

# *Staff Paper*

## **1998 Michigan Preliminary Dairy Farm Business Analysis Averages**

by

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# 1998 MICHIGAN PRELIMINARY DAIRY FARM AVERAGES

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14 pages

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The following tables are presented as an early draft indicating what Michigan Dairy Farmers in the Telfarm accounting system achieved in terms of financial returns during 1998.

Page 6 is for doing comparative business analysis on a cost per unit basis.

These tables were developed using the Finansum software from the University of Minnesota. The format is nearly identical to that used for individual farms using Finpack's Finan to do their 1998 year end business analysis. A farm was included if 50 % or more of gross sales came from milk plus dairy livestock.

The 47 farms averaged together in this report came from the following Michigan counties. Barry 2; Branch, 5; Calhoun 4; Eaton, 2; Hillsdale, 7; Jackson, 2; Kalamazoo, 2; Allegan, 5; Mason, 3; Mecosta, 3; Newaygo, 2; Osceola, 2; Ottawa, 2; and one each in Gladwin, Ingham, Ionia, Montcalm, Muskegon, and St. Joseph. These locations favor the South and West of Michigan. My thanks for early analyses submitted by Roger Betz and Vincent Greiner plus the MSUE agents who worked with them.

These farms were not randomly selected. They are among the larger and better managed dairy farms in Michigan.

A later paper will present dairy averages from nearly three times as many farms and they will come from more counties throughout the state.

This paper is also at <http://pilot.msu.edu/user/nott/>

## LIVESTOCK PRODUCTION SUMMARY, 1998

Dairy Preliminary March 13, 1999

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Dairy			
Number of farms	47	12	12
Avg. number of Cows	243.4	131.4	467.7
Milk produced per Cow	21669	19901	23148
Percent of barn capacity	95.3	92.2	93.4
Avg. milk price per cwt.	15.39	15.52	15.31

## CROP PRODUCTION AND MARKETING SUMMARY, 1998

Dairy Preliminary March 13, 1999

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	47	12	12
ACREAGE SUMMARY			
Total Acres Owned	454	379	687
Total Crop Acres	641	495	966
Crop Acres Owned	400	293	687
Crop Acres Cash Rented	242	202	279
Crop Acres Share Rented	-	-	-
Total Pasture Acres	-	-	-
AVERAGE PRICE RECEIVED (Cash Sales Only)			
Corn per bu.	1.83	-	-
Wheat, Winter per bu.	2.38	-	-
Soybeans per bu.	5.24	-	-
AVERAGE YIELD PER ACRE			
Corn (bu.)	116.26	96.90	134.80
Corn Silage (ton)	14.37	11.80	16.83
Hay, Alfalfa (ton)	4.44	-	-
Haylage, Alfalfa (ton)	5.99	-	-
Soybeans (bu.)	45.55	-	-
Wheat, Winter (bu.)	46.89	-	-
Oats (bu.)	50.16	-	-

**FARM INCOME STATEMENT, 1998**  
**Dairy Preliminary March 13, 1999**  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
	<u>47</u>	<u>12</u>	<u>12</u>
Number of Farms	47	12	12
<b>CASH FARM INCOME</b>			
Corn	5137	4860	6533
Alfalfa Hay	82	-	323
Mixed Hay	135	268	3
Mixed Haylage	161	-	-
Oats	205	802	-
Sorghum Silage	9	-	33
Soybeans	2891	2990	5782
Straw	6	-	23
Winter Wheat	1832	2431	3342
Milk	811412	405829	1657290
Dairy Calves	3932	1827	9571
Dairy Replacement Heifers & Bulls	1352	426	4067
Dairy Steers	4964	3371	3231
Finish Feeder Pigs	4	-	-
Cull breeding livestock	24385	10974	43983
Misc. livestock income	128	245	29
Deficiency payments	224	712	-
Other government payments	17932	10577	30544
Custom work income	4198	3291	1794
Patronage dividends, cash	4245	2519	8432
Insurance income	1047	1476	1335
Cash from hedging accts	-340	-	-1332
Other farm income	5985	4457	5163
<b>Gross Cash Farm Income</b>	<b>889926</b>	<b>457055</b>	<b>1780146</b>

