

## **2007 Michigan Dairy Farm Business Analysis Summary**

Eric Wittenberg  
And  
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December, 2008



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by

Eric Wittenberg and Christopher Wolf<sup>1</sup>

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<sup>1</sup> Co-workers in the TelFarm project were: R. Betz, L. Borton, B. Battel, W. Schauer, D. Stein, and V. Varner with the assistance of Michigan State University Extension Agents. Greenstone Farm Credit Services co-workers were Kelly Tobin, Steve Eshelman, Janice Raymond, Anne Gerke, Kathleen Spranger, Sonya Pentecost, and Lynette Wood. Farm Credit Services of Wisconsin co-worker was Steve Zimmerman.

## Summary

This report summarizes the financial and production records of 132 dairy farms from throughout Michigan in 2007. To be included, the farms must have produced at least 50 percent of gross cash farm income from milk and dairy animal sales. The records came from Michigan State University's TelFarm project and the Farm Credit Service system in Michigan. The values were pooled into averages for reporting purposes. The farms are larger than would be the average dairy farm in Michigan. While considerable variation in the data exists, average values are reported in the summary tables and discussion that follows.

In 2007, the average dairy farm in the business analysis had 217 cows producing an average of 21,415 pounds of milk per cow (Table 1). Milk price, based on gross income, averaged \$20.21/cwt. Average milk price was up \$6.77/cwt., while milk production was down 388 pounds per cow and average cow numbers were up from 2006.

**Table 1. Average Michigan Dairy Farm Business Analysis Characteristics, 2003-2007**

	2003	2004	2005	2006	2007
Average number of cows	196	199	194	208	217
Milk sold per cow (pounds)	20,638	20,341	20,852	21,803	21,415
Average price of milk sold (\$/cwt)	12.59	16.42	15.70	13.44	20.21
Total acres owned	452	440	439	468	486
Total crop acres	761	751	742	772	811
Number of farms	141	144	156	139	132

Net farm income is the return to operator unpaid management, labor and capital invested. Net farm income in 2007 averaged \$217,248 which was 158 percent increase over the 2006 average. This average obscures a very large range of net farm income values. For example, the farms in the top 25 percent of the net farm income distribution averaged \$334,278 while those in the bottom 25 percent averaged a \$39,654. Gross cash farm income averaged \$1,175,551 in 2007. The largest component of these revenues was milk sales, which averaged \$1,001,164.

**Table 2. Average Michigan Dairy Farm Income Statement, 2003-2007**

	2003	2004	2005	2006	2007
	(\$)	(\$)	(\$)	(\$)	(\$)
Gross cash farm income	695,048	838,669	844,096	856,551	1,175,551
- Total cash expense	584,107	672,012	682,286	720,614	949,092
= Net cash farm income	110,941	166,657	161,811	135,937	226,460
+ Inventory change*	2,197	31,880	17,451	23,290	94,623
+ Depreciation + capital adjustments*	-55,619	-77,417	-78,407	-75,015	-103,834
= Net farm income	57,519	121,120	100,855	84,212	217,248

\*Changes calculated as ending value minus beginning value.

To put the profit values in perspective, we calculate profitability ratios. Rate of return on assets (ROA) is the farm operating profit (equal to net farm income plus interest expense less value of operator labor and management) divided by average total farm asset value (valued at current

market value). Rate of return on assets is a measure of how much profit the farm business assets generated. The average 2007 dairy farm ROA (Market) was 11.3 percent which was twice the average return of the last 4 years. Return on equity tells a similar story. Operating profit margin is the operating profit (as defined in ROA above) divided by gross revenues. Operating profit margin measures the dollars of profit generated per dollar of revenue. In 2007, Michigan dairy farms generated 33.1 cents of profit per dollar of revenue. Asset turnover (ATO) is the gross farm revenues divided by average asset value. Asset turnover measures the efficiency with which farm assets generate revenue. The average ATO value was a strong 34.1 percent in 2007.

**Table 3. Average Michigan Dairy Farm Profitability Indicators, 2003-2007**

	2003	2004	2005	2006	2007
	(%)	(%)	(%)	(%)	(%)
Rate of return on assets*	4.3	7.7	6.3	5.5	11.3
Rate of return on equity	4.1	9.1	6.9	5.4	13.3
Operating profit margin	14.9	23.3	20.0	19.4	33.1
Asset turnover rate*	29.0	32.9	31.7	28.2	34.1

\* Assets valued at market value.

Tables 4 and 5 display average income and expenses per hundredweight (cwt.) of milk and per cow. Income and expenses were adjusted to an accrual basis where detailed financial information was provided. Average, accrual adjusted income and expenses per cropped acre are also included. Income items related to the dairy herd are included in the first section. Government payments include all farm government payments as it was not possible to separate crop payments from dairy payments.

Table 4 contains the average income and expense items across all 132 dairy farms in the 2007 summary while Table 5 displays the average income and expense items for farms that reported that item. For example, all farms had milk income so that income is identical in the tables. In contrast, only some farms reported BST expense so that item is larger when averaged only across those farms with that expense. By reporting the income and expense items averaged two ways in the tables, it allows for comparison of individual items with farms that had that item. *These tables should not be interpreted as an estimate of the true cost of producing milk.* All farm sales are not included in the income items—only those that are related to the milking herd. Also, unpaid factors, including labor, management and capital, are not accounted for in the expense items. In addition, the allocation of resources amongst farm enterprises is not accurately reflected leaving the milking herd as the residual claimant on all expenses (especially labor costs).

The bottom of Tables 4 and 5 presents crop related expenses divided by the total cropped acres. To accurately calculate a crop cost of production requires labor and management (among other) expenses that were not separated out in the financial records.

**Table 4. Average income and expenses across *all farms*\*, 2007**

<b>Income Items:</b>	<b>Per cwt.</b>	<b>Per Cow</b>
Milk	\$20.21	\$4,119.98
Cull Cows and Calves	\$1.98	\$306.16
Dairy Steers	\$0.40	\$71.95
Dairy Heifers	\$0.53	\$68.72
Government Payments	\$0.46	\$82.93
Patronage Dividends, cash	\$0.15	\$30.65
Crop Sales	\$2.23	\$431.04
Other Cash Income	\$0.71	\$123.95
<b>Expense Items:</b>	<b>Per cwt.</b>	<b>Per Cow</b>
Purchased Feeds	\$5.32	\$1,087.79
Breeding Fees	\$0.17	\$36.89
Veterinary	\$0.60	\$123.26
BST	\$0.02	\$5.77
Livestock Supplies	\$0.94	\$187.12
DHIA	\$0.02	\$3.75
Milk & Livestock Mkt. & Trucking	\$0.83	\$172.10
Interest	\$1.38	\$243.18
Fuel and Oil	\$1.22	\$234.19
Repairs	\$1.59	\$315.35
Custom Hire	\$0.79	\$129.42
Hired Labor	\$2.67	\$554.00
Leases	\$0.17	\$27.02
Real Estate Taxes	\$0.34	\$64.95
Farm Insurance	\$0.44	\$80.95
Utilities	\$0.62	\$117.83
Dues, Professional Fees	\$0.20	\$34.21
Miscellaneous	\$0.42	\$86.64
Machinery Depreciation	\$1.90	\$376.66
Building Depreciation	\$0.95	\$194.11
Family Living	\$2.49	\$446.61
<b>Expense Items per Cropped Acre:</b>	<b>Per Acre</b>	
Seed	\$36.52	
Fertilizer	\$54.47	
Crop Chemicals	\$18.34	
Crop Insurance	\$1.80	
Crop Miscellaneous	\$6.82	
Land Rent	\$36.54	

\* All income and expense items averaged across all 132 farms whether or not they had that income or expense item. Other cash income includes custom work, insurance claims, and miscellaneous income.

**Table 5. Average income and expenses across farms with that item\*, 2007**

<b>Income Items:</b>	<b>Per cwt.</b>	<b>Per Cow</b>
Milk	\$20.21	\$4,119.98
Cull Cows and Calves	\$2.00	\$308.50
Dairy Steers	\$1.26	\$226.12
Dairy Heifers	\$1.16	\$148.70
Government Payments	\$0.46	\$82.93
Patronage Dividends, cash	\$0.19	\$38.17
Crop Sales	\$3.50	\$677.35
Other Cash Income	\$0.78	\$135.22
<b>Expense Items:</b>	<b>Per cwt.</b>	<b>Per Cow</b>
Purchased Feeds	\$5.32	\$1,087.79
Breeding Fees	\$0.21	\$44.68
Veterinary	\$0.60	\$123.26
BST	\$0.28	\$69.19
Livestock Supplies	\$0.99	\$196.03
DHIA	\$0.10	\$20.65
Milk & Livestock Mkt. & Trucking	\$0.83	\$172.10
Interest	\$1.51	\$265.29
Fuel and Oil	\$1.22	\$234.19
Repairs	\$1.59	\$315.35
Custom Hire	\$0.85	\$138.89
Hired Labor	\$2.72	\$566.89
Leases	\$0.32	\$51.68
Real Estate Taxes	\$0.38	\$73.28
Farm Insurance	\$0.44	\$82.19
Utilities	\$0.62	\$117.83
Dues, Professional Fees	\$0.21	\$35.28
Miscellaneous	\$0.43	\$89.35
Machinery Depreciation	\$1.90	\$376.66
Building Depreciation	\$0.95	\$194.11
Family Living	\$2.49	\$446.61
<b>Expense Items per Cropped Acre:</b>	<b>Per Acre</b>	
Seed	\$37.96	
Fertilizer	\$59.43	
Crop Chemicals	\$21.62	
Crop Insurance	\$4.63	
Crop Miscellaneous	\$25.72	
Land Rent	\$39.54	

\* Income and expense items averaged only across farms with that item. For example, all dairy farms had milk income but only some reported BST expense. Thus, milk income is the same as in Table 4 while BST is \$0.28/cwt across farms with that expense compared to \$0.02/cwt across all farms.

## Results by Herd Size

To further facilitate financial comparisons and benchmarking, the financial summaries were divided into herd size categories. The smallest size category, 20 to 99 cows, included 26 herds. The medium size category, 100 to 249 cows, included 73 herds. The largest size category, 250 or more cows, contained the remaining 33 herds.

Table 6 displays some average characteristics by herd size category. As expected, average milk production per cow was correlated with herd size across the size categories. Milk price was about the same across all herd sizes. The smallest herds operated 6.3 crop acres per cow; the medium herds about 4.3 crop acres per cow; and the largest category about 2.9 crop acres per cow.

**Table 6. Average 2007 Michigan Dairy Farm Characteristics by Herd Size Category**

	20-99 cows	100-249 cows	250+ cows
Average number of cows	62	163	479
Milk sold per cow (pounds)	16,858	22,057	23,942
Average price of milk sold (\$/cwt)	18.93	20.86	19.54
Total acres owned	290	464	688
Total crop acres	391	693	1,402
Number of farms	26	73	33

Table 7 is the average farm income statement by herd size. Net farm income represents the returns to unpaid factors (i.e., labor, management and equity capital). The smallest farms returned \$72,924; medium sized farms \$146,878; and the largest farms \$486,626. The small herds' net farm income increased 151 percent from the 2006 average; medium sized herds' net farm income increased 194 percent over 2006; and the largest herds' net farm income increased 149 percent over 2006 average value.

**Table 7. Average  
2007 Michigan Dairy Farm Income Statement by Herd Size**

	20-99 cows (\$)	100-249 cows (\$)	250+ cows (\$)
Gross cash farm income	329,796	825,321	2,616,656
- Total cash expense	<u>248,218</u>	<u>652,407</u>	<u>2,157,597</u>
= Net cash farm income	81,578	172,914	459,059
+ Inventory change *	22,877	57,517	233,233
+ Depreciation and capital adjustments*	<u>-31,531</u>	<u>-83,552</u>	<u>-205,666</u>
= Net farm income	72,924	146,878	486,626

\*Changes calculated as ending value minus beginning value.



Table 8 compares profitability measures across herd size with assets valued at market value. ROA, ROE, OPM and ATR were the highest on the largest farms in 2007. However, the small size group (20-99 cows) and medium size group (100-249 cows) realized good profitability in 2007 but when compared to the largest size operations, their profitability was slight higher.

**Table 8. Average 2007 Michigan Dairy Farm Profitability Indicators by Herd Size**

	20-99 cows	100-249 cows	250+ Cows
	(percent)		
Rate of return on assets*	7.5	8.9	14.2
Rate of return on equity	7.8	10.0	17.9
Operating profit margin	32.9	29.6	35.7
Asset turnover rate*	22.9	30.2	39.8

\* Assets valued at market value (rather than cost).

