DAIRY FARM BUSINESS SUMMARY

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NORTHERN HUDSON REGION 2006

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NORTHERN HUDSON REGION
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INTRODUCTION

Dairy farm managers throughout New York State have been participating in Cornell Cooperative Extension's farm business summary and analysis program since the early 1950's. Managers of each participating farm business receive a comprehensive summary and analysis of their farm business. The information in this report represents averages of the data submitted from dairy farms in the Northern Hudson Region for 2006.

Program Objective

The primary objective of the dairy farm business summary, DFBS, is to help farm managers improve the business and financial management of their business through appropriate use of historical data and the application of modern farm business analysis techniques. This information can also be used to establish goals that enable the business to better fulfill its mission. In short, DFBS provides business and financial information needed in identifying and evaluating strengths and weaknesses of the farm business.

Format Features

This regional report follows the same general format as the 2006 DFBS individual farm report received by participating dairy farmers. The analysis tables have an open column or section labeled My Farm. It may be used by any dairy farm manager who wants to compare his or her business with the average data of this region. The individual farm data, the regional averages and other data can then be used to establish goals for the business. Non-DFBS participants can download a DFBS Data Check-In Form at http://dfbs.cornell.edu. After collecting the data on the form, it can be entered in the U. S. Top Dairies business summary program at the same web site to obtain a summary of their business.

This report features:

(1) an income statement including accrual adjustments for farm business expenses and receipts, as well as measures of profitability with and without appreciation,

(2) a complete balance sheet with analytical ratios;

(3) a statement of owner equity which shows the sources of the change in owner equity during the year;

(4) a cash flow statement and debt repayment ability analysis;

(5) an analysis of crop acreage, yields, and expenses;

(6) an analysis of dairy livestock numbers, production, and expenses;

(7) a capital and labor efficiency analysis; and

(8) progress of the farm business over the past two years.

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*The Northern Hudson Region of New York State, with the number of participating farms in parentheses, is comprised of Albany (5), Saratoga (6), Schenectady (4), Rensselaer (19), Washington (11), and Schoharie (1) counties in New York. This year two farms in Addison County, Vermont, were also included. This report was written by George J. Conneman, Professor, Farm Management. Linda Putnam was in charge of data preparation. Loree McOwen prepared the publication. Farm business data were collected by Cooperative Extension Educators Cathy Wickswat; Sandra Buxton; and Richard Smith; and Senior Extension Associate in PRO-DAIRY, Jason Karszes.

SUMMARY AND ANALYSIS OF THE FARM BUSINESS

Business Characteristics

Planning optimal management strategies is a crucial component of operating a successful farm. Various combinations of farm resources, enterprises, business arrangements, and management techniques are used by the dairy farmers in this region. The following table shows important farm business characteristics and the number of farms with each characteristic.

BUSINESS CHARACTERISTICS
48 Northern Hudson Region Dairy Farms, 2006

Type of Farm	Number
Dairy	46
Part-time dairy	0
Dairy cash-crop	2
Certified organic milk producer	0
Rotational grazing farm	3

Type of Ownership	Number
Owner	43
Renter	5

Type of Business	Number
Sole Proprietorship	19
Partnership	16
Limited Liability Corporation	9
Subchapter S Corporation	4
Subchapter C Corporation	0

Type of Barn	Number
Stanchion or Tie-Stall	11
Freestall	35
Combination	2

Milking Frequency	Number
2 times per day	34
3 times per day	13
Other	1

Milking System	Number
Bucket & carry	0
Dumping station	0
Pipeline	12
Herringbone conventional exit	22
Herringbone rapid exit	3
Parallel	7
Parabone	0
Rotary	1
Other	3

Production Records	Number
Testing Service	36
On Farm System	5
Other	0
None	7

Business Record System	Number
Account Book	8
Accounting Service	16
On-farm computer	24
Other	0

Breed of Herd	Percent
Holstein	94
Jersey	4
Other	2

The averages used in this report were compiled using data from all the participating dairy farms in this region unless noted otherwise. There are full-time dairy farms, dairy cash-crop farms, farms with confined herds, farms with grazing herds, farm renters, partnerships, and corporations included in the average. Average data for these specific types of farms are presented in the State Business Summary.

Income Statement

In order for an income statement to accurately measure farm income, it must include cash transactions and accrual adjustments (changes in accounts payable, accounts receivable, inventories, and prepaid expenses).

Cash paid is the actual cash outlay during the year and does not necessarily represent the cost of goods and services actually used in 2006.

Change in inventory: Increases in inventories of supplies and other purchased inputs are subtracted in computing accrual expenses because they represent purchased inputs not actually used during the year. Decreases in purchased inventories are added to expenses because they represent inputs purchased in a prior year and used this year.

CASH AND ACCRUAL FARM EXPENSES

48 Northern Hudson Region Dairy Farms, 2006

Expense Item	Cash Paid	-	Change in Inventory or Prepaid Expense	+	Change in Accounts Payable	=	Accrual Expenses
Hired Labor	$162,951		$ -321	<<	$ 102		$ 163,374
Feed							
Dairy grain & concentrate	236,173		-16,999		14,203		267,376
Dairy roughage	16,078		1,194		348		15,231
Nondairy	74		0		0		74
Professional nutritional services	354		0		46		400
Machinery							
Machinery hire, rent & lease	19,102		-200	<<	770		20,072
Machinery repairs & farm vehicle exp.	50,952		41		1,919		52,830
Fuel, oil & grease	40,726		229		1,063		41,560
Livestock							
Replacement livestock	1,954		0	<<	0		1,954
Breeding	15,465		-204		99		15,769
Veterinary & medicine	39,753		-686		700		41,139
Milk marketing	69,763		0	<<	-2		69,761
Bedding	22,351		-5		485		22,840
Milking supplies	24,093		-610		414		25,117
Cattle lease & rent	19		0	<<	0		19
Custom boarding	21,088		0	<<	159		21,247
Livestock professional fees	3,655		-25		6		3,686
Other livestock expense	22,824		187		-17		22,620
Crops							
Fertilizer & lime	18,838		-2,542		4,267		25,647
Seeds & plants	13,795		260		467		14,002
Spray, other crop expense	9,376		-1,155		701		11,231
Crop professional fees	584		0		189		773
Real Estate							
Land, building & fence repair	12,726		211		-440		12,075
Taxes	14,944		-412	<<	-23		15,332
Rent & lease	13,966		-179	<<	-37		14,108
Other							
Insurance	8,860		-300	<<	27		9,188
Utilities (farm share)	28,479		-70	<<	4		28,553
Interest paid	45,198		0	<<	267		45,465
Other professional fees	3,122		0		-7		3,114
Miscellaneous	7,066		33		60		7,093
Total Operating	$ 924,329		$ -21,554		$ 25,770		$ 971,654
Expansion livestock	15,348		0	<<	0		15,348
Extraordinary expense	743		0	<<	0		743
Machinery depreciation							35,383
Building depreciation							23,446
TOTAL ACCRUAL EXPENSES							$ 1,046,575

Change in prepaid expenses (noted above by <<) is a net change in non-inventory expenses that have been paid in advance of their use. For example, prepaid lease expense on the beginning of year balance sheet represents last year's payment for use of the asset during this year. End of year prepaid expense represents payments made this year for next year's use of the asset. Adding payments made last year for this year's use of the asset, and subtracting payments made this year for next year's use of the asset is accomplished by subtracting the difference.

Change in accounts payable: An increase in accounts payable from beginning to end of year is added when calculating accrual expenses because these expenses were incurred (resources used) in 2006 but not paid for. A decrease is subtracted because it represents payment for resources used before 2006.

Accrual expenses are an estimate of the costs of inputs, except operator/family labor and equity capital, actually used in this year's production. They are the cash paid, less changes in inventory and prepaid expenses, plus accounts payable.

CASH AND ACCRUAL FARM RECEIPTS
48 Northern Hudson Region Dairy Farms, 2006

Receipt Item	Cash Receipts	+	Change in Inventory	+	Change in Accounts Receivable	=	Accrual Receipts
Milk sales	$ 863,996				$ -2,162		$ 861,834
Dairy cattle	51,979		$ 29,413		-765		80,627
Dairy calves	14,320		5,265		0		19,584
Other livestock	4,601		1,623		-96		6,128
Crops	9,009		-5,243		-1,171		2,594
Government receipts	39,731		0 *		-63		39,668
Custom machine work	434				-113		322
Gas tax refund	108				0		108
Other	16,453				756		17,208
Less nonfarm noncash capital**		(-)	0 **			(-)	0
Total Receipts	$ 1,000,631		$ 31,057		$ -3,614		$ 1,028,074

*Change in advanced government receipts.
**Gifts or inheritances of cattle or crops included in inventory.

Cash receipts include the gross value of milk checks received during the year plus all other payments received from the sale of farm products, services, and government programs. Nonfarm income is not included in calculating farm profitability.

Changes in inventory of assets produced by the business are calculated by subtracting beginning of year values from end of year values excluding appreciation. Increases in livestock inventory caused by herd growth and/or quality are added, and decreases caused by herd reduction and/or quality are subtracted. Changes in inventories of crops grown are also included. An increase in advanced government receipts is subtracted from cash income because it represents income received in 2006 for the 2007 crop year in excess of funds earned for 2006. Likewise, a decrease is added to cash government receipts because it represents funds earned for 2006 but received in 2005.

Changes in accounts receivable are calculated by subtracting beginning year balances from end year balances. Payments in January 2007 for milk produced in December 2006 compared to January 2006 payments for milk produced in 2005 are included as a change in accounts receivable in determining accrual milk sales.

Accrual receipts represent the value of all farm commodities produced and services actually generated by the farm business during the year.

Profitability Analysis

Farm operators* contribute labor, management, and equity capital to their businesses and the combination of these resources, and the other resources used in the business, determines profitability. Farm profitability 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.

The return to any individual resource must be viewed as an estimate because the cost of other family resources must be approximated to calculate returns to the selected resource. For example, the costs of operator and family labor and management must be approximated to calculate the returns to equity capital.

* Operators are the individuals who are integrally involved in the operation and management of the farm business. They are not limited to those who are the owner of a sole proprietorship or are formally a member of the partnership or corporation.

Net farm income is the return to the farm operators and other unpaid family members for their labor, management, and equity capital. It is the farm family's net annual return from working, managing, and financing 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.

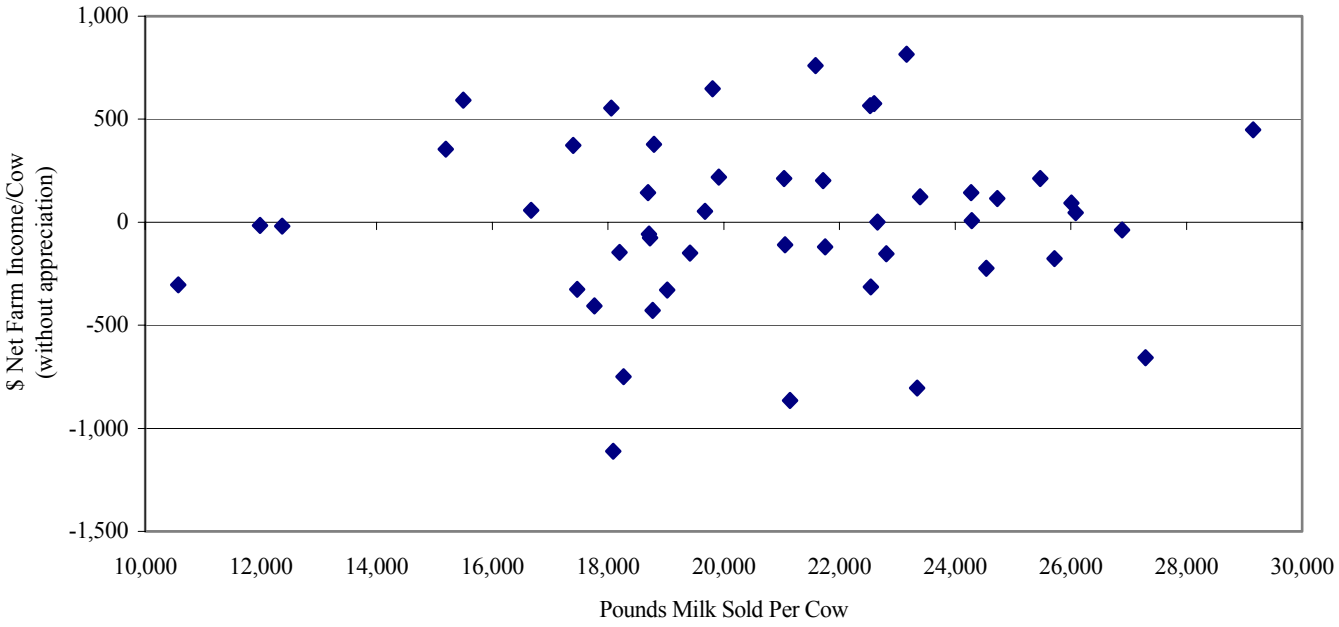
Net farm income is computed both with and without appreciation. Appreciation represents the change in values caused by annual changes in prices of livestock, machinery, real estate inventory, and stocks and certificates (other than Farm Credit stock required for loan borrowings). Appreciation is a major factor contributing to changes in farm net worth and must be included for a complete profitability analysis.