## FARM INCOME STATEMENT, 1998 (Continued)

Dairy Preliminary March 13, 1999

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	47	12	12
<b>CASH FARM EXPENSE</b>			
Seed	14919	10071	19867
Fertilizer	25615	11789	38583
Crop chemicals	14645	11882	23423
Crop insurance	274	829	163
Drying fuel	566	467	690
Irrigation energy	312	-	-
Crop marketing	383	1437	65
Crop miscellaneous	1456	546	1220
Feeder livestock purchase	1	-	-
Purchased feed	226747	130295	463308
Breeding fees	6664	2523	13726
Veterinary	30974	16865	56523
Livestock supplies	33615	15374	75694
Livestock leases	551	209	1200
Livestock marketing	31009	18242	63555
Interest	49609	40523	81225
Fuel & oil	12654	7990	21177
Repairs	44427	23888	79926
Custom hire	19777	6463	45004
Hired labor	115192	64747	234154
Land rent	14178	7693	19115
Machinery & bldg leases	10746	6071	23486
Real estate taxes	7083	5093	9458
Personal property taxes	300	-	1174
Farm insurance	8666	6932	13312
Utilities	16679	9334	31209
Dues & professional fees	2969	1284	6456
Hedging account deposits	3304	-	-
Miscellaneous	21783	9981	38622
Total cash expense	715097	410531	1362335
Net cash farm income	174829	46524	417810
<b>INVENTORY CHANGES</b>			
Crops and feed	5144	-8314	19888
Market livestock	-439	-66	1201
Accounts receivable	12230	5636	34331
Prepaid expenses and supplies	6314	1046	15200
Accounts payable	12097	26404	18308
Total inventory change	35345	24706	88928
Net operating profit	210174	71230	506739
<b>DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS</b>			
Breeding livestock	8977	-17005	31747
Machinery and equipment	-41182	-27790	-83453
Buildings and improvements	-24344	-23676	-38195
Other farm capital	-356	-492	430
Total depr. and other capital adj	-56905	-68963	-89472
Net farm income	153269	2267	417267

**CASH FARM EXPENSES**

Dairy Preliminary, March 13, 1999

Per Acre or Per Cow

	<u>Average</u> <u>per Farm</u>	<u>Per Crop</u> <u>Acre</u>	<u>Your</u> <u>Farm</u>
Seed	\$14,919	\$23.27	_____
Fertilizer	25,615	39.96	_____
Crop chemicals	14,645	22.85	_____
Crop insurance	274	0.43	_____
Drying fuel	566	0.88	_____
Irrigation energy	312	0.49	_____
Crop marketing	383	0.60	_____
Crop miscellaneous	1,456	2.27	_____
		<u>Per Cow</u>	
Purchased feed	226,747	\$932	_____
Breeding fees	6,664	27	_____
Veterinary	30,974	127	_____
Livestock supplies	33,615	138	_____
Livestock leases	551	2	_____
Livestock marketing	31,009	127	_____
Interest	49,609	204	_____
Fuel & oil	12,654	52	_____
Repairs	44,427	183	_____
Custom hire	19,777	81	_____
Hired labor	115,192	473	_____
Land rent	14,178	58	_____
Machinery & bldg leases	10,746	44	_____
Real estate taxes	7,083	29	_____
farm insurance	8,666	36	_____
Utilities	16,679	69	_____
Dues & professional fees	2,969	12	_____
Hedging account deposits	3,304	14	_____
Miscellaneous	21,783	89	_____
Total Cash Expense	\$715,097	\$2,938	_____
Net cash farm income	\$174,829	\$718	_____
Net farm income	\$153,269	\$630	_____

**INVENTORY CHANGES, 1998**  
Dairy Preliminary March 13, 1999  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
	-----	-----	-----
Number of Farms	47	12	12
Net cash farm income	174829	46524	417810
<b>CROPS AND FEED</b>			
Ending inventory	141862	73728	248469
Beginning inventory	136718	82042	228580
Inventory change	5144	-8314	19888
<b>MARKET LIVESTOCK</b>			
Ending inventory	3438	2044	3665
Beginning inventory	3877	2109	2463
Inventory change	-439	-66	1201
<b>ACCTS RECEIVABLE &amp; OTHER CURRENT ASSETS</b>			
Ending inventory	47190	36326	102813
Beginning inventory	34961	30691	68482
Inventory change	12230	5636	34331
<b>PREPAID EXPENSES AND SUPPLIES</b>			
Ending inventory	24891	4740	58307
Beginning inventory	18577	3693	43107
Inventory change	6314	1046	15200
<b>ACCOUNTS PAYABLE</b>			
Beginning inventory	24322	38199	39184
Ending inventory	12225	11795	20877
Inventory change	12097	26404	18308
Total inventory change	35345	24706	88928
Net operating profit	210174	71230	506739