**A. Financial Summary Information, All 132 Herds**

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Table 9                      Crop Production and Marketing Summary  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

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	Avg. Of All Farms	Low 25%	High 25%
Dairy			
Number of farms	132	32	34
Average number of cows,	217	140	246
Milk production per cow lbs.,	21,415	18,925	22,959
Average milk price per cwt.,	\$20.21	\$18.43	\$19.32
 Acreage Summary			
Total acres owned	486	575	425
Total crop acres	811	631	852
Crop acres owned	489	454	575
Crop acres cash rented	322	176	277
Crop acres share rented	-	-	-
Total pasture acres	3	3	1
 Average Price Received (Cash Sales Only)			
Corn per bushel	3.28	3.64	3.34
Wheat, Winter per bushel	4.74	-	4.40
Soybeans per bushel	7.32	-	6.79
Hay, Alfalfa per ton	45.53	-	-

Table 10

Farm Income Statement  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	132	32	34
Cash Farm Income			
Barley	118	459	26
Beans, Black Turtle	100	-	389
Beans, Navy	694	-	1,192
Cordwood	115	474	-
Corn	18,926	8,652	28,432
Corn Silage	2,448	596	6,788
Hay, Alfalfa	1,685	3,762	732
Hay, Mixed	1,131	934	203
Haylage, Alfalfa	136	-	-
Haylage, Mixed	908	-	1,202
Oats	59	-	148
Soybeans	24,812	6,270	34,160
Speltz	394	-	-
Straw	293	294	743
Sugar Beets	9,186	-	26,336
Wheat, Winter	6,870	1,392	13,734
Miscellaneous crop income	176	-	-
Beef Bulls	59	-	229
Beef Cow-Calf, Beef Calves	50	27	169
Beef, Finish Beef Calves	148	-	-
Chickens, Egg Product., Eggs	88	363	-
Dairy, Milk	1,001,164	630,376	1,141,960
Dairy, Dairy Calves	4,669	2,762	4,994
Dairy Heifers (for sale)	1,884	4,744	448
Dairy Replacement Heifers	1,424	3,955	1,128
Dairy Steer Finishing	11,731	11,179	13,422
Honey Production, Honey	982	4,051	-
Chickens, Pullets	66	270	-
Dairy Steer Feeders	1,944	1,212	4,295
Cull breeding livestock	40,000	37,472	35,023
Misc. livestock income	1,848	17	600
Direct & CC govt payments	6,193	7,676	5,667
Other government payments	9,831	7,511	13,267
Custom work income	6,566	5,864	7,975
Patronage dividends, cash	9,523	2,931	6,151
Insurance income	7,889	9,929	4,477
Other farm income	1,443	4,598	280
Gross Cash Farm Income	1,175,551	757,769	1,354,172

Table 10

Farm Income Statement (Continued)  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	132	32	34
Cash Farm Expense			
Seed	29,991	18,147	32,850
Fertilizer	46,319	28,482	59,452
Crop chemicals	15,704	10,149	15,864
Crop insurance	2,044	935	3,029
Drying fuel	540	84	352
Irrigation energy	125	30	-
Repair, machinery	137	162	-
Crop custom hire	2,325	2,901	1,142
Crop marketing	117	-	151
Crop miscellaneous	1,972	619	906
Feeder livestock purchase	1,175	1,619	2,600
Purchased feed	270,500	183,351	320,098
Breeding fees	9,328	5,302	11,093
Veterinary	30,155	19,162	29,915
BST	1,961	1,176	468
Supplies	40,522	29,592	39,655
DHIA	678	215	691
Livestock custom hire	80	-	282
Livestock hired labor	658	-	-
Livestock leases	182	-	14
Livestock utilities	106	256	-
Livestock hauling and trucking	8,301	9,439	5,646
Livestock marketing	25,731	16,404	22,772
Bedding	1,610	1,475	1,142
Livestock miscellaneous	661	2,022	78
Interest	48,411	35,501	47,202
Packaging and supplies	2,784	182	4,221
Fuel & oil	46,344	37,706	50,145
Repairs	67,175	48,461	81,910
Custom hire	33,228	14,157	38,692
Hired labor	142,036	98,617	142,222
Land rent	31,435	14,663	34,080
Machinery leases	6,254	2,013	6,974
Real estate taxes	10,309	9,472	11,079
Personal property taxes	190	49	192
Farm insurance	15,746	12,509	16,608
Utilities	24,100	18,285	23,873
Hauling and trucking	212	-	497
Marketing	478	-	1,856
Dues & professional fees	5,775	4,024	4,203
Hedging account deposits	1,186	4,752	-
Miscellaneous	22,509	19,768	27,082
Total cash expense	949,092	651,681	1,039,036
Net cash farm income	226,460	106,089	315,135
Inventory Changes			
Crops and feed	36,120	-11,150	52,684
Market livestock	1,410	1,034	-786
Accounts receivable	25,206	1,768	36,174
Prepaid expenses and supplies	26,314	3,876	43,149
Accounts payable	5,573	-1,406	15,410
Total inventory change	94,623	-5,879	146,632
Net operating profit	321,083	100,210	461,768
Depreciation and Other Capital Adjustments			
Breeding livestock	12,488	-4,068	23,487
Machinery and equipment	-71,931	-43,055	-86,149
Buildings and improvements	-45,543	-18,257	-65,003
Other farm capital	1,151	4,824	176
Total depr. and other capital adj	-103,834	-60,556	-127,489
Net farm income	217,248	39,654	334,278

Table 11

Inventory Changes  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	132	32	34
Net cash farm income	226,460	106,089	315,135
Crops and Feed			
Ending inventory	246,473	141,788	257,413
Beginning inventory	210,353	152,939	204,729
Inventory change	36,120	-11,150	52,684
Market Livestock			
Ending inventory	18,578	18,989	18,652
Beginning inventory	17,169	17,955	19,438
Inventory change	1,410	1,034	-786
Accts Receivable & Other Current Assets			
Ending inventory	73,733	44,241	84,259
Beginning inventory	48,527	42,473	48,085
Inventory change	25,206	1,768	36,174
Prepaid Expenses and Supplies			
Ending inventory	55,190	9,623	87,161
Beginning inventory	28,876	5,747	44,012
Inventory change	26,314	3,876	43,149
Accounts Payable & Accrued Expenses			
Beginning inventory	24,200	24,538	22,594
Ending inventory	18,627	25,944	7,184
Inventory change	5,573	-1,406	15,410
Total inventory change	94,623	-5,879	146,632
Net operating profit	321,083	100,210	461,768

Table 12                      Depreciation and Other Capital Adjustments  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	132	32	34
Net operating profit	321,083	100,210	461,768
Breeding Livestock			
Ending inventory	561,850	394,453	588,995
Capital sales	3,917	341	6,496
Beginning inventory	525,617	376,064	553,090
Capital purchases	27,662	22,799	18,915
Depreciation, capital adjust.	12,488	-4,068	23,487
Machinery and Equipment			
Ending inventory	189,310	116,809	192,764
Capital sales	4,047	8,027	1,814
Beginning inventory	181,264	127,402	187,671
Capital purchases	84,023	40,489	93,056
Depreciation, capital adjust.	-71,931	-43,055	-86,149
Buildings and Improvements			
Ending inventory	228,482	160,700	215,883
Capital sales	128	387	115
Beginning inventory	203,475	138,541	245,173
Capital purchases	70,678	40,803	35,829
Depreciation, capital adjust.	-45,543	-18,257	-65,003
Other Capital Assets			
Ending inventory	59,321	39,404	47,796
Capital sales	10,962	2,397	12,135
Beginning inventory	50,705	35,391	50,936
Capital purchases	18,427	1,586	8,820
Depreciation, capital adjust.	1,151	4,824	176
Total depreciation, capital adj.	-103,834	-60,556	-127,489
Net farm income	217,248	39,654	334,278

Table 13

Profitability Measures  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	132	32	34
Profitability (assets valued at cost)			
Net farm income	217,248	39,654	334,278
Labor and management earnings	160,235	104	275,860
Rate of return on assets	12.0 %	2.0 %	19.1 %
Rate of return on equity	16.8 %	-1.6 %	29.6 %
Operating profit margin	21.1 %	4.4 %	28.8 %
Asset turnover rate	56.9 %	44.3 %	66.2 %
Interest on farm net worth	57,014	39,550	58,418
Farm interest expense	48,553	35,201	47,282
Value of operator lbr and mgmt.	59,345	50,192	51,829
Return on farm assets	206,457	24,664	329,731
Average farm assets	1,721,491	1,264,718	1,725,953
Return on farm equity	157,904	-10,538	282,449
Average farm equity	939,576	658,347	953,137
Value of farm production	979,101	560,383	1,143,033
	Avg. Of All Farms	Low 25%	High 25%
Number of farms	132	32	34
Profitability (assets valued at market)			
Net farm income	335,174	43,216	633,869
Labor and management earnings	210,529	-54,145	502,511
Rate of return on assets	11.3 %	1.3 %	21.2 %
Rate of return on equity	13.3 %	-0.4 %	26.6 %
Operating profit margin	33.1 %	5.0 %	55.1 %
Asset turnover rate	34.1 %	25.1 %	38.5 %
Interest on farm net worth	124,645	97,361	131,358
Farm interest expense	48,553	35,201	47,282
Value of operator lbr and mgmt.	59,345	50,192	51,829
Return on farm assets	324,383	28,226	629,322
Average farm assets	2,870,950	2,234,135	2,965,264
Return on farm equity	275,830	-6,976	582,040
Average farm equity	2,077,420	1,622,691	2,189,298
Value of farm production	979,101	560,383	1,143,033

Table 14

Liquidity Measures  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	132	32	34
Liquidity (cash)			
Net cash farm income	226,460	106,089	315,135
Net nonfarm income	12,981	16,867	2,019
Family living and taxes	75,148	47,076	89,274
Principal due on long term debt	24,076	18,987	22,106
Cash available for interm. debt	140,217	56,893	205,774
Average intermediate debt	207,631	153,695	177,468
Years to turnover interm. debt	1.5	2.7	0.9
Expense as a % of income	81 %	86 %	77 %
Interest as a % of income	4 %	5 %	3 %
Working capital to gross income	23 %	13 %	25 %
Liquidity (accrual)			
Total accrual farm income	1,238,287	749,421	1,442,244
Total accrual operating expense	917,205	649,211	980,476
Net accrual operating income	321,083	100,210	461,768
Net nonfarm income	12,981	16,867	2,019
Family living and taxes	75,148	47,076	89,274
Principal due on long term debt	24,076	18,987	22,106
Available for intermediate debt	234,840	51,015	352,406
Average intermediate debt	207,631	153,695	177,468
Years to turnover interm. debt	0.9	3.0	0.5
Expense as a % of income	74 %	87 %	68 %
Interest as a % of income	4 %	5 %	3 %
Working capital to gross income	22 %	13 %	23 %



Table 15

**Balance Sheet at Cost Values**  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms		Low 25%		High 25%	
Number of farms	132		32		34	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>Assets</b>						
<b>Current Farm Assets</b>						
Cash and checking balance	27,785	32,589	16,958	22,946	31,138	41,891
Prepaid expenses & supplies	28,876	55,190	5,747	9,623	44,012	87,161
Growing crops	12,259	15,661	9,512	10,005	12,705	17,839
Accounts receivable	31,669	53,800	24,236	28,928	27,606	58,713
Hedging accounts	568	17	34	34	1,475	5
Crops held for sale or feed	208,199	245,190	150,052	141,485	204,729	257,413
Crops under government loan	2,155	1,283	2,887	304	0	0
Market livestock held for sale	17,169	18,578	17,955	18,989	19,438	18,652
Other current assets	4,031	4,255	8,691	5,274	6,298	7,703
Total current farm assets	332,710	426,564	236,072	237,588	347,401	489,376
<b>Intermediate Farm Assets</b>						
Breeding livestock	525,617	561,850	376,064	394,453	553,090	588,995
Machinery and equipment	179,685	188,188	127,402	116,809	183,069	189,969
Titled vehicles	1,579	1,122	0	0	4,603	2,796
Other intermediate assets	36,519	40,918	18,716	18,241	34,473	32,362
Total intermediate farm assets	743,400	792,078	522,182	529,503	775,234	814,122
<b>Long Term Farm Assets</b>						
Farm land	336,523	347,162	332,425	334,587	272,530	260,290
Buildings and improvements	203,475	228,482	138,541	160,700	245,173	215,883
Other long-term assets	14,186	18,404	16,675	21,163	16,463	15,434
Total long-term farm assets	554,184	594,048	487,641	516,450	534,165	491,607
Total Farm Assets	1,630,294	1,812,689	1,245,895	1,283,541	1,656,800	1,795,106
Total Nonfarm Assets	135,380	146,873	79,975	87,232	59,658	72,309
Total Assets	1,765,674	1,959,562	1,325,871	1,370,773	1,716,458	1,867,415
<b>Liabilities</b>						
<b>Current Farm Liabilities</b>						
Accrued interest	1,994	2,136	1,391	1,091	839	919
Accounts payable	22,206	16,490	23,147	24,853	21,756	6,265
Current notes	72,459	67,668	59,629	65,611	70,258	74,418
Government crop loans	1,804	980	1,819	304	0	0
Principal due on term debt	61,201	70,041	47,152	46,264	60,714	73,563
Total current farm liabilities	159,664	157,316	133,138	138,123	153,566	155,165
Total intermediate farm liabs	159,195	175,613	144,006	108,845	151,097	124,456
Total long term farm liabilities	441,194	470,847	319,087	369,544	481,418	479,931
Total farm liabilities	760,053	803,777	596,231	616,512	786,082	759,551
Total nonfarm liabilities	6,822	7,585	9,137	8,832	2,063	1,862
Total liabilities	766,875	811,362	605,368	625,343	788,145	761,413
Net worth (farm and nonfarm)	998,799	1,148,201	720,503	745,430	928,313	1,106,002
Net worth change		149,402		24,927		177,689
<b>Ratio Analysis</b>						
Current farm liabilities / assets	48 %	37 %	56 %	58 %	44 %	32 %
Curr. & interm farm liab. / assets	30 %	27 %	37 %	32 %	27 %	21 %
Long term farm liab. / assets	80 %	79 %	65 %	72 %	90 %	98 %
Total debt to asset ratio	43 %	41 %	46 %	46 %	46 %	41 %

Table 16

**Balance Sheet at Market Values**  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms		Low 25%		High 25%	
Number of farms	132		32		34	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>Assets</b>						
<b>Current Farm Assets</b>						
Cash and checking balance	27,785	32,589	16,958	22,946	31,138	41,891
Prepaid expenses & supplies	28,876	55,190	5,747	9,623	44,012	87,161
Growing crops	12,259	15,661	9,512	10,005	12,705	17,839
Accounts receivable	31,669	53,800	24,236	28,928	27,606	58,713
Hedging accounts	568	17	34	34	1,475	5
Crops held for sale or feed	208,199	245,190	150,052	141,485	204,729	257,413
Crops under government loan	2,155	1,283	2,887	304	0	0
Market livestock held for sale	17,169	18,578	17,955	18,989	19,438	18,652
Other current assets	4,031	4,255	8,691	5,274	6,298	7,703
Total current farm assets	332,710	426,564	236,072	237,588	347,401	489,376
<b>Intermediate Farm Assets</b>						
Breeding livestock	567,380	619,312	390,541	400,635	627,063	715,763
Machinery and equipment	432,264	467,799	306,699	323,005	494,746	540,335
Titled vehicles	8,087	10,181	6,375	6,250	17,719	23,285
Other intermediate assets	43,574	48,617	18,716	18,241	52,925	53,182
Total intermediate farm assets	1,051,305	1,145,909	722,331	748,131	1,192,452	1,332,565
<b>Long Term Farm Assets</b>						
Farm land	946,740	997,120	1,009,387	1,005,181	808,906	937,698
Buildings and improvements	373,897	431,996	229,068	241,955	377,849	406,352
Other long-term assets	15,774	19,887	17,041	21,516	19,708	18,221
Total long-term farm assets	1,336,411	1,449,003	1,255,496	1,268,652	1,206,463	1,362,271
Total Farm Assets	2,720,425	3,021,476	2,213,900	2,254,371	2,746,316	3,184,212
<b>Total Nonfarm Assets</b>						
	218,193	237,152	151,666	170,582	93,121	114,316
Total Assets	2,938,618	3,258,627	2,365,566	2,424,953	2,839,437	3,298,527
<b>Liabilities</b>						
<b>Current Farm Liabilities</b>						
Accrued interest	1,994	2,136	1,391	1,091	839	919
Accounts payable	22,206	16,490	23,147	24,853	21,756	6,265
Current notes	72,459	67,668	59,629	65,611	70,258	74,418
Government crop loans	1,804	980	1,819	304	0	0
Principal due on term debt	61,201	70,041	47,152	46,264	60,714	73,563
Total current farm liabilities	159,664	157,316	133,138	138,123	153,566	155,165
<b>Total intermediate farm liabs</b>						
	159,195	175,613	144,006	108,845	151,097	124,456
Total long term farm liabilities	441,194	470,847	319,087	369,544	481,418	479,931
Total farm liabilities	760,053	803,777	596,231	616,512	786,082	759,551
<b>Total nonfarm liabilities</b>						
	6,822	7,585	9,137	8,832	2,063	1,862
Total liabs excluding deferreds	766,875	811,362	605,368	625,343	788,145	761,413
Total deferred liabilities	11,688	12,417	5,365	4,629	3,149	3,149
Total liabilities	778,564	823,779	610,733	629,972	791,294	764,562
<b>Retained earnings</b>						
	998,799	1,148,201	720,503	745,430	928,313	1,106,002
Market valuation equity	1,161,256	1,286,647	1,034,330	1,049,551	1,119,829	1,427,963
Net worth (farm and nonfarm)	2,160,055	2,434,848	1,754,833	1,794,981	2,048,142	2,533,965
Net worth excluding deferreds	2,171,743	2,447,266	1,760,198	1,799,610	2,051,292	2,537,114
Net worth change		274,793		40,148		485,823
<b>Ratio Analysis</b>						
Current farm liabilities / assets	48 %	37 %	56 %	58 %	44 %	32 %
Curr. & interm farm liab. / assets	23 %	21 %	29 %	25 %	20 %	15 %
Long term farm liab. / assets	33 %	32 %	25 %	29 %	40 %	35 %
Total debt to asset ratio	26 %	25 %	26 %	26 %	28 %	23 %
Debt to assets excl deferreds	26 %	25 %	26 %	26 %	28 %	23 %

