 744,459	\$ 1,409,708	\$ 1,365,468	\$ 970,564	\$ 1,056,734
Average per head	\$ 761	\$ 1,027	\$ 1,134	\$ 845	\$ 844
Dead cows	199	288	217	200	224
Herd turnover rate	32%	45%	39%	34%	44%
<b><u>PRODUCT PRICE</u></b>					
Average price received per cwt. of milk shipped	\$ 16.70	\$ 16.14	\$ 22.69	\$ 19.18	\$ 17.99



**COST STUDY**

**WEST TEXAS**

**DECEMBER 31, 2016**

**COST STUDY  
WEST TEXAS**

**AVERAGE INCOME AND EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2016**

	AMOUNT	PERCENT		PER CWT. OF MILK	PER AVERAGE HERD SIZE
<b>OPERATING INCOME:</b>					
Milk	\$ 17,274,278	97.69 %	\$	16.80	\$ 3,406
Calves and heifers, net	128,942	0.73		0.13	25
Patronage dividends	97,851	0.55		0.10	19
Other	181,581	1.03		0.18	36
Total income from operation	\$ 17,682,652	100.00 %	\$	17.21	\$ 3,486
<b>OPERATING EXPENSES:</b>					
Feed:					
Hay	\$ 862,279	4.88 %	\$	0.84	\$ 170
Grain	6,133,772	34.69		5.97	1,210
Silage	2,917,948	16.50		2.84	575
Haylage	50,898	0.29		0.05	10
Heifer raising	575,859	3.26		0.56	114
Less cost of feeding heifers	(1,984,978)	(11.21)		(1.93)	(391)
Total feed	\$ 8,555,778	48.41 %	\$	8.33	\$ 1,688
Herd replacement cost:					
Depreciation on dairy herd	\$ 1,378,418	7.80 %	\$	1.34	\$ 272
Loss on sale of cows and bulls	886,962	5.02		0.86	175
Total herd replacement cost	\$ 2,265,380	12.82 %	\$	2.20	\$ 447
Other operating expenses, Schedule 5					
	\$ 7,256,663	41.05 %	\$	7.04	\$ 1,432
Total operating expenses	\$ 18,077,821	102.28 %	\$	17.57	\$ 3,567
Net loss	\$ (395,169)	(2.28) %	\$	(0.36)	\$ (81)

**COST STUDY  
WEST TEXAS**

**SCHEDULE 5**

**SCHEDULE OF OTHER OPERATING EXPENSES  
FOR THE YEAR ENDED  
DECEMBER 31, 2016**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
Interest and rent	\$ 814,510	4.61	%	\$ 0.79	\$ 161
Labor and partners' salary	1,770,506	10.01		1.72	349
Depreciation - other	573,691	3.24		0.56	113
Milk hauling	1,191,279	6.74		1.16	235
Advertising and promotion	315,245	1.78		0.31	62
CWT program	2,770	0.02		-	1
Supplies	415,211	2.35		0.40	82
Bedding	91,865	0.52		0.09	18
Repairs and maintenance	772,388	4.37		0.75	152
Utilities	167,235	0.95		0.16	33
Taxes	171,482	0.97		0.17	34
Insurance	219,759	1.24		0.21	43
Fuel	146,376	0.83		0.14	29
Legal and accounting	87,986	0.50		0.09	17
Employee benefits	92,640	0.52		0.09	18
Veterinary and medicine	526,690	2.98		0.51	104
Breeding and semen	226,168	1.28		0.22	45
Travel	13,478	0.08		0.01	3
Livestock hauling	83	-		-	-
Deadstock removal	7,080	0.04		0.01	1
Testing and trimming	126,241	0.71		0.12	25
Miscellaneous	23,053	0.13		0.02	5
Less cost of raising heifers	<u>(499,073)</u>	<u>(2.82)</u>		<u>(0.49)</u>	<u>(98)</u>
Totals	<u>\$ 7,256,663</u>	<u>41.05</u>	%	<u>\$ 7.04</u>	<u>\$ 1,432</u>

**COST STUDY  
WEST TEXAS**

**SUPPLEMENTARY DATA**

	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
<b><u>MILK PRODUCTION</u></b>					
Pounds of whole milk produced	102,802,647	89,213,978	89,106,678	77,627,967	86,260,185
Average butterfat test	3.87%	3.61%	3.61%	3.62%	3.59%
Average protein test	3.27%	3.12%	3.13%	3.13%	3.10%
Average daily pounds per milking cow	64	70	72	70	70
Average somatic cell count	212,000	229,000	168,000	163,000	174,000
<b><u>DAIRY HERD</u></b>					
Average herd size:					
Milking cows	4,390	3,510	3,380	3,040	3,360
Dry cows	660	600	590	510	570
Bulls	21	25	24	26	31
Springers, cows and bulls purchased:					
Number of head	2,157	411	339	303	427
Total amount paid	\$ 3,765,647	\$ 825,345	\$ 611,278	\$ 208,548	\$ 628,741
Average per head	\$ 1,746	\$ 2,008	\$ 1,803	\$ 688	\$ 1,472
Self-raised heifers transferred to milking herd	1,950	1,597	1,384	1,327	1,431
Cows and bulls sold:					
Number of head	1,811	1,594	1,374	1,334	1,562
Total amount received	\$ 1,460,903	\$ 1,714,585	\$ 1,606,761	\$ 1,356,347	\$ 1,342,734
Average per head	\$ 807	\$ 1,076	\$ 1,169	\$ 1,017	\$ 860
Dead cows	311	349	242	223	260
Herd turnover rate	42%	47%	40%	44%	46%
<b><u>PRODUCT PRICE</u></b>					
Average price received per cwt. of milk shipped	\$ 16.80	\$ 16.43	\$ 23.10	\$ 19.52	\$ 18.24

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