INTRODUCTION

Dairy farmers throughout New York State submit business records for summarization and analysis through Cooperative Extension’s Farm Business Management Program. Averages from a compilation of the individual farm reports are published in eight regional summaries and in one statewide summary.¹

Accrual procedures have been used to provide the most accurate accounting of farm receipts and farm expenses for measuring farm profits. An explanation of these procedures is found on pages 3-5. Four measures of farm profits are calculated on pages 6 and 7. The balance sheet and cash flow statement are featured on pages 8-13. The dairy program analysis includes data on the costs of producing milk (pages 16 and 17).

This special Eastern New York Dairy Summary is an average of 22 businesses that are renting substantially all of the farm real estate. The farm income, financial summary, and business analysis sections of this report include comparisons with average data on 139 owned dairy farms in the region. This report is prepared in workbook form for farm renters to use in the systematic study of their farm business operations.

Business records for 22 farms in Albany, Columbia, Delaware, Herkimer, Montgomery, Rensselaer, Schoharie, and Sullivan Counties are summarized in this publication. The Eastern New York region consists of these counties plus Greene, Otsego, Schenectady, Ulster, and Washington Counties which do not have farms that classify as renters. The 139 owned dairy farms summarized in this publication include farms from the entire region.

Use Comparative Profitability Data With Caution

The profitability analysis on pages 6 and 7 implies that renting a dairy farm is more profitable than owning one. Concessionary rental rates set by some land owners is a major factor. The farm owners are often father and mother and other landlords who are willing to accept a very low return for their investment. Total real estate costs including depreciation and interest on equity capital averaged $138 per tillable acre on the owned dairy farms compared to only $84 on the rented farms. This accounts for a $12,000 difference in costs between owned and rented farms.

SUMMARY AND ANALYSIS OF THE FARM BUSINESS

Business Characteristics and Resources Used

Recognition of important business characteristics and identification of the farm resources used is necessary for evaluating management performance. The combination of resources and management practices is known as farm organization. Important farm business characteristics, the number of farms reporting these characteristics, and a listing of the average labor, land, and dairy cattle resources used are presented in the following table.

BUSINESS CHARACTERISTICS AND RESOURCES USED
22 Eastern New York Dairy Farm Renters, 1986

<table>
<thead>
<tr>
<th>Type of Business</th>
<th>Number</th>
<th>Labor Force</th>
<th>My Farm</th>
<th>Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single proprietorship</td>
<td>13</td>
<td>Operator 1.</td>
<td>___ mo.</td>
<td>11.95</td>
</tr>
<tr>
<td>Partnership</td>
<td>7</td>
<td>Operator 2.</td>
<td>___ mo.</td>
<td>4.32</td>
</tr>
<tr>
<td>Corporation</td>
<td>1</td>
<td>Operator 3.</td>
<td>___ mo.</td>
<td>0.82</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
<td>Operator 4.</td>
<td>___ mo.</td>
<td>0.27</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Family paid</td>
<td>___ mo.</td>
<td>1.64</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Family unpaid</td>
<td>___ mo.</td>
<td>2.55</td>
</tr>
<tr>
<td>Milking System</td>
<td></td>
<td>Hired</td>
<td>___ mo.</td>
<td>11.27</td>
</tr>
<tr>
<td>Dumping station</td>
<td>3</td>
<td>Total</td>
<td>___ mo.</td>
<td>32.82</td>
</tr>
<tr>
<td>Pipeline</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Herringbone parlor</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other parlor</td>
<td>1</td>
<td>Worker equivalent (total + 12)</td>
<td>___</td>
<td>2.74</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Operator/Manager Equivalent (Oper. mo. + 12)</td>
<td></td>
<td>1.45</td>
</tr>
<tr>
<td>Type of Barn</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stanchion</td>
<td>20</td>
<td>Total acres rented</td>
<td>___</td>
<td>396</td>
</tr>
<tr>
<td>Freestall</td>
<td>2</td>
<td>Tillable acres rented</td>
<td>___</td>
<td>229</td>
</tr>
<tr>
<td>Dairy Records Service</td>
<td></td>
<td>Land Use</td>
<td>My Farm</td>
<td>Average</td>
</tr>
<tr>
<td>DHIC</td>
<td>18</td>
<td>Total acres rented</td>
<td>___</td>
<td>396</td>
</tr>
<tr>
<td>None</td>
<td>4</td>
<td>Tillable acres rented</td>
<td>___</td>
<td>229</td>
</tr>
<tr>
<td>Business Record System</td>
<td></td>
<td>Number of Cows</td>
<td>My Farm</td>
<td>Average</td>
</tr>
<tr>
<td>Account Book</td>
<td>9</td>
<td>Beg. year (owned)</td>
<td>___</td>
<td>65</td>
</tr>
<tr>
<td>Agrifax (mail-in only)</td>
<td>4</td>
<td>End year (owned &amp; leased)</td>
<td>___</td>
<td>73</td>
</tr>
<tr>
<td>ELFAC</td>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>7</td>
<td>Average for year (owned &amp; leased)</td>
<td>___</td>
<td>71</td>
</tr>
</tbody>
</table>

Predominate business characteristics of the 22 rented farms include the single proprietorship, pipeline milking system, stanchion or conventional stall barn, DHIC herd records and an account book business record system. They are very similar to owned dairy farms in this respect.

The average size of the labor force on the rented farms was one percent less than the 2.76 worker equivalent on owned farms. The rented farms averaged 229 tillable acres and 71 cows compared to 244 tillable acres and 83 cows on the 139 owned dairy farms in the same region. Land and labor resources were being used more efficiently by dairy farm owners.
Income Statement

The accrual income statement begins with an accounting of all farm business expenses.