## DEPRECIATION AND OTHER CAPITAL ADJUSTMENTS, 1998

Dairy Preliminary March 13, 1999

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	47	12	12
Net operating profit	210174	71230	506739
BREEDING LIVESTOCK			
Ending inventory	461738	223393	920086
Capital sales	9895	10800	22020
Beginning inventory	413326	234707	798654
Capital purchases	49330	16491	111705
Depreciation, capital adj.	8977	-17005	31747
MACHINERY AND EQUIPMENT			
Ending inventory	184923	91592	356543
Capital sales	1944	228	2303
Beginning inventory	162127	96454	316807
Capital purchases	65922	23157	125492
Depreciation, capital adj.	-41182	-27790	-83453
BUILDINGS AND IMPROVEMENTS			
Ending inventory	168264	127169	305772
Capital sales	-	-	-
Beginning inventory	175977	144422	312601
Capital purchases	16631	6423	31366
Depreciation, capital adj.	-24344	-23676	-38195
OTHER CAPITAL ASSETS			
Ending inventory	70628	15801	199042
Capital sales	11692	3116	28824
Beginning inventory	56391	7395	158704
Capital purchases	26285	12014	68732
Depreciation, capital adj.	-356	-492	430
Total depreciation, capital adj.	-56905	-68963	-89472
Net farm income	153269	2267	417267



# PROFITABILITY AND LIQUIDITY ANALYSIS, 1998

## Dairy Preliminary March 13, 1999

(Farms sorted by Net Farm Income)

	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %	Avg. Of All Farms	Avg. Of Low 25 %	Avg. Of High 25 %
Number of Farms	47	12	12	47	12	12
PROFITABILITY	----- Cost -----			----- Market -----		
Net farm income	153269	2267	417267	194347	42050	456337
Labor and management earnings	112775	-10735	327602	128658	6806	333981
Rate of return on assets	10.9 %	0.3 %	16.7 %	10.6 %	3.8 %	15.0 %
Rate of return on equity	13.9 %	-17.7 %	22.7 %	12.3 %	0.3 %	18.6 %
Operating profit margin	20.8 %	0.7 %	30.0 %	26.7 %	13.6 %	32.8 %
Asset turnover rate	52.7 %	42.2 %	55.8 %	39.5 %	28.0 %	45.9 %
Interest on farm net worth	40495	13002	89664	65689	35244	122356
Farm interest expense	49543	40309	81049	49543	40309	81049
Value of operator lbr and mgmt.	59765	40577	77315	59765	40577	77315
Return on farm assets	143047	1999	421001	184125	41782	460072
Average farm assets	1308544	727102	2514423	1742771	1097804	3059569
Return on farm equity	93504	-38309	339952	134583	1474	379023
Average farm equity	672467	216697	1494407	1094820	587399	2039274
Value of farm production	689089	307011	1404006	689089	307011	1404006

	Average Of All Farms	Average Of Low 25 %	Average Of High 25 %
Number of Farms	47	12	12
LIQUIDITY (Cash)			
Net cash farm income	174829	46524	417810
Net nonfarm income	10525	11064	20455
Family living and taxes	63137	26685	133602
Real estate principal payments	25088	20410	52042
Cash available for interm. debt	97129	10492	252622
Average intermediate debt	221177	112807	334909
Years to turnover interm. debt	2.3	10.8	1.3
Expense as a % of income	80 %	90 %	77 %
Interest as a % of income	6 %	9 %	5 %
LIQUIDITY (Accrual)			
Total accrual farm income	906861	454311	1835566
Total accrual farm expense	696686	383081	1328828
Net accrual operating income	210174	71230	506739
Net nonfarm income	10525	11064	20455
Family living and taxes	63137	26685	133602
Real estate principal payments	25088	20410	52042
Available for intermediate debt	132474	35199	341550
Average intermediate debt	221177	112807	334909
Years to turnover interm. debt	1.7	3.2	1.0
Expense as a % of income	77 %	84 %	72 %
Interest as a % of income	5 %	9 %	4 %

# BALANCE SHEET AT COST VALUES, 1998

## Dairy Preliminary March 13, 1999

(Farms sorted by Net Farm Income)