NET FARM INCOME
48 Northern Hudson Region Dairy Farms, 2006

Item	Average Total	Average Per Cow	My Farm Total	My Farm Per Cow
Total accrual receipts	$1,028,074		$_____	
Appreciation: Livestock	10,076		_____	
Machinery	4,876		_____	
Real Estate	30,178		_____	
Other Stock & Certificates	-521		_____	
Total Including Appreciation	$1,072,683		$_____	
Total accrual expenses	1,046,575		- _____	
Net Farm Income (with appreciation)	$ 26,108	$ 99	$_____	$ _____
Net Farm Income (without appreciation)	$ -18,501	$ -70	$_____	$ _____

The chart below shows the relationship between net farm income per cow (without appreciation) and pounds of milk sold per cow. Higher net farm incomes can be achieved across a range of production levels as a result of different management systems, such as grazing, being utilized by the participating dairies.

NET FARM INCOME PER COW AND MILK PER COW
48 Northern Hudson Region Dairy Farms, 2006



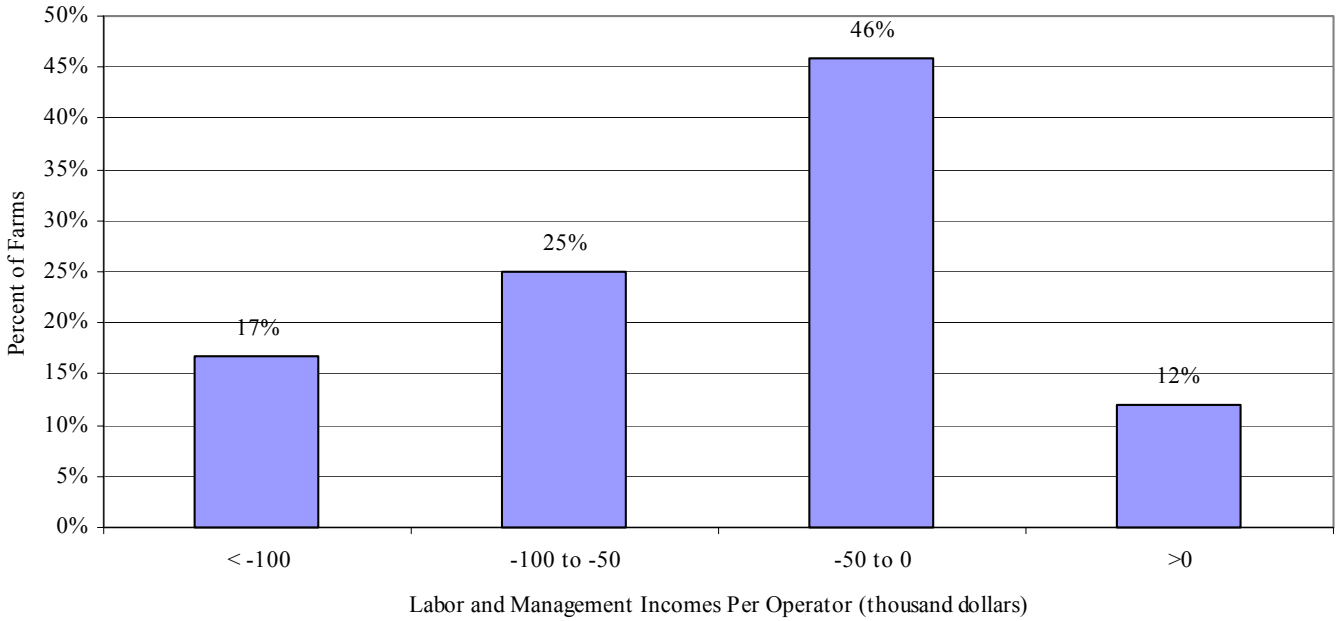
Labor and management income is the return which farm operators receive for their labor and management used in the farm business. Appreciation is not included as part of the return to labor and management because it results from ownership of assets rather than management of the farm business. Labor and management income is calculated by deducting a charge for unpaid family labor and the opportunity cost of equity capital, at a real interest rate of five percent, from net farm income excluding appreciation. The interest charge of five percent reflects the long-term average rate of return above inflation that a farmer might expect to earn in comparable risk investments.

LABOR AND MANAGEMENT INCOME
48 Northern Hudson Region Dairy Farms, 2006

Item	Average	My Farm
Net farm income without appreciation	$ -18,501	$ _____
Family labor unpaid @ $2,300 per month	- 4,983	-_____
Interest on $1,491,904 average equity capital @ 5% real rate	- 74,595	-_____
Labor & Management Income per farm (1.60 Operators/farm)	$ -98,079	$ _____
Labor & Management Income per Operator/Manager	$ -61,300	$ _____

Labor and management income per operator averaged $-61,300 on these 48 farms in 2006. The range in labor and management income per operator was from about $-512,000 to more than $15,600. Returns to labor and management were less than $-50,000 on 42 percent of the farms. Labor and management incomes per operator were between $-50,000 and $0 on 46 percent of the farms while 12 percent showed labor and management incomes greater than $0.

DISTRIBUTION OF LABOR AND MANAGEMENT INCOMES PER OPERATOR
48 Northern Hudson Region Dairy Farms, 2006



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 of operators' 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 average farm net worth (market value) or equity capital. Rate of return on total capital is calculated by adding interest paid to the return on equity capital and then dividing by average farm assets (market value). Net farm income from operations ratio is net farm income (without appreciation) divided by total accrual receipts.

RETURN ON EQUITY CAPITAL AND RETURN ON TOTAL CAPITAL
48 Northern Hudson Region Dairy Farms, 2006

Item	Average	My Farm
Net farm income with appreciation	$ 26,108	$_____
Family labor unpaid @$2,300 per month	- 4,983	- _____
Value of operators' labor & management	- 53,792	- _____
Return on equity capital with appreciation	$ -32,667	$_____
Interest paid	+ 45,465	+ _____
Return on total capital with appreciation	$ 12,798	$_____
Return on equity capital without appreciation	$ -77,276	$_____
Return on total capital without appreciation	$ -31,811	$_____
Rate of return on average equity capital:		
with appreciation	-2.2%	_____ %
without appreciation	-5.2%	_____ %
Rate of return on average total capital:		
with appreciation	0.6%	_____ %
without appreciation	-1.4%	_____ %
Net Farm Income from Operations Ratio	-0.02	_____

Farm and Family Financial Status

The first step in evaluating the financial position of the farm is to construct a balance sheet which identifies and values all the assets and liabilities of the business. The second step is to evaluate the relationship between assets, liabilities, and net worth and changes that occurred during the year.

Financial lease obligations are included in the balance sheet. The present value of all future payments is listed as a liability since the farmer is committed to make the payments by signing the lease. The present value is also listed as an asset, representing the future value the item has to the business. For 2006, lease payments were discounted by 7.25 percent to obtain their present value.

Advanced government receipts are included as current liabilities. Government payments received in 2006 that are for participation in the 2007 program are the end year balance and payments received in 2005 for participation in the 2006 program are the beginning year balance.

Current Portion or principal due in the next year for intermediate and long term debt is included as a current liability.

2006 FARM BUSINESS & NONFARM MARKET VALUE BALANCE SHEET

48 Northern Hudson Region Dairy Farms, 2006

Farm Assets	Jan. 1	Dec. 31	Farm Liabilities & Net Worth	Jan. 1	Dec. 31
Current			Current		
Farm cash, checking & savings	$ 17,719	$ 13,453	Accounts payable	$ 47,774	$ 73,545
Accounts receivable	68,466	64,852	Operating debt	36,870	47,665
Prepaid expenses	2,086	579	Short Term	2,333	4,706
Feed & supplies	198,769	173,479	Advanced govt. receipts	0	0
			Current Portion:		
			Intermediate	45,552	56,337
			Long Term	8,532	11,142
Total Current	$ 287,040	$ 252,363	Total Current	$ 141,061	$ 193,395
Intermediate			Intermediate		
Dairy cows:			Structured debt		
owned	$ 364,792	$ 395,036	1-10 years	$ 274,380	$ 315,693
leased	34	17	Financial lease		
Heifers	202,860	217,516	(cattle/machinery)	291	170
Bulls & other livestock	4,212	5,689	Farm Credit stock	1,640	1,531
Mach. & equip. owned	394,785	420,488	Total Intermediate	$ 276,311	$ 317,393
Mach. & equip. leased	257	152			
Farm Credit stock	1,640	1,531			
Other stock/certificate	44,783	47,552			
Total Intermediate	$ 1,013,364	$1,087,982			
			Long Term		
Long Term			Structured debt		
Land & buildings:			>10 years	$ 247,263	$ 308,451
owned	$ 867,857	$ 953,805	Financial lease		
leased	649	515	(structures)	649	515
Total Long Term	$ 868,506	$ 954,320	Total Long Term	$ 247,912	$ 308,966
			Total Farm Liabilities	$ 665,284	$ 819,754
Total Farm Assets	$2,168,910	$2,294,665	FARM NET WORTH	$1,503,626	$1,474,911

Nonfarm Assets, Liabilities & Net Worth (Average of 31arms reporting)

Assets	Jan. 1	Dec. 31	Liabilities & Net Worth	Jan. 1	Dec. 31
Personal cash, checking & savings	$ 4,017	$ 2,260	Nonfarm Liabilities	$ 2,713	$ 2,713
Cash value life insurance	22,545	26,063			
Nonfarm real estate	285,620	300,231			
Auto (personal share)	5,177	4,694			
Stocks & bonds	16,884	19,809			
Household furnishings	7,768	8,194			
All other nonfarm assets	114,858	167,690			
Total Nonfarm Assets	$ 456,868	$ 528,940	NONFARM NET WORTH	$ 454,155	$ 526,227

Farm & Nonfarm Assets, Liabilities, and Net Worth*	Jan. 1	Dec. 31
Total Assets	$2,625,778	$2,823,605
Total Liabilities	667,997	822,467
TOTAL FARM & NONFARM NET WORTH	$1,957,781	$2,001,138

*Assumes that average nonfarm assets and liabilities for the nonreporting farms were the same as for those reporting.

Balance sheet analysis involves examination of relative asset and debt levels for the business. Percent equity is calculated by dividing end of year net worth by end of year assets and multiplying by 100. The debt to asset ratio is compiled by dividing liabilities by assets. Low debt to asset ratios reflect business solvency and the potential capacity to borrow. The leverage ratio is the dollars of debt per dollar of equity, computed by dividing total farm liabilities by farm net worth. Debt levels per productive unit represent old standards that are still useful if used with measures of cash flow and repayment ability. A current ratio of less than 1.5 or that has been falling warrants additional evaluation. The amount of working capital that is adequate must be related to the size of the farm business.

BALANCE SHEET ANALYSIS
48 Northern Hudson Region Dairy Farms, 2006

Item			Average	My Farm
Financial Ratios - Farm:				
Percent equity			64%	_____ %
Debt/asset ratio: total			.36	_____
long-term			.32	_____
intermediate/current			.38	_____
Leverage Ratio:			.55	_____
Current Ratio:			1.30	
Working capital	$58,968	As % of total expenses:	6%	
Farm Debt Analysis:				
Accounts payable as % of total debt			9%	_____ %
Long-term liabilities as a % of total debt			37%	_____ %
Current & inter. liabilities as a % of total debt			63%	_____ %
Cost of term debt (weighted average)			5.85%	_____ %

Farm Debt Levels:	Per Cow	Per Tillable Acre Owned	Per Cow	Per Tillable Acre Owned
Total farm debt	$ 2,961	$ 3,067	$ _____	$ _____
Long-term debt	1,105	1,145	_____	_____
Intermediate & long term	2,260	2,341	_____	_____
Intermediate & current debt	1,8562	1,922	_____	_____

Farm inventory balance is an accounting of the value of 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. Net investment indicates whether the capital stock is being expanded (positive) or depleted (negative).