### CASH AND ACCRUAL FARM EXPENSES

**22 Eastern New York Dairy Farm Renters, 1986**

<table>
<thead>
<tr>
<th>Expense Item</th>
<th>Cash Paid</th>
<th>Change in Inventory</th>
<th>Change in Accounts Payable</th>
<th>Accrual Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hired Labor</strong></td>
<td>$10,597</td>
<td><strong>$23</strong></td>
<td><strong>$10,620</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Feed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy grain &amp; conc.</td>
<td>$32,993</td>
<td><strong>$-147</strong></td>
<td><strong>$-348</strong></td>
<td>$32,498</td>
</tr>
<tr>
<td>Dairy roughage</td>
<td>$1,934</td>
<td><strong>-217</strong></td>
<td><strong>36</strong></td>
<td>1,753</td>
</tr>
<tr>
<td>Other livestock</td>
<td>$179</td>
<td>3</td>
<td>0</td>
<td>182</td>
</tr>
<tr>
<td><strong>Machinery</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mach. hire, rent/lease</td>
<td>$1,190</td>
<td>0</td>
<td></td>
<td>1,190</td>
</tr>
<tr>
<td>Machinery repairs/parts</td>
<td>$6,366</td>
<td><strong>24</strong></td>
<td><strong>-89</strong></td>
<td>$6,301</td>
</tr>
<tr>
<td>Auto expense (farm share)</td>
<td>$560</td>
<td>0</td>
<td></td>
<td>560</td>
</tr>
<tr>
<td>Fuel, oil &amp; grease</td>
<td>$4,535</td>
<td><strong>-13</strong></td>
<td><strong>-48</strong></td>
<td>4,474</td>
</tr>
<tr>
<td><strong>Livestock</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement livestock</td>
<td>$1,093</td>
<td>0</td>
<td></td>
<td>1,093</td>
</tr>
<tr>
<td>Breeding</td>
<td>$2,161</td>
<td>33</td>
<td><strong>-4</strong></td>
<td>2,190</td>
</tr>
<tr>
<td>Vet &amp; medicine</td>
<td>$2,204</td>
<td><strong>-19</strong></td>
<td><strong>20</strong></td>
<td>2,205</td>
</tr>
<tr>
<td>Milk marketing</td>
<td>$11,140</td>
<td>0</td>
<td></td>
<td>11,140</td>
</tr>
<tr>
<td>Cattle lease/rent</td>
<td>$100</td>
<td>0</td>
<td></td>
<td>100</td>
</tr>
<tr>
<td>Other livestock expense</td>
<td>$6,152</td>
<td><strong>-122</strong></td>
<td><strong>-149</strong></td>
<td>5,881</td>
</tr>
<tr>
<td><strong>Crops</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fertilizer &amp; lime</td>
<td>$5,892</td>
<td>160</td>
<td><strong>-136</strong></td>
<td>$5,916</td>
</tr>
<tr>
<td>Seeds &amp; plants</td>
<td>$2,119</td>
<td><strong>-135</strong></td>
<td>0</td>
<td>1,984</td>
</tr>
<tr>
<td>Spray, other crop exp.</td>
<td>$2,376</td>
<td>40</td>
<td>0</td>
<td>2,416</td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land/bldg./fence repair</td>
<td>$2,371</td>
<td><strong>-28</strong></td>
<td>0</td>
<td>2,343</td>
</tr>
<tr>
<td>Taxes</td>
<td>$1,894</td>
<td>0</td>
<td></td>
<td>1,894</td>
</tr>
<tr>
<td>Insurance</td>
<td>$2,494</td>
<td>0</td>
<td></td>
<td>2,494</td>
</tr>
<tr>
<td>Rent &amp; lease</td>
<td>$10,608</td>
<td>109</td>
<td></td>
<td>10,717</td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone (farm share)</td>
<td>$545</td>
<td>0</td>
<td></td>
<td>545</td>
</tr>
<tr>
<td>Electricity (farm share)</td>
<td>$4,220</td>
<td>86</td>
<td></td>
<td>4,306</td>
</tr>
<tr>
<td>Interest paid</td>
<td>$3,681</td>
<td>0</td>
<td></td>
<td>3,681</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>$1,716</td>
<td>245</td>
<td>0</td>
<td>$1,961</td>
</tr>
<tr>
<td><strong>Total Operating</strong></td>
<td><strong>$119,120</strong></td>
<td><strong>$-176</strong></td>
<td><strong>$-500</strong></td>
<td>$118,444</td>
</tr>
<tr>
<td>Expansion livestock</td>
<td>$1,507</td>
<td>0</td>
<td></td>
<td>1,507</td>
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<tr>
<td>Machinery depreciation</td>
<td></td>
<td></td>
<td></td>
<td>10,466</td>
</tr>
<tr>
<td>Building depreciation</td>
<td></td>
<td></td>
<td></td>
<td>1,214</td>
</tr>
</tbody>
</table>

**TOTAL ACCRUAL EXPENSES**

$131,631

*Cash paid* is the actual amount of money paid out during the year and does not necessarily represent the cost of goods and services actually used.

*Accrual expenses* are the costs of inputs actually used in this year’s production. The value of feed and supplies used out of inventory are included as are the costs of inputs purchased but not paid for (net increases in accounts payable). Items paid for and not used (net additions to inventory) are excluded from accrual expenses as are payments made on inputs used in a prior year (net decreases in accounts payable).
Worksheets are provided to enable any dairy farmer to compute his or her accrual farm income and compare it with the averages on the previous page.

### CASH AND ACCRUAL FARM EXPENSES WORKSHEET

<table>
<thead>
<tr>
<th>Expense Item</th>
<th>Cash Paid</th>
<th>Change in Inventory</th>
<th>Change in Accounts Payable</th>
<th>Accrual Expenses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Hired Labor</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Feed</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy grain &amp; conc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy roughage</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other livestock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Machinery</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mach. hire, rent/lease</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery repairs/parts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Auto expense (farm share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel, oil &amp; grease</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Livestock</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement livestock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breeding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vet &amp; medicine</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milk marketing</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cattle lease/rent</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other livestock expense</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Crops</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fertilizer &amp; lime</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seeds &amp; plants</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spray, other crop exp.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Real Estate</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land/bldg./fence repair</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rent &amp; lease</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Other</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Telephone (farm share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electricity (farm share)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest paid</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Operating</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expansion livestock</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Machinery depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building depreciation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL ACCRUAL EXPENSES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cash paid is the actual amount of money paid out during the year and does not necessarily represent the cost of goods and services actually used.

Accrual expenses are the costs of inputs actually used in this year's production. Purchased feed and supplies used out of inventory must be included. Beginning of year less end of year purchased feed and supply inventory equals the change in inventory to include in accrual expenses. Feed, supplies, and services used but not paid for must be included by adding the net increase in operating accounts payable. Increases in operating accounts payable are determined by subtracting the balance at the beginning of the year from the end of year balance.
CASH AND ACCRUAL FARM RECEIPTS
22 Eastern New York Dairy Farm Renters, 1986

<table>
<thead>
<tr>
<th>Receipt Item</th>
<th>Cash Receipts</th>
<th>Change in Inventory</th>
<th>Change in Accts, Rec.</th>
<th>Accrual Receipts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Milk sales</td>
<td>$137,185</td>
<td>$6,589</td>
<td>$987</td>
<td>$138,172</td>
</tr>
<tr>
<td>Dairy cattle</td>
<td>7,555</td>
<td>0</td>
<td>0</td>
<td>14,144</td>
</tr>
<tr>
<td>Dairy calves</td>
<td>1,758</td>
<td>0</td>
<td>0</td>
<td>1,758</td>
</tr>
<tr>
<td>Other livestock</td>
<td>48</td>
<td>194</td>
<td>0</td>
<td>242</td>
</tr>
<tr>
<td>Crops</td>
<td>972</td>
<td>-102</td>
<td>114</td>
<td>984</td>
</tr>
<tr>
<td>Government receipts</td>
<td>1,799</td>
<td>0</td>
<td>0</td>
<td>1,799</td>
</tr>
<tr>
<td>Custom machine work</td>
<td>116</td>
<td>0</td>
<td>0</td>
<td>116</td>
</tr>
<tr>
<td>Gas tax refund</td>
<td>90</td>
<td>5</td>
<td>0</td>
<td>95</td>
</tr>
<tr>
<td>Other</td>
<td>981</td>
<td>0</td>
<td>0</td>
<td>981</td>
</tr>
<tr>
<td>- Nonfarm noncash capital</td>
<td>32</td>
<td>$6,649</td>
<td>$1,106</td>
<td>$158,259</td>
</tr>
<tr>
<td>Total Accrual Receipts $150,504</td>
<td>$6,649</td>
<td>$1,106</td>
<td>$158,259</td>
<td></td>
</tr>
</tbody>
</table>

Cash receipts includes the gross value of milk checks received during the year plus all other payments received for the sale of farm products, services, and government programs.

Accrual receipts represent the value of all farm commodities produced and services actually provided by the farmer during the year. Increases in livestock inventory caused by herd growth and/or quality, are included as accrual receipts. Decreases in inventory caused by herd reduction are deducted.

Changes in inventories of crops grown are accounted for in accrual receipts. Changes in accounts receivable include the difference between the January milk check for this December’s marketings and the previous January’s check, and other delayed payments.

Nonfarm noncash capital are gifts and inheritances of cattle and crops received by the farm owner/operator, and included in inventory or used in the business during the year. They are deducted from growth in inventory and reduce accrual receipts because they came from outside the farm business. Gift and inheritances of machinery are accounted for on page 10.

