



DeRenzis & Associates, LLP

~ Certified Public Accountants ~

June 30, 2017

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 six months then ended, June 30, 2017.

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 six months then ended, June 30, 2017 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

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

JUNE 30, 2017

**COST STUDY
CENTRAL VALLEY CALIFORNIA**

**AVERAGE INCOME AND EXPENSES
FOR THE SIX MONTHS ENDED
JUNE 30, 2017**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
OPERATING INCOME:					
Milk	\$ 6,347,365	95.34 %	\$	16.85	\$ 1,873
Calves and heifers, net	64,477	0.97		0.17	19
Patronage dividends	163,783	2.46		0.43	48
Other	<u>81,713</u>	<u>1.23</u>		<u>0.22</u>	<u>24</u>
Total income from operation	\$ <u>6,657,338</u>	<u>100.00 %</u>	\$	<u>17.67</u>	\$ <u>1,964</u>
OPERATING EXPENSES:					
Feed:					
Hay	\$ 862,803	12.96 %	\$	2.29	\$ 255
Grain	2,504,384	37.62		6.65	739
Silage	694,263	10.43		1.84	205
Haylage	44,194	0.66		0.12	13
Heifer raising	390,588	5.87		1.04	115
Less cost of feeding heifers	<u>(1,100,197)</u>	<u>(16.51)</u>		<u>(2.92)</u>	<u>(325)</u>
Total feed	\$ <u>3,396,035</u>	<u>51.03 %</u>	\$	<u>9.02</u>	\$ <u>1,002</u>
Herd replacement cost:					
Depreciation on dairy herd	\$ 525,371	7.89 %	\$	1.39	\$ 155
Loss on sale of cows and bulls	<u>220,823</u>	<u>3.32</u>		<u>0.59</u>	<u>65</u>
Total herd replacement cost	\$ <u>746,194</u>	<u>11.21 %</u>	\$	<u>1.98</u>	\$ <u>220</u>
Other operating expenses, Schedule 1					
	\$ <u>2,086,068</u>	<u>31.36 %</u>	\$	<u>5.53</u>	\$ <u>615</u>
Total operating expenses	\$ <u>6,228,297</u>	<u>93.60 %</u>	\$	<u>16.53</u>	\$ <u>1,837</u>
Net income	\$ <u><u>429,041</u></u>	<u><u>6.40 %</u></u>	\$	<u><u>1.14</u></u>	\$ <u><u>127</u></u>

**COST STUDY
CENTRAL VALLEY CALIFORNIA**

SCHEDULE 1

**SCHEDULE OF OTHER OPERATING EXPENSES
FOR THE SIX MONTHS ENDED
JUNE 30, 2017**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
Interest and rent	\$ 303,267	4.56	%	\$ 0.80	\$ 89
Labor and partners' salary	533,015	8.01		1.41	157
Depreciation - other	257,085	3.86		0.68	76
Milk hauling	130,904	1.97		0.35	39
Advertising and promotion	85,359	1.28		0.23	25
CWT program	2,037	0.03		0.01	1
Supplies	121,425	1.82		0.32	36
Bedding	4,329	0.07		0.01	1
Repairs and maintenance	221,728	3.33		0.59	65
Utilities	97,546	1.47		0.26	29
Taxes	100,932	1.52		0.27	30
Insurance	102,872	1.55		0.27	30
Fuel	63,778	0.96		0.17	19
Legal and accounting	23,105	0.35		0.06	7
Employee benefits	20,716	0.31		0.05	6
Veterinary and medicine	138,821	2.09		0.37	41
Breeding and semen	46,556	0.70		0.12	14
Travel	2,764	0.04		0.01	1
Livestock hauling	1,167	0.02		-	-
Deadstock removal	4,032	0.06		0.01	1
Testing and trimming	32,072	0.48		0.09	9
Miscellaneous	4,220	0.06		0.01	1
Less cost of raising heifers	<u>(211,662)</u>	<u>(3.18)</u>		<u>(0.56)</u>	<u>(62)</u>
Totals	<u>\$ 2,086,068</u>	<u>31.36</u>	%	<u>\$ 5.53</u>	<u>\$ 615</u>