FARM INVENTORY BALANCE
48 Northern Hudson Region Dairy Farms, 2006

Item	Average of Region's Farms			
	Real Estate		Machinery & Equipment	
Value beginning of year		$ 867,857		$ 394,785
Purchases	$ 96,589*		$ 62,401	
Gift & inheritance	+ 0		+ 504	
Lost capital	- 14,959			
Sales	- 2,413		- 6,695	
Depreciation	- 23,446		- 35,383	
Net investment		= 55,771		= 20,827
Appreciation		+ 30,178		+ 4,876
Value end of year		$ 953,805		$ 420,488

*$36,132 land and $60,457 buildings and/or depreciable improvements.

The Statement of Owner Equity has two purposes. It allows (1) verification that the accrual income statement and market value balance sheet are consistent (in accountants terms, they reconcile) and (2) identification of the causes of change in equity that occurred on the farm during the year. The Statement of Owner Equity allows you to determine to what degree the change in equity was caused by (1) earnings from the business, and nonfarm income, in excess of withdrawals being retained in the business (called retained earnings), (2) outside capital being invested in the business or farm capital being removed from the business (called contributed/withdrawn capital) , (3) increases or decreases in the value (price) of assets owned by the business (called change in valuation equity), and (4) the error in the business cash flow accounting.

Retained earnings is an excellent indicator of farm generated financial progress.

STATEMENT OF OWNER EQUITY (RECONCILIATION)
48 Northern Hudson Region Dairy Farms, 2006

Item	Average		My Farm
Beginning of year farm net worth		$1,503,626	$ _____
Net farm income without appreciation	$ -18,501		$ _____
+Nonfarm cash income	+ 9,221		+ _____
-Personal withdrawals & family expenditures excluding nonfarm borrowings	- 64,032		- _____
RETAINED EARNINGS		+ $ -73,312	+$ _____
Nonfarm noncash transfers to farm	$ 504		$ _____
+Cash used in business from nonfarm capital	+ 14,215		+ _____
-Note or mortgage from farm real estate sold (nonfarm)	- 0		- _____
CONTRIBUTED/WITHDRAWN CAPITAL		+ $ 14,719	+$ _____
Appreciation	$ 44,609		$ _____
-Lost capital	- 14,959		- _____
CHANGE IN VALUATION EQUITY		+ $ 29,649	+$ _____
IMBALANCE/ERROR		- -228	- $ _____
End of year net worth*		=$1,474,911	=$ _____

Change in Net Worth		
Without appreciation	$ -73,324	$ _____
With appreciation	$ -28,715	$ _____

*May not add due to rounding.

Cash Flow Statement

Completing an annual cash flow statement is an important step in understanding the sources and uses of funds for the business. 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 is structured to show net cash provided by operating activities, investing activities, financing activities and from reserves. All cash inflows and outflows, including beginning and end balances, are included. Therefore, the sum of net cash provided from all four activities should be zero. Any imbalance is the error from incorrect accounting of cash inflows/outflows.

ANNUAL CASH FLOW STATEMENT
48 Northern Hudson Region Dairy Farms, 2006

Item			Average	
Cash Flow from Operating Activities				
	Cash farm receipts	$ 1,000,631		
-	Cash farm expenses	924,329		
-	Extraordinary expense	743		
=	Net cash farm income		$ 75,558	
	Personal withdrawals & family expenses including nonfarm debt payments	$ 64,282		
-	Nonfarm income	9,221		
-	Net cash withdrawals from the farm		$ 55,061	
=	Net Provided by Operating Activities			$ 20,497
Cash Flow From Investing Activities				
	Sale of assets: machinery	$ 6,695		
	+ real estate	2,413		
	+ other stock & cert.	213		
=	Total asset sales		$ 9,320	
	Capital purchases: expansion livestock	$ 15,348		
	+ machinery	62,401		
	+ real estate	96,589		
	+ other stock & cert.	3,504		
-	Total invested in farm assets		$ 177,842	
=	Net Provided by Investment Activities			$ -168,522
Cash Flow From Financing Activities				
	Money borrowed (intermediate & long term)	$ 188,894		
+	Money borrowed (short term)	2,888		
+	Increase in operating debt	10,795		
+	Cash from nonfarm capital used in business	14,215		
+	Money borrowed - nonfarm	250		
=	Cash inflow from financing		$ 217,042	
	Principal payments (intermediate & long term)	$ 72,999		
+	Principal payments (short term)	515		
+	Decrease in operating debt	0		
-	Cash outflow for financing		$ 73,513	
=	Net Provided by Financing Activities			$ 143,529
Cash Flow From Reserves				
	Beginning farm cash, checking & savings		$ 17,719	
-	Ending farm cash, checking & savings		13,453	
=	Net Provided from Reserves			$ 4,267
Imbalance (error)				$ -229

ANNUAL CASH FLOW STATEMENT

Item		My Farm	
Cash Flow from Operating Activities			
Cash farm receipts	$ _____		
- Cash farm expenses	_____		
- Extraordinary expense	_____		
= Net cash farm income		$ _____	
Personal withdrawals & family expenses including nonfarm debt payments	$ _____		
- Nonfarm income	_____		
- Net cash withdrawals from the farm		$ _____	
= Net Provided by Operating Activities			$ _____
Cash Flow From Investing Activities			
Sale of assets: machinery	$ _____		
+ real estate	_____		
+ other stock & cert.	_____		
= Total asset sales		$ _____	
Capital purchases: expansion livestock	$ _____		
+ machinery	_____		
+ real estate	_____		
+ other stock & cert.	_____		
- Total invested in farm assets		$ _____	
= Net Provided by Investment Activities			$ _____
Cash Flow From Financing Activities			
Money borrowed (intermediate & long term)	$ _____		
+ Money borrowed (short term)	_____		
+ Increase in operating debt	_____		
+ Cash from nonfarm capital used in business	_____		
+ Money borrowed - nonfarm	_____		
= Cash inflow from financing		$ _____	
Principal payments (intermediate & long term)	$ _____		
+ Principal payments (short term)	_____		
+ Decrease in operating debt	_____		
- Cash outflow for financing		$ _____	
= Net Provided by Financing Activities			$ _____
Cash Flow From Reserves			
Beginning farm cash, checking & savings		$ _____	
- Ending farm cash, checking & savings		_____	
= Net Provided from Reserves			$ _____
Imbalance (error)			$ _____

Repayment Analysis

A valuable use of cash flow analysis is to compare the debt payments planned for the last year with the amount actually paid. The measures listed below provide a number of different perspectives on the repayment performance of the business. However, the critical question to many farmers and lenders is whether planned payments can be made in 2007. The cash flow projection worksheet on the next page can be used to estimate repayment ability, which can then be compared to planned 2007 debt payments shown below.

FARM DEBT PAYMENTS PLANNED
Same 45 Northern Hudson Region Dairy Farms, 2005 & 2006

	Average			My Farm		
	2006 Payments		Planned	2006 Payments		Planned
Debt Payments	Planned	Made	2007	Planned	Made	2007
Long term	$ 27,714	$ 29,044	$ 30,957	$ _____	$ _____	$ _____
Intermediate term	81,684	88,257	83,899	_____	_____	_____
Short term	884	562	1,207	_____	_____	_____
Operating (net reduction)	3,689	8,840	917	_____	_____	_____
Accounts payable (net reduction)	67	993	733	_____	_____	_____
Total	$114,038	$ 127,697	$ 117,713	$ _____	$ _____	$ _____
Per cow	$ 422	$ 473		$ _____	$ _____	
Per cwt. 2006 milk	$ 1.83	$ 2.05		$ _____	$ _____	
Percent of total 2006 farm receipts	11%	12%		_____	_____	
Percent of 2006 milk receipts	13%	15%		_____	_____	

The cash flow coverage ratio and debt coverage ratio measure the ability of the farm business to meet its planned debt payment schedule. The ratios show the percentage of payments planned for 2006 (as of December 31, 2005) that could have been made with the amount available for debt service in 2006. Farmers who did not participate in DFBS in 2005 have their 2006 ratios based on planned debt payments for 2007.

COVERAGE RATIOS
Same 45 Northern Hudson Region Dairy Farms, 2005 & 2006

Item	Average	Item	Average
Cash Flow Coverage Ratio		Debt Coverage Ratio	
Cash farm receipts	$1,023,787	Net farm income (w/o appreciation)	$-20,049
- Cash farm expenses	938,879	+ Depreciation	61,670
+ Interest paid (cash)	46,926	+ Interest paid (accrual)	47,210
- Net personal withdrawals from farm*	54,509	- Net personal withdrawals from farm*	54,509
(A) = Amount Available for Debt Service	$77,325	(A') = Repayment Capacity	$34,322
(B) = Debt Payments Planned for 2006 (as of December 31, 2005)	$114,038	(B) = Debt Payments Planned for 2006 (as of December 31, 2005)	$114,038
(A/ B)= Cash Flow Coverage Ratio for 2006	0.68	(A'/B)= Debt Coverage Ratio for 2006	0.30

*Personal withdrawals and family expenditures less nonfarm income and nonfarm money borrowed. If family withdrawals are excluded, or inaccurately included, the ratios will be incorrect.

ANNUAL CASH FLOW WORKSHEET

Item	48 Northern Hudson Region Dairy Farms Per Cow	Per Cwt.	My Farm Per Cow/ Per Cwt.	Expected Change	2007 Projection
Average number of cows	264				
Total cwt. of milk sold		60,898			
Accrual Operating Receipts					
Milk	$3,261	$14.15	$ _____	_____	$ _____
Dairy cattle	305	1.32	_____	_____	_____
Dairy calves	74	0.32	_____	_____	_____
Other livestock	23	0.10	_____	_____	_____
Crops	10	0.04	_____	_____	_____
Miscellaneous Receipts	217	0.94	_____	_____	_____
Total	$3,890	$16.88	$ _____	_____	$ _____
Accrual Operating Expenses					
Hired labor	$ 618	$ 2.68	$ _____	_____	$ _____
Dairy grain & concentrate	1,012	4.39	_____	_____	_____
Dairy roughage	58	0.25	_____	_____	_____
Nondairy feed	0	0.00	_____	_____	_____
Professional nutritional services	2	0.01	_____	_____	_____
Machinery hire, rent & lease	76	0.33	_____	_____	_____
Machinery repair & vehicle expense	200	0.87	_____	_____	_____
Fuel, oil & grease	157	0.68	_____	_____	_____
Replacement livestock	7	0.03	_____	_____	_____
Breeding	60	0.26	_____	_____	_____
Veterinary & medicine	156	0.68	_____	_____	_____
Milk marketing	264	1.15	_____	_____	_____
Bedding	86	0.38	_____	_____	_____
Milking supplies	95	0.41	_____	_____	_____
Cattle lease	0	0.00	_____	_____	_____
Custom boarding	80	0.35	_____	_____	_____
Livestock professional fees	14	0.06	_____	_____	_____
Other livestock expense	86	0.37	_____	_____	_____
Fertilizer & lime	97	0.42	_____	_____	_____
Seeds & plants	53	0.23	_____	_____	_____
Spray & other crop expense	42	0.18	_____	_____	_____
Crop professional fees	3	0.01	_____	_____	_____
Land, building & fence repair	46	0.20	_____	_____	_____
Taxes	58	0.25	_____	_____	_____
Real estate rent & lease	53	0.23	_____	_____	_____
Insurance	35	0.15	_____	_____	_____
Utilities	108	0.47	_____	_____	_____
Miscellaneous	39	0.17	_____	_____	_____
Total Less Interest Paid	$3,505	$15.21	$ _____	_____	$ _____
Net Accrual Operating Income (without interest paid)	Total $101,885		$ _____		$ _____
- Change in livestock /crop inventory*	31,057		_____	_____	_____
- Change in accounts receivable	-3,614		_____	_____	_____
- Change in feed & supply inventory**	-21,554		_____	_____	_____
+ Change in accounts payable***	25,504		_____	_____	_____
NET CASH FLOW	$121,500		$ _____		$ _____
- Net family withdrawals	52,939		_____	_____	_____
Available for Farm	$ 68,560		$ _____		_____
- Farm debt payments	125,643		_____	_____	_____
Available for Farm Investment	$ -57,083		$ _____		$ _____
- Capital purchases	177,842		_____	_____	_____
Additional Capital Needed	$234,925		$ _____	_____	$ _____

*Includes change in advance government receipts. **Includes change in prepaid expenses. ***Excludes change in interest account payable.