Table 17

Statement Of Cash Flows  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	132	32	34
Beginning cash (farm & nonfarm)	28,503	17,230	32,599
Cash From Operating Activities			
Gross cash farm income	1,175,551	757,769	1,354,172
Net nonfarm income	12,981	16,867	2,019
Total cash farm expense	-949,092	-651,681	-1,039,036
Apparent family living expense	-70,646	-45,698	-86,002
Income and social security tax	-4,501	-1,378	-3,273
Cash from operations	164,293	75,880	227,880
Cash From Investing Activities			
Sale of breeding livestock	3,917	341	6,496
Sale of machinery & equipment	4,047	8,027	1,814
Sale of titled vehicles	-	-	-
Sale of farm land	3,652	11,250	3,471
Sale of farm buildings	128	387	115
Sale of other farm assets	10,962	2,397	12,135
Sale of nonfarm assets	565	-	414
Purchase of breeding livestock	-27,662	-22,799	-18,915
Purchase of machinery & equip.	-83,786	-40,489	-92,387
Purchase of titled vehicles	-237	-	-669
Purchase of farm land	-25,538	-5,756	-49,794
Purchase of farm buildings	-70,678	-40,803	-35,829
Purchase of other farm assets	-18,427	-1,586	-8,820
Purchase of nonfarm assets	-6,635	-1,289	-9,171
Cash from investing activities	-209,692	-90,319	-191,141
Cash From Financing Activities			
Money borrowed	237,843	133,149	171,096
Cash gifts and inheritances	10,561	5,654	16,249
Principal payments	-187,688	-114,579	-182,420
Dividends paid	-	-	-
Gifts given	-9,243	-3,671	-27,158
Cash from financing activities	51,474	20,553	-22,233
Net change in cash balance	6,075	6,114	14,506
Ending cash (farm & nonfarm)	34,578	23,343	47,105

Table 18

Financial Standards Measures  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	132	32	34
Liquidity			
Current ratio	2.71	1.72	3.15
Working capital	269,247	99,466	334,212
Solvency (market)			
Farm debt to asset ratio	27 %	28 %	24 %
Farm equity to asset ratio	73 %	72 %	76 %
Farm debt to equity ratio	37 %	38 %	31 %
Profitability (cost)			
Rate of return on farm assets	12.0 %	2.0 %	19.1 %
Rate of return on farm equity	16.8 %	-1.6 %	29.6 %
Operating profit margin	21.1 %	4.4 %	28.8 %
Net farm income	217,248	39,654	334,278
Repayment Capacity			
Term debt coverage ratio	312 %	133 %	435 %
Capital replacement margin	196,645	21,797	311,140
Efficiency			
Asset turnover rate (cost)	56.9 %	44.3 %	66.2 %
Operating expense ratio	70.1 %	81.9 %	64.7 %
Depreciation expense ratio	8.4 %	8.1 %	8.8 %
Interest expense ratio	3.9 %	4.7 %	3.3 %
Net farm income ratio	17.5 %	5.3 %	23.2 %

Table 19

Operator and Labor Information  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	132	32	34
Operator Information			
Average number of operators	1.5	1.4	1.6
Average age of operators	51.7	51.2	48.7
Average number of years farming	28.1	28.1	24.2
Results Per Operator			
Working capital	173,793	72,339	214,400
Total assets (market)	2,103,368	1,763,602	2,116,036
Total liabilities	531,730	458,161	490,474
Net worth (market)	1,571,638	1,305,441	1,625,562
Net worth excl deferred liabs	1,579,653	1,308,807	1,627,583
Gross farm income	799,286	545,034	925,213
Total farm expense	659,057	516,194	710,770
Net farm income	140,229	28,839	214,443
Net nonfarm income	8,379	12,267	1,295
Family living & tax withdrawals	48,506	34,237	57,270
Total acres owned	313.4	418.2	272.6
Total crop acres	523.2	458.7	546.2
Crop acres owned	315.6	330.5	368.6
Crop acres cash rented	207.6	128.2	177.7
Crop acres share rented	-	-	-
Total pasture acres	2.2	2.0	0.5
Labor Analysis			
Number of farms	132	32	34
Total unpaid labor hours	4,493	4,126	4,661
Total hired labor hours	9,630	7,011	9,932
Total labor hours per farm	14,122	11,137	14,593
Unpaid hours per operator	2,900	3,001	2,990
Value of farm production / hour	69.33	50.32	78.33
Net farm income / unpaid hour	48.36	9.61	71.72
Average hourly hired labor wage	14.40	13.62	14.32
Partnerships & LLCs			
Number of farms	49	8	16
Number of operators	2.1	1.8	2.1
Owner withdrawals per farm	-	-	-
Withdrawals per operator	-	-	-
Corporations			
Number of farms	6	1	3
Number of operators	2.0	-	-

Table 20

Financial Summary  
**2007 MI Dairy (All Dairy Farms)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	132	32	34
Income Statement			
Gross cash farm income	1,175,551	757,769	1,354,172
Total cash farm expense	949,092	651,681	1,039,036
Net cash farm income	226,460	106,089	315,135
Inventory change	94,623	-5,879	146,632
Depreciation and capital adjust	-103,834	-60,556	-127,489
Average net farm income	217,248	39,654	334,278
Median net farm income	131,238	45,916	237,592
Profitability (cost)			
Labor and management earnings	160,235	104	275,860
Rate of return on assets	12.0 %	2.0 %	19.1 %
Rate of return on equity	16.8 %	-1.6 %	29.6 %
Operating profit margin	21.1 %	4.4 %	28.8 %
Asset turnover rate	56.9 %	44.3 %	66.2 %
Profitability (market)			
Labor and management earnings	210,529	-54,145	502,511
Rate of return on assets	11.3 %	1.3 %	21.2 %
Rate of return on equity	13.3 %	-0.4 %	26.6 %
Operating profit margin	33.1 %	5.0 %	55.1 %
Asset turnover rate	34.1 %	25.1 %	38.5 %
Liquidity			
Ending current ratio	2.71	1.72	3.15
Ending working capital	269,247	99,466	334,212
End working capital to gross inc	22.9 %	13.1 %	24.7 %
Term debt coverage ratio	312.0 %	132.9 %	435.4 %
Expense as a percent of income	74.1 %	86.6 %	68.0 %
Interest as a percent of income	3.9 %	4.7 %	3.3 %
Solvency (cost)			
Number of farms	132	32	34
Ending farm assets	1,812,689	1,283,541	1,795,106
Ending farm liabilities	803,777	616,512	759,551
Ending total assets	1,959,562	1,370,773	1,867,415
Ending total liabilities	811,362	625,343	761,413
Ending net worth	1,148,201	745,430	1,106,002
Net worth change	149,402	24,927	177,689
Ending farm debt to asset ratio	44 %	48 %	42 %
Beg total debt to asset ratio	43 %	46 %	46 %
End total debt to asset ratio	41 %	46 %	41 %
Solvency (market)			
Number of farms	132	32	34
Ending farm assets	3,021,476	2,254,371	3,184,212
Ending farm liabilities	815,756	621,216	762,701
Ending total assets	3,258,627	2,424,953	3,298,527
Ending total liabilities	823,779	629,972	764,562
Ending net worth	2,434,848	1,794,981	2,533,965
Net worth change	274,793	40,148	485,823
Ending farm debt to asset ratio	27 %	28 %	24 %
Beg total debt to asset ratio	26 %	26 %	28 %
End total debt to asset ratio	25 %	26 %	23 %
Nonfarm Information			
Net nonfarm income	12,981	16,867	2,019
Farms reporting living expenses	10	4	1
Total family living expense	26,920	-	-
Total living, invest, & capital	74,634	-	-
Crop Acres			
Total acres owned	486	575	425
Total crop acres	811	631	852
Total crop acres owned	489	454	575
Total crop acres cash rented	322	176	277
Total crop acres share rented	-	-	-

**B. Financial Summary Information, Herds with 20-99 Cows**

Table 21		Crop Production and Marketing Summary		
		<b>2007 MI Dairy (20-99 Cows)</b>		
		(Farms Sorted By Rate of Return on Assets - Mkt)		
		Avg. Of		
		All Farms	Low 25%	High 25%
Dairy				
Number of farms		26	6	7
Average number of cows,		62	47	66
Milk production per cow lbs.,		16,858	12,522	18,754
Average milk price per cwt.,		\$18.93	\$17.32	\$19.55
Acreage Summary				
Total acres owned		290	231	257
Total crop acres		391	312	357
Crop acres owned		252	180	307
Crop acres cash rented		139	132	50
Crop acres share rented		-	-	-
Total pasture acres		-	-	-
Average Price Received (Cash Sales Only)				
Corn per bushel		3.04	-	-
Soybeans per bushel		7.09	-	-

Table 22

Farm Income Statement  
**2007 MI Dairy (20-99 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	26	6	7
Cash Farm Income			
Beans, Navy	1,559	-	5,790
Cordwood	462	2,000	-
Corn	14,415	-	25,167
Hay, Alfalfa	3,274	-	152
Hay, Grass	118	-	-
Hay, Mixed	2,674	-	2,032
Soybeans	16,304	2,412	22,161
Sugar Beets	4,104	-	15,243
Wheat, Winter	3,552	-	10,299
Miscellaneous crop income	71	-	96
Chickens, Egg Product., Eggs	447	1,937	-
Dairy, Milk	217,167	191,513	246,846
Dairy, Dairy Calves	1,180	1,271	956
Dairy Heifers (for sale)	4,861	-	-
Dairy Replacement Heifers	4,195	16,976	1,030
Dairy Steer Finishing	4,575	6,729	6,229
Honey Production, Honey	4,986	21,606	-
Chickens, Pullets	333	1,441	-
Cull breeding livestock	26,339	26,310	9,250
Misc. livestock income	5,711	-	342
Direct & CC govt payments	2,106	2,150	-
Other government payments	4,188	2,212	5,794
Custom work income	561	1,200	84
Patronage dividends, cash	1,436	1,401	2,365
Insurance income	1,102	-	-
Other farm income	4,079	6,974	4,212
Gross Cash Farm Income	329,796	286,131	358,049



Table 22

## Farm Income Statement (Continued)

**2007 MI Dairy (20-99 Cows)**

(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	26	6	7
Cash Farm Expense			
Seed	11,549	4,858	13,986
Fertilizer	15,413	5,786	19,011
Crop chemicals	5,956	2,902	8,767
Crop insurance	577	383	1,457
Irrigation energy	37	162	-
Repair, machinery	696	862	-
Crop custom hire	549	643	-
Crop marketing	159	-	590
Crop miscellaneous	338	102	155
Feeder livestock purchase	570	-	-
Purchased feed	60,738	82,894	67,959
Breeding fees	1,769	3,205	1,236
Veterinary	5,649	6,940	6,917
BST	409	-	-
Supplies	7,757	9,127	10,012
DHIA	437	186	887
Livestock utilities	536	312	-
Hauling and trucking	3,200	2,677	3,580
Livestock marketing	6,433	6,550	5,823
Bedding	444	-	90
Livestock miscellaneous	2,489	10,786	-
Interest	15,011	19,642	12,826
Packaging and supplies	1,620	-	6,019
Fuel & oil	15,639	17,702	15,884
Repairs	20,947	22,152	28,129
Custom hire	3,491	936	5,760
Hired labor	26,486	36,692	24,717
Land rent	9,736	7,570	11,622
Machinery leases	446	-	762
Real estate taxes	5,165	1,883	6,423
Personal property taxes	86	103	232
Farm insurance	6,086	4,545	5,809
Utilities	8,165	8,952	10,833
Marketing	97	-	362
Dues & professional fees	3,525	2,539	1,492
Miscellaneous	6,010	7,272	3,951
Total cash expense	248,218	268,362	275,289
Net cash farm income	81,578	17,770	82,760
Inventory Changes			
Crops and feed	11,574	-4,393	33,749
Market livestock	4,312	3,881	-13
Accounts receivable	5,968	6,776	7,796
Prepaid expenses and supplies	6,053	1,852	9,663
Accounts payable	-5,030	-7,608	-7,836
Total inventory change	22,877	508	43,359
Net operating profit	104,455	18,278	126,120
Depreciation and Other Capital Adjustments			
Breeding livestock	-2,780	1,382	1,063
Machinery and equipment	-24,761	-20,665	-27,644
Buildings and improvements	-5,634	-2,586	-1,572
Other farm capital	1,644	1,700	250
Total depr. and other capital adj	-31,531	-20,170	-27,903
Net farm income	72,924	-1,892	98,217

