

Dairy Farm Operating Trends

December 31, 2017



To Our Valued Clients and Other Friends in the Dairy Industry

The following pages contain the Frazer, LLP's Dairy Farm Operating Trends for the year ended December 31, 2017.

The data is compiled from dairy operations in Southern California, the San Joaquin Valley, Kern County, Arizona, Idaho, New Mexico, the Texas Panhandle, and the Pacific Northwest, which consists of Washington and Oregon operating collectively, with a combined milk production of over 8.6 billion pounds and approximately 400,000 head of mature cows for the year ended December 31, 2017.

This report includes a comparison of the results in the regions listed above for the year ended December 31, 2017 both on an "Actual per hundredweight of milk" basis and on a "per head" basis. For 2017, we have inserted an Energy Corrected Milk (ECM) calculation per hundredweight of milk for all Federal Order regions, and on a Fat Corrected Milk (FCM) calculation per hundredweight of milk for all California regions, please see pages 7 to 8. Also included are selected financial ratios and other statistical analysis for the year.

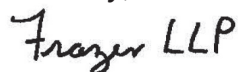
This publication is designed as a reference tool and a management aid for dairy farm managers and advisors. Frazer, LLP believes the information to be reliable, but is not responsible for errors in reported source information.

Our publication continues to be recognized as the top industry source for relevant dairy statistics. This report is provided to and widely utilized by dairy farmers, lending institutions, universities, colleges and other agribusiness industries.

We appreciate all of your past and present support and thank you for your continued reliance on Frazer, LLP. If you have any comments or questions, please contact our Agribusiness partners, Ralph Lizardo, Tim Gulling or Sharon A. Davis at our Brea office at (714) 990-1040 and Angela Blaylock, Mike Edwards or Bob Matlick at our Visalia office at (559) 732-4135 and Pete Jones at our Twin Falls office at (208) 595-4813.

For more information regarding our firm, our Agribusiness department and our publication, please visit our website at www.frazerllp.com.

Sincerely,

A handwritten signature in black ink that reads "Frazer LLP". The signature is written in a cursive, flowing style.

FRAZER, LLP

Certified Public Accountants and Consultants

May 2018

DAIRY FARM OPERATING TRENDS

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Comparative Net Income By Region:

Net income per head rebounded fairly well in 2017 for most regions. Milk prices grew across the board in 2017 and feed costs remained relatively stable when compared to 2016 feed costs. Beef and calf prices remained relatively lower much like 2016 which hampered the bottomline somewhat for 2017. Milk production has remained strong compared to demand, and continued strengthening in the U.S. dollar along with ongoing concerns in the political environment has put strain on global trade and export markets. Milk prices started a dramatic drop in January of 2018 but are now showing some signs of life to rebound over the summer and fall quarters of 2018. As far as major costs go, labor costs, and quality of labor continue to be strenuous issues for most.

Net income (loss) per head:	Southern		San Joaquin		Kern		Arizona		Idaho		New		Pacific	
	Southern California		San Joaquin Valley		Kern County		Arizona		Idaho		New Mexico		Panhandle	Northwest
2017	\$ 52	\$	\$ 57	\$	\$ 220	\$	\$ (96)	\$	\$ 197	\$	\$ (239)	\$	\$ 322	\$ 288
2016	\$ (40)	\$	\$ (257)	\$	\$ (230)	\$	\$ (201)	\$	\$ (78)	\$	\$ (358)	\$	\$ (23)	\$ (40)
Change	\$ 92	\$	\$ 314	\$	\$ 450	\$	\$ 105	\$	\$ 275	\$	\$ 119	\$	\$ 345	\$ 328

Comparative Feed Cost By Region:

Feed costs again remained generally lower for most regions, although increased fairly substantially in New Mexico and Texas. Corn and soy futures have risen in 2018 mostly due to feed production cost increases, and export - trade concerns. But with trade policies gaining progress over this summer, costs maybe potentially easing, which would be a welcome benefit for dairymen. High end mineral and protein costs continue to rise adding to overall feed costs per head. Feed production in the nation remains strong and the same issues that face milk export markets also apply to feed export markets as well.

Feed cost per head:	Southern		San Joaquin		Kern		Arizona		Idaho		New		Pacific	
	Southern California		San Joaquin Valley		Kern County		Arizona		Idaho		New Mexico		Panhandle	Northwest
2017	\$ 2,072	\$	\$ 1,882	\$	\$ 1,907	\$	\$ 2,025	\$	\$ 1,906	\$	\$ 1,843	\$	\$ 1,657	\$ 1,819
2016	\$ 2,064	\$	\$ 2,048	\$	\$ 2,161	\$	\$ 1,906	\$	\$ 2,020	\$	\$ 1,670	\$	\$ 1,516	\$ 2,061
Change	\$ 8	\$	\$ (166)	\$	\$ (254)	\$	\$ 119	\$	\$ (114)	\$	\$ 173	\$	\$ 141	\$ (242)

Comparative Production By Region:

The nation's milk production grew by 1.4% in 2017 and does not show much signs of slowing through the 1st half of 2018. The U.S. milk cows continue to climb and are at the highest numbers in more than a decade. Lead gains in milk production in 2017 are again coming from the Midwest and the East, while Texas, Arizona and New Mexico also rose compared to 2016. Idaho production remained stable compared to 2016, and California, Oregon and Washington declined slightly in 2017 compared to 2016. Efficiencies and technology is growing and regardless of labor woes, milk production is rising because of technologies.

Lbs. per milk cow per day:	Southern		San Joaquin		Kern		Arizona		Idaho		New		Pacific	
	Southern California		San Joaquin Valley		Kern County		Arizona		Idaho		New Mexico		Panhandle	Northwest
2017	70.7		69.3		69.2		73.6		70.9		66.4		68.6	65.6
2016	73.0		79.6		72.9		69.4		75.0		63.9		64.5	70.1
Change	(2.3)		(10.3)		(3.7)		4.2		(4.1)		2.5		4.1	(4.5)

Herd Turnover Rate By Region:

Herd turnover rates began rising in again in 2017 for most regions but did drop for most of California compared to 2016. Cow care is always an issue and the scarcity of quality labor can dramatically affect turnover.

Herd turnover rate by region:	Southern		San Joaquin		Kern		Arizona		Idaho		New		Pacific	
	Southern California		San Joaquin Valley		Kern County		Arizona		Idaho		New Mexico		Panhandle	Northwest
2017	38.8%		41.2%		40.1%		36.5%		40.0%		36.2%		41.6%	31.7%
2016	39.4%		46.9%		38.3%		34.5%		39.0%		30.1%		35.6%	31.8%
Change	-0.6%		-5.7%		1.8%		2.0%		1.0%		6.1%		6.0%	-0.1%

Average Cost of Replacement Per Head By Region:

Costs of replacements were generally on the rise in most regions, but did remain generally stable as with increased breeding efficiencies have reduced the need to purchase replacements, basically.

Average cost of replacement per head by region:	Southern		San Joaquin		Kern		Arizona		Idaho		New		Pacific	
	Southern California		San Joaquin Valley		Kern County		Arizona		Idaho		New Mexico		Panhandle	Northwest
2017	\$ 1,580		\$ 1,778		\$ 1,686		\$ 1,750		\$ 1,684		\$ 1,675		\$ 1,696	\$ 2,059
2016	\$ 1,679		\$ 1,591		\$ 1,638		\$ 1,720		\$ 1,632		\$ 1,578		\$ 1,909	\$ 1,639
Change	\$ (99)		\$ 187		\$ 48		\$ 30		\$ 52		\$ 97		\$ (213)	\$ 420

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

COMPARISON BY AREA
FOR THE YEAR ENDED DECEMBER 31, 2017
(BASED ON AVERAGE AMOUNTS PER HEAD)