Cropping Analysis

The cropping program is an important part of the dairy farm business and often represents opportunities for improved productivity and profitability. A complete evaluation of what the available land resources are, how they are being used, the level of crop yields, and what it costs to produce crops is important in evaluating alternative cropping and feed purchasing alternatives.

LAND RESOURCES AND CROP PRODUCTION
48 Northern Hudson Region Dairy Farms, 2006

Item	Average			My Farm		
Land	Owned	Rented	Total	Owned	Rented	Total
Tillable	267	359	626	_____	_____	_____
Nontillable	50	18	68	_____	_____	_____
Other nontillable	144	13	157	_____	_____	_____
Total	461	390	851	_____	_____	_____

Crop Yields	Farms	Acres*	Production/Acre	Acres	Production/Acre
Hay crop	47	332	2.95 tons DM	_____	_____ tons DM
Corn silage	47	239	13.63 ton	_____	_____ tons
			4.50 tons DM		_____ tons DM
Other forage	4	38	0.80 tons DM	_____	_____ tons DM
Total forage	48	562	3.58 tons DM	_____	_____ tons DM
Corn grain	7	59	67 bushels	_____	_____ bushels
Oats	2	22	25 bushels	_____	_____ bushels
Wheat	0	0	0 bushels	_____	_____ bushels
Other crops	9	44		_____	
Tillable pasture	7	58		_____	
Idle	19	99		_____	
Total Tillable Acres	48	626		_____	

*This column represents the average acreage for the farms producing that crop. Average acreages including those farms not producing were hay crop 325, corn silage 234, corn grain 9, oats 1, tillable pasture 9, and idle 39.

Average crop acres and yields compiled for the region are for the 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 based on dry matter information provided.

The following crop/dairy ratios indicate the relationship between forage production, forage production resources, and the dairy herd.

CROP/DAIRY RATIOS
48 Northern Hudson Region Dairy Farms, 2006

Item	Average	My Farm
Total tillable acres per cow	2.37	_____
Total forage acres per cow	2.13	_____
Harvested forage dry matter, tons per cow	7.62	_____

Cropping Analysis (continued)

A number of cooperators have allocated crop expenses among the hay crop, corn, and other crops produced. Fertilizer and lime, seeds and plants, and spray and other crop expenses have been computed per acre and per production unit for hay and corn. Additional expense items such as fuels, labor, and machinery repairs are not included. Rotational grazing was used on three farms in the region.

CROP RELATED ACCRUAL EXPENSES
Northern Hudson Region Dairy Farms Reporting, 2006

Item	Total Per Till. Acre	All Corn Per Acre	Corn Silage Per Ton DM	Corn Grain Per Dry Shell Bu.	Hay Crop Per Acre	Hay Crop Per Ton DM	Pasture Per Till Acre	Pasture Per Total Acre
No. of farms reporting	48	7			7		0	
Ave. number of acres	626	320			375		0	0
Fert. & lime	$ 36.82	$ 42.63	$ 8.32	$ 0.19	$ 18.91	$ 8.91	$ 0.00	$ 0.00
Seeds & plants	21.24	36.82	6.82	0.08	15.00	5.11	0.00	0.00
Spray & other crop expense	14.94	52.73	10.62	0.15	6.09	1.68	0.00	0.00
TOTAL	$ 73.00	$ 132.18	$ 25.76	$ 0.42	$ 40.00	$ 15.70	$ 0.00	$ 0.00
My Farm								
Fertilizer & lime	$ _____	$_____	$_____	$_____	$ _____	$ _____	$_____	$_____
Seeds & plants	_____	_____	_____	_____	_____	_____	_____	_____
Spray & other crop expense	_____	_____	_____	_____	_____	_____	_____	_____
TOTAL	$ _____	$_____	$_____	$_____	$ _____	$ _____	$_____	$_____

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. Although machinery costs have not been allocated to individual crops, they are shown below per total tillable acre.

ACCRUAL MACHINERY EXPENSES
48 Northern Hudson Region Dairy Farms, 2006

Machinery Expense	Average Total Expenses	Average Per Tillable Acre	My Farm Total Expenses	My Farm Per Tillable Acre
Fuel, oil & grease	$ 41,560	$ 66.42	$ _____	$ _____
Mach. repair & vehicle expense	52,830	84.43	_____	_____
Machine hire, rent & lease	20,072	32.08	_____	_____
Interest (5%)	20,392	32.59	_____	_____
Depreciation	35,383	56.55	_____	_____
Total	$ 170,238	$ 272.07	$ _____	$ _____

Dairy Analysis

Analysis of the dairy enterprise can reveal strengths and weaknesses of the dairy farm business. Information on this page should be used in conjunction with DHI and other dairy production information. Changes in dairy herd size and market values that occur 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. Any change in inventory is included as an accrual farm receipt when calculating all of the profitability measures on pages 6 and 7.

DAIRY HERD INVENTORY
48 Northern Hudson Region Dairy Farms, 2006

	Dairy Cows		Heifer					
			Bred		Open		Calves	
Item	No.	Value	No.	Value	No.	Value	No.	Value
Beg. year (owned)	257	$ 364,793	80	$ 105,265	74	$ 64,291	65	$ 33,304
+ Change w/o apprec.		24,696		-651		5,368		5,265
+ Appreciation		5,548		1,899		785		1,990
End year (owned)	276	$ 395,036	79	$ 106,513	81	$ 70,445	75	$ 40,558
End including leased	276							
Average number	264		226	(all age groups)				
My Farm:								
Beg. year (owned)	_____	$_____	_____	$ _____	_____	$_____	_____	$ _____
+ Change w/o apprec.		_____		_____		_____		_____
+ Appreciation		_____		_____		_____		_____
End year (owned)	_____	$_____	_____	$ _____	_____	$_____	_____	$ _____
End including leased	_____							
Average number	_____		_____	(all age groups)				

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

MILK PRODUCTION
48 Northern Hudson Region Dairy Farms, 2006

Item	Average	My Farm
Total milk sold, lbs.	6,089,826	_____
Milk sold per cow, lbs.	23,044	_____
Average milk plant test, percent butterfat	3.69%	_____

Monitoring and evaluating culling practices and experiences on an annual basis are important herd management tools. Culling rate can have an affect on both milk per cow and profitability.

ANIMALS LEAVING THE HERD
48 Northern Hudson Region Dairy Farms, 2006

	Average		My Farm	
Item	Number	Percent*	Number	Percent*
Cows sold for beef	69	26.1	_____	_____
Cows sold for dairy	4	1.5	_____	_____
Cows died	13	5.0	_____	_____
Culling rate**		31.1		_____

*Percent of average number of cows in the herd. **Cows sold for beef plus cows died.

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 can be compared with the accrual costs of producing milk per cow and 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 including expansion livestock purchased. Purchased inputs cost of producing milk are the operating costs plus depreciation. Total costs of producing milk include the operating costs of producing milk plus depreciation on machinery and buildings, the value of unpaid family labor, the value of operators' labor and management, and the interest charge for using equity capital.

ACCRUAL RECEIPTS FROM DAIRY, COSTS OF PRODUCING MILK, AND PROFITABILITY

48 Northern Hudson Region Dairy Farms, 2006

	Average			My Farm		
Item	Total	Per Cow	Per Cwt.	Total	Per Cow	Per Cwt.
Accrual Cost of Producing Milk						
Operating costs	$ 820,762	$ 3,106	$ 13.48	$_____	$_____	$_____
Purchased inputs costs	$ 880,335	$ 3,331	$ 14.46	$_____	$_____	$_____
Total Costs	$1,013,705	$ 3,836	$ 16.65	$_____	$_____	$_____
Accrual Receipts From Milk	$ 861,834	$ 3,261	$ 14.15	$_____	$_____	$_____
Net Milk Receipts	$ 792,073	$ 2,669	$ 13.01	$_____	$_____	$_____
Net Farm Income without Apprec.	$ -18,501	$ -70	$ -0.30	$_____	$_____	$_____
Net Farm Income with Appreciation	$ 26,108	$ 99	$ 0.43	$_____	$_____	$_____

The accrual operating expenses most commonly associated with the dairy enterprise are listed in the table below. Feed and crop expenses include total purchased dairy feed plus fertilizer, seeds, spray and other crop expenses.

DAIRY RELATED ACCRUAL EXPENSES

48 Northern Hudson Region Dairy Farms, 2006

	Average		My Farm	
Item	Per Cow	Per Cwt.	Per Cow	Per Cwt.
Purchased dairy grain & concentrate	$ 1,012	$ 4.39	$_____	$_____
Purchased dairy roughage	57	0.25	_____	_____
Total Purchased Dairy Feed	$ 1,069	$ 4.64	$_____	$_____
Purchased grain & concentrate as % of milk receipts	32%		_____ %	
Purchased feed & crop expense	$ 1,265	$ 5.49	$_____	$_____
Purchased feed & crop expense as % of milk receipts	40%		_____ %	
Breeding	$ 60	$ 0.26	$_____	$_____
Veterinary & medicine	156	0.68	_____	_____
Milk marketing	264	1.15	_____	_____
Bedding	86	0.38	_____	_____
Milking supplies	95	0.41	_____	_____
Cattle lease	0	0.00	_____	_____
Custom boarding	80	0.35	_____	_____
Livestock professional fees	14	0.06	_____	_____
Other livestock expense	86	0.37	_____	_____

Capital and Labor Efficiency Analysis

Capital efficiency factors measure how effectively the capital is being used in the farm business. Measures of labor efficiency are key indicators of management's success in generating products per unit of labor input. When evaluating a business, the relationship between capital efficiency and labor efficiency should be explored. For example, if capital efficiency shows high capital investment per worker or per cow, labor efficiency should be high reflecting use of capital to make labor more effective. However, if capital investment is high per worker or per cow, and labor efficiency is low, a problem may exist on that farm.

CAPITAL EFFICIENCY
48 Northern Hudson Region Dairy Farms, 2006

Item	Per Worker	Per Cow	Per Tillable Acre	Per Tillable Acre Owned
Farm capital	$300,780	$8,445	$3,567	$8,376
Real estate		3,449		3,421
Machinery & equipment	54,965	1,543	652	

Ratios

Asset turnover	Operating Expense	Interest Expense	Depreciation Expense
0.48	0.92	0.04	0.06

My Farm

Farm capital	$ _____	$ _____	$ _____	$ _____
Real estate	_____	_____	_____	_____
Machinery & equipment	_____	_____	_____	_____

Ratios

Asset turnover	Operating Expense	Interest Expense	Depreciation Expense
_____	_____	_____	_____

LABOR FORCE INVENTORY
48 Northern Hudson Region Dairy Farms, 2006

Labor Force	Months	Age	Years of Education	Value of Labor & Management
Operator number 1	14.2	53	14	$31,775
Operator number 2	7.7	48	14	17,802
Operator number 3	1.6	31	15	4,214
Family paid	5.0			
Family unpaid	2.2			
Hired	58.4			
Total	89.1	/ 12 = 7.42 Worker Equivalent		
		1.60 Operator/Manager Equivalent		
My Farm: Total	_____	/ 12 = ____ Worker Equivalent		
Operator's	_____	/ 12 = ____ Operator/Manager Equivalent		

Small conventional stall operations of 60 or less cows should strive for labor efficiency of 600,000 or more pounds of milk sold per worker. Large conventional stall operations should strive for 850,000 or more pounds of milk sold per worker. Small free stall operations of less than 300 cows should strive for 1,000,000 pounds of milk sold per worker and large free stall operations with more than 300 cows should strive for over 1,200,000 pounds of milk sold per worker.

Labor costs and machinery costs should also be evaluated both individually and jointly. The more machinery or technology at a worker's disposal, the less time, and therefore cost, that should be required to get work accomplished. Striving for labor and machinery costs per cow of less than $1,000 on small conventional stall barns, less than $900 on large conventional stall barns, less than $850 on small free stall barns and below $750 on large free stall barns should be a goal.