**COST STUDY
CENTRAL VALLEY CALIFORNIA**

SUPPLEMENTARY DATA

	<u>6/30/17</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>MILK PRODUCTION</u>					
Pounds of whole milk produced	37,679,491	75,210,585	78,016,475	87,392,933	88,421,486
Average butterfat test	3.72%	3.64%	3.77%	3.61%	3.64%
Average solid-non-fat test	8.88%	8.86%	8.88%	8.89%	8.88%
Average daily pounds per milking cow	71	71	71	74	71
<u>DAIRY HERD</u>					
Average herd size:					
Milking cows	2,915	2,880	3,015	3,330	3,410
Dry cows	435	465	465	515	495
Bulls	39	45	44	47	51
Springers, cows and bulls purchased:					
Number of head	63	104	121	155	214
Total amount paid \$	106,078	\$ 182,356	\$ 189,406	\$ 210,725	\$ 276,418
Average per head \$	1,684	\$ 1,753	\$ 1,565	\$ 1,360	\$ 1,292
Self-raised heifers transferred to milking herd	621	1,277	1,437	1,381	1,412
Cows and bulls sold:					
Number of head	618	1,105	1,168	1,275	1,386
Total amount received \$	446,044	\$ 854,293	\$ 1,227,982	\$ 1,423,252	\$ 1,172,724
Average per head \$	722	\$ 773	\$ 1,051	\$ 1,116	\$ 846
Dead cows	113	223	257	256	242
Herd turnover rate	43%	39%	40%	39%	41%
<u>PRODUCT PRICE</u>					
Average price received per cwt. of milk shipped \$	16.85	\$ 15.42	\$ 15.12	\$ 21.74	\$ 18.36

COST STUDY
WASHINGTON
JUNE 30, 2017

**COST STUDY
WASHINGTON**

**AVERAGE INCOME AND EXPENSES
FOR THE SIX MONTHS ENDED
JUNE 30, 2017**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
OPERATING INCOME:					
Milk	\$ 3,997,090	95.73 %	\$	18.27	\$ 1,995
Calves and heifers, net	48,276	1.16		0.22	24
Patronage dividends	92,493	2.22		0.42	46
Other	<u>37,241</u>	<u>0.89</u>		<u>0.17</u>	<u>19</u>
Total income from operation	\$ <u>4,175,100</u>	<u>100.00 %</u>	\$	<u>19.08</u>	<u>\$ 2,084</u>
OPERATING EXPENSES:					
Feed:					
Hay	\$ 248,125	5.94 %	\$	1.13	\$ 124
Grain	1,431,565	34.29		6.54	714
Silage	486,332	11.65		2.22	243
Haylage	199,353	4.77		0.91	99
Heifer raising	182,481	4.37		0.83	91
Less cost of feeding heifers	<u>(577,523)</u>	<u>(13.81)</u>		<u>(2.64)</u>	<u>(288)</u>
Total feed	\$ <u>1,970,333</u>	<u>47.21 %</u>	\$	<u>8.99</u>	<u>\$ 983</u>
Herd replacement cost:					
Depreciation on dairy herd	\$ 255,749	6.13 %	\$	1.17	\$ 128
Loss on sale of cows and bulls	<u>94,243</u>	<u>2.26</u>		<u>0.43</u>	<u>47</u>
Total herd replacement cost	\$ <u>349,992</u>	<u>8.39 %</u>	\$	<u>1.60</u>	<u>\$ 175</u>
Other operating expenses, Schedule 2					
	\$ <u>1,721,277</u>	<u>41.24 %</u>	\$	<u>7.87</u>	<u>\$ 858</u>
Total operating expenses	\$ <u>4,041,602</u>	<u>96.84 %</u>	\$	<u>18.46</u>	<u>\$ 2,016</u>
Net income	\$ <u><u>133,498</u></u>	<u><u>3.16 %</u></u>	\$	<u><u>0.62</u></u>	<u><u>\$ 68</u></u>