Table 23

Inventory Changes  
**2007 MI Dairy (20-99 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	26	6	7
Net cash farm income	81,578	17,770	82,760
Crops and Feed			
Ending inventory	82,710	38,296	104,196
Beginning inventory	71,135	42,689	70,447
Inventory change	11,574	-4,393	33,749
Market Livestock			
Ending inventory	18,052	26,514	7,359
Beginning inventory	13,740	22,633	7,372
Inventory change	4,312	3,881	-13
Accts Receivable & Other Current Assets			
Ending inventory	19,096	32,562	13,185
Beginning inventory	13,128	25,785	5,389
Inventory change	5,968	6,776	7,796
Prepaid Expenses and Supplies			
Ending inventory	14,193	5,213	25,380
Beginning inventory	8,140	3,361	15,718
Inventory change	6,053	1,852	9,663
Accounts Payable & Accrued Expenses			
Beginning inventory	5,941	10,520	7,749
Ending inventory	10,970	18,129	15,585
Inventory change	-5,030	-7,608	-7,836
Total inventory change	22,877	508	43,359
Net operating profit	104,455	18,278	126,120

Table 24

Depreciation and Other Capital Adjustments  
**2007 MI Dairy (20-99 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	26	6	7
Net operating profit	104,455	18,278	126,120
Breeding Livestock			
Ending inventory	166,506	207,464	151,386
Capital sales	1,149	-	271
Beginning inventory	165,951	195,037	148,129
Capital purchases	4,485	11,046	2,465
Depreciation, capital adjust.	-2,780	1,382	1,063
Machinery and Equipment			
Ending inventory	48,072	66,658	43,374
Capital sales	6,232	383	97
Beginning inventory	54,637	70,698	42,590
Capital purchases	24,427	17,008	28,524
Depreciation, capital adjust.	-24,761	-20,665	-27,644
Buildings and Improvements			
Ending inventory	50,468	28,438	49,825
Capital sales	476	-	-
Beginning inventory	52,536	30,823	47,928
Capital purchases	4,042	201	3,469
Depreciation, capital adjust.	-5,634	-2,586	-1,572
Other Capital Assets			
Ending inventory	16,168	33,745	6,970
Capital sales	779	1,875	-
Beginning inventory	13,886	33,174	6,720
Capital purchases	1,417	746	-
Depreciation, capital adjust.	1,644	1,700	250
Total depreciation, capital adj.	-31,531	-20,170	-27,903
Net farm income	72,924	-1,892	98,217

Table 25

Profitability Measures  
**2007 MI Dairy (20-99 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	26	6	7
Profitability (assets valued at cost)			
Net farm income	72,924	-1,892	98,217
Labor and management earnings	52,958	-24,931	79,509
Rate of return on assets	10.1 %	-0.2 %	16.6 %
Rate of return on equity	12.5 %	-5.6 %	22.5 %
Operating profit margin	19.7 %	-0.6 %	24.8 %
Asset turnover rate	51.1 %	32.6 %	66.8 %
Interest on farm net worth	19,966	23,039	18,708
Farm interest expense	15,066	20,020	12,589
Value of operator lbr and mgmt.	31,410	19,465	28,194
Return on farm assets	56,579	-1,338	82,611
Average farm assets	562,777	646,305	498,327
Return on farm equity	41,513	-21,357	70,023
Average farm equity	331,768	379,642	311,794
Value of farm production	287,562	210,884	332,687
	Avg. Of All Farms	Low 25%	High 25%
Number of farms	26	6	7
Profitability (assets valued at market)			
Net farm income	110,928	-16,583	230,553
Labor and management earnings	49,619	-73,549	167,044
Rate of return on assets	7.5 %	-1.3 %	17.1 %
Rate of return on equity	7.8 %	-3.8 %	19.1 %
Operating profit margin	32.9 %	-7.6 %	64.6 %
Asset turnover rate	22.9 %	17.3 %	26.4 %
Interest on farm net worth	61,309	56,965	63,508
Farm interest expense	15,066	20,020	12,589
Value of operator lbr and mgmt.	31,410	19,465	28,194
Return on farm assets	94,583	-16,029	214,947
Average farm assets	1,256,943	1,216,084	1,260,303
Return on farm equity	79,518	-36,048	202,358
Average farm equity	1,021,816	949,421	1,058,473
Value of farm production	287,562	210,884	332,687

Table 26

Liquidity Measures  
**2007 MI Dairy (20-99 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	26	6	7
Liquidity (cash)			
Net cash farm income	81,578	17,770	82,760
Net nonfarm income	16,044	39,385	-1,660
Family living and taxes	51,159	33,227	49,736
Principal due on long term debt	8,568	3,622	8,077
Cash available for interm. debt	37,895	20,306	23,287
Average intermediate debt	48,874	76,215	38,506
Years to turnover interm. debt	1.3	3.8	1.7
Expense as a % of income	75 %	94 %	77 %
Interest as a % of income	5 %	7 %	4 %
Working capital to gross income	32 %	23 %	29 %
Liquidity (accrual)			
Total accrual farm income	351,650	292,396	399,582
Total accrual operating expense	247,195	274,118	273,463
Net accrual operating income	104,455	18,278	126,120
Net nonfarm income	16,044	39,385	-1,660
Family living and taxes	51,159	33,227	49,736
Principal due on long term debt	8,568	3,622	8,077
Available for intermediate debt	60,772	20,814	66,646
Average intermediate debt	48,874	76,215	38,506
Years to turnover interm. debt	0.8	3.7	0.6
Expense as a % of income	70 %	94 %	68 %
Interest as a % of income	4 %	7 %	3 %
Working capital to gross income	30 %	22 %	26 %

Table 27

**Balance Sheet at Cost Values**  
**2007 MI Dairy (20-99 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms		Low 25%		High 25%	
Number of farms	26		6		7	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>Assets</b>						
<b>Current Farm Assets</b>						
Cash and checking balance	9,162	19,029	6,826	4,786	8,214	14,528
Prepaid expenses & supplies	8,140	14,193	3,361	5,213	15,718	25,380
Growing crops	5,256	5,907	8,047	6,608	4,580	6,644
Accounts receivable	4,316	7,626	5,718	9,134	643	6,375
Hedging accounts	6	6	0	0	23	24
Crops held for sale or feed	71,135	82,710	42,689	38,296	70,447	104,196
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	13,740	18,052	22,633	26,514	7,372	7,359
Other current assets	3,549	5,557	12,020	16,820	143	143
Total current farm assets	115,305	153,079	101,293	107,369	107,140	164,649
<b>Intermediate Farm Assets</b>						
Breeding livestock	165,951	166,506	195,037	207,464	148,129	151,386
Machinery and equipment	53,637	45,943	70,698	66,658	38,876	36,697
Titled vehicles	1,000	2,129	0	0	3,714	6,676
Other intermediate assets	10,220	12,514	27,341	27,911	6,720	6,970
Total intermediate farm assets	230,808	227,091	293,076	302,033	197,439	201,730
<b>Long Term Farm Assets</b>						
Farm land	144,473	144,473	208,956	208,956	113,972	113,972
Buildings and improvements	52,536	50,468	30,823	28,438	47,928	49,825
Other long-term assets	3,666	3,654	5,833	5,833	0	0
Total long-term farm assets	200,675	198,595	245,613	243,227	161,900	163,797
Total Farm Assets	546,788	578,765	639,981	652,630	466,479	530,176
<b>Total Nonfarm Assets</b>	55,199	61,500	85,944	102,345	42,600	43,600
<b>Total Assets</b>	601,988	640,265	725,925	754,975	509,079	573,776
<b>Liabilities</b>						
<b>Current Farm Liabilities</b>						
Accrued interest	710	765	61	438	2,165	1,927
Accounts payable	5,231	10,206	10,460	17,690	5,584	13,658
Current notes	26,468	18,655	9,312	9,374	26,823	24,943
Government crop loans	0	0	0	0	0	0
Principal due on term debt	16,679	16,424	11,689	14,496	16,315	19,151
Total current farm liabilities	49,088	46,049	31,521	41,999	50,887	59,679
<b>Total intermediate farm liabs</b>	44,305	36,730	65,817	64,844	28,039	29,620
<b>Total long term farm liabilities</b>	141,424	144,421	163,117	166,029	107,641	97,201
<b>Total farm liabilities</b>	234,817	227,200	260,455	272,872	186,567	186,500
<b>Total nonfarm liabilities</b>	2,274	8,233	3,392	4,968	5,537	26,321
<b>Total liabilities</b>	237,090	235,433	263,846	277,840	192,104	212,822
<b>Net worth (farm and nonfarm)</b>	364,897	404,832	462,079	477,135	316,975	360,954
<b>Net worth change</b>		39,935		15,056		43,979
<b>Ratio Analysis</b>						
Current farm liabilities / assets	43 %	30 %	31 %	39 %	47 %	36 %
Curr. & interm farm liab. / assets	27 %	22 %	25 %	26 %	26 %	24 %
Long term farm liab. / assets	70 %	73 %	66 %	68 %	66 %	59 %
Total debt to asset ratio	39 %	37 %	36 %	37 %	38 %	37 %

Table 28

**Balance Sheet at Market Values**  
**2007 MI Dairy (20-99 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms		Low 25%		High 25%	
Number of farms	26		6		7	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>Assets</b>						
<b>Current Farm Assets</b>						
Cash and checking balance	9,162	19,029	6,826	4,786	8,214	14,528
Prepaid expenses & supplies	8,140	14,193	3,361	5,213	15,718	25,380
Growing crops	5,256	5,907	8,047	6,608	4,580	6,644
Accounts receivable	4,316	7,626	5,718	9,134	643	6,375
Hedging accounts	6	6	0	0	23	24
Crops held for sale or feed	71,135	82,710	42,689	38,296	70,447	104,196
Crops under government loan	0	0	0	0	0	0
Market livestock held for sale	13,740	18,052	22,633	26,514	7,372	7,359
Other current assets	3,549	5,557	12,020	16,820	143	143
Total current farm assets	115,305	153,079	101,293	107,369	107,140	164,649
<b>Intermediate Farm Assets</b>						
Breeding livestock	181,994	184,698	228,062	214,997	171,239	204,429
Machinery and equipment	212,412	210,801	191,042	195,416	213,106	221,453
Titled vehicles	2,988	4,142	0	0	11,100	14,457
Other intermediate assets	10,742	13,145	27,341	27,911	8,660	9,316
Total intermediate farm assets	408,136	412,787	446,444	438,325	404,105	449,654
<b>Long Term Farm Assets</b>						
Farm land	578,862	606,382	604,495	604,495	515,571	606,607
Buildings and improvements	114,793	114,820	54,874	54,874	134,624	136,481
Other long-term assets	4,856	4,866	10,000	10,000	848	929
Total long-term farm assets	698,511	726,067	669,369	669,369	651,043	744,016
Total Farm Assets	1,221,952	1,291,933	1,217,105	1,215,062	1,162,287	1,358,319
Total Nonfarm Assets	110,270	130,432	122,711	139,112	93,244	142,591
Total Assets	1,332,222	1,422,365	1,339,817	1,354,175	1,255,531	1,500,910
<b>Liabilities</b>						
<b>Current Farm Liabilities</b>						
Accrued interest	710	765	61	438	2,165	1,927
Accounts payable	5,231	10,206	10,460	17,690	5,584	13,658
Current notes	26,468	18,655	9,312	9,374	26,823	24,943
Government crop loans	0	0	0	0	0	0
Principal due on term debt	16,679	16,424	11,689	14,496	16,315	19,151
Total current farm liabilities	49,088	46,049	31,521	41,999	50,887	59,679
Total intermediate farm liabs	44,305	36,730	65,817	64,844	28,039	29,620
Total long term farm liabilities	141,424	144,421	163,117	166,029	107,641	97,201
Total farm liabilities	234,817	227,200	260,455	272,872	186,567	186,500
Total nonfarm liabilities	2,274	8,233	3,392	4,968	5,537	26,321
Total liabs excluding deferreds	237,090	235,433	263,846	277,840	192,104	212,822
Total deferred liabilities	4,118	4,118	0	0	15,297	15,297
Total liabilities	241,209	239,551	263,846	277,840	207,401	228,118
Retained earnings	364,897	404,832	462,079	477,135	316,975	360,954
Market valuation equity	726,116	777,982	613,891	599,200	731,155	911,838
Net worth (farm and nonfarm)	1,091,013	1,182,814	1,075,970	1,076,335	1,048,130	1,272,792
Net worth excluding deferreds	1,095,131	1,186,933	1,075,970	1,076,335	1,063,427	1,288,088
Net worth change		91,802		365		224,662
<b>Ratio Analysis</b>						
Current farm liabilities / assets	43 %	30 %	31 %	39 %	47 %	36 %
Curr. & interm farm liab. / assets	18 %	15 %	18 %	20 %	15 %	15 %
Long term farm liab. / assets	20 %	20 %	24 %	25 %	17 %	13 %
Total debt to asset ratio	18 %	17 %	20 %	21 %	17 %	15 %
Debt to assets excl deferreds	18 %	17 %	20 %	21 %	15 %	14 %

Table 29

Statement Of Cash Flows  
**2007 MI Dairy (20-99 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	26	6	7
Beginning cash (farm & nonfarm)	10,170	6,826	10,718
Cash From Operating Activities			
Gross cash farm income	329,796	286,131	358,049
Net nonfarm income	16,044	39,385	-1,660
Total cash farm expense	-248,218	-268,362	-275,289
Apparent family living expense	-48,677	-32,282	-47,232
Income and social security tax	-2,482	-944	-2,503
Cash from operations	46,464	23,928	31,364
Cash From Investing Activities			
Sale of breeding livestock	1,149	-	271
Sale of machinery & equipment	6,232	383	97
Sale of titled vehicles	-	-	-
Sale of farm land	-	-	-
Sale of farm buildings	476	-	-
Sale of other farm assets	779	1,875	-
Sale of nonfarm assets	-	-	-
Purchase of breeding livestock	-4,485	-11,046	-2,465
Purchase of machinery & equip.	-23,222	-17,008	-25,276
Purchase of titled vehicles	-1,206	-	-3,248
Purchase of farm land	-	-	-
Purchase of farm buildings	-4,042	-201	-3,469
Purchase of other farm assets	-1,417	-746	-
Purchase of nonfarm assets	-2,859	-5,333	-70
Cash from investing activities	-28,593	-32,075	-34,160
Cash From Financing Activities			
Money borrowed	51,854	34,079	58,716
Cash gifts and inheritances	2,845	393	4,629
Principal payments	-58,541	-27,695	-45,835
Dividends paid	-	-	-
Gifts given	-1,887	-	-527
Cash from financing activities	-5,729	6,778	16,983
Net change in cash balance	12,142	-1,370	14,188
Ending cash (farm & nonfarm)	22,312	5,456	24,906