Southern California San Joaquin Valley Kern County

Income:			
Milk sales	\$ 3,885	\$ 3,585	\$ 3,595
Calves and other	103	94	50
Total income	\$ 3,988	\$ 3,679	\$ 3,645
Cost of operations:			
Feed:			
Grain	\$ 1,363	\$ 1,419	\$ 1,249
Hay and forages	709	463	658
Total feed	\$ 2,072	\$ 1,882	\$ 1,907
Labor, (including fringe costs)	\$ 504	\$ 385	\$ 322
Herd replacement costs	\$ 452	\$ 344	\$ 287
Other costs:			
Milk hauling	\$ 82	\$ 72	\$ 71
State and association charges	42	41	41
Veterinary, breeding, testing, etc.	150	108	71
Supplies	67	122	118
Repairs and maintenance	192	121	134
Utilities	44	77	101
Occupancy costs	72	129	91
Depreciation - equipment	38	77	55
Interest	109	106	86
Miscellaneous	112	158	141
Total other costs	\$ 908	\$ 1,011	\$ 909
Total cost of operations	\$ 3,936	\$ 3,622	\$ 3,425
Net income (loss)	\$ 52	\$ 57	\$ 220

Arizona Idaho New Mexico Panhandle Pacific Northwest Your December 31, 2017 Amounts

\$ 3,854	\$ 3,924	\$ 3,335	\$ 3,786	\$ 3,987	\$
172	57	102	85	58	
\$ 4,026	\$ 3,981	\$ 3,437	\$ 3,871	\$ 4,045	\$
\$ 1,444	\$ 1,235	\$ 1,404	\$ 1,264	\$ 1,090	\$
581	671	439	393	729	
\$ 2,025	\$ 1,906	\$ 1,843	\$ 1,657	\$ 1,819	\$
\$ 494	\$ 422	\$ 415	\$ 391	\$ 481	\$
\$ 364	\$ 414	\$ 274	\$ 443	\$ 301	\$
\$ 113	\$ 74	\$ 193	\$ 155	\$ 130	\$
83	49	78	48	59	
84	120	98	103	130	
171	139	102	170	129	
146	150	141	145	156	
85	44	62	34	43	
132	125	76	98	170	
62	72	64	84	77	
141	94	182	90	87	
222	175	148	131	175	
\$ 1,239	\$ 1,042	\$ 1,144	\$ 1,058	\$ 1,156	\$
\$ 4,122	\$ 3,784	\$ 3,676	\$ 3,549	\$ 3,757	\$
\$ (96)	\$ 197	\$ (239)	\$ 322	\$ 288	\$

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

	COMPARISON BY AREA FOR THE YEAR ENDED DECEMBER 31, 2017 (BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS)		
	Southern California	San Joaquin Valley	Kern County
Income:			
Milk sales	\$ 17.57	\$ 16.88	\$ 17.04
Calves and other	0.46	0.45	0.24
Total income	\$ 18.03	\$ 17.33	\$ 17.28
Cost of operations:			
Feed:			
Grain	\$ 6.16	\$ 6.70	\$ 5.92
Hay and forages	3.21	2.18	3.11
Total feed	\$ 9.37	\$ 8.88	\$ 9.03
Labor, (including fringe costs)	\$ 2.28	\$ 1.82	\$ 1.54
Herd replacement costs	\$ 2.04	\$ 1.63	\$ 1.36
Other costs:			
Milk hauling	\$ 0.37	\$ 0.34	\$ 0.34
State and association charges	0.19	0.20	0.19
Veterinary, breeding, testing, etc.	0.68	0.51	0.34
Supplies	0.30	0.57	0.56
Repairs and maintenance	0.87	0.57	0.63
Utilities	0.20	0.36	0.48
Occupancy costs	0.33	0.61	0.43
Depreciation - equipment	0.17	0.37	0.26
Interest	0.49	0.50	0.41
Miscellaneous	0.51	0.72	0.64
Total other costs	\$ 4.11	\$ 4.75	\$ 4.28
Total cost of operations	\$ 17.80	\$ 17.08	\$ 16.21
Net income (loss)	\$ 0.23	\$ 0.25	\$ 1.07

Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest	Your December 31, 2017 Amounts
\$ 17.20	\$ 17.35	\$ 16.75	\$ 17.77	\$ 19.05	\$
0.77	0.26	0.51	0.40	0.28	
\$ 17.97	\$ 17.61	\$ 17.26	\$ 18.17	\$ 19.33	\$
\$ 6.44	\$ 5.46	\$ 7.05	\$ 5.94	\$ 5.21	\$
2.59	2.97	2.20	1.86	3.48	
\$ 9.03	\$ 8.43	\$ 9.25	\$ 7.80	\$ 8.69	\$
\$ 2.21	\$ 1.85	\$ 2.09	\$ 1.84	\$ 2.29	\$
\$ 1.62	\$ 1.83	\$ 1.37	\$ 2.08	\$ 1.44	\$
\$ 0.50	\$ 0.33	\$ 0.97	\$ 0.73	\$ 0.62	\$
0.37	0.22	0.39	0.23	0.28	
0.37	0.53	0.49	0.48	0.63	
0.76	0.61	0.51	0.80	0.62	
0.65	0.66	0.71	0.68	0.74	
0.38	0.20	0.31	0.16	0.20	
0.58	0.56	0.38	0.46	0.81	
0.28	0.32	0.32	0.39	0.37	
0.63	0.42	0.91	0.42	0.41	
0.98	0.80	0.74	0.62	0.84	
\$ 5.50	\$ 4.65	\$ 5.73	\$ 4.97	\$ 5.52	\$
\$ 18.36	\$ 16.76	\$ 18.44	\$ 16.69	\$ 17.94	\$
\$ (0.39)	\$ 0.85	\$ (1.18)	\$ 1.48	\$ 1.39	\$

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

	COMPARISON BY AREA FOR THE YEAR ENDED DECEMBER 31, 2017 (BASED ON FAT CORRECTED MILK PER HUNDRED WEIGHT OF MILK BASIS)		
	Southern California	San Joaquin Valley	Kern County
Income:			
Milk sales	\$ 17.04	\$ 16.32	\$ 16.64
Calves and other	0.45	0.43	0.23
Total income	\$ 17.49	\$ 16.75	\$ 16.87
Cost of operations:			
Feed:			
Grain	\$ 5.98	\$ 6.46	\$ 5.78
Hay and forages	3.11	2.11	3.04
Total feed	\$ 9.09	\$ 8.57	\$ 8.82
Labor, (including fringe costs)	\$ 2.21	\$ 1.75	\$ 1.49
Herd replacement costs	\$ 1.98	\$ 1.57	\$ 1.33
Other costs:			
Milk hauling	\$ 0.36	\$ 0.33	\$ 0.33
State and association charges	0.18	0.19	0.19
Veterinary, breeding, testing, etc.	0.66	0.49	0.33
Supplies	0.29	0.55	0.55
Repairs and maintenance	0.84	0.55	0.62
Utilities	0.19	0.35	0.47
Occupancy costs	0.32	0.59	0.42
Depreciation - equipment	0.17	0.35	0.25
Interest	0.48	0.48	0.40
Miscellaneous	0.49	0.72	0.65
Total other costs	\$ 3.98	\$ 4.60	\$ 4.21
Total cost of operations	\$ 17.26	\$ 16.49	\$ 15.85
Net income (loss)	\$ 0.23	\$ 0.26	\$ 1.02

COMPARISON BY AREA FOR THE YEAR ENDED DECEMBER 31, 2017 (BASED ON ENERGY CORRECTED MILK PER HUNDRED WEIGHT OF MILK BASIS)						Your December 31, 2017 Amounts
Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest		
\$ 16.62	\$ 16.27	\$ 16.22	\$ 16.48	\$ 16.98	\$	
0.74	0.24	0.50	0.37	0.25		
\$ 17.36	\$ 16.51	\$ 16.72	\$ 16.85	\$ 17.23	\$	
\$ 6.23	\$ 5.12	\$ 6.83	\$ 5.50	\$ 4.64	\$	
2.50	2.78	2.14	1.71	3.11		
\$ 8.73	\$ 7.90	\$ 8.97	\$ 7.21	\$ 7.75	\$	
\$ 2.13	\$ 1.75	\$ 2.02	\$ 1.70	\$ 2.05	\$	
\$ 1.57	\$ 1.72	\$ 1.33	\$ 1.93	\$ 1.28	\$	
\$ 0.49	\$ 0.31	\$ 0.94	\$ 0.67	\$ 0.55	\$	
0.36	0.20	0.38	0.21	0.25		
0.36	0.50	0.48	0.45	0.55		
0.74	0.57	0.49	0.74	0.55		
0.63	0.62	0.69	0.63	0.66		
0.37	0.18	0.30	0.15	0.18		
0.57	0.52	0.37	0.43	0.72		
0.27	0.30	0.31	0.37	0.33		
0.61	0.39	0.88	0.39	0.37		
0.96	0.72	0.72	0.57	0.74		
\$ 5.36	\$ 4.31	\$ 5.56	\$ 4.61	\$ 4.90	\$	
\$ 17.79	\$ 15.68	\$ 17.88	\$ 15.45	\$ 15.98	\$	
\$ (0.43)	\$ 0.83	\$ (1.16)	\$ 1.40	\$ 1.25	\$	