**COST STUDY
WASHINGTON**

SCHEDULE 2

**SCHEDULE OF OTHER OPERATING EXPENSES
FOR THE SIX MONTHS ENDED
JUNE 30, 2017**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
Interest and rent	\$ 204,605	4.90	%	\$ 0.94	\$ 102
Labor and partners' salary	507,678	12.16		2.32	253
Straw	52,963	1.27		0.24	26
Depreciation - other	141,152	3.38		0.65	70
Milk hauling	121,577	2.91		0.56	61
Advertising and promotion	53,310	1.28		0.24	27
CWT program	9,465	0.23		0.04	5
Supplies	117,620	2.82		0.54	59
Bedding	4,559	0.11		0.02	2
Repairs and maintenance	159,452	3.82		0.73	80
Utilities	72,906	1.75		0.33	36
Taxes	57,384	1.37		0.26	29
Insurance	42,905	1.03		0.20	21
Fuel	68,520	1.64		0.31	34
Legal and accounting	19,173	0.46		0.09	10
Employee benefits	33,899	0.81		0.15	17
Veterinary and medicine	102,697	2.46		0.47	51
Breeding and semen	53,035	1.27		0.24	26
Travel	619	0.01		-	-
Livestock hauling	5,887	0.14		0.03	3
Deadstock removal	2,161	0.05		0.01	1
Testing and trimming	33,245	0.80		0.15	17
Miscellaneous	1,886	0.05		0.01	1
Less cost of raising heifers	<u>(145,421)</u>	<u>(3.48)</u>		<u>(0.66)</u>	<u>(73)</u>
Totals	<u>\$ 1,721,277</u>	<u>41.24</u>	%	<u>\$ 7.87</u>	<u>\$ 858</u>

**COST STUDY
WASHINGTON**

SUPPLEMENTARY DATA

	<u>6/30/17</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>MILK PRODUCTION</u>					
Pounds of whole milk produced	21,880,344	42,923,862	45,050,132	49,661,815	51,316,317
Average butterfat test	4.13%	4.06%	4.02%	4.07%	4.01%
Average protein test	3.32%	3.32%	3.26%	3.34%	3.29%
Average daily pounds per milking cow	71	70	72	71	72
Average somatic cell count	229,000	223,000	200,000	198,000	203,000
<u>DAIRY HERD</u>					
Average herd size:					
Milking cows	1,695	1,675	1,705	1,920	1,950
Dry cows	305	285	275	330	325
Bulls	4	3	4	8	11
Springers, cows and bulls purchased:					
Number of head	42	3	NONE	161	161
Total amount paid	\$ 62,311	\$ 4,920	\$ -	\$ 313,339	\$ 240,652
Average per head	\$ 1,484	\$ 1,640	\$ -	\$ 1,946	\$ 1,495
Self-raised heifers transferred to milking herd	366	761	835	907	758
Cows and bulls sold:					
Number of head	262	632	659	704	830
Total amount received	\$ 216,029	\$ 481,071	\$ 638,672	\$ 694,587	\$ 582,365
Average per head	\$ 825	\$ 761	\$ 969	\$ 987	\$ 702
Dead cows	67	144	122	141	149
Herd turnover rate	33%	40%	40%	37%	42%
<u>PRODUCT PRICE</u>					
Average price received per cwt. of milk shipped	\$ 18.27	\$ 16.85	\$ 17.20	\$ 25.10	\$ 20.90