Table 30

## Financial Standards Measures

**2007 MI Dairy (20-99 Cows)**

(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	26	6	7
Liquidity			
Current ratio	3.32	2.56	2.76
Working capital	107,030	65,371	104,969
Solvency (market)			
Farm debt to asset ratio	18 %	22 %	15 %
Farm equity to asset ratio	82 %	78 %	85 %
Farm debt to equity ratio	22 %	29 %	17 %
Profitability (cost)			
Rate of return on farm assets	10.1 %	-0.2 %	16.6 %
Rate of return on farm equity	12.5 %	-5.6 %	22.5 %
Operating profit margin	19.7 %	-0.6 %	24.8 %
Net farm income	72,924	-1,892	98,217
Repayment Capacity			
Term debt coverage ratio	306 %	136 %	313 %
Capital replacement margin	51,517	8,600	57,715
Efficiency			
Asset turnover rate (cost)	51.1 %	32.6 %	66.8 %
Operating expense ratio	66.0 %	86.9 %	65.3 %
Depreciation expense ratio	9.0 %	6.9 %	7.0 %
Interest expense ratio	4.3 %	6.8 %	3.2 %
Net farm income ratio	20.7 %	-0.6 %	24.6 %

Table 31

Operator and Labor Information  
**2007 MI Dairy (20-99 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	26	6	7
Operator Information			
Average number of operators	1.4	1.2	1.4
Average age of operators	51.3	52.3	43.3
Average number of years farming	28.3	27.3	22.0
Results Per Operator			
Working capital	77,299	56,032	73,478
Total assets (market)	1,027,264	1,160,721	1,050,637
Total liabilities	173,009	238,148	159,683
Net worth (market)	854,255	922,573	890,954
Net worth excl deferred liabs	857,229	922,573	901,662
Gross farm income	253,970	250,625	279,708
Total farm expense	201,303	252,247	210,956
Net farm income	52,667	-1,622	68,752
Net nonfarm income	11,588	33,758	-1,162
Family living & tax withdrawals	36,948	28,480	34,815
Total acres owned	209.1	198.3	179.7
Total crop acres	282.3	267.1	249.9
Crop acres owned	181.6	154.3	214.9
Crop acres cash rented	100.7	112.7	35.0
Crop acres share rented	-	-	-
Total pasture acres	-	-	-
Labor Analysis			
Number of farms	26	6	7
Total unpaid labor hours	3,865	3,471	3,552
Total hired labor hours	2,023	2,664	1,925
Total labor hours per farm	5,888	6,135	5,477
Unpaid hours per operator	2,791	2,975	2,486
Value of farm production / hour	48.84	34.38	60.75
Net farm income / unpaid hour	18.87	-0.55	27.65
Average hourly hired labor wage	12.34	13.72	12.77
Partnerships & LLCs			
Number of farms	8	2	2
Number of operators	1.9	-	-
Owner withdrawals per farm	-	-	-
Withdrawals per operator	-	-	-

Table 32

Financial Summary  
**2007 MI Dairy (20-99 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	26	6	7
Income Statement			
Gross cash farm income	329,796	286,131	358,049
Total cash farm expense	248,218	268,362	275,289
Net cash farm income	81,578	17,770	82,760
Inventory change	22,877	508	43,359
Depreciation and capital adjust	-31,531	-20,170	-27,903
Average net farm income	72,924	-1,892	98,217
Median net farm income	74,378	-4,546	106,684
Profitability (cost)			
Labor and management earnings	52,958	-24,931	79,509
Rate of return on assets	10.1 %	-0.2 %	16.6 %
Rate of return on equity	12.5 %	-5.6 %	22.5 %
Operating profit margin	19.7 %	-0.6 %	24.8 %
Asset turnover rate	51.1 %	32.6 %	66.8 %
Profitability (market)			
Labor and management earnings	49,619	-73,549	167,044
Rate of return on assets	7.5 %	-1.3 %	17.1 %
Rate of return on equity	7.8 %	-3.8 %	19.1 %
Operating profit margin	32.9 %	-7.6 %	64.6 %
Asset turnover rate	22.9 %	17.3 %	26.4 %
Liquidity			
Ending current ratio	3.32	2.56	2.76
Ending working capital	107,030	65,371	104,969
End working capital to gross inc	32.5 %	22.8 %	29.3 %
Term debt coverage ratio	306.1 %	136.4 %	312.6 %
Expense as a percent of income	70.3 %	93.7 %	68.4 %
Interest as a percent of income	4.3 %	6.8 %	3.2 %
Solvency (cost)			
Number of farms	26	6	7
Ending farm assets	578,765	652,630	530,176
Ending farm liabilities	227,200	272,872	186,500
Ending total assets	640,265	754,975	573,776
Ending total liabilities	235,433	277,840	212,822
Ending net worth	404,832	477,135	360,954
Net worth change	39,935	15,056	43,979
Ending farm debt to asset ratio	39 %	42 %	35 %
Beg total debt to asset ratio	39 %	36 %	38 %
End total debt to asset ratio	37 %	37 %	37 %
Solvency (market)			
Number of farms	26	6	7
Ending farm assets	1,291,933	1,215,062	1,358,319
Ending farm liabilities	231,318	272,872	201,797
Ending total assets	1,422,365	1,354,175	1,500,910
Ending total liabilities	239,551	277,840	228,118
Ending net worth	1,182,814	1,076,335	1,272,792
Net worth change	91,802	365	224,662
Ending farm debt to asset ratio	18 %	22 %	15 %
Beg total debt to asset ratio	18 %	20 %	17 %
End total debt to asset ratio	17 %	21 %	15 %
Nonfarm Information			
Net nonfarm income	16,044	39,385	-1,660
Crop Acres			
Total acres owned	290	231	257
Total crop acres	391	312	357
Total crop acres owned	252	180	307
Total crop acres cash rented	139	132	50
Total crop acres share rented	-	-	-

**C. Financial Summary Information, Herds with 100-249 Cows**

Table 33                      Crop Production and Marketing Summary			
2007 MI Dairy (100-249 Cows)			
(Farms Sorted By Rate of Return on Assets - Mkt)			
	Avg. Of All Farms	Low 25%	High 25%
Dairy			
Number of farms	73	18	19
Average number of cows,	163	169	162
Milk production per cow lbs.,	22,057	21,670	22,790
Average milk price per cwt.,	\$20.86	\$18.41	\$19.43
Acreage Summary			
Total acres owned	464	792	288
Total crop acres	693	788	656
Crop acres owned	401	585	379
Crop acres cash rented	292	203	277
Crop acres share rented	-	-	-
Total pasture acres	5	5	1
Average Price Received (Cash Sales Only)			
Wheat, Winter per bushel	4.78	-	-
Corn per bushel	3.41	-	-
Soybeans per bushel	8.86	-	-
Hay, Alfalfa per ton	34.68	-	-

Table 34

Farm Income Statement  
**2007 MI Dairy (100-249 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	73	18	19
Cash Farm Income			
Barley	213	816	47
Cordwood	43	176	-
Corn	10,548	13,330	14,149
Corn Silage	926	1,059	-
Hay, Alfalfa	1,852	4,273	1,254
Hay, Mixed	389	1,140	262
Haylage, Mixed	673	-	-
Oats	96	-	265
Soybeans	10,662	6,923	17,316
Straw	192	523	58
Sugar Beets	5,118	-	19,663
Wheat, Winter	5,891	2,059	13,169
Miscellaneous crop income	100	-	-
Beef Bulls	32	-	122
Beef Cow-Calf, Beef Calves	75	48	241
Beef, Finish Beef Calves	268	-	-
Dairy, Milk	703,636	664,827	725,287
Dairy, Dairy Calves	3,539	3,645	2,971
Dairy Heifers (for sale)	1,675	4,266	802
Dairy Replacement Heifers	614	1,373	534
Dairy Steer Finishing	5,768	6,508	9,458
Hogs, Farrow-Fin, Raised Hogs	104	-	-
Dairy Steer Feeders	827	2,154	-
Cull breeding livestock	32,135	37,583	29,104
Misc. livestock income	1,203	30	948
Direct & CC govt payments	6,284	10,888	4,992
Other government payments	6,274	9,213	5,533
Custom work income	7,357	8,972	3,205
Patronage dividends, cash	4,820	2,896	3,800
Insurance income	9,935	15,927	3,466
Other farm income	4,072	3,149	3,133
Gross Cash Farm Income	825,321	801,776	859,778

Table 34

## Farm Income Statement (Continued)

**2007 MI Dairy (100-249 Cows)**

(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	73	18	19
Cash Farm Expense			
Seed	22,065	21,497	21,943
Fertilizer	33,040	28,084	42,489
Crop chemicals	12,142	13,156	15,087
Crop insurance	756	515	441
Drying fuel	390	150	514
Crop custom hire	3,478	4,396	647
Crop miscellaneous	841	1,054	701
Feeder livestock purchase	1,183	2,739	1,951
Purchased feed	178,944	177,878	179,683
Breeding fees	6,209	6,239	7,840
Veterinary	19,913	19,217	22,226
BST	662	913	837
Livestock supplies	30,077	29,571	24,246
DHIA	506	-	647
Livestock hired labor	1,190	-	-
Livestock leases	330	-	25
Livestock hauling and trucking	7,866	8,139	6,434
Marketing	18,783	20,483	14,095
Bedding	1,131	1,824	1,148
Livestock miscellaneous	283	-	39
Interest	33,271	40,702	22,662
Packaging and supplies	1,212	-	3,209
Supplies	160	94	-
Fuel & oil	36,504	43,982	33,220
Repairs	47,633	53,561	43,689
Custom hire	18,580	18,808	13,380
Hired labor	89,298	107,637	86,566
Land rent	20,891	10,267	27,730
Machinery leases	5,325	1,410	4,999
Real estate taxes	10,081	13,083	9,389
Personal property taxes	117	-	158
Farm insurance	12,918	12,892	12,097
Utilities	17,710	19,083	16,261
Hauling and trucking	190	-	691
Dues & professional fees	5,123	4,670	5,071
Miscellaneous	13,606	17,901	11,159
Total cash expense	652,407	679,943	631,278
Net cash farm income	172,914	121,833	228,499
Inventory Changes			
Crops and feed	17,017	-21,216	19,714
Market livestock	279	534	-2,436
Accounts receivable	18,892	3,851	30,358
Prepaid expenses and supplies	12,212	5,771	18,793
Accounts payable	9,117	-645	27,131
Total inventory change	57,517	-11,705	93,560
Net operating profit	230,430	110,127	322,060
Depreciation and Other Capital Adjustments			
Breeding livestock	9,736	-2,669	9,920
Machinery and equipment	-60,676	-44,012	-89,037
Buildings and improvements	-35,031	-23,454	-57,149
Other farm capital	2,418	8,087	653
Total depr. and other capital adj	-83,552	-62,048	-135,613
Net farm income	146,878	48,079	186,447

Table 35

Inventory Changes  
**2007 MI Dairy (100-249 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	73	18	19
Net cash farm income	172,914	121,833	228,499
Crops and Feed			
Ending inventory	168,022	162,132	139,371
Beginning inventory	151,004	183,349	119,657
Inventory change	17,017	-21,216	19,714
Market Livestock			
Ending inventory	10,978	17,719	4,693
Beginning inventory	10,699	17,185	7,129
Inventory change	279	534	-2,436
Accts Receivable & Other Current Assets			
Ending inventory	54,209	45,724	59,523
Beginning inventory	35,317	41,873	29,164
Inventory change	18,892	3,851	30,358
Prepaid Expenses and Supplies			
Ending inventory	28,324	13,540	39,248
Beginning inventory	16,112	7,769	20,455
Inventory change	12,212	5,771	18,793
Accounts Payable & Accrued Expenses			
Beginning inventory	21,249	22,556	34,304
Ending inventory	12,133	23,202	7,173
Inventory change	9,117	-645	27,131
Total inventory change	57,517	-11,705	93,560
Net operating profit	230,430	110,127	322,060

Table 36

Depreciation and Other Capital Adjustments  
**2007 MI Dairy (100-249 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	73	18	19
Net operating profit	230,430	110,127	322,060
Breeding Livestock			
Ending inventory	442,781	437,557	380,939
Capital sales	739	206	453
Beginning inventory	411,967	425,883	363,727
Capital purchases	21,817	14,550	7,745
Depreciation, capital adjust.	9,736	-2,669	9,920
Machinery and Equipment			
Ending inventory	137,104	133,303	130,291
Capital sales	2,253	1,032	1,658
Beginning inventory	140,830	132,434	166,046
Capital purchases	59,203	45,912	54,940
Depreciation, capital adjust.	-60,676	-44,012	-89,037
Buildings and Improvements			
Ending inventory	189,931	174,163	151,033
Capital sales	9	-	-
Beginning inventory	152,216	161,549	177,997
Capital purchases	72,754	36,068	30,185
Depreciation, capital adjust.	-35,031	-23,454	-57,149
Other Capital Assets			
Ending inventory	39,123	54,548	24,598
Capital sales	5,207	3,637	1,790
Beginning inventory	37,461	47,552	27,071
Capital purchases	4,451	2,546	-1,336
Depreciation, capital adjust.	2,418	8,087	653
Total depreciation, capital adj.	-83,552	-62,048	-135,613
Net farm income	146,878	48,079	186,447



Table 37

Profitability Measures  
**2007 MI Dairy (100-249 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	73	18	19
Profitability (assets valued at cost)			
Net farm income	146,878	48,079	186,447
Labor and management earnings	98,727	-1,330	139,591
Rate of return on assets	9.1 %	1.8 %	14.4 %
Rate of return on equity	11.3 %	-1.6 %	18.6 %
Operating profit margin	17.8 %	4.5 %	22.7 %
Asset turnover rate	50.9 %	40.8 %	63.3 %
Interest on farm net worth	48,151	49,409	46,856
Farm interest expense	33,399	39,864	22,913
Value of operator lbr and mgmt.	57,163	61,135	42,258
Return on farm assets	123,115	26,808	167,101
Average farm assets	1,357,679	1,472,925	1,161,351
Return on farm equity	89,715	-13,055	144,189
Average farm equity	791,714	823,487	775,390
Value of farm production	691,117	601,659	735,699
	Avg. Of All Farms	Low 25%	High 25%
Number of farms	73	18	19
Profitability (assets valued at market)			
Net farm income	228,279	42,090	409,312
Labor and management earnings	125,143	-81,609	306,970
Rate of return on assets	8.9 %	0.8 %	18.6 %
Rate of return on equity	10.0 %	-0.9 %	21.5 %
Operating profit margin	29.6 %	3.5 %	53.0 %
Asset turnover rate	30.2 %	22.1 %	35.2 %
Interest on farm net worth	103,136	123,699	102,341
Farm interest expense	33,399	39,864	22,913
Value of operator lbr and mgmt.	57,163	61,135	42,258
Return on farm assets	204,515	20,819	389,966
Average farm assets	2,291,287	2,720,112	2,091,646
Return on farm equity	171,116	-19,045	367,053
Average farm equity	1,718,930	2,061,656	1,705,685
Value of farm production	691,117	601,659	735,699