To calculate the change in inventory to be included in the above worksheet, subtract the beginning of year values from the end of year values. Appreciation is included in crop inventory change, but excluded from livestock categories. The changes in inventories caused by declining prices must be excluded from the calculation of accrual receipts. Changes in accounts receivable are also determined by subtracting beginning of year balances from end of year balances.
Profitability Analysis

Farm owners/operators contribute labor, management, and capital to their businesses. The best combination of these resources produces optimum profits. Farm profits can be measured as the return to all family resources or as the return to one or more individual resources such as labor and management.

Net farm income is the total combined return to the farm operator(s) and other unpaid family members for their labor, management, and equity capital. It is the farm family's net annual return from working, managing, financing, and owning the farm business. This is not a measure of cash available from the year's business operation. Cash flow is evaluated later in this report.

Net farm income is computed with and without appreciation. Appreciation represents the change in inventory values caused by changes in prices during the year. Appreciation is a major factor contributing to changes in farm net worth and must be included in the profitability analysis.

NET FARM INCOME
Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>22 Dairy Farm Renters</th>
<th>139 Dairy Farm Owners</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total accrual receipts</td>
<td>$158,259</td>
<td>$190,940</td>
<td>$162,978</td>
</tr>
<tr>
<td>+ Appreciation: Livestock</td>
<td>3,056</td>
<td>1,392</td>
<td>134</td>
</tr>
<tr>
<td>Machinery</td>
<td>1,309</td>
<td>2,338</td>
<td></td>
</tr>
<tr>
<td>Real Estate</td>
<td>220</td>
<td>18,538</td>
<td></td>
</tr>
<tr>
<td>Other Stock/Cert.</td>
<td>134</td>
<td>211</td>
<td></td>
</tr>
<tr>
<td>- Total Including Appreciation</td>
<td>$162,978</td>
<td>$213,419</td>
<td>$169,590</td>
</tr>
<tr>
<td>- Total accrual expenses</td>
<td>131,631</td>
<td>169,590</td>
<td></td>
</tr>
<tr>
<td>- Net Farm Income (with appreciation)</td>
<td>$31,347</td>
<td>$43,829</td>
<td>$21,350</td>
</tr>
<tr>
<td>Net Farm Income (without appreciation)</td>
<td>$26,628</td>
<td>$21,350</td>
<td></td>
</tr>
</tbody>
</table>

Return to operator(s') labor, management, and equity capital measures the total business profits for the farm operators. It is calculated by deducting a charge for unpaid family labor from net farm income. Operator(s') labor is not included in unpaid family labor. Return to operator(s') labor, management, and equity capital has been compiled with and without appreciation. Appreciation is considered an important part of the return to ownership of farm assets.

RETURN TO OPERATOR(S') LABOR, MANAGEMENT, AND EQUITY
Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>22 Dairy Farm Renters</th>
<th>139 Dairy Farm Owners</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net farm income (with appreciation)</td>
<td>$31,347</td>
<td>$43,829</td>
<td>$29,817</td>
</tr>
<tr>
<td>- Family labor unpaid @ $600 per month</td>
<td>1,530</td>
<td>1,728</td>
<td>4,719</td>
</tr>
<tr>
<td>- Return to operator(s') labor, management, &amp; equity (with appreciation)</td>
<td>$29,817</td>
<td>$42,101</td>
<td>$25,098</td>
</tr>
<tr>
<td>- Appreciation</td>
<td>4,719</td>
<td>22,479</td>
<td></td>
</tr>
<tr>
<td>- Return to operator(s') labor, management, &amp; equity (without appreciation)</td>
<td>$25,098</td>
<td>$19,622</td>
<td></td>
</tr>
</tbody>
</table>
Labor and management income is the share of net farm income without appreciation returned to the operator(s’) labor and management. Appreciation is not included as part of the return to labor and management. Labor and management income is determined by deducting the cost of using equity capital at a real interest rate of five percent, from the return to operator(s’) labor, management, and equity capital excluding appreciation. The interest charge reflects the long-term average rate of return that a farmer might expect to earn in comparable risk investments in a low inflation economy.

Labor and management income per operator measures the return to one full-time operator’s labor and management. A full-time operator provides 12 months of labor and management.

**LABOR AND MANAGEMENT INCOME**
Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>22 Dairy Farm Renters</th>
<th>139 Dairy Farm Owners</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return to operator(s’) labor, management, &amp; equity without appreciation</td>
<td>$25,098</td>
<td>$19,622</td>
<td>$_____</td>
</tr>
<tr>
<td>- Real interest @ 5% on equity capital</td>
<td>8,157</td>
<td>16,590</td>
<td>_______</td>
</tr>
<tr>
<td>- Labor &amp; Management Income</td>
<td>$16,941</td>
<td>$3,032</td>
<td>$_____</td>
</tr>
<tr>
<td>Labor &amp; Management Income per Operator</td>
<td>$11,683</td>
<td>$2,315</td>
<td>$_____</td>
</tr>
</tbody>
</table>

Return on equity capital measures the net return remaining for the farmer’s equity or owned capital after a charge has been made for the owner-operator’s labor and management. The earnings or amount of net farm income allocated to labor and management is the opportunity cost or value of operator(s’) labor and management estimated by the cooperators. Return on equity capital is calculated with and without appreciation. The rate of return on equity capital is determined by dividing the amount returned by the end of year farm net worth or equity capital.

**RETURN ON EQUITY CAPITAL**
Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>22 Dairy Farm Renters</th>
<th>139 Dairy Farm Owners</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return to operator(s’) labor, management, &amp; equity capital with appreciation</td>
<td>$29,817</td>
<td>$42,101</td>
<td>$_____</td>
</tr>
<tr>
<td>- Value of operator(s’) labor &amp; management</td>
<td>21,596</td>
<td>21,735</td>
<td>_______</td>
</tr>
<tr>
<td>- Return on equity capital with appreciation</td>
<td>$8,221</td>
<td>$20,366</td>
<td>$_____</td>
</tr>
<tr>
<td>Rate of return on equity capital with appreciation</td>
<td>5.0%</td>
<td>6.1%</td>
<td>_____%</td>
</tr>
<tr>
<td>Return on equity capital without apprec.</td>
<td>$3,502</td>
<td>$-2,113</td>
<td>$_____</td>
</tr>
<tr>
<td>Rate of return without appreciation</td>
<td>2.1%</td>
<td>-0.6%</td>
<td>_____%</td>
</tr>
</tbody>
</table>
Farm and Family Financial Status

Evaluating the financial status of the farm business and the farm family is an important part of business analysis. The first step is to inventory all the assets, determine all the liabilities, and fill out the balance sheet. The second step is to analyze the completed balance sheet by evaluating the relationships between assets and liabilities and changes made during the year.