SUMMARY OF FINANCIAL STATISTICS

COMPARISON BY AREA
FOR THE YEAR ENDED DECEMBER 31, 2017

Southern California San Joaquin Valley Kern County

1 Current Ratio	0.42 : 1	1.12 : 1	1.45 : 1
2 Herd Line Debt Per Cow	\$ 1,176	\$ 890	\$ 641
3 Total Debt Per Cow	\$ 2,809	\$ 2,943	\$ 3,092
4 Debt to Equity Ratio	1.20 : 1	1.63 : 1	0.95 : 1
5 Return on Total Assets	0.9%	0.8%	2.4%
6 Income (loss) per milking cow per month	\$ 5.18	\$ 5.59	\$ 21.95

1. The current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity ratio represents total debt divided by total equity.
5. The return on total assets represents the net income divided by the total assets, stated at cost.
6. Income (loss) per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve months.

Arizona	Idaho	New Mexico	Panhandle	Pacific Northwest	Your December 31, 2017 Results
0.53 : 1	0.89 : 1	0.90 : 1	1.33 : 1	1.18 : 1	
\$ 1,267	\$ 478	\$ 519	\$ 299	\$ 675	\$
\$ 3,192	\$ 2,626	\$ 2,674	\$ 2,521	\$ 2,232	\$
2.35 : 1	1.17 : 1	1.21 : 1	1.36 : 1	0.76 : 1	
-1.4%	2.9%	-3.3%	4.8%	3.9%	
\$ (9.45)	\$ 18.80	\$ (24.33)	\$ 31.40	\$ 27.37	\$

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2017, 2016, AND 2015
SOUTHERN CALIFORNIA
(BASED ON AVERAGE AMOUNTS)

PER HEAD

2017 2016 2015

Income:			
Milk sales	\$ 3,885	\$ 3,643	\$ 3,636
Calves and other	103	124	246
Total income	\$ 3,988	\$ 3,767	\$ 3,882
Cost of operations:			
Feed:			
Grain	\$ 1,363	\$ 1,397	\$ 1,562
Hay and other	709	667	762
Total feed	\$ 2,072	\$ 2,064	\$ 2,324
Labor, (including fringe costs)	\$ 504	\$ 495	\$ 434
Herd replacement costs	\$ 452	\$ 379	\$ 227
Other costs:			
Milk hauling	\$ 82	\$ 84	\$ 84
State and association charges	42	44	43
Veterinary, breeding, testing, etc.	150	152	138
Supplies	67	70	62
Repairs and maintenance	192	153	187
Utilities	44	50	57
Occupancy costs	72	89	102
Depreciation - equipment	38	31	28
Interest	109	92	87
Miscellaneous	112	104	116
Total other costs	\$ 908	\$ 869	\$ 904
Total cost of operations	\$ 3,936	\$ 3,807	\$ 3,889
Net income (loss)	\$ 52	\$ (40)	\$ (7)

PER ACTUAL CWT. OF MILK

2017 2016 2015

\$ 17.57	\$ 15.91	\$ 16.03		
0.46	0.54	1.08		
\$ 18.03	\$ 16.45	\$ 17.11		
\$ 6.16	\$ 6.10	\$ 6.89		
3.21	2.92	3.36		
\$ 9.37	\$ 9.02	\$ 10.25		
\$ 2.28	\$ 2.16	\$ 1.92		
\$ 2.04	\$ 1.65	\$ 1.00		
\$ 0.37	\$ 0.36	\$ 0.37		
0.19	0.19	0.19		
0.68	0.66	0.61		
0.30	0.31	0.27		
0.87	0.67	0.82		
0.20	0.22	0.25		
0.33	0.38	0.45		
0.17	0.13	0.13		
0.49	0.40	0.38		
0.51	0.47	0.51		
\$ 4.11	\$ 3.79	\$ 3.98		
\$ 17.80	\$ 16.62	\$ 17.15		
\$ 0.23	\$ (0.17)	\$ (0.04)		

YOUR 2017
RESULTS

PER HEAD PER CWT.
OF MILK

SUMMARY OF FINANCIAL STATISTICS

SOUTHERN CALIFORNIA

	December 31, 2017	December 31, 2016	December 31, 2015
1. Current Ratio	0.42 : 1	0.43 : 1	0.51 : 1
2. Herd Line Debt Per Cow	\$ 1,176	\$ 1,271	\$ 976
3. Total Debt Per Cow	\$ 2,809	\$ 2,898	\$ 2,943
4. Debt to Equity Ratio	1.20 : 1	1.28 : 1	1.42 : 1
5. Return on Total Assets	0.9%	-0.6%	-0.1%
6. Income (loss) per milking cow per month	\$ 5.18	\$ (4.26)	\$ (2.17)

1. The current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity represents the total debt divided by the total equity.
5. The return on total assets represents the net income divided by the total assets, stated at cost.
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED
DECEMBER 31, 2017, 2016, AND 2015
SOUTHERN CALIFORNIA
(BASED ON AVERAGE AMOUNTS)

	2017	2016	2015
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	22,119	22,899	22,679
Daily pounds of milk, per milking cow	70.7	73.0	72.3
Daily pounds of milk, per milking cow (Fat corrected milk pounds)	72.84	-	-
Butterfat test	3.69 %	3.55 %	3.48 %
Solids-non-fat test	8.85 %	8.73 %	8.76 %
Blend price per hundredweight	\$ 17.57	\$ 15.91	\$ 16.03
Milk receipts, per milking cow	\$ 4,471	\$ 4,239	\$ 4,231
HERD INFORMATION:			
Herd size - total	2,912	2,660	2,414
Percent of dry cows	14.2 %	14.1 %	14.0 %
Herd turnover rate	38.8 %	39.4 %	39.5 %
Composition of herd: Purchased cows	49 %	62 %	59 %
Self-raised cows	51 %	38 %	41 %
Cost of purchased cows	\$ 1,580	\$ 1,679	\$ 1,863
Beef price received	\$ 793	\$ 851	\$ 1,120
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	35.1 %	38.3 %	43.0 %
Hay and other	18.3 %	18.4 %	21.0 %
Totals	53.4 %	56.7 %	64.0 %

INCOME AND COST OF OPERATIONS				
	SOUTHERN CALIFORNIA			
	(BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2017	December 31, 2016	December 31, 2015	
Income:				
Milk Sales	\$ 17.57	\$ 15.91	\$ 16.03	
Calves and other	0.46	0.54	1.08	
Total income	\$ 18.03	\$ 16.45	\$ 17.11	
Total cost of operations:				
Feed	\$ 9.37	\$ 9.02	\$ 10.25	
Labor	2.28	2.16	1.92	
Herd replacement costs	2.04	1.65	1.00	
Other costs	4.11	3.79	3.98	
Total costs of operations	\$ 17.80	\$ 16.62	\$ 17.15	
Net income (loss)	\$ 0.23	\$ (0.17)	\$ (0.04)	
Cost of operations as a percentage of income	98.72%	101.03%	100.23%	
Feed costs as a percentage of milk sales	53.33%	56.69%	63.94%	
Net income (loss) per milking cow per month	\$ 5.18	\$ (4.26)	\$ (2.17)	
Cumulative net income per cwt. from 2011 to 2017	\$ 4.14			