LABOR EFFICIENCY
48 Northern Hudson Region Dairy Farms, 2006

Labor Efficiency	Average Total	Average Per Worker	My Farm Total	My Farm Per Worker
Cows, average number	264	36	_____	_____
Milk sold, pounds	6,089,826	820,547	_____	_____
Tillable acres	626	84	_____	_____

LABOR AND MACHINERY COSTS
48 Northern Hudson Region Dairy Farms, 2006

Labor Costs	Average Total	Average Per Cow	Average Per Cwt.	My Farm Total	My Farm Per Cow	My Farm Per Cwt.
Value of operator(s) labor ($2,300/month)	$ 53,981	$ 204	$ 0.89	$_____	$ _____	$ _____
Family unpaid ($2,300/month)	4,991	19	0.08	_____	_____	_____
Hired	163,374	618	2.68	_____	_____	_____
Total Labor	$ 222,346	$ 841	$ 3.65	$_____	$ _____	$ _____
Machinery Cost	$ 170,238	$ 644	$ 2.80	$_____	$ _____	$ _____
Total Labor & Mach.	$ 392,584	$ 1,486	$ 6.45	$_____	$ _____	$ _____
Hired labor expense per hired worker equivalent			$30,913	$ _____		
Hired labor expense as % of milk sales			19.0%	_____%		

COMPARATIVE ANALYSIS OF THE FARM BUSINESS

Progress of the Farm Business

Comparing your business with average data from regional DFBS cooperators that participated in both of the last two years can be helpful to establishing your goals for these parameters. It is equally important for you to determine the progress your business has made over the past two or three years, to compare this progress to your goals, and to set goals for the future.

PROGRESS OF THE FARM BUSINESS
Same 45 Northern Hudson Region Dairy Farms, 2005 & 2006

	Average of 45 Farms*		My Farm		
Selected Factors	2005	2006	2005	2006	Goal
Size of Business					
Average number of cows	258	270	_____	_____	_____
Average number of heifers	210	231	_____	_____	_____
Milk sold, pounds	5,995,251	6,220,678	_____	_____	_____
Worker equivalent	7.36	7.64	_____	_____	_____
Total tillable acres	614	638	_____	_____	_____
Rates of Production					
Milk sold per cow, pounds	23,203	23,043	_____	_____	_____
Hay DM per acre, tons	2.9	2.9	_____	_____	_____
Corn silage per acre, tons	18.7	13.7	_____	_____	_____
Labor Efficiency					
Cows per worker	35	35	_____	_____	_____
Milk sold/worker, pounds	814,572	814,225	_____	_____	_____
Cost Control					
Grain & conc. purchased as % of milk sales	27%	31%	_____ %	_____ %	_____ %
Dairy feed & crop expense per cwt. milk	$ 5.62	$ 5.51	$ _____	$ _____	$ _____
Labor & mach. costs/cow	$ 1,514	$ 1,485	$ _____	$ _____	$ _____
Operating cost of producing cwt. of milk	$ 13.34	$ 13.47	$ _____	$ _____	$ _____
Capital Efficiency**					
Farm capital per cow	$ 8,347	$ 8,499	$ _____	$ _____	$ _____
Mach. & equipment per cow	$ 1,522	$ 1,540	$ _____	$ _____	$ _____
Asset turnover ratio	0.56	0.48	_____	_____	_____
Profitability					
Net farm income w/o apprec.	$ 122,153	$ -20,049	$ _____	$ _____	$ _____
Net farm income w/apprec.	$ 185,005	$ 24,996	$ _____	$ _____	$ _____
Labor & mgmt. income per operator/manager	$ 26,012	$ -61,961	$ _____	$ _____	$ _____
Rate of return on equity capital w/appreciation	8.4%	-2.3%	_____ %	_____ %	_____ %
Rate of return on all capital w/appreciation	7.3%	0.5%	_____ %	_____ %	_____ %
Financial Summary					
Farm net worth, end year	$1,527,408	$ 1,511,814	$ _____	$ _____	$ _____
Debt to asset ratio	0.31	0.36	_____	_____	_____
Farm debt per cow	$ 2,624	$ 2,991	$ _____	$ _____	$ _____

*Farms participating both years.
**Average for the year.

RECEIPTS AND EXPENSES PER COW AND PER CWT.
Same 45 Northern Hudson Region Dairy Farms, 2005 & 2006

	2005		2006	
Item	Per Cow	Per Cwt.	Per Cow	Per Cwt.
Average Number of Cows	258		270	
Cwt. of Milk Sold		59,953		62,207
ACCRUAL OPERATING RECEIPTS				
Milk	$3,804	$16.40	$3,261	$14.15
Dairy cattle	309	1.33	294	1.28
Dairy calves	59	0.26	74	0.32
Other livestock	23	0.10	24	0.10
Crops	23	0.10	9	0.04
Miscellaneous receipts	193	0.83	219	0.95
Total Receipts	$4,411	$19.01	$3,882	$16.85
ACCRUAL OPERATING EXPENSES				
Hired labor	$ 629	$ 2.71	$ 621	$ 2.70
Dairy grain & concentrate	1,043	4.50	1,019	4.42
Dairy roughage	48	0.21	60	0.26
Nondairy feed	0	0.00	0	0.00
Professional nutritional services	1	0.00	2	0.01
Machine hire, rent & lease	64	0.28	64	0.28
Machinery repair & vehicle expense	212	0.92	202	0.88
Fuel, oil & grease	152	0.66	159	0.69
Replacement livestock	16	0.07	7	0.03
Breeding	63	0.27	59	0.26
Veterinary & medicine	163	0.70	159	0.69
Milk marketing	237	1.02	262	1.14
Bedding	81	0.35	86	0.37
Milking supplies	86	0.37	97	0.42
Cattle lease	0	0.00	0	0.00
Custom boarding	66	0.28	59	0.25
Livestock professional fees	15	0.07	14	0.06
Other livestock expense	86	0.37	88	0.38
Fertilizer & lime	100	0.43	93	0.41
Seeds & plants	57	0.24	51	0.22
Spray & other crop expense	54	0.23	43	0.19
Crop professional fees	2	0.01	2	0.01
Land, building & fence repair	63	0.27	47	0.20
Taxes	59	0.25	59	0.26
Real estate rent & lease	55	0.24	53	0.23
Insurance	32	0.14	35	0.15
Utilities	96	0.41	110	0.48
Interest paid	128	0.55	175	0.76
Other professional fees	12	0.05	11	0.05
Miscellaneous	24	0.10	27	0.12
Total Operating Expenses	$3,645	$15.71	$3,664	$15.90
Expansion Livestock	57	0.25	61	0.26
Extraordinary Expense	2	0.01	3	0.01
Machinery Depreciation	150	0.65	137	0.59
Real Estate Depreciation	83	0.36	91	0.40
Total Expenses	$3,937	$16.98	$3,956	$17.16
Net Farm Income Without Appreciation	$ 473	$ 2.04	$ -74	$ -0.32

Regional Farm Business Chart

The Farm Business Chart is a tool which can be used in analyzing your business. Compare your business by drawing a line through or near the figure in each column which represents your current level of performance. The five figures in each column represent the average of each 20 percent or quintile of farms included in the regional summary. Use this information to identify business areas where more challenging goals are needed.

FARM BUSINESS CHART FOR FARM MANAGEMENT COOPERATORS

48 Northern Hudson Region Dairy Farms, 2006

Size of Business			Rate of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
19.83	753	18,162,171	26,211	4.1	20	47	1,074,971
9.31	334	8,182,698	23,231	3.4	16	37	801,491
4.30	143	2,923,068	21,025	2.8	14	33	705,502
3.00	91	1,656,803	18,670	2.2	11	30	571,585
2.09	56	940,915	15,299	1.6	8	22	390,829

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$564	23%	$475	$1,229	$761	$4.43
884	30	590	1,386	1,098	5.24
968	32	667	1,532	1,216	5.61
1,050	36	769	1,708	1,315	6.04
1,253	41	934	2,082	1,501	7.07

Value and Cost of Production			Profitability			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Producing Milk Per Cwt.	Net Farm Income with Appreciation	Net Farm Income w/o Appreciation	Labor & Mgt. Income Per Operator	Change in Net Worth with Appreciation
(12)	(12)	(12)	(4)	(4)	(4)	(8)
$3,742	$9.89	$15.09	$ 195,555	$108,690	$ 5,111	$79,995
3,279	12.34	16.20	51,467	35,724	-12,457	3,648
2,974	13.43	17.33	19,168	5,699	-35,489	-8,309
2,597	14.27	18.94	-5,711	-22,144	-64,411	-33,168
2,112	16.10	21.86	-110,460	-202,332	-188,414	-171,639

*Page number of the participant's DFBS report where the factor is located.

Supplementary Information

Each year DFBS cooperators volunteer to complete supplementary data collection forms looking at selected management aspects of the business or specific research areas being studied. This is in addition to the normal DFBS data collection form. An area that was examined this year was the source of dairy replacements. Following is a summary of this information.

SOURCE OF DAIRY REPLACEMENTS
56 New York Dairy Farms, 2006

Animals Entering Herd	Average
Number calving in 2006 for first time	146
Animals purchased, %[1]	5%
Animals raised by farm, %[2]	95%
Current Heifer Inventory	
Raised on dairy, %	86%
Raised by a custom grower, %	14%

[1] Animals purchased are animals purchased from a different farm and were not the farm's genetics.
[2] Animals raised by farm are animals that were born on the farm and entered the herd, which includes animals raised by the farm or custom grower.

On the average farm, 146 animals calved for the first time in 2006. The breakdown on these animals for source was 5 percent purchased and 95 percent raised by the farm. Of the current heifer inventory, 86 percent were raised on the dairy and 14 percent were being raised by a custom grower. There is increased interest in evaluating the dairy replacement enterprise.

Milk Income and Marketing Expense Breakdown

Starting January 1st, 2000, the northeast switched to multiple components pricing, which changed the format of the milk check and how farmers received payment for their milk. To examine the breakdown of the gross milk income and the marketing expenses, 46 Northern Hudson farms provided data for all the different sources of income for milk sales and the milk marketing expenses on an accrual basis. This information is reported in the following two tables. The tables are divided into six different areas, each representing a different area of income or expenses.

The first section looks at the value of the milk components on a per cwt. basis. The second area looks at the Producer Price Differential. The third area looks at the premiums a farm receives. Any premiums not specifically noted as quality or volume related are included in market premiums. The fourth area looks at the expenses associated with marketing milk. A new line item in this section is the expenses associated with utilizing forward contracting or hedging programs to market milk, such as commission or broker fees. The fifth area is income from the compact program or from forward contracting or hedging programs. The sixth area is the patronage dividends or refunds from the milk cooperatives. Equity purchased in the milk cooperative utilizing a monthly deduction from the milk check or a percent of the patronage dividend is treated as a capital purchase and is not a milk marketing expense. The cumulative total for these six areas is the net price received on farms. Your net farm price can be found on page 12 of your farm's DFBS report.

The table on page 25 reports the averages for these different areas. The table on page 26 contains the range for each of the individual lines of the report. This table is in farm business chart format with each item sorted independently and ranked by fifths. Numbers for the different areas will not add to the totals for that quintile or to the net price received because the highest farms for each item were averaged, not the same farms throughout the six areas. This table shows the range of income and expenses received by farms for all the different areas.

For your individual farm, compare your accrual numbers following this same format to look at how you compare to other farms in your region and to identify possible areas to generate additional revenue.