1986 FARM BUSINESS & NONFARM BALANCE SHEET
22 Eastern New York Dairy Farm Renters, 1986

<table>
<thead>
<tr>
<th>Farm Assets</th>
<th>Jan. 1</th>
<th>Dec. 31</th>
<th>&amp; Net Worth</th>
<th>Jan. 1</th>
<th>Dec. 31</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm cash, checking &amp; savings</td>
<td>$3,891</td>
<td>$5,882</td>
<td></td>
<td>$1,803</td>
<td>$1,302</td>
</tr>
<tr>
<td>Accounts rec.</td>
<td>11,602</td>
<td>12,707</td>
<td></td>
<td>5,259</td>
<td>4,520</td>
</tr>
<tr>
<td>Feed &amp; supplies</td>
<td>28,577</td>
<td>28,650</td>
<td></td>
<td>1,737</td>
<td>336</td>
</tr>
<tr>
<td>Total</td>
<td>$44,070</td>
<td>$47,239</td>
<td>Total</td>
<td>$8,799</td>
<td>$6,159</td>
</tr>
</tbody>
</table>

| Intermediate |        |         |             |        |         |
| Dairy cows: |        |         |             |        |         |
| owned       | $48,145 | $55,323 | 1-10 years  | $29,496 | $31,588 |
| leased      | 0       | 0       | Financial lease | 619    | 445    |
| Bulls/other livestock | 331 | 475 | (cattle/mach.) | 731    |        |
| Mach./eq. owned | 71,896 | 71,882 | FLB & PCA stock | 1,114  |        |
| Mach./eq. leased | 619 | 445 | Total       | $31,229 | $32,764 |
| FLB & PCA stock | 1,114 | 731 |             |        |         |
| Coop stock & cert. | 4,740 | 4,875 |             |        |         |
| Total Intermediate | $144,378 | $153,781 | Structured debt | $4,597 | $2,593 |

| Long-Term |        |         |             |        |         |
| Land/buildings: |        |         |             |        |         |
| owned       | $11,800 | $11,136 | ≥10 years  | $4,597 | $2,593 |
| leased      | 0       | 0       | Financial lease | 0     | 0      |
| Total       | $11,800 | $11,136 | Total       | $4,597 | $2,593 |

| Total Farm Assets | $200,248 | $212,156 |
| FARM NET WORTH | $155,623 | $170,641 |

(Average for 11 farms reporting)

<table>
<thead>
<tr>
<th>Nonfarm Assets*</th>
<th>Jan. 1</th>
<th>Dec. 31</th>
<th>&amp; Net Worth</th>
<th>Jan. 1</th>
<th>Dec. 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personal cash, chkg. &amp; savings</td>
<td>$3,690</td>
<td>$1,270</td>
<td>Nonfarm Liab.</td>
<td>$5,723</td>
<td>$5,282</td>
</tr>
<tr>
<td>Cash value life ins.</td>
<td>2,004</td>
<td>2,117</td>
<td>NONFARM NET WORTH</td>
<td>$29,838</td>
<td>$29,172</td>
</tr>
<tr>
<td>Nonfarm real estate</td>
<td>15,182</td>
<td>14,727</td>
<td>Total Assets</td>
<td>$235,809</td>
<td>$246,610</td>
</tr>
<tr>
<td>Auto (personal sh.)</td>
<td>2,543</td>
<td>2,155</td>
<td>Total Liabilities</td>
<td>$50,348</td>
<td>$46,797</td>
</tr>
<tr>
<td>Stocks &amp; bonds</td>
<td>2,123</td>
<td>1,611</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household furn.</td>
<td>5,409</td>
<td>5,500</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other</td>
<td>4,610</td>
<td>7,074</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Nonfarm</td>
<td>$35,561</td>
<td>$34,454</td>
<td>TOTAL FARM &amp; NON-</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FARM NET WORTH</td>
<td>$185,461</td>
<td>$199,813</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Assumes that average nonfarm assets and liabilities for the nonreporting farms were the same as for those reporting.
1986 Farm Business & Nonfarm Balance Sheet

<table>
<thead>
<tr>
<th>Farm Liabilities</th>
<th>Jan. 1</th>
<th>Dec. 31</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Operating debt</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Intermediate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy cows:</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>owned</td>
<td></td>
<td></td>
</tr>
<tr>
<td>leased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heifers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bulls/other livst.</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Mach./eq. owned</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mach./eq. leased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FLB &amp; PCA stock</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Coop stock &amp; cert.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Long-Term</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land/buildings:</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>owned</td>
<td></td>
<td></td>
</tr>
<tr>
<td>leased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Financial lease</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Total Farm Assets</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Nonfarm Liabilities</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Nonfarm Assets</td>
<td>Jan. 1</td>
<td>Dec. 31</td>
</tr>
<tr>
<td>Personal cash, chkg.</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>&amp; savings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash value</td>
<td></td>
<td></td>
</tr>
<tr>
<td>life ins.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nonfarm real est.</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Auto (pers. share)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Nonfarm</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stocks &amp; bonds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Household furn.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>All other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Nonfarm</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Net Worth</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Total &amp; Nonfarm</td>
<td>Jan. 1</td>
<td>Dec. 31</td>
</tr>
<tr>
<td>Total Farm &amp; Nonfarm Assets</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Less Total Farm &amp; Nonfarm Liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm &amp; Nonfarm Net Worth</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Balance sheet analysis continues by examining financial and debt ratios and factors measuring levels of debt. Percent equity is calculated by dividing net worth by assets. Equity increases as the value of assets increase more than liabilities. The debt to asset ratio is compiled by dividing liabilities by assets. Low debt to asset ratios reflect strength in solvency and the potential capacity to borrow. The debt analysis ratios show how well the debt is structured and managed. Debt levels per unit of production include some old standards that are still useful if used with measures of cash flow and repayment ability.

### BALANCE SHEET ANALYSIS
Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>22 Dairy Renters</th>
<th>139 Dairy Renters</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial Ratios - Farm:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percent equity</td>
<td>80%</td>
<td>67%</td>
<td></td>
</tr>
<tr>
<td>Debt/asset ratio: total</td>
<td>0.20</td>
<td>0.33</td>
<td></td>
</tr>
<tr>
<td>long-term</td>
<td>0.23</td>
<td>0.36</td>
<td></td>
</tr>
<tr>
<td>intermediate/current</td>
<td>0.19</td>
<td>0.29</td>
<td></td>
</tr>
<tr>
<td>Change in Net Worth:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Without appreciation</td>
<td>$10,299</td>
<td>$6,162</td>
<td></td>
</tr>
<tr>
<td>With appreciation</td>
<td>$15,018</td>
<td>$28,641</td>
<td></td>
</tr>
<tr>
<td><strong>Farm Debt Analysis:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable as % of total debt</td>
<td>3%</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>Long-term liabilities as % of total debt</td>
<td>6%</td>
<td>56%</td>
<td></td>
</tr>
<tr>
<td>Current &amp; inter. liab. as % of total debt</td>
<td>94%</td>
<td>44%</td>
<td></td>
</tr>
<tr>
<td><strong>Farm Debt Levels Per Cow:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total farm debt</td>
<td>$569</td>
<td>$1,962</td>
<td></td>
</tr>
<tr>
<td>Long-term debt</td>
<td>36</td>
<td>1,101</td>
<td></td>
</tr>
<tr>
<td>Intermediate &amp; current debt</td>
<td>533</td>
<td>861</td>
<td></td>
</tr>
</tbody>
</table>

Balance sheet analysis concludes with a summary of the inventory balancing procedure for machinery and equipment. It is important to account for the value of these assets used on the balance sheet and the changes that occur from the beginning to end of year. Changes in the livestock inventory are included in the dairy analysis.

### FARM MACHINERY AND EQUIPMENT INVENTORY BALANCE
Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>22 Dairy Renters</th>
<th>139 Dairy Renters</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value beg. of year</td>
<td>$71,896</td>
<td>$85,329</td>
<td></td>
</tr>
<tr>
<td>Purchases</td>
<td>$9,415</td>
<td>$12,493</td>
<td></td>
</tr>
<tr>
<td>+ Nonfarm noncash transfer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Sales</td>
<td>272</td>
<td>807</td>
<td></td>
</tr>
<tr>
<td>- Depreciation</td>
<td>10,466</td>
<td>12,800</td>
<td></td>
</tr>
<tr>
<td>= Net investment</td>
<td>-1,323</td>
<td>-1,061</td>
<td></td>
</tr>
<tr>
<td>+ Appreciation</td>
<td>1,309</td>
<td>2,338</td>
<td></td>
</tr>
<tr>
<td>= Value end of year</td>
<td>$71,882</td>
<td>$86,605</td>
<td></td>
</tr>
</tbody>
</table>
Cash Flow Summary and Analysis

Completing an annual cash flow summary and analysis is important to determine how well the cash generated by the business, plus that brought in from outside, met the annual cash needs of the business and the farm family. Understanding last year’s cash flow is the first step toward planning and managing cash flow for the current and future years.