December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
\$ 22.79	\$ 18.90	\$ 16.91	\$ 18.85
0.93	0.27	0.26	0.44
\$ 23.72	\$ 19.17	\$ 17.17	\$ 19.29
\$ 11.45	\$ 11.80	\$ 11.99	\$ 11.64
1.87	1.71	1.67	1.72
0.93	1.30	1.44	1.54
4.23	3.90	3.65	4.39
\$ 18.48	\$ 18.71	\$ 18.75	\$ 19.29
\$ 5.24	\$ 0.46	\$ (1.58)	\$ 0.00
77.91%	97.60%	109.20%	100.00%
50.24%	62.43%	70.90%	61.75%
\$ 114.66	\$ 9.54	\$ (31.10)	\$ 0.24

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2017, 2016, AND 2015
SAN JOAQUIN VALLEY
(BASED ON AVERAGE AMOUNTS)

PER HEAD

2017 2016 2015

Income:			
Milk sales	\$ 3,585	\$ 3,520	\$ 3,892
Calves and other	94	72	184
Total income	\$ 3,679	\$ 3,592	\$ 4,076
Cost of operations:			
Feed:			
Grain	\$ 1,419	\$ 1,572	\$ 1,801
Hay and other	463	476	766
Total feed	\$ 1,882	\$ 2,048	\$ 2,567
Labor, (including fringe costs)	\$ 385	\$ 407	\$ 424
Herd replacement costs	\$ 344	\$ 351	\$ 172
Other costs:			
Milk hauling	\$ 72	\$ 80	\$ 82
State and association charges	41	42	46
Veterinary, breeding, testing, etc.	108	105	131
Supplies	122	130	131
Repairs and maintenance	121	124	137
Utilities	77	89	99
Occupancy costs	129	121	148
Depreciation - equipment	77	86	80
Interest	106	106	112
Miscellaneous	158	160	155
Total other costs	\$ 1,011	\$ 1,043	\$ 1,121
Total cost of operations	\$ 3,622	\$ 3,849	\$ 4,284
Net income (loss)	\$ 57	\$ (257)	\$ (208)

PER ACTUAL CWT. OF MILK

2017 2016 2015

\$ 16.88	\$ 14.86	\$ 16.39		
0.45	0.30	0.79		
\$ 17.33	\$ 15.16	\$ 17.18		
\$ 6.70	\$ 6.66	\$ 7.63		
2.18	2.02	3.24		
\$ 8.88	\$ 8.68	\$ 10.87		
\$ 1.82	\$ 1.72	\$ 1.80		
\$ 1.63	\$ 1.49	\$ 0.73		
\$ 0.34	\$ 0.34	\$ 0.35		
0.20	0.18	0.20		
0.51	0.44	0.56		
0.57	0.55	0.55		
0.57	0.52	0.59		
0.36	0.38	0.42		
0.61	0.51	0.62		
0.37	0.37	0.34		
0.50	0.45	0.47		
0.72	0.71	0.65		
\$ 4.75	\$ 4.45	\$ 4.75		
\$ 17.08	\$ 16.34	\$ 18.15		
\$ 0.25	\$ (1.18)	\$ (0.97)		

YOUR 2017
RESULTS

PER HEAD PER CWT.
OF MILK

SUMMARY OF FINANCIAL STATISTICS

SAN JOAQUIN VALLEY			
	December 31, 2017	December 31, 2016	December 31, 2015
1. Current Ratio	1.12 : 1	0.89 : 1	1.17 : 1
2. Herd Line Debt Per Cow	\$ 890	\$ 1,080	\$ 816
3. Total Debt Per Cow	\$ 2,943	\$ 3,235	\$ 3,259
4. Debt to Equity Ratio	1.63 : 1	1.85 : 1	1.46 : 1
5. Return on Total Assets	0.8%	-3.5%	-2.5%
6. Income (loss) per milking cow per month	\$ 5.59	\$ (23.12)	\$ (13.20)
<p>1. The current ratio represents current assets divided by current liabilities.</p> <p>2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.</p> <p>3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.</p> <p>4. Debt to equity represents the total debt divided by the total equity.</p> <p>5. The return on total assets represents the net income divided by the total assets, stated at cost.</p> <p>6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.</p>			

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED DECEMBER 31, 2017, 2016, AND 2015 SAN JOAQUIN VALLEY (BASED ON AVERAGE AMOUNTS)			
	2017	2016	2015
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	21,169	23,599	23,614
Daily pounds of milk, per milking cow	69.3	79.6	73.7
Daily pounds of milk, per milking cow (Fat corrected milk pounds)	71.93	-	-
Butterfat test	3.73 %	3.63 %	3.59 %
Solids-non-fat test	8.95 %	8.88 %	8.84 %
Blend price per hundredweight	\$ 16.88	\$ 14.86	\$ 16.39
Milk receipts, per milking cow	\$ 4,181	\$ 4,343	\$ 4,432
HERD INFORMATION:			
Herd size - total	4,407	4,122	3,625
Percent of dry cows	16.3 %	19.0 %	13.9 %
Herd turnover rate	41.2 %	46.9 %	46.5 %
Composition of herd:			
Purchased cows	5 %	9 %	4 %
Self-raised cows	95 %	91 %	96 %
Cost of purchased cows	\$ 1,778	\$ 1,591	\$ 1,812
Beef price received	\$ 769	\$ 835	\$ 1,176
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	39.7 %	44.8 %	46.6 %
Hay and other	12.9 %	13.6 %	19.8 %
Totals	52.6 %	58.4 %	66.4 %

INCOME AND COST OF OPERATIONS				
	SAN JOAQUIN VALLEY			
	(BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2017	December 31, 2016	December 31, 2015	
Income:				
Milk Sales	\$ 16.88	\$ 14.86	\$ 16.39	
Calves and other	0.45	0.30	0.79	
Total income	\$ 17.33	\$ 15.16	\$ 17.18	
Total cost of operations:				
Feed	\$ 8.88	\$ 8.68	\$ 10.87	
Labor	1.82	1.72	1.80	
Herd replacement costs	1.63	1.49	0.73	
Other costs	4.75	4.45	4.75	
Total costs of operations	\$ 17.08	\$ 16.34	\$ 18.15	
Net income (loss)	\$ 0.25	\$ (1.18)	\$ (0.97)	
Cost of operations as a percentage of income	98.56%	107.78%	105.65%	
Feed costs as a percentage of milk sales	52.61%	58.41%	66.32%	
Net income (loss) per milking cow per month	\$ 5.59	\$ (23.12)	\$ (13.20)	
Cumulative net income per cwt. from 2011 to 2017	\$ 3.88			

December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
\$ 22.29	\$ 18.86	\$ 16.66	\$ 18.68
0.63	0.31	0.34	0.32
\$ 22.92	\$ 19.17	\$ 17.00	\$ 19.00
\$ 11.54	\$ 12.13	\$ 11.50	\$ 10.37
1.45	1.41	1.43	1.45
0.65	1.16	1.15	1.18
4.30	4.12	4.08	4.39
\$ 17.94	\$ 18.82	\$ 18.16	\$ 17.39
\$ 4.98	\$ 0.35	\$ (1.16)	\$ 1.61
78.27%	98.17%	106.82%	91.53%
51.77%	64.32%	69.03%	55.51%
\$ 128.26	\$ 20.13	\$ (11.93)	\$ 59.07

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2017, 2016, AND 2015
KERN COUNTY
(BASED ON AVERAGE AMOUNTS)

PER HEAD

201720162015

Income:			
Milk sales	\$3,595	\$3,340	\$3,359
Calves and other	50	74	147
Total income	\$3,645	\$3,414	\$3,506
Cost of operations:			
Feed:			
Grain	\$1,249	\$1,360	\$1,476
Hay and other	658	801	880
Total feed	\$1,907	\$2,161	\$2,356
Labor, (including fringe costs)	\$322	\$321	\$297
Herd replacement costs	\$287	\$266	\$170
Other costs:			
Milk hauling	\$71	\$70	\$71
State and association charges	41	42	41
Veterinary, breeding, testing, etc.	71	65	61
Supplies	118	117	114
Repairs and maintenance	134	146	121
Utilities	101	107	88
Occupancy costs	91	99	94
Depreciation - equipment	55	59	64
Interest	86	87	66
Miscellaneous	141	104	108
Total other costs	\$909	\$896	\$828
Total cost of operations	\$3,425	\$3,644	\$3,651
Net income (loss)	\$220	\$(230)	\$(145)

See accompanying explanation of income and cost factors.