AVERAGE MILK INCOME AND MARKETING REPORT
46 Northern Hudson Region Dairy Farms, 2006

	Pounds	Percent	Price/Pound	Total	$/Cwt of Milk
BASE FARM PRICE					
Butterfat	230,688.13	3.70%	$1.32	$305,254.15	$4.89
Protein	189,626.09	3.04%	$2.09	$395,372.50	$6.34
Solids	356,657.72	5.72%	$0.18	$62,813.67	$1.01
Total Component Contribution					$12.24
PPD	6,238,180.00			$71,167.43	$1.14
Base Farm Price					$13.38
Premiums					
Quality				$11,011.54	$0.18
Volume				$20,073.30	$0.32
Market Premiums				$16,595.89	$0.27
Total Premiums					$0.76
BASE FARM PRICE + PREMIUM					$14.14
Deductions					
Promotion				$8,989.50	$0.14
Hauling + Stop Charges.				$52,232.85	$0.84
Market Fees & Coop Dues				$10,515.24	$0.17
Total Deductions					$1.15
BASE FARM PRICE + PREMIUMS - DEDUCTIONS					$12.99
Marketing Programs					
Futures Contracts, Forward Contracting, Etc.				$0.00	$0.00
Total Marketing Income					$0.00
Patronage Dividends				$723.48	$0.01
NET PRICE RECEIVED ON FARM, ALL SOURCES					**$13.00**
PPD - Hauling, $ per cwt.					$0.30
PPD - Hauling + Market Premiums, $ per cwt.					$0.57
Net Marketing Value (PPD + Total Premiums - Total Deductions), $ per cwt.					$0.76

MILK PRICE INFORMATION BY QUINTILE
(Each Category Sorted Independently)
46 Northern Hudson Region Dairy Farms, 2006

	Lowest Quintile	←			Highest Quintile
Butterfat, %	3.54	3.66	3.74	3.83	4.09
Protein, %	2.93	3.01	3.05	3.11	3.21
Other Solids, %	5.61	5.69	5.72	5.75	5.79
Butterfat, $ per Cwt.	4.70	4.84	4.95	5.09	5.42
Protein, $ per Cwt.	6.11	6.29	6.38	6.50	6.71
Other solids, $ per Cwt.	0.96	1.00	1.00	1.01	1.11
Total Component Value per Cwt.	**$11.84**	**$12.16**	**$12.34**	**$12.61**	**$13.11**
PPD, $ per Cwt.	0.86	0.96	1.08	1.29	1.47
Base Farm Price per Cwt.	**$12.90**	**$13.25**	**$13.48**	**$13.75**	**$14.29**
Quality, $ per Cwt.	0.00	0.09	0.15	0.21	0.30
Volume, $ per Cwt.	0.02	0.06	0.10	0.23	0.45
Market premium, $ per Cwt.	0.06	0.16	0.21	0.28	0.48
Total Premium, $ per Cwt.	**0.18**	**0.36**	**0.52**	**0.70**	**1.03**
Base Farm Price + Premiums per Cwt.	**$13.40**	**$13.84**	**$14.00**	**$14.29**	**$14.88**
Promotion, $ per Cwt.	0.13	0.15	0.15	0.15	0.18
Hauling, $ per Cwt.	0.52	0.76	0.92	1.04	1.22
Market fees & coop dues per Cwt.	0.04	0.10	0.15	0.18	0.35
Total Marketing Expenses per Cwt.	**$0.82**	**$1.10**	**$1.25**	**$1.37**	**$1.50**
Base + Premiums – Deductions per Cwt.	**$12.10**	**$12.57**	**$12.94**	**$13.17**	**$13.66**
Futures contract, forward contracting, $ per Cwt.	0.00	0.00	0.00	0.00	0.00
Total Marketing Income, $ per Cwt.	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**
Patronage Dividends, $ per Cwt.	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.05**
Net Price Received From All Sources, $ per Cwt.	**$12.11**	**$12.60**	**$12.95**	**$13.20**	**$13.66**
PPD - Hauling, $ per cwt.	**-0.02**	**0.15**	**0.27**	**0.34**	**0.50**
PPD - Hauling + Market Premiums, $ per cwt.	**0.10**	**0.32**	**0.50**	**0.65**	**0.86**
Net Marketing Value (PPD + Total Premiums - Total Deductions), $ per cwt.	**-0.12**	**0.24**	**0.49**	**0.71**	**1.14**

New York State Farm Business Charts

The Farm Business Chart is a tool which can be used in analyzing a business by drawing a line through the figure in each column which represents the current level of management performance. The figure at the top of each column is the average of the top 10 percent of the 225 farms for that factor. The other figures in each column are the average for the second 10 percent, third 10 percent, etc. Each column of the chart is independent of the others. The farms which are in the top 10 percent for one factor would not necessarily be the same farms which make up the top 10 percent for any other factor.

The cost control factors are ranked from low to high, but the lowest cost is not necessarily the most profitable. In some cases, the "best" management position is somewhere near the middle or average. Many things affect the level of costs, and must be taken into account when analyzing the factors.

FARM BUSINESS CHART FOR FARM MANAGEMENT COOPERATORS
225 New York Dairy Farms, 2005

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
27.7	1,307	32,162,089	26,498	5.5	25	58	1,302,355
15.8	665	15,991,194	24,611	4.3	22	50	1,109,493
11.6	472	10,679,945	23,635	3.7	20	44	1,024,936
8.2	339	7,462,166	22,761	3.4	20	42	914,742
5.7	231	4,952,606	22,049	2.9	18	38	806,982
4.3	147	2,981,822	21,086	2.6	18	35	721,745
3.4	115	2,169,047	19,706	2.2	17	33	654,421
2.7	82	1,457,785	18,465	2.0	16	30	571,531
2.2	61	1,101,729	16,584	1.6	14	26	478,273
1.5	40	688,227	13,540	1.1	11	20	336,661

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$470	16%	$354	$977	$651	$3.62
650	21	467	1,183	841	4.26
742	23	535	1,275	933	4.57
821	25	582	1,355	1,017	4.86
862	25	628	1,418	1,080	5.08
908	27	667	1,480	1,153	5.32
956	28	715	1,552	1,200	5.61
1,013	29	769	1,677	1,262	5.95
1,082	31	869	1,836	1,334	6.47
1,207	37	1,135	2,186	1,495	7.51

*Page number of the participant's DFBS report where the factor is located.

FARM BUSINESS CHART FOR
FARM MANAGEMENT COOPERATORS
225 New York Dairy Farms, 2005

Milk Receipts Per Cow	Milk Receipts Per Cwt.	Oper. Cost Milk Per Cow	Oper. Cost Milk Per Cwt.	Total Cost Production Per Cow	Total Cost Production Per Cwt.
(12)	(12)	(12)	(12)	(12)	(12)
$4,288	$17.86	$1,434	$8.05	$2,566	$13.38
3,888	16.86	1,894	10.02	2,929	14.29
3,745	16.45	2,104	10.97	3,111	14.91
3,614	16.20	2,291	11.39	3,277	15.53
3,502	16.01	2,440	11.77	3,457	16.02
3,358	15.87	2,603	12.14	3,561	16.85
3,194	15.73	2,738	12.65	3,689	17.57
2,969	15.56	2,916	13.19	3,816	18.40
2,679	15.31	3,043	13.90	3,986	20.05
2,210	14.80	3,430	15.78	4,438	23.73

Profitability

Net Farm Income Without Appreciation			Net Farm Income With Appreciation		Labor & Management Income	
Total	Per Cow	Operations Ratio	Total	Per Cow	Per Farm	Per Operator
(4)	(12)	(4)	(4)	(12)	(4)	(4)
$838,892	$1,268	0.31	$1,268,115	$1,874	$606,471	$345,493
381,327	971	0.24	553,456	1,341	270,698	160,827
249,077	778	0.20	374,997	1,148	152,164	82,609
163,709	676	0.17	275,301	974	77,807	53,794
110,789	613	0.15	179,610	872	45,585	33,460
76,210	509	0.13	118,216	774	27,514	19,911
55,068	423	0.11	84,479	703	13,051	9,317
37,574	334	0.09	56,394	577	-2,015	-1,455
20,160	193	0.05	35,877	428	-23,513	-15,712
-23,283	-132	-0.04	3,630	96	-104,244	-82,838

Farm Business Charts for farms with freestall barns and 150 cows or less, 151-300 cows, and more than 300 cows; and farms with conventional barns with 60 cows or less and more than 60 cows are shown on pages 32-36.

Financial Analysis Chart

The farm financial analysis chart on page 29 is designed just like the Farm Business Chart and may be used to assess the financial health of the farm business. Most of the financial measures used in the chart are defined on pages 6, 9, 13 and 19 of this publication. References to DFBS output page numbers for participating dairy farmers are provided in the table headings.

FINANCIAL ANALYSIS CHART

225 New York Dairy Farms, 2005

Liquidity (repayment)							
Planned Debt Payments Per Cow	Available for Debt Service Per Cow	Cash Flow Coverage Ratio	Debt Coverage Ratio	Debt Payments as Percent of Milk Sales	Debt Per Cow	Working Capital as % of Total Expenses	Current Ratio
(10)*	(16)	(10)	(10)	(10)	(7)	(7)	(7)
$122	$1,083	5.55	6.67	3%	$257	48%	39.30
233	888	2.54	3.09	7	1,048	32	5.67
303	775	2.01	2.51	10	1,677	25	3.64
360	697	1.66	2.14	12	2,241	21	2.97
410	619	1.38	1.73	14	2,521	17	2.36
459	558	1.23	1.44	17	2,864	13	1.81
518	500	1.06	1.20	19	3,189	9	1.49
571	408	0.91	0.92	21	3,444	4	1.18
678	294	0.67	0.58	25	3,932	-1	0.92
833	-236	-0.79	-0.84	38	5,052	-15	0.45

Solvency				Operational Ratios		
		Debt/Asset Ratio		Operating	Interest	Depreciation
Leverage Ratio**	Percent Equity	Current & Intermediate	Long Term	Expense Ratio	Expense Ratio	Expense Ratio
(7)	(7)	(7)	(7)	(14)	(14)	(14)
0.03	98%	0.02	0.00	0.58	0.00	0.02
0.13	90	0.09	0.00	0.66	0.01	0.04
0.22	83	0.15	0.01	0.70	0.02	0.05
0.34	76	0.24	0.11	0.72	0.03	0.06
0.44	71	0.29	0.22	0.74	0.03	0.06
0.56	65	0.34	0.31	0.76	0.04	0.07
0.69	60	0.39	0.40	0.78	0.04	0.08
0.85	55	0.47	0.51	0.80	0.05	0.09
1.06	49	0.57	0.67	0.84	0.06	0.11
2.14	35	0.76	0.94	0.92	0.08	0.17

Efficiency (Capital)					Profitability	
Asset Turnover (ratio)	Real Estate Investment Per Cow	Machinery Investment Per Cow	Total Farm Assets Per Cow	Change in Net Worth With Appreciation	Percent Rate of Return with Appreciation on: Equity	Investment***
(14)	(14)	(14)	(14)	(8)	(4)	(4)
.85	$1,399	$598	$5,171	$1,005,552	35%	19%
.71	2,081	878	6,188	429,195	22	15
.64	2,402	1,076	6,785	269,436	18	13
.60	2,700	1,278	7,210	173,811	14	11
.55	3,009	1,438	7,749	107,874	11	9
.52	3,452	1,619	8,318	63,949	8	7
.47	3,940	1,798	9,171	40,317	6	6
.41	4,536	2,039	10,012	23,884	2	3
.35	5,506	2,432	11,077	9,786	-1	1
.25	9,560	3,667	15,969	-54,455	-10	-4

*Page number of the participant's DFBS report where the factor is located.

**Dollars of debt per dollar of equity, computed by dividing total liabilities by total equity.

***Return on all farm capital (no deduction for interest paid) divided by total farm assets

Comparison by Type of Barn and Herd Size

When analyzing a dairy farm business by comparing it to a group of farms, it is important that the group of farms have used as many of the same physical characteristics as possible as the farm being analyzed. To assist in this endeavor, dairy farms in the summary have been divided into those with freestall and those with conventional housing. Conventional housing includes stanchion and tiestall barns. Within each group, is a further classification by size of the dairy herd.

The table on page 31 includes the average values for the resulting five groups of dairy farms. The average size of farms in the five groups ranges from 44 cows on the small conventional farms to 712 cows on the largest freestall farms.

The largest freestall farms averaged the highest milk output per cow and per worker, the lowest total cost of production and investment per cow, and the greatest returns to labor, management and capital.

Farm business charts have been computed for each of the five housing and herd size categories and are on pages 32-36. By comparing the farm's performance on the most appropriate business chart, a farm manager will be better able to evaluate his or her business performance.

Herd Size Comparisons

A detailed comparison of profitability, financial situation and business analysis factors across herd sizes is contained on pages 48-60 of the 2005 State Summary*. As herd size increases, the net farm income profitability increases (page 48)*. Net farm income without appreciation averaged $23,042 per farm for the less than 50 cow farms and $566,457 per farm for those with more than 600 cows. Return to all capital without appreciation and labor and management income per operator generally increased as herd size increased.

Assets, liabilities and financial measures are presented on pages 55-58*. All herd size categories saw an increase in net worth during 2005. The largest herd size category experienced an increase in net worth of over $715,000. However, percent equity went down as assets increased. The largest herds had the lowest percent equity; while the smaller herds averaged 78 percent.

Crop yields showed little relationship to herd size, but fertilizer and lime expenses, and machinery cost per tillable acre generally increased as herd size increased (pages 59-60)*. The farms with 600 and more cows per farm averaged 35 percent more milk sold per cow than the smallest farms. All of the groups with 200 or more cows averaged above 20,000 pounds of milk sold per cow while the farms smaller than 200 cows averaged 18,663 pounds of milk sold per cow. Farm capital per worker increased, and farm capital per cow decreased as herd size increased. Milk sold per worker increased dramatically as herd size increased, ranging from 384,002 pounds at the lowest herd size category up to 1,135,991 pounds at the largest size category.