The Annual Cash Flow Statement in the following table is structured to compare all the cash inflows with all the cash outflows for the year. Cash inflows include all the cash farm receipts, receipts from the sale of farm assets, additional funds borrowed, cash used in the business from the sale of nonfarm capital, as well as the amount of cash available at the beginning of the year. Cash outflows include all the cash farm expenses, capital purchases, principal payments, money taken out of the business, and the cash balance left at year’s end. When all the cash inflows and outflows are correct, the statement will balance. The positive imbalances indicate that on average these farms had more inflows than were accounted for by outflows.

### ANNUAL CASH FLOW STATEMENT

Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>22 Dairy Farm Renters</th>
<th>139 Dairy Farm Owners</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash Inflows</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning farm cash, checking &amp; savings</td>
<td>$ 3,891</td>
<td>$ 3,303</td>
<td>$-------</td>
</tr>
<tr>
<td>Cash farm receipts</td>
<td>150,504</td>
<td>187,483</td>
<td></td>
</tr>
<tr>
<td>Sale of assets: Machinery</td>
<td>272</td>
<td>807</td>
<td></td>
</tr>
<tr>
<td>Real estate</td>
<td>1,136</td>
<td>798</td>
<td></td>
</tr>
<tr>
<td>Other stock &amp; certificates</td>
<td>0</td>
<td>161</td>
<td></td>
</tr>
<tr>
<td>Money borrowed (inter. &amp; long-term)</td>
<td>13,076</td>
<td>20,484</td>
<td></td>
</tr>
<tr>
<td>Money borrowed (short-term)</td>
<td>343</td>
<td>2,252</td>
<td></td>
</tr>
<tr>
<td>Increase in operating debt</td>
<td>0</td>
<td>637</td>
<td></td>
</tr>
<tr>
<td>Nonfarm income</td>
<td>3,951</td>
<td>4,620</td>
<td></td>
</tr>
<tr>
<td>Cash from nonfarm capital used in business</td>
<td>1,505</td>
<td>2,575</td>
<td></td>
</tr>
<tr>
<td>Money borrowed - nonfarm</td>
<td>112</td>
<td>376</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$174,789</td>
<td>$223,496</td>
<td>$-------</td>
</tr>
<tr>
<td><strong>Cash Outflows</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash farm expenses</td>
<td>$119,120</td>
<td>$149,205</td>
<td>$-------</td>
</tr>
<tr>
<td>Capital purchases:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expansion livestock</td>
<td>1,507</td>
<td>1,176</td>
<td>$-------</td>
</tr>
<tr>
<td>Machinery</td>
<td>9,415</td>
<td>12,493</td>
<td>$-------</td>
</tr>
<tr>
<td>Real estate</td>
<td>2,452</td>
<td>8,967</td>
<td>$-------</td>
</tr>
<tr>
<td>Other stock &amp; certificates</td>
<td>1</td>
<td>451</td>
<td>$-------</td>
</tr>
<tr>
<td>Principal payments (inter. &amp; long-term)</td>
<td>12,989</td>
<td>21,689</td>
<td>$-------</td>
</tr>
<tr>
<td>Principal payments (short-term)</td>
<td>1,743</td>
<td>1,537</td>
<td>$-------</td>
</tr>
<tr>
<td>Decrease in operating debt</td>
<td>739</td>
<td>0</td>
<td>$-------</td>
</tr>
<tr>
<td>Nonfarm debt payments</td>
<td>552</td>
<td>514</td>
<td>$-------</td>
</tr>
<tr>
<td>Personal withdrawals &amp; family exp.</td>
<td>19,249</td>
<td>20,362</td>
<td>$-------</td>
</tr>
<tr>
<td>Ending farm cash, checking &amp; savings</td>
<td>5,882</td>
<td>4,083</td>
<td>$-------</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>$173,649</td>
<td>$220,477</td>
<td>$-------</td>
</tr>
<tr>
<td>Imbalance (error)</td>
<td>$1,141</td>
<td>3,019</td>
<td>$-------</td>
</tr>
</tbody>
</table>
Repayment Analysis

The second step in cash flow planning is to compare and evaluate debt payments planned and made last year, and estimate the payments required in the current year. It is helpful to compare and evaluate a farm's repayment position by using debt payments per unit of production and receipt/debt payment ratios.

FARM DEBT PAYMENTS PLANNED
Same 13 Eastern New York Dairy Farm Renters, 1986*

<table>
<thead>
<tr>
<th>Debt Payments</th>
<th>1986 Payments</th>
<th>Planned</th>
<th>Made</th>
<th>1987 Planned</th>
<th>Made</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term</td>
<td>$ 1,328</td>
<td>$ 3,712</td>
<td>$ 1,467</td>
<td>___</td>
<td>___</td>
</tr>
<tr>
<td>Intermediate-term</td>
<td>9,189</td>
<td>13,299</td>
<td>12,039</td>
<td>___</td>
<td>___</td>
</tr>
<tr>
<td>Short-term</td>
<td>955</td>
<td>2,935</td>
<td>124</td>
<td>___</td>
<td>___</td>
</tr>
<tr>
<td>Operating (net reduction)</td>
<td>2,923</td>
<td>1,250</td>
<td>1,689</td>
<td>___</td>
<td>___</td>
</tr>
<tr>
<td>Accounts payable (net reduction)</td>
<td>862</td>
<td>1,502</td>
<td>869</td>
<td>___</td>
<td>___</td>
</tr>
<tr>
<td>Total</td>
<td>$15,257</td>
<td>$22,698</td>
<td>$16,188</td>
<td>___</td>
<td>___</td>
</tr>
<tr>
<td>Per cow</td>
<td>$205</td>
<td>$305</td>
<td>___</td>
<td>___</td>
<td></td>
</tr>
<tr>
<td>Per cwt. 1986 milk</td>
<td>$1.38</td>
<td>$2.06</td>
<td>___</td>
<td>___</td>
<td></td>
</tr>
<tr>
<td>Percent of total 1986 receipts</td>
<td>9%</td>
<td>14%</td>
<td>___</td>
<td>___</td>
<td></td>
</tr>
<tr>
<td>Percent of 1986 milk receipts</td>
<td>11%</td>
<td>16%</td>
<td>___</td>
<td>___</td>
<td></td>
</tr>
</tbody>
</table>

*Farms that completed Dairy Farm Business Summaries for both 1985 and 1986.

The Cash Flow Coverage Ratio measures the ability of the farm business to meet its planned debt payment schedule. The ratio shows the percentage of last year's planned payments that could have been made with last year's available cash flow. Farmers that did not participate in DFBS last year will find in their report a cash flow coverage ratio based on this year's planned debt payments.