COST STUDY

IDAHO

JUNE 30, 2017

**COST STUDY
IDAHO**

**AVERAGE INCOME AND EXPENSES
FOR THE SIX MONTHS ENDED
JUNE 30, 2017**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
OPERATING INCOME:					
Milk	\$ 7,889,725	98.02 %	\$	17.38	\$ 2,065
Calves and heifers, net	29,875	0.37		0.07	8
Patronage dividends	61,501	0.76		0.14	16
Other	<u>68,424</u>	<u>0.85</u>		<u>0.15</u>	<u>18</u>
Total income from operation	\$ <u>8,049,525</u>	<u>100.00 %</u>	\$	<u>17.74</u>	\$ <u>2,107</u>
OPERATING EXPENSES:					
Feed:					
Hay	\$ 670,118	8.32 %	\$	1.48	\$ 175
Grain	2,638,231	32.77		5.81	690
Silage	881,482	10.95		1.94	231
Haylage	66,037	0.82		0.15	17
Heifer raising	524,696	6.52		1.16	137
Less cost of feeding heifers	<u>(1,167,592)</u>	<u>(14.49)</u>		<u>(2.57)</u>	<u>(306)</u>
Total feed	\$ <u>3,612,972</u>	<u>44.89 %</u>	\$	<u>7.97</u>	\$ <u>944</u>
Herd replacement cost:					
Depreciation on dairy herd	\$ 568,404	7.06 %	\$	1.25	\$ 149
Loss on sale of cows and bulls	<u>292,137</u>	<u>3.63</u>		<u>0.64</u>	<u>76</u>
Total herd replacement cost	\$ <u>860,541</u>	<u>10.69 %</u>	\$	<u>1.89</u>	\$ <u>225</u>
Other operating expenses, Schedule 3					
	\$ <u>2,886,424</u>	<u>35.86 %</u>	\$	<u>6.35</u>	\$ <u>756</u>
Total operating expenses	\$ <u>7,359,937</u>	<u>91.44 %</u>	\$	<u>16.21</u>	\$ <u>1,925</u>
Net income	\$ <u><u>689,588</u></u>	<u><u>8.56 %</u></u>	\$	<u><u>1.53</u></u>	\$ <u><u>182</u></u>

**COST STUDY
IDAHO**

SCHEDULE 3

**SCHEDULE OF OTHER OPERATING EXPENSES
FOR THE SIX MONTHS ENDED
JUNE 30, 2017**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
Interest and rent	\$ 313,145	3.89	%	\$ 0.69	\$ 82
Labor and partners' salary	837,159	10.40		1.84	219
Straw	167,032	2.08		0.37	44
Depreciation - other	284,462	3.53		0.63	74
Milk hauling	155,329	1.93		0.34	41
Advertising and promotion	90,059	1.12		0.20	24
CWT program	7,216	0.09		0.02	2
Supplies	161,387	2.00		0.36	42
Bedding	1,251	0.02		-	-
Repairs and maintenance	284,750	3.54		0.63	75
Utilities	83,816	1.04		0.18	22
Taxes	92,272	1.15		0.20	24
Insurance	46,878	0.58		0.10	12
Fuel	89,728	1.11		0.20	23
Legal and accounting	26,452	0.33		0.06	7
Employee benefits	32,664	0.41		0.07	9
Veterinary and medicine	205,139	2.55		0.45	54
Breeding and semen	78,780	0.98		0.17	21
Travel	2,473	0.03		0.01	1
Livestock hauling	4,746	0.06		0.01	1
Deadstock removal	3,518	0.04		0.01	1
Testing and trimming	47,601	0.59		0.10	12
Miscellaneous	6,385	0.08		0.01	2
Less cost of raising heifers	<u>(135,818)</u>	<u>(1.69)</u>		<u>(0.30)</u>	<u>(36)</u>
Totals	<u>\$ 2,886,424</u>	<u>35.86</u>	%	<u>\$ 6.35</u>	<u>\$ 756</u>