PER ACTUAL CWT. OF MILK

201720162015

\$17.04	\$15.34	\$15.81
0.24	0.34	0.69
\$17.28	\$15.68	\$16.50
\$5.92	\$6.25	\$6.95
3.11	3.67	4.14
\$9.03	\$9.92	\$11.09
\$1.54	\$1.48	\$1.40
\$1.36	\$1.22	\$0.80
\$0.34	\$0.32	\$0.33
0.19	0.19	0.19
0.34	0.30	0.29
0.56	0.54	0.54
0.63	0.67	0.57
0.48	0.49	0.41
0.43	0.46	0.45
0.26	0.27	0.30
0.41	0.40	0.31
0.64	0.47	0.50
\$4.28	\$4.11	\$3.89
\$16.21	\$16.73	\$17.18
\$1.07	\$(1.05)	\$(0.68)

YOUR 2017
RESULTS

PER HEADPER CWT.
OF MILK

\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$
\$	\$

SUMMARY OF FINANCIAL STATISTICS

	KERN COUNTY		
	December 31, 2017	December 31, 2016	December 31, 2015
1. Current Ratio	0.90 : 1	1.37 : 1	1.43 : 1
2. Herd Line Debt Per Cow	\$ 519	\$ 892	\$ 768
3. Total Debt Per Cow	\$ 2,674	\$ 3,335	\$ 3,404
4. Debt to Equity Ratio	1.21 : 1	1.05 : 1	0.97 : 1
5. Return on Total Assets	-3.3%	-2.5%	-1.5%
6. Income (loss) per milking cow per month	\$ 21.95	\$ (23.52)	\$ (14.95)
	1. The current ratio represents current assets divided by current liabilities.		
	2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.		
	3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.		
	4. Debt to equity represents the total debt divided by the total equity.		
	5. The return on total assets represents the net income divided by the total assets, stated at cost.		
	6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.		

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

	FOR THE YEARS ENDED DECEMBER 31, 2017, 2016, AND 2015 KERN COUNTY (BASED ON AVERAGE AMOUNTS)		
	2017	2016	2015
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	21,091	21,765	21,247
Daily pounds of milk, per milking cow	69.2	72.9	71.7
Daily pounds of milk, per milking cow (Fat corrected milk pounds)	70.92	-	-
Butterfat test	3.65 %	3.68 %	3.65 %
Solids-non-fat test	8.92 %	8.89 %	8.89 %
Blend price per hundredweight	\$ 17.04	\$ 15.34	\$ 15.81
Milk receipts, per milking cow	\$ 4,192	\$ 4,095	\$ 4,137
HERD INFORMATION:			
Herd size - total	3,724	3,737	3,086
Percent of dry cows	16.5 %	18.4 %	18.8 %
Herd turnover rate	40.1 %	38.3 %	40.3 %
Composition of herd:			
Purchased cows	1 %	1 %	3 %
Self-raised cows	99 %	99 %	97 %
Cost of purchased cows	\$ 1,686	\$ 1,638	\$ 1,719
Beef price received	\$ 715	\$ 748	\$ 1,049
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	34.7 %	40.7 %	44.0 %
Hay and other	18.3 %	23.9 %	26.2 %
Totals	53.0 %	64.6 %	70.2 %

INCOME AND COST OF OPERATIONS				
	KERN COUNTY			
	(BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2017	December 31, 2016	December 31, 2015	
Income:				
Milk Sales	\$ 17.04	\$ 15.34	\$ 15.81	
Calves and other	0.24	0.34	0.69	
Total income	\$ 17.28	\$ 15.68	\$ 16.50	
Total cost of operations:				
Feed	\$ 9.03	\$ 9.92	\$ 11.09	
Labor	1.54	1.48	1.40	
Herd replacement costs	1.36	1.22	0.80	
Other costs	4.28	4.11	3.89	
Total costs of operations	\$ 16.21	\$ 16.73	\$ 17.18	
Net income (loss)	\$ 1.07	\$ (1.05)	\$ (0.68)	
Cost of operations as a percentage of income	93.81%	106.70%	104.12%	
Feed costs as a percentage of milk sales	52.99%	64.67%	70.15%	
Net income (loss) per milking cow per month	\$ 21.95	\$ (23.52)	\$ (14.95)	
Cumulative net income per cwt. from 2011 to 2017	\$ 6.65			

December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
\$ 22.46	\$ 19.13	\$ 16.97	\$ 19.02
0.45	0.23	0.25	0.19
\$ 22.91	\$ 19.36	\$ 17.22	\$ 19.21
\$ 11.77	\$ 12.52	\$ 12.15	\$ 9.78
1.28	1.29	1.25	1.31
0.77	1.20	1.20	1.24
4.00	3.85	3.92	3.86
\$ 17.82	\$ 18.86	\$ 18.52	\$ 16.19
\$ 5.09	\$ 0.50	\$ (1.30)	\$ 3.02
77.78%	97.42%	107.55%	84.28%
52.40%	65.45%	71.60%	51.42%
\$ 149.10	\$ 36.88	\$ (8.21)	\$ 82.44

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS				
	FOR THE YEARS ENDED DECEMBER 31, 2017, 2016, AND 2015 ARIZONA (BASED ON AVERAGE AMOUNTS)			
	PER HEAD			
	2017	2016	2015	
Income:				
Milk sales	\$ 3,854	\$ 3,429	\$ 3,703	
Calves and other	172	126	203	
Total income	\$ 4,026	\$ 3,555	\$ 3,906	
Cost of operations:				
Feed:				
Grain	\$ 1,444	\$ 1,377	\$ 1,495	
Hay and other	581	529	653	
Total feed	\$ 2,025	\$ 1,906	\$ 2,148	
Labor, (including fringe costs)	\$ 494	\$ 447	\$ 450	
Herd replacement costs	\$ 364	\$ 294	\$ 198	
Other costs:				
Milk hauling	\$ 113	\$ 109	\$ 98	
State and association charges	83	72	75	
Veterinary, breeding, testing, etc.	84	64	60	
Supplies	171	172	183	
Repairs and maintenance	146	125	139	
Utilities	85	82	87	
Occupancy costs	132	59	57	
Depreciation - equipment	62	65	65	
Interest	141	118	104	
Miscellaneous	222	243	269	
Total other costs	\$ 1,239	\$ 1,109	\$ 1,137	
Total cost of operations	\$ 4,122	\$ 3,756	\$ 3,933	
Net loss	\$ (96)	\$ (201)	\$ (27)	

See accompanying explanation of income and cost factors.

PER ACTUAL CWT. OF MILK			YOUR 2017 RESULTS	
2017	2016	2015	PER HEAD	PER CWT. OF MILK
\$ 17.20	\$ 15.56	\$ 16.33	\$	\$
0.77	0.57	0.87		
\$ 17.97	\$ 16.13	\$ 17.20	\$	\$
\$ 6.44	\$ 6.24	\$ 6.61	\$	\$
2.59	2.39	2.88		
\$ 9.03	\$ 8.63	\$ 9.49	\$	\$
\$ 2.21	\$ 2.03	\$ 1.97	\$	\$
\$ 1.62	\$ 1.33	\$ 0.87	\$	\$
\$ 0.50	\$ 0.49	\$ 0.43	\$	\$
0.37	0.33	0.33		
0.37	0.29	0.27		
0.76	0.78	0.81		
0.65	0.56	0.61		
0.38	0.37	0.39		
0.58	0.27	0.25		
0.28	0.29	0.29		
0.63	0.54	0.46		
0.98	1.11	1.17		
\$ 5.50	\$ 5.03	\$ 5.01	\$	\$
\$ 18.36	\$ 17.02	\$ 17.34	\$	\$
\$ (0.39)	\$ (0.89)	\$ (0.14)	\$	\$