CASH FLOW COVERAGE RATIO
Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>Renters 13</th>
<th>Owners 113</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash farm receipts</td>
<td>$156,721</td>
<td>$186,495</td>
<td>___</td>
</tr>
<tr>
<td>- Cash farm expenses</td>
<td>120,137</td>
<td>148,572</td>
<td>___</td>
</tr>
<tr>
<td>+ Interest paid</td>
<td>3,313</td>
<td>13,456</td>
<td>___</td>
</tr>
<tr>
<td>- Net personal withdrawals from farm*</td>
<td>18,111</td>
<td>15,407</td>
<td>___</td>
</tr>
<tr>
<td>(A) = Amount Available for Debt Service</td>
<td>$21,786</td>
<td>$35,972</td>
<td>___</td>
</tr>
<tr>
<td>(B) = Debt Payments Planned for 1986</td>
<td>$15,257</td>
<td>$31,659</td>
<td>___</td>
</tr>
<tr>
<td>(A + B) = Cash Flow Coverage Ratio for 1986</td>
<td>1.43</td>
<td>1.14</td>
<td>___</td>
</tr>
</tbody>
</table>

*Personal withdrawals and family expenditures less nonfarm income and nonfarm money borrowed. If family withdrawals are excluded the cash flow coverage ratio will be incorrect.
### ANNUAL CASH FLOW WORKSHEET

<table>
<thead>
<tr>
<th>Item</th>
<th>22 Dairy Farm Renters Total</th>
<th>My Farm Per Cow</th>
<th>Expected Change</th>
<th>Projection 1987</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average number of cows (per cow)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrual Oper. Receipts</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milk</td>
<td>$1,940</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy cattle</td>
<td>198</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy calves</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other livestock</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Crops</td>
<td>14</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Misc. receipts</td>
<td>42</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$2,222</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accrual Oper. Expenses</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hired labor</td>
<td>$149</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy grain &amp; conc.</td>
<td>456</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy roughage</td>
<td>25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other livestock feed</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mach. hire/rent/lease</td>
<td>17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mach. rpr./parts &amp; auto</td>
<td>96</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fuel, oil &amp; grease</td>
<td>63</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement livestock</td>
<td>15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breeding</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vet &amp; medicine</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milk marketing</td>
<td>156</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cattle lease</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other livestock exp.</td>
<td>83</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fertilizer &amp; lime</td>
<td>83</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seeds &amp; plants</td>
<td>28</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spray/other crop exp.</td>
<td>34</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land, bldg., fence repair</td>
<td>33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes</td>
<td>27</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>35</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real est. rent/lease</td>
<td>150</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>68</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>27</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Less Int. Paid</td>
<td>$1,611</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Net Accrual Operating Income** (total) without interest paid $43,528 $43,528 $43,528

- Change in livestock/crop inv. $6,649 $6,649 $6,649
- Change in accts. rec. $1,106 $1,106 $1,106
+ Change in feed/supply inv. $176 $176 $176
+ Change in accts. payable* $500 $500 $500

**NET CASH FLOW** $35,096 $35,096 $35,096

- Net personal withdrawals & family expenditures 15,187 15,187 15,187

Available for Farm Debt Payments & Investments $19,910 $19,910 $19,910
- Farm debt payments 19,513 19,513 19,513

Available for Farm Investments $397 $397 $397
- Capital purchases: cattle, machinery & improvements $13,375 $13,375 $13,375

Additional Capital Needed $0 $0 $0

*Excludes change in interest account payable.
Cropping Program Analysis

The cropping program is an important part of the dairy farm business and sometimes it is overlooked and neglected. A complete evaluation of available land resources, how they are being used, how well crops are producing and what it costs to produce them, is required to evaluate alternative cropping and feed purchasing choices.

LAND RESOURCES AND CROP PRODUCTION
22 Eastern New York Dairy Farm Renters, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>Average of Farms Reporting</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crop Yields</td>
<td>Farms</td>
<td>Acres</td>
</tr>
<tr>
<td>Hay crop</td>
<td>21</td>
<td>151</td>
</tr>
<tr>
<td>Corn silage</td>
<td>20</td>
<td>52</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other forage</td>
<td>4</td>
<td>23</td>
</tr>
<tr>
<td>Total forage</td>
<td>21</td>
<td>206</td>
</tr>
<tr>
<td>Corn grain</td>
<td>9</td>
<td>40</td>
</tr>
<tr>
<td>Oats</td>
<td>3</td>
<td>11</td>
</tr>
<tr>
<td>Wheat</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Other crops</td>
<td>1</td>
<td>56</td>
</tr>
<tr>
<td>Tillable pasture</td>
<td>4</td>
<td>26</td>
</tr>
<tr>
<td>Idle</td>
<td>3</td>
<td>58</td>
</tr>
<tr>
<td>Total Tillable Acres</td>
<td>22</td>
<td>229</td>
</tr>
</tbody>
</table>

*1986 average yields for 139 dairy farm owners in Eastern New York included: all hay crops, 2.6 tons dry matter per acre; corn silage, 14.2 tons per acre.

Crop acres and yields compiled for the regional average represent only the number of farms reporting each crop. Yields of forage crops have been converted to tons of dry matter using dry matter coefficients reported by the farmers. Grain production has been converted to bushels of dry grain equivalent.

The following measures of crop management indicate how efficiently the land resource is being used and how well total forage requirements are being met.

CROP MANAGEMENT FACTORS
Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>22 Dairy Farm Renters</th>
<th>139 Dairy Farm Owners</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total tillable acres per cow</td>
<td>3.22</td>
<td>2.95</td>
<td></td>
</tr>
<tr>
<td>Total forage acres per cow</td>
<td>2.76</td>
<td>2.40</td>
<td></td>
</tr>
<tr>
<td>Harvested forage dry matter, tons per cow</td>
<td>8.03</td>
<td>7.67</td>
<td></td>
</tr>
</tbody>
</table>
A number of cooperators have allocated crop expenses to hay crop, corn, and other crop production. This data has been compiled to show crop expenses per acre and per production unit for these crops. Corn production has been converted to corn silage equivalent using 5.88 bushels of dry shell equivalent to equal one ton of corn silage as fed.

### CROP RELATED ACCRUAL EXPENSES

**Eastern New York Dairy Farm Renters and Owners, 1986**

<table>
<thead>
<tr>
<th>Expense</th>
<th>Total/ Till.</th>
<th>Hay Crop Per Acre</th>
<th>Corn Per Acre</th>
<th>Per Ton Corn Sil.</th>
<th>Other Crops Per Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>22 Dairy Farm Renters:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fertilizer &amp; lime</td>
<td>$25.81</td>
<td>$13.36</td>
<td>$5.11</td>
<td>$45.87</td>
<td>$3.07</td>
</tr>
<tr>
<td>Seeds &amp; plants</td>
<td>8.66</td>
<td>2.86</td>
<td>1.10</td>
<td>23.09</td>
<td>1.55</td>
</tr>
<tr>
<td>Spray &amp; other crop expense</td>
<td>10.56</td>
<td>3.63</td>
<td>1.39</td>
<td>33.69</td>
<td>2.26</td>
</tr>
<tr>
<td>Total</td>
<td>$45.01</td>
<td>$19.85</td>
<td>$7.60</td>
<td>$102.65</td>
<td>$6.88</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expense</th>
<th>Total/ Till.</th>
<th>Hay Crop Per Acre</th>
<th>Corn Per Acre</th>
<th>Per Ton Corn Sil.</th>
<th>Other Crops Per Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>139 Dairy Farm Owners:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fertilizer &amp; lime</td>
<td>$27.77</td>
<td>$15.17</td>
<td>$5.71</td>
<td>$53.61</td>
<td>$3.47</td>
</tr>
<tr>
<td>Seeds &amp; plants</td>
<td>10.56</td>
<td>5.20</td>
<td>1.96</td>
<td>20.42</td>
<td>1.32</td>
</tr>
<tr>
<td>Spray &amp; other crop expense</td>
<td>10.07</td>
<td>3.88</td>
<td>1.46</td>
<td>24.67</td>
<td>1.60</td>
</tr>
<tr>
<td>Total</td>
<td>$48.40</td>
<td>$24.25</td>
<td>$9.13</td>
<td>$98.70</td>
<td>$6.39</td>
</tr>
</tbody>
</table>

**My Farm:**

<table>
<thead>
<tr>
<th>Expense</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Fertilizer &amp; lime</td>
<td>$_____</td>
<td>$_____</td>
<td>$_____</td>
<td>$_____</td>
<td>$_____</td>
</tr>
<tr>
<td>Seeds &amp; plants</td>
<td>_____</td>
<td>_____</td>
<td>_____</td>
<td>_____</td>
<td>_____</td>
</tr>
<tr>
<td>Spray &amp; other crop expense</td>
<td>_____</td>
<td>_____</td>
<td>_____</td>
<td>_____</td>
<td>_____</td>
</tr>
<tr>
<td>Total</td>
<td>$_____</td>
<td>$_____</td>
<td>$_____</td>
<td>$_____</td>
<td>$_____</td>
</tr>
</tbody>
</table>

Most machinery costs are associated with crop production and should be analyzed with the crop enterprise. Total machinery expenses include the major fixed costs (interest and depreciation), as well as the accrual operating costs.