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
<b>Current Farm Assets</b>						
Cash and checking balance	14025	26889	4583	4389	27903	81426
Prepaid expenses & supplies	18577	24891	3693	4740	43107	58307
Growing crops	8554	10073	8715	9299	9830	11422
Accounts receivable	24260	34797	16892	21177	55652	88391
Hedging accounts	766	766	-	-	3000	3000
Crops held for sale or feed	134205	140733	82042	73728	228580	248469
Crops under government loan	2513	1129	-	-	0	0
Market livestock held for sale	3877	3438	2109	2044	2463	3665
Other current assets	1380	1555	5083	5850	-	-
<b>Total current farm assets</b>	<b>208159</b>	<b>244271</b>	<b>123118</b>	<b>121227</b>	<b>370536</b>	<b>494678</b>
<b>Intermediate Farm Assets</b>						
Breeding livestock	413326	461738	234707	223393	798654	920086
Machinery and equipment	162127	184923	96454	91592	316807	356543
Other intermediate assets	53761	68655	6906	15717	158704	199042
<b>Total intermediate farm assets</b>	<b>629215</b>	<b>715317</b>	<b>338066</b>	<b>330702</b>	<b>1274166</b>	<b>1475672</b>
<b>Long-Term Farm Assets</b>						
Farm land	226346	244937	133630	135297	393965	401457
Buildings and improvements	175977	168264	144422	127169	312601	305772
Other long-term assets	2630	1973	489	83	-	-
<b>Total long-term farm assets</b>	<b>404953</b>	<b>415174</b>	<b>278541</b>	<b>262549</b>	<b>706567</b>	<b>707229</b>
<b>Total Farm Assets</b>	<b>1242326</b>	<b>1374761</b>	<b>739725</b>	<b>714478</b>	<b>2351268</b>	<b>2677579</b>
<b>Total Nonfarm Assets</b>	<b>93121</b>	<b>100950</b>	<b>46434</b>	<b>46270</b>	<b>177451</b>	<b>203994</b>
<b>Total Assets</b>	<b>1335447</b>	<b>1475711</b>	<b>786160</b>	<b>760748</b>	<b>2528719</b>	<b>2881572</b>
<b>LIABILITIES</b>						
<b>Current Farm Liabilities</b>						
Accrued interest	1006	940	1183	968	198	22
Accounts payable	23316	11285	37016	10827	38987	20854
Current notes	36602	36376	45715	42430	68278	59034
Government crop loans	1840	1033	-	-	-0	-0
Principal due on term debt	63142	62398	48377	65359	105152	68334
<b>Total current farm liabilities</b>	<b>125919</b>	<b>112054</b>	<b>132291</b>	<b>119583</b>	<b>212614</b>	<b>148278</b>
<b>Intermediate Farm Liabilities</b>	<b>160675</b>	<b>200752</b>	<b>64709</b>	<b>90159</b>	<b>250336</b>	<b>317879</b>
<b>Long-term Farm Liabilities</b>	<b>334240</b>	<b>338513</b>	<b>319850</b>	<b>294217</b>	<b>543071</b>	<b>567855</b>
<b>Total Farm Liabilities</b>	<b>620834</b>	<b>651319</b>	<b>516850</b>	<b>503959</b>	<b>1006021</b>	<b>1034011</b>
<b>Total Nonfarm Liabilities</b>	<b>4347</b>	<b>4782</b>	<b>1227</b>	<b>288</b>	<b>12440</b>	<b>16107</b>
<b>Total Liabilities</b>	<b>625181</b>	<b>656100</b>	<b>518076</b>	<b>504248</b>	<b>1018461</b>	<b>1050118</b>
<b>Net Worth (farm and nonfarm)</b>	<b>710266</b>	<b>819611</b>	<b>268083</b>	<b>256501</b>	<b>1510258</b>	<b>1831455</b>
<b>Net Worth Change</b>		<b>109345</b>		<b>-11582</b>		<b>321197</b>
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	60 %	46 %	107 %	99 %	57 %	30 %
Curr. & Interm Farm Liab / Assets	34 %	33 %	43 %	46 %	28 %	24 %
Long Term Farm Liab. / Assets	83 %	82 %	115 %	112 %	77 %	80 %
<b>Total Liabilities / Assets</b>	<b>47 %</b>	<b>44 %</b>	<b>66 %</b>	<b>66 %</b>	<b>40 %</b>	<b>36 %</b>