**COST STUDY
IDAHO**

SUPPLEMENTARY DATA

	<u>6/30/17</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>MILK PRODUCTION</u>					
Pounds of whole milk produced	45,387,255	89,533,952	83,596,609	64,282,523	59,262,894
Average butterfat test	3.91%	3.85%	3.81%	3.81%	3.84%
Average protein test	3.15%	3.12%	3.10%	3.08%	3.10%
Average daily pounds per milking cow	75	77	76	75	71
Average somatic cell count	146,000	133,000	123,000	143,000	124,000
<u>DAIRY HERD</u>					
Average herd size:					
Milking cows	3,350	3,165	2,995	2,370	2,300
Dry cows	465	445	415	340	315
Bulls	5	5	5	12	9
Springers, cows and bulls purchased:					
Number of head	85	282	214	307	226
Total amount paid	\$ 148,913	\$ 495,138	\$ 454,317	\$ 628,070	\$ 347,989
Average per head	\$ 1,752	\$ 1,756	\$ 2,123	\$ 2,046	\$ 1,540
Self-raised heifers transferred to milking herd	695	1,418	950	950	905
Cows and bulls sold:					
Number of head	636	1,084	1,035	838	899
Total amount received	\$ 433,555	\$ 816,613	\$ 1,058,702	\$ 882,713	\$ 657,187
Average per head	\$ 682	\$ 753	\$ 1,023	\$ 1,053	\$ 731
Dead cows	104	182	193	192	130
Herd turnover rate	39%	35%	36%	38%	39%
<u>PRODUCT PRICE</u>					
Average price received per cwt. of milk shipped	\$ 17.38	\$ 16.19	\$ 16.89	\$ 23.67	\$ 19.59

COST STUDY
NEW MEXICO
JUNE 30, 2017

**COST STUDY
NEW MEXICO**

**AVERAGE INCOME AND EXPENSES
FOR THE SIX MONTHS ENDED
JUNE 30, 2017**

	AMOUNT	PERCENT		PER CWT. OF MILK	PER AVERAGE HERD SIZE
OPERATING INCOME:					
Milk	\$ 7,207,528	97.90 %	\$	16.21	\$ 1,852
Calves and heifers, net	30,765	0.42		0.07	8
Patronage dividends	100,258	1.36		0.23	26
Other	23,403	0.32		0.05	6
Total income from operation	\$ 7,361,954	100.00 %	\$	16.56	\$ 1,892
OPERATING EXPENSES:					
Feed:					
Hay	\$ 732,213	9.95 %	\$	1.65	\$ 188
Grain	2,600,558	35.32		5.85	668
Silage	967,384	13.14		2.18	249
Heifer raising	189,115	2.57		0.43	49
Less cost of feeding heifers	(1,142,674)	(15.50)		(2.57)	(294)
Total feed	\$ 3,346,596	45.48 %	\$	7.54	\$ 860
Herd replacement cost:					
Depreciation on dairy herd	\$ 598,425	8.13 %	\$	1.35	\$ 154
Loss on sale of cows and bulls	380,872	5.17		0.86	98
Total herd replacement cost	\$ 979,297	13.30 %	\$	2.21	\$ 252
Other operating expenses,					
Schedule 4	\$ 2,231,753	30.30 %	\$	5.04	\$ 574
Total operating expenses	\$ 6,557,646	89.08 %	\$	14.79	\$ 1,686
Net income	\$ 804,308	10.92 %	\$	1.77	\$ 206

**COST STUDY
NEW MEXICO**

SCHEDULE 4

**SCHEDULE OF OTHER OPERATING EXPENSES
FOR THE SIX MONTHS ENDED
JUNE 30, 2017**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
Interest and rent	\$ 208,263	2.83	%	\$ 0.47	\$ 54
Labor and partners' salary	622,177	8.45		1.40	160
Depreciation - other	215,714	2.93		0.49	55
Milk hauling	292,835	3.98		0.66	75
Advertising and promotion	105,601	1.43		0.24	27
CWT program	9,191	0.12		0.02	2
Supplies	157,878	2.14		0.36	41
Repairs and maintenance	234,159	3.18		0.53	60
Utilities	91,527	1.24		0.21	24
Taxes	97,450	1.32		0.22	25
Insurance	57,411	0.78		0.13	15
Fuel	71,913	0.98		0.16	18
Legal and accounting	19,175	0.26		0.04	5
Employee benefits	20,542	0.28		0.05	5
Veterinary and medicine	165,398	2.25		0.37	43
Breeding and semen	81,145	1.10		0.18	21
Travel	1,067	0.01		-	-
Deadstock removal	3,053	0.04		0.01	1
Testing and trimming	52,803	0.72		0.12	14
Miscellaneous	1,918	0.03		-	-
Less cost of raising heifers	<u>(277,467)</u>	<u>(3.77)</u>		<u>(0.62)</u>	<u>(71)</u>
Totals	<u>\$ 2,231,753</u>	<u>30.30</u>	%	<u>\$ 5.04</u>	<u>\$ 574</u>