### ACCRUAL MACHINERY EXPENSES

**Eastern New York Dairy Farm Renters and Owners, 1986**

<table>
<thead>
<tr>
<th>Item</th>
<th>Average Per Tillable Acre</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>22 Dairy Farm Renters</td>
<td>139 Dairy Farm Owners</td>
</tr>
<tr>
<td>Fuel, oil &amp; grease</td>
<td>$19.53</td>
<td>$19.12</td>
</tr>
<tr>
<td>Machinery repairs &amp; parts</td>
<td>27.50</td>
<td>32.05</td>
</tr>
<tr>
<td>Machine hire, rent &amp; lease</td>
<td>5.19</td>
<td>5.67</td>
</tr>
<tr>
<td>Auto expense (farm share)</td>
<td>2.44</td>
<td>2.00</td>
</tr>
<tr>
<td>Interest (5%)</td>
<td>15.69</td>
<td>17.65</td>
</tr>
<tr>
<td>Depreciation</td>
<td>45.68</td>
<td>52.55</td>
</tr>
<tr>
<td>Total</td>
<td>$116.03</td>
<td>$129.03</td>
</tr>
</tbody>
</table>
Dairy Program Analysis

An analysis of the dairy enterprise can identify and explain the strengths and weaknesses of the dairy farm business. Changes in dairy herd size and market values that occurred during the year are identified in the table below. The change in inventory value without appreciation is attributed to physical changes in herd size and quality. This "real" increase in inventory has been included as an accrual farm receipt for the profitability calculations shown on page 6.

<table>
<thead>
<tr>
<th>DAIRY HERD INVENTORY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern New York Dairy Farm Renters and Owners, 1986</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>Dairy Cows</th>
<th>Heifers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Value</td>
</tr>
<tr>
<td>22 Dairy Farm Renters:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year (owned)</td>
<td>65</td>
<td>$48,145</td>
</tr>
<tr>
<td>+ Change without appreciation</td>
<td></td>
<td>4,685</td>
</tr>
<tr>
<td>+ Appreciation</td>
<td></td>
<td>2,493</td>
</tr>
<tr>
<td>End of year (owned)</td>
<td>69</td>
<td>$55,323</td>
</tr>
<tr>
<td>End including leased</td>
<td>73</td>
<td></td>
</tr>
<tr>
<td>Average number</td>
<td>71</td>
<td></td>
</tr>
<tr>
<td>139 Dairy Farm Owners:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beginning of year (owned)</td>
<td>80</td>
<td>$65,871</td>
</tr>
<tr>
<td>+ Change without appreciation</td>
<td></td>
<td>2,746</td>
</tr>
<tr>
<td>+ Appreciation</td>
<td></td>
<td>778</td>
</tr>
<tr>
<td>End of year (owned)</td>
<td>84</td>
<td>$69,395</td>
</tr>
<tr>
<td>End including leased</td>
<td>85</td>
<td></td>
</tr>
<tr>
<td>Average number</td>
<td>83</td>
<td></td>
</tr>
</tbody>
</table>

My Farm:

<table>
<thead>
<tr>
<th>Item</th>
<th>Number</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning of year (owned)</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>+ Change without appreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+ Appreciation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>End of year (owned)</td>
<td></td>
<td>$</td>
</tr>
<tr>
<td>End including leased</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total milk sold and milk sold per cow are extremely valuable measures of productivity on the dairy farm. These measures of milk output are based on pounds of milk marketed during the year.

<table>
<thead>
<tr>
<th>MILK PRODUCTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern New York Dairy Farm Renters and Owners, 1986</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Item</th>
<th>22 Dairy Farm Renters</th>
<th>139 Dairy Farm Owners</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total milk sold, lbs.</td>
<td>1,069,978</td>
<td>1,288,762</td>
<td></td>
</tr>
<tr>
<td>Milk sold per cow, lbs.</td>
<td>15,022</td>
<td>15,621</td>
<td></td>
</tr>
<tr>
<td>Average milk plant test, percent butterfat</td>
<td>3.56</td>
<td>3.73</td>
<td></td>
</tr>
</tbody>
</table>
The cost of producing milk has been compiled using the whole farm method, and is featured in the following table. Accrual receipts from milk sales are compared with the accrual costs of producing milk per hundredweight of milk. Using the whole farm method, operating costs of producing milk are estimated by deducting nonmilk accrual receipts from total accrual operating expenses. Total costs of producing milk include the operating costs plus expansion livestock purchased, depreciation on machinery and buildings, the value of operator(s') labor and management, and an interest charge for using equity capital. Note that the cost of labor, management, and equity capital has been excluded in the intermediate compilation.

### ACCRUAL RECEIPTS FROM DAIRY AND COST OF PRODUCING MILK
#### Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>22 Renters Total</th>
<th>22 Renters Per Cwt.</th>
<th>139 Owners Total</th>
<th>139 Owners Per Cwt.</th>
<th>My Farm Total</th>
<th>My Farm Per Cwt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrual Costs of Producing Milk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating costs</td>
<td>$98,357</td>
<td>$9.19</td>
<td>$127,924</td>
<td>$9.93</td>
<td>$142,824</td>
<td>$13.35</td>
</tr>
<tr>
<td>Total costs without op(s’) labor, mgmt. &amp; capital</td>
<td>$113,071</td>
<td>$10.57</td>
<td>$150,433</td>
<td>$11.67</td>
<td>$188,758</td>
<td>$14.65</td>
</tr>
<tr>
<td>Total Costs</td>
<td>$142,824</td>
<td>$13.35</td>
<td>$188,758</td>
<td>$14.65</td>
<td>$188,758</td>
<td>$14.65</td>
</tr>
<tr>
<td>Accrual Receipts from Milk</td>
<td>$138,172</td>
<td>$12.91</td>
<td>$170,052</td>
<td>$13.19</td>
<td>$188,758</td>
<td>$14.65</td>
</tr>
</tbody>
</table>

The accrual operating expenses most commonly associated with the dairy enterprise are listed in the table below. Evaluating these costs per unit of production enables the comparison of different size dairy farms for strengths and areas for improvement.