# BALANCE SHEET AT MARKET VALUES, 1998

## Dairy Preliminary March 13, 1999

### (Farms sorted by Net Farm Income)

Number of Farms	Average Of All Farms		Average Of Low 25 %		Average Of High 25 %	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>ASSETS</b>						
<b>Current Farm Assets</b>						
Cash and checking balance	14025	26889	4583	4389	27903	81426
Prepaid expenses & supplies	18577	24891	3693	4740	43107	58307
Growing crops	8554	10073	8715	9299	9830	11422
Accounts receivable	24260	34797	16892	21177	55652	88391
Hedging accounts	766	766	-	-	3000	3000
Crops held for sale or feed	134205	140733	82042	73728	228580	248469
Crops under government loan	2513	1129	-	-	0	0
Market livestock held for sale	3877	3438	2109	2044	2463	3665
Other current assets	1380	1555	5083	5850	-	-
Total current farm assets	208159	244271	123118	121227	370536	494678
<b>Intermediate Farm Assets</b>						
Breeding livestock	413325	461892	234707	223393	798654	920086
Machinery and equipment	265501	297794	167621	171514	406473	458333
Other intermediate assets	53937	68831	6906	15717	158850	199188
Total intermediate farm assets	732763	828517	409233	410624	1363977	1577607
<b>Long-Term Farm Assets</b>						
Farm land	505411	540304	388790	405473	742822	756702
Buildings and improvements	206371	214310	168905	167664	399823	412994
Other long-term assets	3046	2389	489	83	-	-
Total long-term farm assets	714829	757003	558184	573221	1142645	1169696
Total Farm Assets	1655750	1829791	1090536	1105072	2877158	3241981
Total Nonfarm Assets	118981	130536	77604	77687	190330	216975
Total Assets	1774731	1960327	1168140	1182758	3067487	3458957
<b>LIABILITIES</b>						
<b>Current Farm Liabilities</b>						
Accrued interest	1006	940	1183	968	198	22
Accounts payable	23316	11285	37016	10827	38987	20854
Current notes	36602	36376	45715	42430	68278	59034
Government crop loans	1840	1033	-	-	-0	-0
Principal due on term debt	63142	62398	48377	65359	105152	68334
Total current farm liabilities	125919	112054	132291	119583	212614	148278
Intermediate Farm Liabilities	160675	200752	64709	90159	250336	317879
Long-term Farm Liabilities	334240	338513	319850	294217	543071	567855
Total Farm Liabilities	620834	651319	516850	503959	1006021	1034011
Total Nonfarm Liabilities	4347	4782	1227	288	12440	16107
Total Deferred Liabilities	11507	12035	-	-	558	-
Total Liabilities	636688	668135	518076	504248	1019019	1050118
Net Worth (farm and nonfarm)	1138043	1292191	650063	678511	2048468	2408839
Net Worth Change		154149		28447		360370
<b>RATIO ANALYSIS</b>						
Current Farm Liabilities / Assets	60 %	46 %	107 %	99 %	57 %	30 %
Curr. & Interm Farm Liab. / Assets	30 %	29 %	37 %	39 %	27 %	22 %
Long Term Farm Liabilities / Assets	47 %	45 %	57 %	51 %	48 %	49 %
Total Liabilities / Assets	36 %	34 %	44 %	43 %	33 %	30 %

**STATEMENT OF CASH FLOWS, 1998**  
**Dairy Preliminary March 13, 1999**  
(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	47	12	12
(a) Beginning cash balance (farm & nonfarm)	14755	6147	27903
<b>CASH FROM OPERATING ACTIVITIES</b>			
Gross cash farm income	889926	457055	1780146
Net nonfarm income (+)	10525	11064	20455
Total cash farm expense (-)	715097	410531	1362335
Apparent family living expense (-)	60897	25035	130673
Income and social security tax (-)	2240	1650	2929
(b) Cash from operations (=)	122217	30902	304664
<b>CASH FROM INVESTING ACTIVITIES</b>			
Sale of breeding livestock	9895	10800	22020
Sale of machinery & equipment (+)	1944	228	2303
Sale of farm land (+)	964	-	-
Sale of farm buildings (+)	-	-	-
Sale of other farm assets (+)	11692	3116	28824
Sale of nonfarm assets (+)	604	-	2090
Purchase of breeding livestock (-)	49330	16491	111705
Purchase of machinery & equip. (-)	65922	23157	125492
Purchase of farm land (-)	18849	1667	9079
Purchase of farm buildings (-)	16631	6423	31366
Purchase of other farm assets (-)	26285	12014	68732
Purchase of nonfarm assets (-)	2158	-	6648
(c) Cash from investing activities (=)	-154077	-45607	-297787
<b>CASH FROM FINANCING ACTIVITIES</b>			
Money borrowed	197260	96343	278805
Cash gifts and inheritances (+)	5193	274	9886
Principal payments (-)	154323	83594	228983
Dividends paid (-)	-	-	-
Gifts given (-)	3806	76	13061
(d) Cash from financing activities (=)	44325	12947	46646
(e) Net change in cash balance (b+c+d)	12464	-1758	53523
Ending cash balance (farm & nonfarm)	27219	4389	81426