SUMMARY OF FINANCIAL STATISTICS

	ARIZONA		
	December 31, 2017	December 31, 2016	December 31, 2015
1. Current Ratio	0.53 : 1	0.63 : 1	0.73 : 1
2. Herd Line Debt Per Cow	\$ 1,267	\$ 1,234	\$ 864
3. Total Debt Per Cow	\$ 3,192	\$ 3,447	\$ 3,097
4. Debt to Equity Ratio	2.35 : 1	2.16 : 1	1.50 : 1
5. Return on Total Assets	-1.4%	-2.8%	-0.4%
6. Loss per milking cow per month	\$ (9.45)	\$ (20.02)	\$ (0.14)
<p>1. The current ratio represents current assets divided by current liabilities.</p> <p>2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.</p> <p>3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.</p> <p>4. Debt to equity represents the total debt divided by the total equity.</p> <p>5. The return on total assets represents the net income divided by the total assets, stated at cost.</p> <p>6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.</p>			

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

	FOR THE YEARS ENDED DECEMBER 31, 2017, 2016, AND 2015 ARIZONA (BASED ON AVERAGE AMOUNTS)		
	2017	2016	2015
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	22,418	22,046	22,651
Daily pounds of milk, per milking cow	73.6	69.4	70.8
Daily pounds of milk, per milking cow (Energy corrected milk pounds)	76.14	-	-
Butterfat test	3.57 %	3.45 %	3.33 %
Blend price per hundredweight	\$ 17.20	\$ 15.56	\$ 16.33
Milk receipts, per milking cow	\$ 4,441	\$ 3,949	\$ 4,224
HERD INFORMATION:			
Herd size - total	4,846	4,464	3,841
Percent of dry cows	16.5 %	13.0 %	12.3 %
Herd turnover rate	36.5 %	34.5 %	36.3 %
Composition of herd:			
Purchased cows	42 %	42 %	30 %
Self-raised cows	58 %	58 %	70 %
Cost of purchased cows	\$ 1,750	\$ 1,720	\$ 2,016
Beef price received	\$ 827	\$ 881	\$ 1,128
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	37.4 %	40.1 %	40.5 %
Hay and other	15.1 %	15.4 %	17.6 %
Totals	52.5 %	55.5 %	58.1 %

INCOME AND COST OF OPERATIONS				
	ARIZONA			
	(BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2017	December 31, 2016	December 31, 2015	
Income:				
Milk Sales	\$ 17.20	\$ 15.56	\$ 16.33	
Calves and other	0.77	0.57	0.87	
Total income	\$ 17.97	\$ 16.13	\$ 17.20	
Total cost of operations:				
Feed	\$ 9.03	\$ 8.63	\$ 9.49	
Labor	2.21	2.03	1.97	
Herd replacement costs	1.62	1.33	0.87	
Other costs	5.50	5.03	5.01	
Total costs of operations	\$ 18.36	\$ 17.02	\$ 17.34	
Net income (loss)	\$ (0.39)	\$ (0.89)	\$ (0.14)	
Cost of operations as a percentage of income	102.17%	105.52%	100.81%	
Feed costs as a percentage of milk sales	52.50%	55.46%	58.11%	
Net income (loss) per milking cow per month	\$ (9.45)	\$ (20.02)	\$ (0.14)	
Cumulative net income per cwt. from 2011 to 2017	\$ 7.06			

December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
\$ 23.35	\$ 20.10	\$ 18.48	\$ 20.74
1.20	0.35	0.32	0.28
\$ 24.55	\$ 20.45	\$ 18.80	\$ 21.02
\$ 10.74	\$ 11.68	\$ 11.49	\$ 10.61
2.06	1.89	1.89	1.67
0.69	1.02	1.02	1.29
5.30	4.96	4.64	5.39
\$ 18.79	\$ 19.55	\$ 19.04	\$ 18.96
\$ 5.76	\$ 0.90	\$ (0.24)	\$ 2.06
76.54%	95.60%	101.28%	90.20%
46.00%	58.11%	62.18%	51.16%
\$ 124.79	\$ 25.32	\$ (4.28)	\$ 42.84

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2017, 2016, AND 2015
IDAHO
(BASED ON AVERAGE AMOUNTS)

PER HEAD

2017 2016 2015

Income:			
Milk sales	\$ 3,924	\$ 3,721	\$ 3,809
Calves and other	57	58	190
Total income	\$ 3,981	\$ 3,779	\$ 3,999
Cost of operations:			
Feed:			
Grain	\$ 1,235	\$ 1,318	\$ 1,398
Hay and other	671	702	741
Total feed	\$ 1,906	\$ 2,020	\$ 2,139
Labor, (including fringe costs)	\$ 422	\$ 407	\$ 381
Herd replacement costs	\$ 414	\$ 429	\$ 261
Other costs:			
Milk hauling	\$ 74	\$ 66	\$ 64
State and association charges	49	58	47
Veterinary, breeding, testing, etc.	120	114	108
Supplies	139	136	132
Repairs and maintenance	150	152	155
Utilities	44	45	45
Occupancy costs	125	128	148
Depreciation - equipment	72	71	61
Interest	94	80	60
Miscellaneous	175	151	160
Total other costs	\$ 1,042	\$ 1,001	\$ 980
Total cost of operations	\$ 3,784	\$ 3,857	\$ 3,761
Net income (loss)	\$ 197	\$ (78)	\$ 238

PER ACTUAL CWT. OF MILK

2017 2016 2015

\$ 17.35	\$ 15.52	\$ 15.90		
0.26	0.23	0.79		
\$ 17.61	\$ 15.75	\$ 16.69	\$	\$
\$ 5.46	\$ 5.50	\$ 5.84	\$	\$
2.97	2.94	3.09		
\$ 8.43	\$ 8.44	\$ 8.93	\$	\$
\$ 1.85	\$ 1.70	\$ 1.60	\$	\$
\$ 1.83	\$ 1.79	\$ 1.09	\$	\$
\$ 0.33	\$ 0.28	\$ 0.27	\$	\$
0.22	0.24	0.20		
0.53	0.48	0.45		
0.61	0.57	0.55		
0.66	0.63	0.65		
0.20	0.19	0.19		
0.56	0.53	0.62		
0.32	0.29	0.25		
0.42	0.33	0.25		
0.80	0.65	0.66		
\$ 4.65	\$ 4.19	\$ 4.09	\$	\$
\$ 16.76	\$ 16.12	\$ 15.71	\$	\$
\$ 0.85	\$ (0.37)	\$ 0.98	\$	\$

YOUR 2017
RESULTS

PER HEAD PER CWT.
OF MILK

SUMMARY OF FINANCIAL STATISTICS

	IDAHO		
	December 31, 2017	December 31, 2016	December 31, 2015
1. Current Ratio	0.89 : 1	0.94 : 1	1.04 : 1
2. Herd Line Debt Per Cow	\$ 478	\$ 503	\$ 383
3. Total Debt Per Cow	\$ 2,626	\$ 2,440	\$ 2,427
4. Debt to Equity Ratio	1.17 : 1	1.08 : 1	0.97 : 1
5. Return on Total Assets	2.9%	-1.2%	3.5%
6. Income (loss) per milking cow per month	\$ 18.80	\$ (1.69)	\$ 27.14
	1. The current ratio represents current assets divided by current liabilities.		
	2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.		
	3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.		
	4. Debt to equity represents the total debt divided by the total equity.		
	5. The return on total assets represents the net income divided by the total assets, stated at cost.		
	6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.		