### DAIRY RELATED ACCRUAL EXPENSES
#### Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>Average Per Cwt. Milk</th>
<th>22 Renters</th>
<th>139 Owners</th>
<th>My Farm Per Cwt.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchased dairy grain &amp; conc.</td>
<td>$3.04</td>
<td>$3.28</td>
<td>$3.44</td>
<td>$3.44</td>
</tr>
<tr>
<td>Purchased dairy roughage</td>
<td>0.16</td>
<td>0.16</td>
<td>0.17</td>
<td>0.17</td>
</tr>
<tr>
<td>Total Purchased Dairy Feed</td>
<td>$3.20</td>
<td>$3.44</td>
<td>$3.57</td>
<td>$3.57</td>
</tr>
<tr>
<td>Purchased grain &amp; conc. as % of milk receipts</td>
<td>24%</td>
<td>25%</td>
<td>26%</td>
<td>26%</td>
</tr>
<tr>
<td>Purchased feed &amp; crop exp.</td>
<td>$4.17</td>
<td>$4.35</td>
<td>$4.52</td>
<td>$4.52</td>
</tr>
<tr>
<td>Purchased feed &amp; crop exp. as % of milk receipts</td>
<td>32%</td>
<td>33%</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>Breeding</td>
<td>$0.20</td>
<td>$0.19</td>
<td>$0.22</td>
<td>$0.22</td>
</tr>
<tr>
<td>Veterinary &amp; medicine</td>
<td>0.21</td>
<td>0.22</td>
<td>0.24</td>
<td>0.24</td>
</tr>
<tr>
<td>Milk marketing</td>
<td>1.04</td>
<td>1.17</td>
<td>1.22</td>
<td>1.22</td>
</tr>
<tr>
<td>Cattle lease</td>
<td>0.01</td>
<td>0.00</td>
<td>0.02</td>
<td>0.02</td>
</tr>
<tr>
<td>Other livestock expense</td>
<td>0.55</td>
<td>0.50</td>
<td>0.52</td>
<td>0.52</td>
</tr>
</tbody>
</table>
Capital and Labor Efficiency Analysis

Capital efficiency factors measure how intensively the capital is being used in the farm business. Measures of labor efficiency are key indicators of the amount of work each worker has accomplished.

CAPITAL EFFICIENCY
Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Item</th>
<th>Per Worker</th>
<th>Per Cow</th>
<th>Per Tillable Acre</th>
</tr>
</thead>
<tbody>
<tr>
<td>22 Dairy Farm Renters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm capital</td>
<td>$75,256</td>
<td>$2,895</td>
<td>$900</td>
</tr>
<tr>
<td>Machinery &amp; equipment</td>
<td>26,431</td>
<td>1,017</td>
<td>316</td>
</tr>
<tr>
<td>Capital turnover, years</td>
<td>1.27</td>
<td></td>
<td></td>
</tr>
<tr>
<td>139 Dairy Farm Owners</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm capital</td>
<td>$180,539</td>
<td>$6,040</td>
<td>$2,046</td>
</tr>
<tr>
<td>Machinery &amp; equipment</td>
<td>31,279</td>
<td>1,046</td>
<td>354</td>
</tr>
<tr>
<td>Capital turnover, years</td>
<td>2.33</td>
<td></td>
<td></td>
</tr>
<tr>
<td>My Farm</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm capital</td>
<td>_______</td>
<td>_______</td>
<td>_______</td>
</tr>
<tr>
<td>Machinery &amp; equipment</td>
<td>_______</td>
<td>_______</td>
<td>_______</td>
</tr>
<tr>
<td>Capital turnover, years</td>
<td>_______</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

LABOR FORCE ANALYSIS
Eastern New York Dairy Farm Renters and Owners, 1986

<table>
<thead>
<tr>
<th>Efficiency</th>
<th>22 Renters</th>
<th>139 Owners</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per Total Worker</td>
<td>Per Total Worker</td>
<td>Per Total Worker</td>
</tr>
<tr>
<td>Cows, average number</td>
<td>71</td>
<td>26</td>
<td>83</td>
</tr>
<tr>
<td>Milk sold, pounds</td>
<td>1,069,978</td>
<td>390,503</td>
<td>1,288,762</td>
</tr>
<tr>
<td>Tillable acres</td>
<td>229</td>
<td>84</td>
<td>244</td>
</tr>
<tr>
<td>Work units</td>
<td>750</td>
<td>274</td>
<td>862</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Labor Costs</th>
<th>22 Renters</th>
<th>139 Owners</th>
<th>My Farm</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per Total Cow</td>
<td>Per Total Cow</td>
<td>Per Total Cow</td>
</tr>
<tr>
<td>Value of operator(s)</td>
<td>$14,756</td>
<td>$207</td>
<td>$13,413</td>
</tr>
<tr>
<td>labor ($850/month)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Family unpd. ($600/mo.)</td>
<td>1,530</td>
<td>21</td>
<td>1,728</td>
</tr>
<tr>
<td>Hired</td>
<td>10,620</td>
<td>149</td>
<td>15,497</td>
</tr>
<tr>
<td>Total Labor</td>
<td>$26,906</td>
<td>$377</td>
<td>$30,638</td>
</tr>
<tr>
<td>Machinery Cost</td>
<td>$26,586</td>
<td>$373</td>
<td>$31,430</td>
</tr>
<tr>
<td>Total Labor &amp; Mach.</td>
<td>$53,492</td>
<td>$751</td>
<td>$62,068</td>
</tr>
</tbody>
</table>
PROGRESS OF THE FARM BUSINESS

Comparing your business with average data from regional DFBS cooperators that participated in both of the last two years is one part of a business checkup. It is equally important for you to determine the progress your business has made over the past two or three years and to set targets or goals for the future.

PROGRESS OF THE FARM BUSINESS
Same 13 Eastern New York Dairy Farm Renters, 1985 and 1986

<table>
<thead>
<tr>
<th>Selected Factors</th>
<th>Average 1985</th>
<th>Average 1986</th>
<th>My Farm 1985</th>
<th>My Farm 1986</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Size of Business</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number of cows</td>
<td>71</td>
<td>74</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average number of heifers</td>
<td>57</td>
<td>60</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milk sold, lbs.</td>
<td>1,015,660</td>
<td>1,101,760</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Worker equivalent</td>
<td>2.54</td>
<td>2.55</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total tillable acres</td>
<td>230</td>
<td>237</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Rates of Production</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milk sold per cow, lbs.</td>
<td>14,367</td>
<td>14,812</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hay DM per acre, tons</td>
<td>2.6</td>
<td>2.5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corn silage per acre, tons</td>
<td>15</td>
<td>13</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Labor Efficiency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cows per worker</td>
<td>28</td>
<td>29</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Milk sold per worker, lbs.</td>
<td>400,109</td>
<td>431,846</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Cost Control</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grain &amp; conc. purchased as % of milk sales</td>
<td>23%</td>
<td>21%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dairy feed &amp; crop exp. per cwt. milk</td>
<td>$4.39</td>
<td>$3.95</td>
<td>$</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>Labor &amp; mach. costs/cow</td>
<td>$791</td>
<td>$728</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Capital Efficiency</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm capital per cow</td>
<td>$3,505</td>
<td>$2,984</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real estate per cow</td>
<td>$641</td>
<td>$157</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mach. &amp; equip. per cow</td>
<td>$1,111</td>
<td>$1,083</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital turnover, years</td>
<td>1.6</td>
<td>1.3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Profitability</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net farm inc. w/o apprec.</td>
<td>$25,902</td>
<td>$29,767</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net farm inc. w/apprec.</td>
<td>$21,203</td>
<td>$34,489</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor &amp; mgmt. income</td>
<td>$14,469</td>
<td>$19,742</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rate of return on eq. capital w/apprec.</td>
<td>0.4%</td>
<td>7.3%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Financial Summary</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm net worth</td>
<td>$205,828</td>
<td>$186,408</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt to asset ratio</td>
<td>0.17</td>
<td>0.17</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Farm debt per cow</td>
<td>$570</td>
<td>$526</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Average for the year.