**FINANCIAL GUIDELINES MEASURES, 1998**  
**Dairy Preliminary March 13, 1999**  
(Farms sorted by Net Farm Income)

	Average For All Farms		Average For Low 25 %		Average For High 25 %	
Number of Farms	47		12		12	
<b>LIQUIDITY</b>	Beginning	Ending	Beginning	Ending	Beginning	Ending
Current ratio	1.65	2.18	0.93	1.01	1.74	3.34
Working capital	82240	132217	-9172	1643	157922	346401
<b>SOLVENCY (Market)</b>	Beginning	Ending	Beginning	Ending	Beginning	Ending
Farm debt to asset ratio	38 %	36 %	47 %	46 %	35 %	32 %
Farm equity to asset ratio	62 %	64 %	53 %	54 %	65 %	68 %
Farm debt to equity ratio	62 %	57 %	90 %	84 %	54 %	47 %
<b>PROFITABILITY</b>	Cost	Market	Cost	Market	Cost	Market
Rate of return on farm assets	10.9 %	10.6 %	0.3 %	3.8 %	16.7 %	15.0 %
Rate of return on farm equity	13.9 %	12.3 %	-17.7 %	0.3 %	22.7 %	18.6 %
Operating profit margin	20.8 %	26.7 %	0.7 %	13.6 %	30.0 %	32.8 %
Net farm income	153269	194347	2267	42050	417267	456337
<b>REPAYMENT CAPACITY</b>	Cash	Accrual	Cash	Accrual	Cash	Accrual
Term debt coverage ratio	157 %	191 %	78 %	108 %	214 %	265 %
Capital replacement margin	58710	94056	-18032	6674	199346	288274
<b>EFFICIENCY</b>						
Asset turnover rate (market)	39.5 %		28.0 %		45.9 %	
Operating expense ratio	71.4 %		75.4 %		68.0 %	
Depreciation expense ratio	6.3 %		15.2 %		4.9 %	
Interest expense ratio	5.5 %		8.9 %		4.4 %	
Net farm income ratio	16.9 %		0.5 %		22.7 %	

LABOR ANALYSIS

	Average For All Farms	Average For Low 25 %	Average For High 25 %
Number of Farms	46	12	12
Total unpaid labor hours	4988	3736	4520
Total hired labor hours	11173	6073	21829
Total labor hours per farm	16161	9809	26349
Value of farm production / hour	43.42	31.30	53.28
Net farm income / unpaid hour	31.17	0.61	92.32

## OPERATOR INFORMATION & NONFARM SUMMARY, 1998

Dairy Preliminary March 13, 1999

(Farms sorted by Net Farm Income)

	Average Of All Farms	Average Of Low 25%	Average Of High 25%
Number of Farms	47	12	12
 OPERATOR INFORMATION			
Average number of operators	1.7	1.4	1.9
Average age of operators	47.3	51.3	43.2
Average number of years farming	23.0	26.7	18.6
 NONFARM INCOME			
Nonfarm wages & salary	2252	6098	-
Nonfarm business income	-16	-64	2
Nonfarm rental income	1548	675	1540
Nonfarm interest income	1972	181	6898
Nonfarm cash dividends	222	244	425
Tax refunds	347	929	85
Nontaxable nonfarm income	-	-	-
Gifts and inheritances	5193	274	9886
Other nonfarm income	4198	3001	11505
Total nonfarm income	15718	11338	30341

	Average For Beginning	All Farms Ending
NONFARM ASSETS (Mkt)		
Checking & savings	729	330
Stocks & bonds	9765	11323
Other current assets	6586	6209
Furniture & appliances	6489	6383
Nonfarm vehicles	2872	4745
Cash value of life ins.	11228	11664
Retirement accounts	30259	32495
Other intermediate assets	11356	13591
Nonfarm real estate	34522	38141
Other long term assets	5174	5655
Total nonfarm assets	118981	130536