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

	FOR THE YEARS ENDED DECEMBER 31, 2017, 2016, AND 2015 IDAHO (BASED ON AVERAGE AMOUNTS)		
	2017	2016	2015
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	22,612	23,969	23,947
Daily pounds of milk, per milking cow	70.9	75.0	74.6
Daily pounds of milk, per milking cow (Energy corrected milk pounds)	75.65	-	-
Butterfat test	3.84 %	3.71 %	3.69 %
Blend price per hundredweight	\$ 17.35	\$ 15.52	\$ 15.90
Milk receipts, per milking cow	\$ 4,414	\$ 4,263	\$ 4,331
HERD INFORMATION:			
Herd size - total	5,222	6,055	5,626
Percent of dry cows	12.6 %	12.7 %	12.1 %
Herd turnover rate	40.0 %	39.0 %	42.3 %
Composition of herd:			
Purchased cows	24 %	28 %	31 %
Self-raised cows	76 %	72 %	69 %
Cost of purchased cows	\$ 1,684	\$ 1,632	\$ 1,790
Beef price received	\$ 717	\$ 760	\$ 1,069
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	31.5 %	35.1 %	36.7 %
Hay and other	17.1 %	18.9 %	19.4 %
Totals	48.6 %	54.0 %	56.1 %

INCOME AND COST OF OPERATIONS				
	IDAHO			
	(BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2017	December 31, 2016	December 31, 2015	
Income:				
Milk Sales	\$ 17.35	\$ 15.52	\$ 15.90	
Calves and other	0.26	0.23	0.79	
Total income	\$ 17.61	\$ 15.75	\$ 16.69	
Total cost of operations:				
Feed	\$ 8.43	\$ 8.44	\$ 8.93	
Labor	1.85	1.70	1.60	
Herd replacement costs	1.83	1.79	1.09	
Other costs	4.65	4.19	4.09	
Total costs of operations	\$ 16.76	\$ 16.12	\$ 15.71	
Net income (loss)	\$ 0.85	\$ (0.37)	\$ 0.98	
Cost of operations as a percentage of income	95.17%	102.35%	94.13%	
Feed costs as a percentage of milk sales	48.59%	54.38%	56.16%	
Net income (loss) per milking cow per month	\$ 18.80	\$ (1.69)	\$ 27.14	
Cumulative net income per cwt. from 2011 to 2017	\$ 11.23			

December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
\$ 22.55	\$ 19.05	\$ 18.07	\$ 18.88
0.62	0.40	0.43	0.20
\$ 23.17	\$ 19.45	\$ 18.50	\$ 19.08
\$ 10.48	\$ 10.73	\$ 10.29	\$ 9.78
1.75	1.63	1.64	1.63
0.66	1.10	1.00	1.02
4.69	4.59	4.67	4.77
\$ 17.58	\$ 18.05	\$ 17.60	\$ 17.20
\$ 5.59	\$ 1.40	\$ 0.90	\$ 1.88
75.87%	92.80%	95.14%	90.15%
46.47%	56.33%	56.95%	51.80%
\$ 138.34	\$ 40.28	\$ 32.95	\$ 56.87

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS			
	FOR THE YEARS ENDED DECEMBER 31, 2017, 2016, AND 2015 NEW MEXICO (BASED ON AVERAGE AMOUNTS)		
	PER HEAD		
	2017	2016	2015
Income:			
Milk sales	\$ 3,335	\$ 2,881	\$ 2,766
Calves and other	102	71	126
Total income	\$ 3,437	\$ 2,952	\$ 2,892
Cost of operations:			
Feed:			
Grain	\$ 1,404	\$ 1,128	\$ 1,133
Hay and other	439	542	610
Total feed	\$ 1,843	\$ 1,670	\$ 1,743
Labor, (including fringe costs)	\$ 415	\$ 379	\$ 344
Herd replacement costs	\$ 274	\$ 251	\$ 159
Other costs:			
Milk hauling	\$ 193	\$ 179	\$ 162
State and association charges	78	70	64
Veterinary, breeding, testing, etc.	98	97	100
Supplies	102	92	98
Repairs and maintenance	141	123	124
Utilities	62	68	64
Occupancy costs	76	74	70
Depreciation - equipment	64	61	58
Interest	182	97	77
Miscellaneous	148	149	154
Total other costs	\$ 1,144	\$ 1,010	\$ 971
Total cost of operations	\$ 3,676	\$ 3,310	\$ 3,217
Net loss	\$ (239)	\$ (358)	\$ (325)

PER ACTUAL CWT. OF MILK			YOUR 2017 RESULTS	
2017	2016	2015	PER HEAD	PER CWT. OF MILK
\$ 16.75	\$ 15.84	\$ 16.50	\$	\$
0.51	0.37	0.75		
\$ 17.26	\$ 16.21	\$ 17.25	\$	\$
\$ 7.05	\$ 6.20	\$ 6.75	\$	\$
2.20	2.98	3.64		
\$ 9.25	\$ 9.18	\$ 10.39	\$	\$
\$ 2.09	\$ 2.09	\$ 2.05	\$	\$
\$ 1.37	\$ 1.38	\$ 0.95	\$	\$
\$ 0.97	\$ 0.98	\$ 0.97	\$	\$
0.39	0.39	0.38		
0.49	0.53	0.60		
0.51	0.51	0.58		
0.71	0.67	0.74		
0.31	0.37	0.38		
0.38	0.41	0.42		
0.32	0.34	0.35		
0.91	0.54	0.46		
0.74	0.81	0.92		
\$ 5.73	\$ 5.55	\$ 5.80	\$	\$
\$ 18.44	\$ 18.20	\$ 19.19	\$	\$
\$ (1.18)	\$ (1.99)	\$ (1.94)	\$	\$

SUMMARY OF FINANCIAL STATISTICS

	NEW MEXICO		
	December 31, 2017	December 31, 2016	December 31, 2015
1. Current Ratio	0.90 : 1	0.84 : 1	0.85 : 1
2. Herd Line Debt Per Cow	\$ 519	\$ 652	\$ 605
3. Total Debt Per Cow	\$ 2,674	\$ 2,616	\$ 2,227
4. Debt to Equity Ratio	1.21 : 1	1.35 : 1	0.99 : 1
5. Return on Total Assets	-3.3%	-5.4%	-5.2%
6. Loss per milking cow per month	\$ (24.33)	\$ (36.35)	\$ (14.91)
	1. The current ratio represents current assets divided by current liabilities.		
	2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.		
	3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.		
	4. Debt to equity represents the total debt divided by the total equity.		
	5. The return on total assets represents the net income divided by the total assets, stated at cost.		
	6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.		

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

	FOR THE YEARS ENDED DECEMBER 31, 2017, 2016, AND 2015 NEW MEXICO (BASED ON AVERAGE AMOUNTS)		
	2017	2016	2015
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	19,901	18,189	16,769
Daily pounds of milk, per milking cow	66.4	63.9	63.1
Daily pounds of milk, per milking cow (Energy corrected milk pounds)	68.53	-	-
Butterfat test	3.62 %	3.54 %	3.51 %
Blend price per hundredweight	\$ 16.75	\$ 15.84	\$ 16.50
Milk receipts, per milking cow	\$ 3,974	\$ 3,695	\$ 3,797
HERD INFORMATION:			
Herd size - total	3,621	3,772	3,729
Percent of dry cows	17.8 %	22.0 %	27.1 %
Herd turnover rate	36.2 %	30.1 %	31.7 %
Composition of herd:			
Purchased cows	4 %	18 %	18 %
Self-raised cows	96 %	82 %	82 %
Cost of purchased cows	\$ 1,675	\$ 1,578	\$ 2,251
Beef price received	\$ 789	\$ 789	\$ 1,024
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	42.1 %	39.1 %	40.9 %
Hay and other	13.1 %	18.8 %	22.1 %
Totals	55.2 %	57.9 %	63.0 %

INCOME AND COST OF OPERATIONS				
	NEW MEXICO			
	(BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2017	December 31, 2016	December 31, 2015	
Income:				
Milk Sales	\$ 16.75	\$ 15.84	\$ 16.50	
Calves and other	0.51	0.37	0.75	
Total income	\$ 17.26	\$ 16.21	\$ 17.25	
Total cost of operations:				
Feed	\$ 9.25	\$ 9.18	\$ 10.39	
Labor	2.09	2.09	2.05	
Herd replacement costs	1.37	1.38	0.95	
Other costs	5.73	5.55	5.80	
Total costs of operations	\$ 18.44	\$ 18.20	\$ 19.19	
Net income (loss)	\$ (1.18)	\$ (1.99)	\$ (1.94)	
Cost of operations as a percentage of income	106.84%	112.28%	111.25%	
Feed costs as a percentage of milk sales	55.22%	57.95%	62.97%	
Net income (loss) per milking cow per month	\$ (24.33)	\$ (36.35)	\$ (14.91)	
Cumulative net income per cwt. from 2011 to 2017	\$ (0.62)			