*Wayne A. Knoblauch, Linda D. Putnam, and Jason Karszes, Dairy Farm Management Business Summary, New York, 2005, Department of Applied Economics and Management, Cornell University, R.B. 2006-06, October 2006.

SELECTED BUSINESS FACTORS BY TYPE OF BARN AND HERD SIZE

212 New York Dairy Farms, 2005

Item Farms with:	Conventional <= 60 Cows	Conventional >60 Cows	Freestall <=150 Cows	Freestall 151-300 Cows	Freestall ≥300 Cows
Number of farms	31	31	38	28	84
Cropping Program Analysis					
Total Tillable acres	154	318	299	570	1,373
Tillable acres rented*	57	133	123	290	713
Hay crop acres*	102	217	181	289	631
Corn silage acres*	15	49	75	172	527
Hay crop, tons DM/acre	1.9	2.2	2.3	2.9	3.6
Corn silage, tons/acre	15.8	16.8	17.3	18.5	19.0
Oats, bushels/acre	40	44	65	54	60
Forage DM per cow, tons	7.1	8.7	8.2	8.9	8.2
Tillable acres/cow	3.8	3.7	2.8	2.6	2.0
Fertilizer & lime expense/tillable acre	$22.09	$25.63	$34.03	$32.66	$40.00
Total machinery costs	$30,193	$64,228	$73,459	$162,980	$432,988
Machinery cost/tillable acre	$184	$202	$233	$280	$308
Dairy Analysis					
Number of cows	44	87	110	225	712
Number of heifers	33	71	89	170	566
Milk sold, lbs.	809,313	1,578,164	2,093,965	4,946,138	16,964,544
Milk sold/cow, lbs.	18,448	18,119	19,078	21,979	23,840
Operating cost of producing milk/cwt.	$10.62	$11.41	$12.37	$12.05	$12.33
Total cost of producing milk/cwt.	$18.51	$18.09	$18.24	$15.93	$15.06
Price/cwt. milk sold	$15.77	$15.93	$16.25	$15.99	$15.96
Purchased dairy feed/cow	$896	$744	$912	$970	$1,038
Purchased dairy feed/cwt. milk	$4.86	$4.10	$4.78	$4.41	$4.35
Purchased grain & concentrate as % of milk receipts	28%	26%	28%	26%	26%
Purchased feed & crop expense/cwt milk	$5.49	$5.08	$5.78	$5.22	$5.08
Capital Efficiency					
Farm capital/worker	$232,663	$314,528	$328,364	$328,280	$313,237
Farm capital/cow	$9,705	$10,219	$10,052	$7,965	$7,096
Farm capital/tillable acre owned	$4,398	$4,816	$6,264	$6,415	$7,643
Real estate/cow	$4,773	$4,721	$4,818	$3,316	$2,663
Machinery investment/cow	$1,931	$2,243	$1,980	$1,414	$1,184
Asset turnover ratio	0.39	0.37	0.39	0.56	0.66
Labor Efficiency					
Worker equivalent	1.83	2.83	3.36	5.46	16.12
Operator/manager equivalent	1.22	1.37	1.35	1.68	1.91
Milk sold/worker, lbs.	442,852	557,820	623,668	906,024	1,052,609
Cows/worker	24	31	33	41	44
Labor cost/cow	$1,031	$804	$830	$703	$759
Labor cost/tillable acre	$294	$220	$305	$277	$394
Profitability & Balance Sheet Analysis					
Net farm income (without appreciation)	$30,415	$44,400	$50,620	$125,390	$395,349
Labor & management income/operator	$6,747	$1,248	$-587	$37,627	$128,918
Rate return on all capital with appreciation	2.8%	5.0%	4.8%	9.6%	12.2%
Farm debt/cow	$2,483	$1,948	$2,112	$2,691	$2,935
Percent equity	75%	81%	79%	67%	60%

*Average of all farms, not only those reporting data.

FARM BUSINESS CHART FOR SMALL CONVENTIONAL STALL DAIRY FARMS

31 Conventional Stall Dairy Farms with 60 or Less Cows, New York, 2005

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
2.86	57	1,189,123	23,541	5.0	30	41	825,592
2.32	53	1,047,638	22,342	3.1	22	35	649,589
2.13	52	973,127	21,443	2.8	20	32	575,736
2.00	50	953,644	20,147	2.5	20	27	519,129
1.95	47	904,447	19,124	2.2	19	25	481,939
1.69	44	816,332	18,076	2.0	18	24	452,263
1.55	42	742,056	16,569	1.8	16	22	385,997
1.51	38	657,436	15,809	1.5	14	19	314,544
1.40	33	529,320	14,672	1.4	12	19	289,541
1.11	28	412,331	13,233	0.8	8	16	253,934

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$408	15%	$274	$1,132	$601	$3.55
617	22	402	1,337	770	4.16
670	24	482	1,442	854	4.62
722	25	584	1,562	885	4.91
803	26	638	1,674	981	5.10
850	28	688	1,757	1,028	5.49
879	29	753	1,832	1,067	5.96
916	30	838	1,966	1,176	6.54
949	37	949	2,156	1,299	7.39
1,145	45	1,049	2,580	1,499	8.52

Value and Cost of Production			Profitability			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Production Per Cwt.	Net Farm Income Without Appreciation Total	Net Farm Income Without Appreciation Per Cow	Labor & Mgmt. Income Per Operator	Change in Net Worth w/Appreciation
(12)	(12)	(12)	(4)	(12)	(4)	(8)
$3,825	$7.42	$14.10	$70,780	$1,506	$47,558	$78,381
3,526	8.23	15.63	58,315	1,313	26,450	54,391
3,323	8.68	17.08	50,743	1,131	21,256	38,532
3,152	9.49	17.76	43,324	987	14,808	30,394
2,983	10.68	18.50	33,447	790	9,422	23,040
2,853	11.09	19.40	28,470	646	5,535	18,524
2,705	11.57	20.30	21,432	531	605	15,749
2,439	12.06	21.10	15,970	371	-5,416	14,107
2,326	13.62	21.60	6,936	182	-10,121	7,061
1,969	15.42	25.63	-10,045	-240	-26,286	-6,421

*Page number of the participant's DFBS report where the factor is located.

FARM BUSINESS CHART FOR LARGE CONVENTIONAL STALL DAIRY FARMS

31 Conventional Stall Dairy Farms with More Than 60 Cows, New York, 2005

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
4.41	136	2,390,973	24,287	4.6	22	49	866,514
2.62	116	2,123,063	22,502	3.6	20	40	760,803
3.20	100	1,928,511	20,509	3.2	20	36	709,057
3.07	90	1,687,204	19,980	2.6	19	35	632,081
2.82	82	1,572,642	18,616	2.1	18	33	608,502
2.65	78	1,421,559	17,917	2.1	17	30	589,163
2.50	74	1,353,972	17,261	1.9	16	29	527,105
2.33	71	1,242,032	16,133	1.5	15	27	461,767
2.24	67	1,171,181	14,654	1.4	14	24	408,359
1.79	64	1,062,421	13,193	1.0	11	21	331,299

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$378	13%	$422	$1,043	$554	$3.42
572	19	519	1,205	743	3.96
637	21	550	1,329	809	4.23
682	24	583	1,441	890	4.44
721	25	622	1,489	943	4.73
785	27	663	1,505	967	5.21
829	28	718	1,661	1,001	5.59
885	30	777	1,776	1,091	6.42
926	34	966	1,948	1,157	7.03
1,090	39	1,480	2,229	1,317	7.48

Value and Cost of Production			Profitability			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Production Per Cwt.	Net Farm Income Without Appreciation		Labor & Mgmt. Income Per Operator	Change in Net Worth w/Appreciation
			Total	Per Cow		
(12)	(12)	(12)	(4)	(12)	(4)	(8)
$3,634	$7.01	$14.46	$114,410	$1,251	$44,313	$225,399
3,453	9.61	15.68	84,829	987	30,595	85,675
3,280	10.27	16.41	70,801	839	26,317	66,579
3,218	10.89	17.13	55,882	700	12,374	56,433
2,998	11.50	17.67	48,356	582	4,634	47,074
2,905	12.23	18.44	37,967	435	-2,666	31,419
2,763	12.90	18.86	25,112	295	-7,127	24,657
2,597	13.38	20.46	22,232	222	-14,810	13,014
2,357	14.07	21.65	15,161	181	-23,356	-1,256
2,187	16.16	25.18	-11,962	-175	-57,765	-26,428

*Page number of the participant's DFBS report where the factor is located.

FARM BUSINESS CHART FOR SMALL FREESTALL DAIRY FARMS

38 Freestall Barn Dairy Farms with 150 or Less Cows, New York, 2005

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
4.99	148	3,218,784	23,231	4.8	25	55	915,575
4.61	143	2,912,681	22,322	3.8	22	43	844,734
4.25	137	2,744,959	21,874	3.5	21	39	750,618
4.02	131	2,487,384	20,421	3.1	20	35	701,876
3.69	121	2,274,861	19,645	2.7	20	34	670,136
3.16	111	2,169,733	19,059	2.3	18	32	603,698
2.87	101	1,889,125	18,321	2.0	17	31	555,069
2.59	86	1,515,347	17,755	1.7	15	30	526,547
2.26	80	1,286,965	15,437	1.5	13	28	484,138
1.85	58	925,696	12,531	1.1	11	21	370,640

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$459	17%	$341	$881	$622	$3.66
644	22	428	1,241	845	4.60
735	25	495	1,281	913	4.99
800	26	541	1,337	999	5.41
822	27	592	1,408	1,109	5.80
867	29	658	1,477	1,189	6.15
969	31	738	1,627	1,228	6.47
1,049	33	817	1,808	1,295	6.82
1,110	36	953	1,980	1,327	7.22
1,201	38	1,120	2,299	1,498	7.63

Value and Cost of Production			Profitability			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Production Per Cwt.	Net Farm Income Without Appreciation Total	Net Farm Income Without Appreciation Per Cow	Labor & Mgmt. Income Per Operator	Change in Net Worth w/Appreciation
(12)	(12)	(12)	(4)	(12)	(4)	(8)
$3,716	$7.99	$14.38	$162,851	$1,249	$50,475	$271,925
3,573	10.01	15.50	89,832	931	33,588	117,660
3,495	11.36	16.84	76,800	721	22,607	83,820
3,350	11.75	17.38	66,156	609	14,453	61,204
3,225	12.26	17.64	58,368	507	9,314	49,843
3,094	12.77	18.04	44,409	438	3,942	39,642
2,936	13.49	19.03	38,622	403	-4,105	35,853
2,780	14.12	21.13	28,392	223	-13,484	25,027
2,473	14.95	23.34	2,690	53	-39,197	17,207
2,162	17.08	27.47	-24,063	-199	-106,723	-6,368

*Page number of the participant's DFBS report where the factor is located.

FARM BUSINESS CHART FOR MEDIUM FREESTALL DAIRY FARMS

28 Freestall Barn Dairy Farms with 151-300 Cows, New York, 2005

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
7.04	296	6,813,634	25,180	6.4	28	57	1,296,070
6.95	292	6,568,786	24,341	4.4	25	52	1,136,361
6.66	280	6,188,089	23,836	3.9	23	50	1,087,434
6.30	259	5,659,883	23,354	3.7	23	47	1,013,032
6.03	234	5,327,820	22,744	3.5	20	42	994,149
5.74	214	4,882,803	22,204	3.0	18	42	941,052
4.83	199	4,484,966	21,761	2.5	17	41	877,311
4.52	189	3,890,557	20,569	2.0	16	37	778,070
3.95	175	3,673,181	19,341	1.8	14	34	703,457
3.59	158	3,135,039	17,574	1.4	10	28	594,609

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$599	18%	$491	$1,127	$809	$3.93
710	21	574	1,212	882	4.18
842	23	647	1,275	990	4.55
860	26	672	1,341	1,069	5.03
946	27	708	1,370	1,151	5.24
1,008	28	772	1,413	1,196	5.40
1,014	29	818	1,559	1,263	5.58
1,052	30	884	1,684	1,326	5.94
1,119	31	993	1,875	1,360	6.10
1,204	34	1,051	2,003	1,545	7.04

Value and Cost of Production			Profitability			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Production Per Cwt.	Net Farm Income Without Appreciation		Labor & Mgmt. Income Per Operator	Change in Net Worth w/Appreciation
			Total	Per Cow		
(12)	(12)	(12)	(4)	(12)	(4)	(8)
$3,933	$9.54	$12.58	$274,958	$1,254	$221,039	$305,412
3,857	10.47	14.09	232,699	1,047	186,550	235,896
3,783	11.27	15.04	189,270	726	72,887	220,859
3,716	11.64	15.78	154,484	654	56,724	179,970
3,620	11.91	16.16	123,053	618	38,662	148,534
3,607	12.32	16.56	110,625	492	29,235	125,600
3,503	12.80	17.32	103,461	413	22,830	96,896
3,334	13.49	17.88	89,762	383	14,243	67,367
3,179	14.15	18.14	67,569	331	2,708	31,944
2,770	16.44	20.92	-6,360	-59	-76,410	-55,414

*Page number of the participant's DFBS report where the factor is located.