**COST STUDY
NEW MEXICO**

SUPPLEMENTARY DATA

	<u>6/30/17</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>MILK PRODUCTION</u>					
Pounds of whole milk produced	44,457,366	73,991,029	78,520,724	81,875,504	71,342,930
Average butterfat test	3.62%	3.59%	3.57%	3.56%	3.57%
Average protein test	3.14%	3.13%	3.10%	3.11%	3.11%
Average daily pounds per milking cow	74	65	70	73	70
Average somatic cell count	165,000	200,000	213,000	162,000	175,000
<u>DAIRY HERD</u>					
Average herd size:					
Milking cows	3,300	3,090	3,075	3,090	2,775
Dry cows	575	565	550	555	485
Bulls	16	22	29	32	30
Springers, cows and bulls purchased:					
Number of head	142	254	287	320	157
Total amount paid \$	218,903	\$ 444,821	\$ 550,137	\$ 558,483	\$ 183,076
Average per head \$	1,542	\$ 1,751	\$ 1,917	\$ 1,745	\$ 1,166
Self-raised heifers transferred to milking herd	730	1,365	1,358	1,255	1,138
Cows and bulls sold:					
Number of head	567	978	1,372	1,204	1,148
Total amount received \$	396,730	\$ 744,459	\$ 1,409,708	\$ 1,365,468	\$ 970,564
Average per head \$	700	\$ 761	\$ 1,027	\$ 1,134	\$ 845
Dead cows	107	199	288	217	200
Herd turnover rate	35%	32%	45%	39%	34%
<u>PRODUCT PRICE</u>					
Average price received per cwt. of milk shipped \$	16.21	\$ 16.70	\$ 16.14	\$ 22.69	\$ 19.18

COST STUDY

WEST TEXAS

JUNE 30, 2017

**COST STUDY
WEST TEXAS**

**AVERAGE INCOME AND EXPENSES
FOR THE SIX MONTHS ENDED
JUNE 30, 2017**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
OPERATING INCOME:					
Milk	\$ 10,977,513	97.82 %	\$	17.79	\$ 1,839
Calves and heifers, net	30,304	0.27		0.05	5
Patronage dividends	130,536	1.16		0.21	22
Other	<u>83,916</u>	<u>0.75</u>		<u>0.14</u>	<u>14</u>
Total income from operation	\$ <u>11,222,269</u>	<u>100.00 %</u>	\$	<u>18.19</u>	<u>\$ 1,880</u>
OPERATING EXPENSES:					
Feed:					
Hay	\$ 387,079	3.45 %	\$	0.63	\$ 65
Grain	3,710,737	33.07		6.02	622
Silage	1,689,166	15.05		2.74	283
Haylage	58,836	0.52		0.10	10
Heifer raising	428,770	3.82		0.70	72
Less cost of feeding heifers	<u>(1,192,002)</u>	<u>(10.60)</u>		<u>(1.93)</u>	<u>(200)</u>
Total feed	\$ <u>5,082,586</u>	<u>45.31 %</u>	\$	<u>8.26</u>	<u>\$ 852</u>
Herd replacement cost:					
Depreciation on dairy herd	\$ 836,560	7.45 %	\$	1.36	\$ 140
Loss on sale of cows and bulls	<u>647,741</u>	<u>5.77</u>		<u>1.05</u>	<u>108</u>
Total herd replacement cost	\$ <u>1,484,301</u>	<u>13.22 %</u>	\$	<u>2.41</u>	<u>\$ 248</u>
Other operating expenses, Schedule 5					
	\$ <u>3,757,870</u>	<u>33.49 %</u>	\$	<u>6.09</u>	<u>\$ 627</u>
Total operating expenses	\$ <u>10,324,757</u>	<u>92.02 %</u>	\$	<u>16.76</u>	<u>\$ 1,727</u>
Net income	\$ <u><u>897,512</u></u>	<u><u>7.98 %</u></u>	\$	<u><u>1.43</u></u>	<u><u>\$ 153</u></u>