Table 38

Liquidity Measures  
**2007 MI Dairy (100-249 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	73	18	19
Liquidity (cash)			
Net cash farm income	172,914	121,833	228,499
Net nonfarm income	7,680	14,541	2,040
Family living and taxes	65,918	49,996	91,826
Principal due on long term debt	20,019	23,665	14,554
Cash available for interm. debt	94,657	62,713	124,159
Average intermediate debt	185,110	201,093	119,745
Years to turnover interm. debt	2.0	3.2	1.0
Expense as a % of income	79 %	85 %	73 %
Interest as a % of income	4 %	5 %	3 %
Working capital to gross income	24 %	16 %	23 %
Liquidity (accrual)			
Total accrual farm income	861,509	784,945	907,414
Total accrual operating expense	631,079	674,818	585,354
Net accrual operating income	230,430	110,127	322,060
Net nonfarm income	7,680	14,541	2,040
Family living and taxes	65,918	49,996	91,826
Principal due on long term debt	20,019	23,665	14,554
Available for intermediate debt	152,174	51,008	217,720
Average intermediate debt	185,110	201,093	119,745
Years to turnover interm. debt	1.2	3.9	0.5
Expense as a % of income	73 %	86 %	65 %
Interest as a % of income	4 %	5 %	3 %
Working capital to gross income	23 %	17 %	21 %

Table 39

**Balance Sheet at Cost Values**  
**2007 MI Dairy (100-249 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms		Low 25%		High 25%	
Number of farms	73		18		19	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>Assets</b>						
<b>Current Farm Assets</b>						
Cash and checking balance	30,692	40,980	21,873	28,010	44,354	55,254
Prepaid expenses & supplies	16,112	28,324	7,769	13,540	20,455	39,248
Growing crops	9,881	12,247	9,307	10,479	10,267	14,166
Accounts receivable	23,658	39,414	28,786	33,635	17,734	41,686
Hedging accounts	94	28	60	60	0	0
Crops held for sale or feed	150,118	167,137	183,349	162,132	119,657	139,371
Crops under government loan	886	884	0	0	0	0
Market livestock held for sale	10,699	10,978	17,185	17,719	7,129	4,693
Other current assets	1,684	2,519	3,721	1,551	1,163	3,671
Total current farm assets	243,824	302,513	272,049	267,125	220,759	298,089
<b>Intermediate Farm Assets</b>						
Breeding livestock	411,967	442,781	425,883	437,557	363,727	380,939
Machinery and equipment	138,897	136,209	132,434	133,303	159,985	127,928
Titled vehicles	1,932	894	0	0	6,062	2,363
Other intermediate assets	19,013	20,200	22,549	21,639	9,473	8,566
Total intermediate farm assets	571,809	600,084	580,866	592,499	539,246	519,796
<b>Long Term Farm Assets</b>						
Farm land	310,127	307,482	417,921	421,765	210,944	171,207
Buildings and improvements	152,216	189,931	161,549	174,163	177,997	151,033
Other long-term assets	18,448	18,923	25,004	32,909	17,598	16,032
Total long-term farm assets	480,791	516,336	604,473	628,837	406,539	338,273
Total Farm Assets	1,296,425	1,418,934	1,457,388	1,488,461	1,166,544	1,156,158
Total Nonfarm Assets	125,083	132,349	95,964	103,397	86,684	108,324
Total Assets	1,421,507	1,551,282	1,553,352	1,591,858	1,253,229	1,264,482
<b>Liabilities</b>						
<b>Current Farm Liabilities</b>						
Accrued interest	1,242	1,370	2,243	1,405	258	509
Accounts payable	20,008	10,763	20,313	21,797	34,046	6,664
Current notes	47,736	36,229	60,035	53,644	62,327	50,114
Government crop loans	721	337	0	0	0	0
Principal due on term debt	51,219	54,565	61,050	60,247	39,360	46,051
Total current farm liabilities	120,924	103,265	143,642	137,092	135,991	103,337
Total intermediate farm liabs	136,218	167,250	184,201	144,714	87,106	96,892
Total long term farm liabilities	281,036	323,238	319,132	370,096	164,306	184,290
Total farm liabilities	538,178	593,753	646,974	651,902	387,403	384,519
Total nonfarm liabilities	9,488	8,882	15,113	14,044	2,258	2,093
Total liabilities	547,666	602,635	662,087	665,946	389,661	386,612
Net worth (farm and nonfarm)	873,842	948,647	891,264	925,912	863,567	877,871
Net worth change		74,805		34,648		14,303
<b>Ratio Analysis</b>						
Current farm liabilities / assets	50 %	34 %	53 %	51 %	62 %	35 %
Curr. & interm farm liab. / assets	32 %	30 %	38 %	33 %	29 %	24 %
Long term farm liab. / assets	58 %	63 %	53 %	59 %	40 %	54 %
Total debt to asset ratio	39 %	39 %	43 %	42 %	31 %	31 %

Table 40

**Balance Sheet at Market Values**  
**2007 MI Dairy (100-249 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms		Low 25%		High 25%	
Number of farms	73		18		19	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>Assets</b>						
<b>Current Farm Assets</b>						
Cash and checking balance	30,692	40,980	21,873	28,010	44,354	55,254
Prepaid expenses & supplies	16,112	28,324	7,769	13,540	20,455	39,248
Growing crops	9,881	12,247	9,307	10,479	10,267	14,166
Accounts receivable	23,658	39,414	28,786	33,635	17,734	41,686
Hedging accounts	94	28	60	60	0	0
Crops held for sale or feed	150,118	167,137	183,349	162,132	119,657	139,371
Crops under government loan	886	884	0	0	0	0
Market livestock held for sale	10,699	10,978	17,185	17,719	7,129	4,693
Other current assets	1,684	2,519	3,721	1,551	1,163	3,671
Total current farm assets	243,824	302,513	272,049	267,125	220,759	298,089
<b>Intermediate Farm Assets</b>						
Breeding livestock	430,822	468,138	431,783	437,207	412,050	457,255
Machinery and equipment	366,938	397,781	348,321	359,532	424,441	465,074
Titled vehicles	10,366	9,979	11,333	11,111	19,197	18,078
Other intermediate assets	22,759	24,422	22,549	21,639	9,056	9,476
Total intermediate farm assets	830,885	900,321	813,986	829,490	864,744	949,883
<b>Long Term Farm Assets</b>						
Farm land	803,894	820,023	1,303,827	1,295,057	581,583	616,112
Buildings and improvements	289,753	348,949	293,414	307,468	294,914	312,782
Other long-term assets	21,062	21,350	24,948	32,859	23,406	21,019
Total long-term farm assets	1,114,709	1,190,322	1,622,189	1,635,384	899,904	949,913
Total Farm Assets	2,189,418	2,393,156	2,708,224	2,731,999	1,985,407	2,197,885
Total Nonfarm Assets	225,365	244,360	188,858	216,740	105,308	137,011
Total Assets	2,414,784	2,637,515	2,897,082	2,948,739	2,090,715	2,334,896
<b>Liabilities</b>						
<b>Current Farm Liabilities</b>						
Accrued interest	1,242	1,370	2,243	1,405	258	509
Accounts payable	20,008	10,763	20,313	21,797	34,046	6,664
Current notes	47,736	36,229	60,035	53,644	62,327	50,114
Government crop loans	721	337	0	0	0	0
Principal due on term debt	51,219	54,565	61,050	60,247	39,360	46,051
Total current farm liabilities	120,924	103,265	143,642	137,092	135,991	103,337
Total intermediate farm liabs	136,218	167,250	184,201	144,714	87,106	96,892
Total long term farm liabilities	281,036	323,238	319,132	370,096	164,306	184,290
Total farm liabilities	538,178	593,753	646,974	651,902	387,403	384,519
Total nonfarm liabilities	9,488	8,882	15,113	14,044	2,258	2,093
Total liabs excluding deferreds	547,666	602,635	662,087	665,946	389,661	386,612
Total deferred liabilities	7,269	7,097	9,538	8,229	0	0
Total liabilities	554,935	609,733	671,625	674,175	389,661	386,612
Retained earnings	873,842	948,647	891,264	925,912	863,567	877,871
Market valuation equity	986,007	1,079,135	1,334,192	1,348,652	837,486	1,070,414
Net worth (farm and nonfarm)	1,859,849	2,027,783	2,225,456	2,274,565	1,701,054	1,948,285
Net worth excluding deferreds	1,867,118	2,034,880	2,234,994	2,282,793	1,701,054	1,948,285
Net worth change		167,934		49,108		247,231
<b>Ratio Analysis</b>						
Current farm liabilities / assets	50 %	34 %	53 %	51 %	62 %	35 %
Curr. & interm farm liab. / assets	24 %	22 %	30 %	26 %	21 %	16 %
Long term farm liab. / assets	25 %	27 %	20 %	23 %	18 %	19 %
Total debt to asset ratio	23 %	23 %	23 %	23 %	19 %	17 %
Debt to assets excl deferreds	23 %	23 %	23 %	23 %	19 %	17 %

Table 41

Statement Of Cash Flows  
**2007 MI Dairy (100-249 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	73	18	19
Beginning cash (farm & nonfarm)	31,632	21,873	46,913
Cash From Operating Activities			
Gross cash farm income	825,321	801,776	859,778
Net nonfarm income	7,680	14,541	2,040
Total cash farm expense	-652,407	-679,943	-631,278
Apparent family living expense	-63,947	-48,829	-89,978
Income and social security tax	-1,970	-1,167	-1,848
Cash from operations	114,676	86,378	138,713
Cash From Investing Activities			
Sale of breeding livestock	739	206	453
Sale of machinery & equipment	2,253	1,032	1,658
Sale of titled vehicles	-	-	-
Sale of farm land	6,548	20,000	6,211
Sale of farm buildings	9	-	-
Sale of other farm assets	5,207	3,637	1,790
Sale of nonfarm assets	690	-	174
Purchase of breeding livestock	-21,817	-14,550	-7,745
Purchase of machinery & equip.	-59,203	-45,912	-54,940
Purchase of titled vehicles	-	-	-
Purchase of farm land	-15,986	-9,400	-28,690
Purchase of farm buildings	-72,754	-36,068	-30,185
Purchase of other farm assets	-4,451	-2,546	1,336
Purchase of nonfarm assets	-6,144	-	-16,412
Cash from investing activities	-164,910	-83,601	-126,351
Cash From Financing Activities			
Money borrowed	196,657	137,947	157,051
Cash gifts and inheritances	10,054	6,671	15,942
Principal payments	-132,506	-134,733	-132,969
Dividends paid	-	-	-
Gifts given	-12,195	-6,527	-35,771
Cash from financing activities	62,010	3,359	4,253
Net change in cash balance	11,776	6,136	16,615
Ending cash (farm & nonfarm)	43,408	28,010	63,528

Table 42

Financial Standards Measures  
**2007 MI Dairy (100-249 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	73	18	19
Liquidity			
Current ratio	2.93	1.95	2.88
Working capital	199,248	130,033	194,752
Solvency (market)			
Farm debt to asset ratio	25 %	24 %	17 %
Farm equity to asset ratio	75 %	76 %	83 %
Farm debt to equity ratio	33 %	32 %	21 %
Profitability (cost)			
Rate of return on farm assets	9.1 %	1.8 %	14.4 %
Rate of return on farm equity	11.3 %	-1.6 %	18.6 %
Operating profit margin	17.8 %	4.5 %	22.7 %
Net farm income	146,878	48,079	186,447
Repayment Capacity			
Term debt coverage ratio	260 %	116 %	455 %
Capital replacement margin	120,640	13,135	192,914
Efficiency			
Asset turnover rate (cost)	50.9 %	40.8 %	63.3 %
Operating expense ratio	69.4 %	80.9 %	62.0 %
Depreciation expense ratio	9.7 %	7.9 %	14.9 %
Interest expense ratio	3.9 %	5.1 %	2.5 %
Net farm income ratio	17.0 %	6.1 %	20.5 %

Table 43

Operator and Labor Information  
**2007 MI Dairy (100-249 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	73	18	19
Operator Information			
Average number of operators	1.5	1.4	1.5
Average age of operators	50.5	49.7	47.9
Average number of years farming	26.8	26.9	24.2
Results Per Operator			
Working capital	132,832	93,624	127,596
Total assets (market)	1,758,343	2,123,092	1,529,760
Total liabilities	406,488	485,406	253,297
Net worth (market)	1,351,855	1,637,687	1,276,462
Net worth excl deferred liabs	1,356,587	1,643,611	1,276,462
Gross farm income	574,339	565,160	594,512
Total farm expense	476,420	530,543	472,357
Net farm income	97,919	34,617	122,155
Net nonfarm income	5,120	10,470	1,337
Family living & tax withdrawals	43,945	35,997	60,162
Total acres owned	309.3	570.1	189.0
Total crop acres	461.8	567.4	429.5
Crop acres owned	267.3	421.3	248.3
Crop acres cash rented	194.5	146.1	181.2
Crop acres share rented	-	-	-
Total pasture acres	3.0	3.5	0.9
Labor Analysis			
Number of farms	73	18	19
Total unpaid labor hours	4,467	4,029	4,443
Total hired labor hours	6,237	7,224	6,246
Total labor hours per farm	10,704	11,254	10,689
Unpaid hours per operator	2,978	2,901	2,911
Value of farm production / hour	64.57	53.46	68.83
Net farm income / unpaid hour	32.88	11.93	41.97
Average hourly hired labor wage	13.89	14.43	13.86
Partnerships & LLCs			
Number of farms	22	3	9
Number of operators	2.3	-	2.1
Owner withdrawals per farm	-	-	-
Withdrawals per operator	-	-	-