FARM BUSINESS CHART FOR LARGE FREESTALL DAIRY FARMS

84 Freestall Barn Dairy Farms with 300 or More Cows, New York, 2005

Size of Business			Rates of Production			Labor Efficiency	
Worker Equiv-Alent	No. of Cows	Pounds Milk Sold	Pounds Milk Sold Per Cow	Tons Hay Crop DM/Acre	Tons Corn Silage Per Acre	Cows Per Worker	Pounds Milk Sold Per Worker
(14)*	(12)	(12)	(12)	(11)	(11)	(14)	(14)
36.36	1,804	44,487,471	27,672	6.2	26	63	1,427,011
24.34	1,103	27,109,378	26,077	4.9	23	53	1,237,728
20.35	901	21,889,641	25,371	4.4	21	51	1,165,112
17.07	727	17,415,908	24,623	3.9	20	47	1,106,904
14.44	604	14,927,028	23,948	3.6	19	45	1,080,233
13.48	548	12,737,762	23,516	3.4	18	43	1,037,931
11.63	477	11,045,969	22,928	2.9	18	41	977,179
10.40	421	9,129,451	22,218	2.7	17	37	870,012
9.30	366	8,102,366	21,579	2.5	16	34	775,500
7.06	322	6,887,120	17,809	2.0	14	30	659,263

Cost Control					
Grain Bought Per Cow	% Grain is of Milk Receipts	Machinery Costs Per Cow	Labor & Machinery Costs Per Cow	Feed & Crop Expenses Per Cow	Feed & Crop Expenses Per Cwt. Milk
(12)	(12)	(14)	(14)	(12)	(12)
$675	20%	$401	$993	$900	$4.09
819	22	495	1,152	1,031	4.49
864	23	551	1,247	1,078	4.70
904	24	589	1,330	1,138	4.84
945	25	620	1,398	1,182	4.98
972	26	649	1,435	1,224	5.14
1,017	28	676	1,479	1,259	5.44
1,074	28	714	1,540	1,318	5.63
1,120	29	772	1,615	1,408	5.81
1,241	31	933	1,786	1,534	6.57

Value and Cost of Production			Profitability			
Milk Receipts Per Cow	Operating Cost Producing Milk Per Cwt.	Total Cost Production Per Cwt.	Net Farm Income Without Appreciation		Labor & Mgmt. Income Per Operator	Change in Net Worth w/Appreciation
			Total	Per Cow		
(12)	(12)	(12)	(4)	(12)	(4)	(8)
$4,553	$10.23	$13.29	$1,232,916	$1,144	$478,623	$1,453,451
4,216	11.01	13.91	655,212	885	303,565	861,305
4,016	11.32	14.24	544,342	771	213,810	584,421
3,906	11.70	14.58	409,888	679	165,416	482,612
3,801	12.04	14.91	352,173	634	128,894	382,219
3,737	12.28	15.31	304,993	555	93,745	307,674
3,635	12.76	15.70	240,293	479	78,121	241,438
3,520	13.19	15.99	191,083	388	53,187	174,808
3,387	13.64	16.45	145,440	265	16,143	110,578
2,997	14.98	18.75	2,422	-8	-94,333	-93,007

*Page number of the participant's DFBS report where the factor is located.

IDENTIFY AND SET GOALS

If businesses are to be successful, they must have direction. Written goals help provide businesses with an identifiable direction over both the long and short term. Goal setting is as important on a dairy farm as it is in other businesses. Written goals are a tool which farm operators can use to ensure that the business continues to move in the desired direction. Goals should be SMART:

1. Goals should be **S**pecific.

2. Goals should be **M**easurable.

3. Goals should be **A**chievable but challenging.

4. Goals should be **R**ewarding.

5. Goals should be **T**imed with a designated date by which the goal will be achieved.

Goal setting on a dairy farm should be a process for writing down and agreeing on goals that you have already given some thought to. It is also important to remember that once you write out your goals they are not cast in concrete. If a change takes place which has a major impact on the farm business, the goals should be reworked to accommodate that change. Refer to your goals as often as necessary to keep the farm business progressing.

It is important to identify both objectives (long-range) and goals (short-range) when looking at the future of your farm business.

A suggested format for writing out your goals is as follows:

a. Begin with a mission statement which describes why the business exists based on the preferences and values of the owners.

b. Identify 4-6 objectives.

c. Identify SMART goals.

Worksheet for Setting Goals

I. Mission and Objectives

_____

_____

_____

_____

_____

_____

_____

_____

Worksheet for Setting Goals (Continued)

II. Goals

What	How	When	Who is Responsible

Summarize Your Business Performance

The Farm Business and Financial Analysis Charts on pages 23 and 27-29 can be used to help identify strengths and weaknesses of your farm business. Identify three major strengths and three areas of your farm business that need improvement.

Strengths:	Needs improvement:

GLOSSARY AND LOCATION OF COMMON TERMS

Accounts Payable - Open accounts or bills owed to feed and supply firms, cattle dealers, veterinarians and other providers of farm services and supplies.

Accounts Receivable - Outstanding receipts from items sold or sales proceeds not yet received, such as the payment for December milk sales received in January.

Accrual Expenses - (defined on page 3)

Accrual Receipts - (defined on page 4)

Annual Cash Flow Statement - (defined on page 11)

Appreciation - (defined on page 5)

Asset Turnover Ratio - The ratio of total farm income to total farm assets, calculated by dividing total accrual operating receipts plus appreciation by average total farm assets.

Balance Sheet - A "snapshot" of the business financial position at a given point in time, usually December 31. The balance sheet equates the value of assets to liabilities plus net worth.

bST Usage - An estimate of the percentage of herd, on average, that was supplemented with bovine somatotropin during the year.

Capital Efficiency - The amount of capital invested per production unit. Relatively high investments per worker with low to moderate investments per cow imply efficient use of capital.

Cash From Nonfarm Capital Used in the Business - Transfers of money from nonfarm savings or investments to the farm business where it is used to pay operating expenses, make debt payments and/or capital purchases.

Cash Flow Coverage Ratio - (defined on page 13)

Cash Paid - (defined on page 2)

Cash Receipts - (defined on page 4)

Change in Accounts Payable - (defined on page 3)

Change in Accounts Receivable - (defined on page 4)

Change in Inventory - (defined on page 2)

Cost of Term Debt - A weighted average of the cost of borrowed capital to the farm. Calculate by multiplying end of year principal of each loan that is borrowed by the interest rate for each loan at that time. Add up each amount that is calculated for each loan and then divide by total amount of borrowed funds. Do not include accounts payable, operating debt or advanced government receipts. This information is found on pages 8 & 9 of the data entry form.

Culling Rate - (defined on page 17)

Current Portion - (defined on page 7)

Current Ratio – Measures the extent to which current farm assets, if liquidated, would cover current farm liabilities. Calculated as current farm assets at end year divided by current farm liabilities at end year.

Dairy (farm) - A farm business where dairy farming is the primary enterprise, operating and managing this farm is a full-time occupation for one or more people and cropland is owned.

Dairy Cash-Crop (farm) - Operating and managing this farm is the full-time occupation of one or more people, cropland is owned but crop sales exceed 10 percent of accrual milk receipts.

Debt Coverage Ratio – (defined on page 13)

Debt Per Cow - Total end-of-year debt divided by end-of-year number of cows.

Debt to Asset Ratios - (defined on page 9)

Depreciation Expense Ratio – Machinery and building depreciation divided by total accrual receipts.

Dry Matter - The amount or proportion of dry material that remains after all water is removed. Commonly used to measure dry matter percent and tons of dry matter in feed.

Equity Capital - The farm operator/manager's owned capital or farm net worth.

Expansion Livestock - Purchased dairy cattle and other livestock that cause an increase in herd size from the beginning to the end of the year.

Farm Debt Payments as Percent of Milk Sales - Amount of milk income committed to debt repayment, calculated by dividing planned debt payments by total milk receipts. A reliable measure of repayment ability, see page 14.

Farm Debt Payments Per Cow - Planned or scheduled debt payments per cow represent the repayment plan scheduled at the beginning of the year divided by the average number of cows for the year. This measure of repayment ability is used in the Financial Analysis Chart.

Financial Lease - A long-term non-cancelable contract giving the lessee use of an asset in exchange for a series of lease payments. The term of a financial lease usually covers a major portion of the economic life of the asset. The lease is a substitute for purchase. The lessor retains ownership of the asset.

Hired Labor Expense per Hired Worker Equivalent – The total cost to the farm per hired worker equivalent. Divide accrual hired labor expense by number of hired plus family paid worker equivalents.

Hired Labor Expense as % of Milk Sales – The percentage of the gross milk receipts that is used for labor expense. Divide accrual hired labor expense by accrual milk sales.

Income Statement - A complete and accurate account of farm business receipts and expenses used to measure profitability over a period of time such as one year or one month.

Interest Expense Ratio – Accrual interest expense divided by total accrual receipts.

Labor and Management Income - (defined on page 6)

Labor and Management Income Per Operator - The return to the owner/manager's labor and management per full-time operator.

Labor Efficiency - Production capacity and output per worker.

Leverage Ratio - (defined on page 9)

Liquidity - Ability of business to generate cash to make debt payments or to convert assets to cash.

Net Farm Income - (defined on page 5)

Net Farm Income from Operations Ratio - (defined on page 7)

Net Milk Receipts – Accrual milk receipts less milk marketing expense.

Net Worth - The value of assets less liabilities equal net worth. It is the equity the owner has in owned assets.

Operating Costs of Producing Milk - (defined on page 18)

Operating Expense Ratio – Total accrual expenses less interest and machinery and building depreciation, divided by total accrual receipts.

Opportunity Costs - The cost or charge made for using a resource based on its value in its most likely alternative use. The opportunity cost of a farmer's labor and management is the value he/she would receive if employed in his/her most qualified alternative position.

Other Livestock Expenses - All other dairy herd and livestock expenses not included in more specific categories. Other livestock expenses include; bST, DHIC, registration fees and transfers.

Part-Time Dairy (farm) - Dairy farming is the primary enterprise, cropland is owned but operating and managing this farm is not a full-time occupation for one or more people.

Personal Withdrawals and Family Expenditures Including Nonfarm Debt Payments - All the money removed from the farm business for personal or nonfarm use including family living expenses, health and life insurance, income taxes, nonfarm debt payments, and investments.

Profitability - The return or net income the owner/manager receives for using one or more of his or her resources in the farm business. True "economic profit" is what remains after deducting all the costs including the opportunity costs of the owner/manager's labor, management, and equity capital.

Purchased Inputs Cost of Producing Milk - (defined on page 18)

Renter - Farm business owner/operator owns no tillable land and commonly rents all other farm real estate.

Repayment Analysis - An evaluation of the business' ability to make planned debt payments.

Replacement Livestock - Dairy cattle and other livestock purchased to replace those that were culled or sold from the herd during the year.

Return on Equity Capital - (defined on page 7)

Return on Total Capital - (defined on page 7)

Solvency - The extent or ability of assets to cover or pay liabilities. Debt/asset and leverage ratios are common measures of solvency.

Total Costs of Producing Milk - (defined on page 18)

Whole Farm Method - A procedure used to calculate costs of producing milk on dairy farms without using enterprise cost accounts. All non-milk receipts are assigned a cost equal to their sale value and deducted from total farm expenses to determine the costs of producing milk.

Working Capital – A theoretical measure of the amount of funds available to purchase inputs and inventory items after the sale of current farm assets and payment of all current farm liabilities. Calculated as current farm assets at end year less current farm liabilities at end year.

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