**COST STUDY
WEST TEXAS**

SCHEDULE 5

**SCHEDULE OF OTHER OPERATING EXPENSES
FOR THE SIX MONTHS ENDED
JUNE 30, 2017**

	<u>AMOUNT</u>	<u>PERCENT</u>		<u>PER CWT. OF MILK</u>	<u>PER AVERAGE HERD SIZE</u>
Interest and rent	\$ 487,830	4.35	%	\$ 0.79	\$ 82
Labor and partners' salary	901,314	8.03		1.46	151
Depreciation - other	319,824	2.85		0.52	54
Milk hauling	639,710	5.70		1.04	107
Advertising and promotion	175,469	1.56		0.28	29
CWT program	5,693	0.05		0.01	1
Supplies	170,049	1.52		0.28	28
Bedding	16,410	0.15		0.03	3
Repairs and maintenance	350,864	3.13		0.57	59
Utilities	102,171	0.91		0.17	17
Taxes	98,366	0.88		0.16	16
Insurance	91,232	0.81		0.15	15
Fuel	85,809	0.76		0.14	14
Legal and accounting	45,266	0.40		0.07	8
Employee benefits	56,440	0.50		0.09	9
Veterinary and medicine	306,122	2.73		0.50	51
Breeding and semen	119,121	1.06		0.19	20
Travel	2,415	0.02		-	-
Deadstock removal	2,100	0.02		-	-
Testing and trimming	56,007	0.50		0.09	9
Miscellaneous	7,542	0.07		0.01	1
Less cost of raising heifers	<u>(281,884)</u>	<u>(2.51)</u>		<u>(0.46)</u>	<u>(47)</u>
Totals	<u>\$ 3,757,870</u>	<u>33.49</u>	%	<u>\$ 6.09</u>	<u>\$ 627</u>

**COST STUDY
WEST TEXAS**

SUPPLEMENTARY DATA

	<u>6/30/17</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<u>MILK PRODUCTION</u>					
Pounds of whole milk produced	61,690,615	102,802,647	89,213,978	89,106,678	77,627,967
Average butterfat test	4.03%	3.87%	3.61%	3.61%	3.62%
Average protein test	3.32%	3.27%	3.12%	3.13%	3.13%
Average daily pounds per milking cow	66	64	70	72	70
Average somatic cell count	184,000	212,000	229,000	168,000	163,000
<u>DAIRY HERD</u>					
Average herd size:					
Milking cows	5,160	4,390	3,510	3,380	3,040
Dry cows	785	660	600	590	510
Bulls	25	21	25	24	26
Springers, cows and bulls purchased:					
Number of head	412	2,157	411	339	303
Total amount paid	\$ 706,724	\$ 3,765,647	\$ 825,345	\$ 611,278	\$ 208,548
Average per head	\$ 1,715	\$ 1,746	\$ 2,008	\$ 1,803	\$ 688
Self-raised heifers transferred to milking herd	1,104	1,950	1,597	1,384	1,327
Cows and bulls sold:					
Number of head	1,111	1,811	1,594	1,374	1,334
Total amount received	\$ 818,653	\$ 1,460,903	\$ 1,714,585	\$ 1,606,761	\$ 1,356,347
Average per head	\$ 737	\$ 807	\$ 1,076	\$ 1,169	\$ 1,017
Dead cows	135	311	349	242	223
Herd turnover rate	42%	42%	47%	40%	44%
<u>PRODUCT PRICE</u>					
Average price received per cwt. of milk shipped	\$ 17.79	\$ 16.80	\$ 16.43	\$ 23.10	\$ 19.52

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