Table 44

Financial Summary  
**2007 MI Dairy (100-249 Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	73	18	19
Income Statement			
Gross cash farm income	825,321	801,776	859,778
Total cash farm expense	652,407	679,943	631,278
Net cash farm income	172,914	121,833	228,499
Inventory change	57,517	-11,705	93,560
Depreciation and capital adjust	-83,552	-62,048	-135,613
Average net farm income	146,878	48,079	186,447
Median net farm income	133,652	52,629	173,039
Profitability (cost)			
Labor and management earnings	98,727	-1,330	139,591
Rate of return on assets	9.1 %	1.8 %	14.4 %
Rate of return on equity	11.3 %	-1.6 %	18.6 %
Operating profit margin	17.8 %	4.5 %	22.7 %
Asset turnover rate	50.9 %	40.8 %	63.3 %
Profitability (market)			
Labor and management earnings	125,143	-81,609	306,970
Rate of return on assets	8.9 %	0.8 %	18.6 %
Rate of return on equity	10.0 %	-0.9 %	21.5 %
Operating profit margin	29.6 %	3.5 %	53.0 %
Asset turnover rate	30.2 %	22.1 %	35.2 %
Liquidity			
Ending current ratio	2.93	1.95	2.88
Ending working capital	199,248	130,033	194,752
End working capital to gross inc	24.1 %	16.2 %	22.7 %
Term debt coverage ratio	259.7 %	115.8 %	454.7 %
Expense as a percent of income	73.3 %	86.0 %	64.5 %
Interest as a percent of income	3.9 %	5.1 %	2.5 %
Solvency (cost)			
Number of farms	73	18	19
Ending farm assets	1,418,934	1,488,461	1,156,158
Ending farm liabilities	593,753	651,902	384,519
Ending total assets	1,551,282	1,591,858	1,264,482
Ending total liabilities	602,635	665,946	386,612
Ending net worth	948,647	925,912	877,871
Net worth change	74,805	34,648	14,303
Ending farm debt to asset ratio	42 %	44 %	33 %
Beg total debt to asset ratio	39 %	43 %	31 %
End total debt to asset ratio	39 %	42 %	31 %
Solvency (market)			
Number of farms	73	18	19
Ending farm assets	2,393,156	2,731,999	2,197,885
Ending farm liabilities	600,059	660,265	384,519
Ending total assets	2,637,515	2,948,739	2,334,896
Ending total liabilities	609,733	674,175	386,612
Ending net worth	2,027,783	2,274,565	1,948,285
Net worth change	167,934	49,108	247,231
Ending farm debt to asset ratio	25 %	24 %	17 %
Beg total debt to asset ratio	23 %	23 %	19 %
End total debt to asset ratio	23 %	23 %	17 %
Nonfarm Information			
Net nonfarm income	7,680	14,541	2,040
Farms reporting living expenses	7	3	1
Total family living expense	25,322	-	-
Total living, invest, & capital	80,196	-	-
Crop Acres			
Total acres owned	464	792	288
Total crop acres	693	788	656
Total crop acres owned	401	585	379
Total crop acres cash rented	292	203	277
Total crop acres share rented	-	-	-



# **D. Financial Summary Information, Herds with 250 Plus Cows**

Table 45                      Crop Production and Marketing Summary  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Dairy			
Number of farms	33	8	9
Average number of cows,	479	324	450
Milk production per cow lbs.,	23,942	22,826	24,638
Average milk price per cwt.,	\$19.54	\$21.10	\$19.20
Acreage Summary			
Total acres owned	688	528	664
Total crop acres	1,402	1,136	1,396
Crop acres owned	871	955	1,030
Crop acres cash rented	531	182	366
Crop acres share rented	-	-	-
Total pasture acres	4	15	-
Average Price Received (Cash Sales Only)			
Soybeans per bushel	7.00	-	-
Corn per bushel	3.27	-	-
Wheat, Winter per bushel	4.76	-	-

Table 46

Farm Income Statement  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	33	8	9
Cash Farm Income			
Beans, Black Turtle	401	-	1,471
Beans, Green	183	754	-
Beans, Navy	1,546	6,379	-
Corn	41,011	39,859	52,817
Corn Silage	7,744	1,909	25,644
Corn, Seed	206	-	-
Hay, Mixed	1,556	5,745	-
Haylage, Alfalfa	545	-	-
Haylage, Mixed	2,142	3,008	4,539
Soybeans	62,815	38,481	80,744
Speltz	1,575	6,499	-
Straw	712	-	2,609
Sugar Beets	22,189	-	46,127
Wheat, Winter	11,652	765	19,231
Miscellaneous crop income	64	-	-
Beef Bulls	165	-	606
Beef Cow-Calf, Beef Calves	35	-	129
Dairy, Milk	2,277,029	1,525,056	2,163,470
Dairy, Dairy Calves	9,919	5,514	10,114
Dairy Replacement Heifers	1,034	-	1,549
Dairy Steer Finishing	30,559	41,877	20,452
Dairy Steer Feeders	5,948	-	16,226
Cull breeding livestock	68,160	44,042	50,247
Direct & CC govt payments	9,211	8,130	6,073
Other government payments	22,145	11,655	29,850
Custom work income	9,548	5,295	23,297
Patronage dividends, cash	26,300	11,488	11,705
Insurance income	8,713	12,992	6,529
Other farm income	-6,449	4,549	15,633
Gross Cash Farm Income	2,616,656	1,773,995	2,589,063

Table 46

Farm Income Statement (Continued)  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	33	8	9
Cash Farm Expense			
Seed	62,056	48,665	57,634
Fertilizer	100,046	77,129	90,267
Crop chemicals	31,265	21,761	22,229
Crop insurance	6,051	5,803	7,414
Drying fuel	1,297	2,119	240
Irrigation energy	471	1,941	-
Crop custom hire	1,172	1,232	3,202
Crop marketing	316	668	107
Crop miscellaneous	5,760	3,964	1,819
Feeder livestock purchase	1,632	316	1,207
Purchased feed	638,297	445,365	663,217
Breeding fees	22,182	14,132	22,300
Veterinary	72,118	57,892	58,858
BST	6,056	2,651	-
Supplies	89,443	72,155	60,138
DHIA	1,246	683	1,105
Livestock custom hire	290	-	1,065
Livestock hauling and trucking	13,284	16,183	8,618
Livestock marketing	56,305	33,057	45,767
Bedding	3,589	1,761	1,893
Livestock miscellaneous	58	-	212
Interest	108,219	66,384	101,067
Packaging and supplies	7,178	730	5,420
Fuel & oil	92,302	67,419	105,124
Repairs	146,827	107,784	169,729
Custom hire	89,061	44,352	68,284
Hired labor	349,741	254,663	271,979
Land rent	71,854	58,551	58,865
Machinery leases	12,883	12,493	11,547
Real estate taxes	14,864	13,023	18,139
Personal property taxes	431	959	290
Farm insurance	29,611	28,385	24,241
Utilities	50,791	38,452	41,930
Hauling and trucking	428	-	418
Marketing	1,835	-	-
Dues & professional fees	8,989	7,612	4,943
Hedging account deposits	4,744	19,006	-
Miscellaneous	54,906	44,572	49,069
Total cash expense	2,157,597	1,571,856	1,978,335
Net cash farm income	459,059	202,139	610,729
Inventory Changes			
Crops and feed	97,715	75,960	117,540
Market livestock	1,625	-2,221	3,195
Accounts receivable	54,332	11,259	73,455
Prepaid expenses and supplies	73,472	20,284	97,151
Accounts payable	6,089	-1,239	8,316
Total inventory change	233,233	104,043	299,658
Net operating profit	692,292	306,182	910,386
Depreciation and Other Capital Adjustments			
Breeding livestock	30,604	-4,483	60,403
Machinery and equipment	-133,992	-77,893	-119,223
Buildings and improvements	-100,239	-38,675	-106,139
Other farm capital	-2,039	-7,343	-263
Total depr. and other capital adj	-205,666	-128,394	-165,222
Net farm income	486,626	177,787	745,164

Table 47

Inventory Changes  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	33	8	9
Net cash farm income	459,059	202,139	610,729
Crops and Feed			
Ending inventory	549,042	466,193	547,064
Beginning inventory	451,327	390,233	429,524
Inventory change	97,715	75,960	117,540
Market Livestock			
Ending inventory	35,807	28,949	49,445
Beginning inventory	34,182	31,170	46,250
Inventory change	1,625	-2,221	3,195
Accts Receivable & Other Current Assets			
Ending inventory	159,970	115,286	178,532
Beginning inventory	105,638	104,027	105,077
Inventory change	54,332	11,259	73,455
Prepaid Expenses and Supplies			
Ending inventory	146,921	41,650	205,329
Beginning inventory	73,449	21,366	108,178
Inventory change	73,472	20,284	97,151
Accounts Payable & Accrued Expenses			
Beginning inventory	45,114	73,042	12,753
Ending inventory	39,025	74,281	4,436
Inventory change	6,089	-1,239	8,316
Total inventory change	233,233	104,043	299,658
Net operating profit	692,292	306,182	910,386

Table 48

Depreciation and Other Capital Adjustments  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	33	8	9
Net operating profit	692,292	306,182	910,386
Breeding Livestock			
Ending inventory	1,136,728	637,245	1,038,717
Capital sales	13,125	6,678	22,444
Beginning inventory	1,060,398	588,871	960,431
Capital purchases	58,851	59,535	40,327
Depreciation, capital adjust.	30,604	-4,483	60,403
Machinery and Equipment			
Ending inventory	416,075	180,897	372,055
Capital sales	6,292	10,010	2,167
Beginning inventory	370,475	207,140	294,522
Capital purchases	185,884	61,660	198,922
Depreciation, capital adjust.	-133,992	-77,893	-119,223
Buildings and Improvements			
Ending inventory	454,016	312,992	405,207
Capital sales	118	-	433
Beginning inventory	435,789	201,308	447,628
Capital purchases	118,584	150,359	64,152
Depreciation, capital adjust.	-100,239	-38,675	-106,139
Other Capital Assets			
Ending inventory	138,002	36,035	93,458
Capital sales	31,717	8,221	27,691
Beginning inventory	109,013	36,927	86,093
Capital purchases	62,745	14,672	35,319
Depreciation, capital adjust.	-2,039	-7,343	-263
Total depreciation, capital adj.	-205,666	-128,394	-165,222
Net farm income	486,626	177,787	745,164

Table 49

Profitability Measures  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	33	8	9
Profitability (assets valued at cost)			
Net farm income	486,626	177,787	745,164
Labor and management earnings	380,818	120,831	655,334
Rate of return on assets	14.8 %	7.4 %	24.2 %
Rate of return on equity	22.9 %	10.8 %	44.3 %
Operating profit margin	23.5 %	12.0 %	35.1 %
Asset turnover rate	62.8 %	61.4 %	68.9 %
Interest on farm net worth	105,809	56,956	89,830
Farm interest expense	108,460	66,566	101,035
Value of operator lbr and mgmt.	86,179	75,515	82,065
Return on farm assets	508,907	168,839	764,135
Average farm assets	3,439,215	2,296,172	3,161,925
Return on farm equity	400,447	102,273	663,099
Average farm equity	1,745,545	949,270	1,497,161
Value of farm production	2,161,003	1,408,830	2,179,232
	Avg. Of All Farms	Low 25%	High 25%
Number of farms	33	8	9
Profitability (assets valued at market)			
Net farm income	748,319	241,825	1,239,685
Labor and management earnings	526,191	105,508	1,032,841
Rate of return on assets	14.2 %	6.2 %	24.6 %
Rate of return on equity	17.9 %	7.3 %	33.6 %
Operating profit margin	35.7 %	16.5 %	57.8 %
Asset turnover rate	39.8 %	37.7 %	42.6 %
Interest on farm net worth	222,128	136,318	206,844
Farm interest expense	108,460	66,566	101,035
Value of operator lbr and mgmt.	86,179	75,515	82,065
Return on farm assets	770,600	232,877	1,258,656
Average farm assets	5,424,879	3,738,801	5,112,162
Return on farm equity	662,140	166,311	1,157,621
Average farm equity	3,702,133	2,271,959	3,447,398
Value of farm production	2,161,003	1,408,830	2,179,232

Table 50

Liquidity Measures  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	33	8	9
Liquidity (cash)			
Net cash farm income	459,059	202,139	610,729
Net nonfarm income	22,295	17,041	6,390
Family living and taxes	114,467	63,312	136,560
Principal due on long term debt	45,269	24,100	53,216
Cash available for interm. debt	321,619	131,768	427,342
Average intermediate debt	382,533	229,550	388,256
Years to turnover interm. debt	1.2	1.7	0.9
Expense as a % of income	82 %	89 %	76 %
Interest as a % of income	4 %	4 %	4 %
Working capital to gross income	21 %	14 %	27 %
Liquidity (accrual)			
Total accrual farm income	2,770,328	1,858,994	2,783,254
Total accrual operating expense	2,078,036	1,552,812	1,872,867
Net accrual operating income	692,292	306,182	910,386
Net nonfarm income	22,295	17,041	6,390
Family living and taxes	114,467	63,312	136,560
Principal due on long term debt	45,269	24,100	53,216
Available for intermediate debt	554,852	235,811	727,000
Average intermediate debt	382,533	229,550	388,256
Years to turnover interm. debt	0.7	1.0	0.5
Expense as a % of income	75 %	84 %	67 %
Interest as a % of income	4 %	4 %	4 %
Working capital to gross income	20 %	13 %	25 %

Table 51

**Balance Sheet at Cost Values**  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms		Low 25%		High 25%	
Number of farms	33		8		9	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>Assets</b>						
<b>Current Farm Assets</b>						
Cash and checking balance	36,026	24,712	18,029	17,654	24,622	31,503
Prepaid expenses & supplies	73,449	146,921	21,366	41,650	108,178	205,329
Growing crops	23,037	30,898	22,223	36,711	21,016	31,294
Accounts receivable	70,940	122,003	63,830	77,055	57,278	126,001
Hedging accounts	2,061	0	2,250	0	5,556	0
Crops held for sale or feed	444,668	545,868	362,766	453,100	429,524	547,064
Crops under government loan	6,659	3,174	27,467	13,093	0	0
Market livestock held for sale	34,182	35,807	31,170	28,949	46,250	49,445
Other current assets	9,601	7,070	15,724	1,521	21,228	21,238
Total current farm assets	700,623	916,452	564,824	669,732	713,651	1,011,874
<b>Intermediate Farm Assets</b>						
Breeding livestock	1,060,398	1,136,728	588,871	637,245	960,431	1,038,717
Machinery and equipment	369,223	415,245	207,140	180,897	289,931	369,009
Titled vehicles	1,252	831	0	0	4,591	3,046
Other intermediate assets	95,966	109,128	32,016	31,057	58,336	65,701
Total intermediate farm assets	1,526,839	1,661,931	828,026	849,198	1,313,290	1,476,473
<b>Long Term Farm Assets</b>						
Farm land	546,225	594,633	532,705	623,668	431,283	468,931
Buildings and improvements	435,789	454,016	201,308	312,992	447,628	405,207
Other long-term assets	13,048	28,875	4,911	4,978	27,757	27,757
Total long-term farm assets	995,062	1,077,523	738,925	941,638	906,668	901,895
Total Farm Assets	3,222,523	3,655,906	2,131,775	2,460,568	2,933,609	3,390,242
Total Nonfarm Assets	221,334	246,267	70,130	71,415	19,111	19,111
Total Assets	3,443,857	3,902,173	2,201,905	2,531,984	2,952,720	3,409,353
<b>Liabilities</b>						
<b>Current Farm Liabilities</b>						
Accrued interest	4,672	4,913	852	1,034	649	617
Accounts payable	40,442	34,112	72,190	73,248	12,104	3,819
Current notes	163,383	175,832	211,381	259,707	115,492	143,614
Government crop loans	5,623	3,174	23,194	13,093	0	0
Principal due on term debt	118,361	146,519	78,237	81,732	142,819	154,904
Total current farm liabilities	332,481	364,550	385,854	428,814	271,064	302,953
Total intermediate farm liabs	300,542	303,537	156,757	204,474	355,135	257,551
Total long term farm liabilities	1,031,667	1,054,562	708,346	809,559	1,073,449	1,069,377
Total farm liabilities	1,664,691	1,722,648	1,250,957	1,442,847	1,699,648	1,629,882
Total nonfarm liabilities	4,510	4,204	0	0	0	0
Total liabilities	1,669,200	1,726,852	1,250,957	1,442,847	1,699,648	1,629,882
Net worth (farm and nonfarm)	1,774,657	2,175,322	950,948	1,089,137	1,253,072	1,779,471
Net worth change		400,665		138,189		526,399
<b>Ratio Analysis</b>						
Current farm liabilities / assets	47 %	40 %	68 %	64 %	38 %	30 %
Curr. & interm farm liab. / assets	28 %	26 %	39 %	42 %	31 %	23 %
Long term farm liab. / assets	104 %	98 %	96 %	86 %	118 %	119 %
Total debt to asset ratio	48 %	44 %	57 %	57 %	58 %	48 %



Table 52

**Balance Sheet at Market Values**  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms		Low 25%		High 25%	
Number of farms	33		8		9	
	Beginning	Ending	Beginning	Ending	Beginning	Ending
<b>Assets</b>						
<b>Current Farm Assets</b>						
Cash and checking balance	36,026	24,712	18,029	17,654	24,622	31,503
Prepaid expenses & supplies	73,449	146,921	21,366	41,650	108,178	205,329
Growing crops	23,037	30,898	22,223	36,711	21,016	31,294
Accounts receivable	70,940	122,003	63,830	77,055	57,278	126,001
Hedging accounts	2,061	0	2,250	0	5,556	0
Crops held for sale or feed	444,668	545,868	362,766	453,100	429,524	547,064
Crops under government loan	6,659	3,174	27,467	13,093	0	0
Market livestock held for sale	34,182	35,807	31,170	28,949	46,250	49,445
Other current assets	9,601	7,070	15,724	1,521	21,228	21,238
Total current farm assets	700,623	916,452	564,824	669,732	713,651	1,011,874
<b>Intermediate Farm Assets</b>						
Breeding livestock	1,173,101	1,296,149	710,608	772,108	1,122,876	1,289,317
Machinery and equipment	749,991	825,172	486,097	540,478	784,502	862,675
Titled vehicles	7,061	15,386	1,625	1,406	21,667	38,111
Other intermediate assets	115,489	130,085	32,016	31,057	112,412	125,923
Total intermediate farm assets	2,045,642	2,266,791	1,230,346	1,345,049	2,041,456	2,316,026
<b>Long Term Farm Assets</b>						
Farm land	1,552,576	1,696,732	1,350,648	1,459,900	1,238,209	1,556,610
Buildings and improvements	764,176	865,603	386,393	463,958	615,513	675,473
Other long-term assets	12,676	28,486	3,376	3,376	27,757	27,757
Total long-term farm assets	2,329,429	2,590,822	1,740,417	1,927,234	1,881,478	2,259,839
Total Farm Assets	5,075,693	5,774,065	3,535,587	3,942,014	4,636,585	5,587,739
<b>Total Nonfarm Assets</b>	287,357	305,288	104,362	105,647	88,045	94,495
<b>Total Assets</b>	5,363,050	6,079,354	3,639,949	4,047,662	4,724,630	5,682,235
<b>Liabilities</b>						
<b>Current Farm Liabilities</b>						
Accrued interest	4,672	4,913	852	1,034	649	617
Accounts payable	40,442	34,112	72,190	73,248	12,104	3,819
Current notes	163,383	175,832	211,381	259,707	115,492	143,614
Government crop loans	5,623	3,174	23,194	13,093	0	0
Principal due on term debt	118,361	146,519	78,237	81,732	142,819	154,904
Total current farm liabilities	332,481	364,550	385,854	428,814	271,064	302,953
<b>Total intermediate farm liabs</b>	300,542	303,537	156,757	204,474	355,135	257,551
<b>Total long term farm liabilities</b>	1,031,667	1,054,562	708,346	809,559	1,073,449	1,069,377
<b>Total farm liabilities</b>	1,664,691	1,722,648	1,250,957	1,442,847	1,699,648	1,629,882
<b>Total nonfarm liabilities</b>	4,510	4,204	0	0	0	0
<b>Total liabs excluding deferreds</b>	1,669,200	1,726,852	1,250,957	1,442,847	1,699,648	1,629,882
<b>Total deferred liabilities</b>	27,428	30,724	113,142	126,738	0	0
<b>Total liabilities</b>	1,696,628	1,757,576	1,364,099	1,569,585	1,699,648	1,629,882
<b>Retained earnings</b>	1,774,657	2,175,322	950,948	1,089,137	1,253,072	1,779,471
<b>Market valuation equity</b>	1,891,765	2,146,456	1,324,902	1,388,940	1,771,910	2,272,882
<b>Net worth (farm and nonfarm)</b>	3,666,422	4,321,777	2,275,850	2,478,077	3,024,982	4,052,353
<b>Net worth excluding deferreds</b>	3,693,850	4,352,502	2,388,992	2,604,815	3,024,982	4,052,353
<b>Net worth change</b>		655,356		202,227		1,027,371
<b>Ratio Analysis</b>						
Current farm liabilities / assets	47 %	40 %	68 %	64 %	38 %	30 %
Curr. & interm farm liab. / assets	23 %	21 %	30 %	31 %	23 %	17 %
Long term farm liab. / assets	44 %	41 %	41 %	42 %	57 %	47 %
Total debt to asset ratio	32 %	29 %	37 %	39 %	36 %	29 %
Debt to assets excl deferreds	31 %	28 %	34 %	36 %	36 %	29 %

Table 53

Statement Of Cash Flows  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	33	8	9
Beginning cash (farm & nonfarm)	36,026	18,029	24,622
Cash From Operating Activities			
Gross cash farm income	2,616,656	1,773,995	2,589,063
Net nonfarm income	22,295	17,041	6,390
Total cash farm expense	-2,157,597	-1,571,856	-1,978,335
Apparent family living expense	-102,774	-62,257	-130,044
Income and social security tax	-11,692	-1,055	-6,516
Cash from operations	366,888	155,868	480,559
Cash From Investing Activities			
Sale of breeding livestock	13,125	6,678	22,444
Sale of machinery & equipment	6,292	10,010	2,167
Sale of titled vehicles	-	-	-
Sale of farm land	121	-	-
Sale of farm buildings	118	-	433
Sale of other farm assets	31,717	8,221	27,691
Sale of nonfarm assets	734	-	1,196
Purchase of breeding livestock	-58,851	-59,535	-40,327
Purchase of machinery & equip.	-185,884	-61,660	-198,922
Purchase of titled vehicles	-	-	-
Purchase of farm land	-66,787	-95,434	-127,543
Purchase of farm buildings	-118,584	-150,359	-64,152
Purchase of other farm assets	-62,745	-14,672	-35,319
Purchase of nonfarm assets	-10,695	-2,870	-
Cash from investing activities	-451,439	-359,622	-412,332
Cash From Financing Activities			
Money borrowed	475,489	436,904	284,997
Cash gifts and inheritances	17,762	12,729	24,104
Principal payments	-411,508	-246,254	-346,446
Dividends paid	-	-	-
Gifts given	-8,506	-	-24,000
Cash from financing activities	73,237	203,379	-61,345
Net change in cash balance	-11,314	-375	6,881
Ending cash (farm & nonfarm)	24,712	17,654	31,503

Table 54

Financial Standards Measures  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	33	8	9
Liquidity			
Current ratio	2.51	1.56	3.34
Working capital	551,902	240,918	708,920
Solvency (market)			
Farm debt to asset ratio	30 %	40 %	29 %
Farm equity to asset ratio	70 %	60 %	71 %
Farm debt to equity ratio	44 %	66 %	41 %
Profitability (cost)			
Rate of return on farm assets	14.8 %	7.4 %	24.2 %
Rate of return on farm equity	22.9 %	10.8 %	44.3 %
Operating profit margin	23.5 %	12.0 %	35.1 %
Net farm income	486,626	177,787	745,164
Repayment Capacity			
Term debt coverage ratio	360 %	246 %	395 %
Capital replacement margin	479,122	181,673	627,897
Efficiency			
Asset turnover rate (cost)	62.8 %	61.4 %	68.9 %
Operating expense ratio	71.1 %	79.9 %	63.7 %
Depreciation expense ratio	7.4 %	6.9 %	5.9 %
Interest expense ratio	3.9 %	3.6 %	3.6 %
Net farm income ratio	17.6 %	9.6 %	26.8 %

Table 55

Operator and Labor Information  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	33	8	9
Operator Information			
Average number of operators	1.8	1.8	1.6
Average age of operators	54.6	53.6	54.1
Average number of years farming	30.9	29.6	28.2
Results Per Operator			
Working capital	308,691	137,667	455,734
Total assets (market)	3,400,316	2,312,949	3,652,865
Total liabilities	983,051	896,906	1,047,781
Net worth (market)	2,417,265	1,416,044	2,605,084
Net worth excl deferred liabs	2,434,450	1,488,466	2,605,084
Gross farm income	1,549,506	1,062,282	1,789,235
Total farm expense	1,277,325	960,690	1,310,200
Net farm income	272,181	101,593	479,034
Net nonfarm income	12,470	9,738	4,108
Family living & tax withdrawals	64,024	36,178	87,788
Total acres owned	384.8	301.6	426.8
Total crop acres	784.0	649.2	897.4
Crop acres owned	487.0	545.4	661.9
Crop acres cash rented	297.0	103.8	235.5
Crop acres share rented	-	-	-
Total pasture acres	2.0	8.6	-
Labor Analysis			
Number of farms	33	8	9
Total unpaid labor hours	5,044	5,701	6,339
Total hired labor hours	23,129	19,539	20,507
Total labor hours per farm	28,173	25,240	26,846
Unpaid hours per operator	2,821	3,258	4,075
Value of farm production / hour	76.71	55.82	81.18
Net farm income / unpaid hour	96.47	31.18	117.55
Average hourly hired labor wage	14.84	13.03	13.26
Partnerships & LLCs			
Number of farms	19	3	5
Number of operators	2.1	-	-
Owner withdrawals per farm	-	-	-
Withdrawals per operator	-	-	-

Table 56

Financial Summary  
**2007 MI Dairy (250 Plus Cows)**  
(Farms Sorted By Rate of Return on Assets - Mkt)

	Avg. Of All Farms	Low 25%	High 25%
Number of farms	33	8	9
Income Statement			
Gross cash farm income	2,616,656	1,773,995	2,589,063
Total cash farm expense	2,157,597	1,571,856	1,978,335
Net cash farm income	459,059	202,139	610,729
Inventory change	233,233	104,043	299,658
Depreciation and capital adjust	-205,666	-128,394	-165,222
Average net farm income	486,626	177,787	745,164
Median net farm income	331,836	156,348	860,715
Profitability (cost)			
Labor and management earnings	380,818	120,831	655,334
Rate of return on assets	14.8 %	7.4 %	24.2 %
Rate of return on equity	22.9 %	10.8 %	44.3 %
Operating profit margin	23.5 %	12.0 %	35.1 %
Asset turnover rate	62.8 %	61.4 %	68.9 %
Profitability (market)			
Labor and management earnings	526,191	105,508	1,032,841
Rate of return on assets	14.2 %	6.2 %	24.6 %
Rate of return on equity	17.9 %	7.3 %	33.6 %
Operating profit margin	35.7 %	16.5 %	57.8 %
Asset turnover rate	39.8 %	37.7 %	42.6 %
Liquidity			
Ending current ratio	2.51	1.56	3.34
Ending working capital	551,902	240,918	708,920
End working capital to gross inc	21.1 %	13.6 %	27.4 %
Term debt coverage ratio	360.1 %	246.2 %	395.1 %
Expense as a percent of income	75.0 %	83.5 %	67.3 %
Interest as a percent of income	3.9 %	3.6 %	3.6 %
Solvency (cost)			
Number of farms	33	8	9
Ending farm assets	3,655,906	2,460,568	3,390,242
Ending farm liabilities	1,722,648	1,442,847	1,629,882
Ending total assets	3,902,173	2,531,984	3,409,353
Ending total liabilities	1,726,852	1,442,847	1,629,882
Ending net worth	2,175,322	1,089,137	1,779,471
Net worth change	400,665	138,189	526,399
Ending farm debt to asset ratio	47 %	59 %	48 %
Beg total debt to asset ratio	48 %	57 %	58 %
End total debt to asset ratio	44 %	57 %	48 %
Solvency (market)			
Number of farms	33	8	9
Ending farm assets	5,774,065	3,942,014	5,587,739
Ending farm liabilities	1,753,372	1,569,585	1,629,882
Ending total assets	6,079,354	4,047,662	5,682,235
Ending total liabilities	1,757,576	1,569,585	1,629,882
Ending net worth	4,321,777	2,478,077	4,052,353
Net worth change	655,356	202,227	1,027,371
Ending farm debt to asset ratio	30 %	40 %	29 %
Beg total debt to asset ratio	32 %	37 %	36 %
End total debt to asset ratio	29 %	39 %	29 %
Nonfarm Information			
Net nonfarm income	22,295	17,041	6,390
Crop Acres			
Total acres owned	688	528	664
Total crop acres	1,402	1,136	1,396
Total crop acres owned	871	955	1,030
Total crop acres cash rented	531	182	366
Total crop acres share rented	-	-	-