December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
\$ 23.46	\$ 19.53	\$ 18.31	\$ 19.89
1.03	0.43	0.39	0.29
\$ 24.49	\$ 19.96	\$ 18.70	\$ 20.18
\$ 11.98	\$ 12.16	\$ 12.54	\$ 10.62
1.81	1.62	1.70	1.62
0.57	0.82	0.82	1.12
6.03	5.20	5.20	5.03
\$ 20.39	\$ 19.80	\$ 20.26	\$ 18.39
\$ 4.10	\$ 0.16	\$ (1.56)	\$ 1.79
83.26%	99.20%	108.34%	91.13%
51.07%	62.26%	68.49%	53.39%
\$ 99.60	\$ 23.28	\$ (15.48)	\$ 49.14

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2017, 2016 AND 2015
PANHANDLE
(BASED ON AVERAGE AMOUNTS)

PER HEAD

201720162015

Income:			
Milk sales	\$ 3,786	\$ 3,202	\$ 3,789
Calves and other	85	47	146
Total income	\$ 3,871	\$ 3,249	\$ 3,935
Cost of operations:			
Feed:			
Grain	\$ 1,264	\$ 1,006	\$ 1,344
Hay and other	393	510	679
Total feed	\$ 1,657	\$ 1,516	\$ 2,023
Labor, (including fringe costs)	\$ 391	\$ 402	\$ 420
Herd replacement costs	\$ 443	\$ 287	\$ 215
Other costs:			
Milk hauling	\$ 155	\$ 127	\$ 147
State and association charges	48	49	65
Veterinary, breeding, testing, etc.	103	134	125
Supplies	170	139	186
Repairs and maintenance	145	149	161
Utilities	34	36	42
Occupancy costs	98	109	115
Depreciation - equipment	84	85	78
Interest	90	74	87
Miscellaneous	131	165	203
Total other costs	\$ 1,058	\$ 1,067	\$ 1,209
Total cost of operations	\$ 3,549	\$ 3,272	\$ 3,867
Net income (loss)	\$ 322	\$ (23)	\$ 68

PER ACTUAL CWT. OF MILK

201720162015

\$ 17.77	\$ 17.41	\$ 17.69		
0.40	0.25	0.68		
\$ 18.17	\$ 17.66	\$ 18.37		
\$ 5.94	\$ 5.47	\$ 6.28		
1.86	2.78	3.17		
\$ 7.80	\$ 8.25	\$ 9.45		
\$ 1.84	\$ 2.18	\$ 1.95		
\$ 2.08	\$ 1.56	\$ 1.01		
\$ 0.73	\$ 0.69	\$ 0.69		
0.23	0.26	0.30		
0.48	0.73	0.58		
0.80	0.76	0.87		
0.68	0.81	0.75		
0.16	0.20	0.19		
0.46	0.59	0.54		
0.39	0.46	0.37		
0.42	0.40	0.41		
0.62	0.89	0.95		
\$ 4.97	\$ 5.79	\$ 5.65		
\$ 16.69	\$ 17.78	\$ 18.06		
\$ 1.48	\$ (0.12)	\$ 0.31		

YOUR 2017
RESULTS

PER HEADPER CWT.
OF MILK

SUMMARY OF FINANCIAL STATISTICS

	PANHANDLE		
	December 31, 2017	December 31, 2016	December 31, 2015
1. Current Ratio	1.33 : 1	0.80 : 1	1.35 : 1
2. Herd Line Debt Per Cow	\$ 299	\$ 481	\$ 592
3. Total Debt Per Cow	\$ 2,521	\$ 2,275	\$ 2,320
4. Debt to Equity Ratio	1.36 : 1	1.13 : 1	1.06 : 1
5. Return on Total Assets	4.8%	-0.4%	1.1%
6. Income (loss) per milking cow per month	\$ 31.40	\$ (1.46)	\$ 16.08

1. The current ratio represents current assets divided by current liabilities.
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.
4. Debt to equity represents the total debt divided by the total equity.
5. The return on total assets represents the net income divided by the total assets, stated at cost.
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

	FOR THE YEARS ENDED DECEMBER 31, 2017, 2016, AND 2015 PANHANDLE (BASED ON AVERAGE AMOUNTS)		
	2017	2016	2015
PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	21,298	18,394	21,422
Daily pounds of milk, per milking cow	68.6	64.5	67.7
Daily pounds of milk, per milking cow (Energy corrected milk pounds)	74.02	-	-
Butterfat test	3.88 %	3.89 %	3.84 %
Blend price per hundredweight	\$ 17.77	\$ 17.41	\$ 17.69
Milk receipts, per milking cow	\$ 4,298	\$ 4,110	\$ 4,370
HERD INFORMATION:			
Herd size - total	4,365	3,060	3,059
Percent of dry cows	15.0 %	22.1 %	13.3 %
Herd turnover rate	41.6 %	35.6 %	37.2 %
Composition of herd:			
Purchased cows	15 %	4 %	8 %
Self-raised cows	85 %	96 %	92 %
Cost of purchased cows	\$ 1,696	\$ 1,909	\$ 2,300
Beef price received	\$ 661	\$ 746	\$ 1,033
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	33.4 %	31.4 %	35.5 %
Hay and other	10.5 %	16.0 %	17.9 %
Totals	43.9 %	47.4 %	53.4 %

INCOME AND COST OF OPERATIONS				
	PANHANDLE			
	(BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2017	December 31, 2016	December 31, 2015	
Income:				
Milk Sales	\$ 17.77	\$ 17.41	\$ 17.69	
Calves and other	0.40	0.25	0.68	
Total income	\$ 18.17	\$ 17.66	\$ 18.37	
Total cost of operations:				
Feed	\$ 7.80	\$ 8.25	\$ 9.45	
Labor	1.84	2.18	1.95	
Herd replacement costs	2.08	1.56	1.01	
Other costs	4.97	5.79	5.65	
Total costs of operations	\$ 16.69	\$ 17.78	\$ 18.06	
Net income (loss)	\$ 1.48	\$ (0.12)	\$ 0.31	
Cost of operations as a percentage of income	91.85%	100.68%	98.31%	
Feed costs as a percentage of milk sales	43.89%	47.39%	53.42%	
Net income (loss) per milking cow per month	\$ 31.40	\$ (1.46)	\$ 16.08	
Cumulative net income per cwt. from 2011 to 2017	\$ 10.63			

December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
\$ 23.85	\$ 20.65	\$ 19.05	\$ 20.57
0.46	0.44	0.49	0.26
\$ 24.31	\$ 21.09	\$ 19.54	\$ 20.83
\$ 10.79	\$ 12.86	\$ 12.12	\$ 10.10
1.65	1.65	1.65	1.76
0.67	1.16	1.11	1.35
5.37	5.01	4.75	4.81
\$ 18.48	\$ 20.68	\$ 19.63	\$ 18.02
\$ 5.83	\$ 0.41	\$ (0.09)	\$ 2.81
76.02%	98.06%	100.46%	86.51%
45.24%	62.28%	63.62%	49.10%
\$ 129.99	\$ 17.31	\$ (1.12)	\$ 53.28

CONDENSED STATEMENT OF DAIRY FARM INCOME AND COSTS

FOR THE YEARS ENDED
DECEMBER 31, 2017, 2016, AND 2015
PACIFIC NORTHWEST
(BASED ON AVERAGE AMOUNTS)

PER HEAD

2017 2016 2015

Income:			
Milk sales	\$ 3,987	\$ 3,825	\$ 3,624
Calves and other	58	50	88
Total income	\$ 4,045	\$ 3,875	\$ 3,712
Cost of operations:			
Feed:			
Grain	\$ 1,090	\$ 1,249	\$ 1,163
Hay and other	729	812	902
Total feed	\$ 1,819	\$ 2,061	\$ 2,065
Labor, (including fringe costs)	\$ 481	\$ 459	\$ 402
Herd replacement costs	\$ 301	\$ 283	\$ 148
Other costs:			
Milk hauling	\$ 130	\$ 139	\$ 148
State and association charges	59	64	69
Veterinary, breeding, testing, etc.	130	125	126
Supplies	129	113	137
Repairs and maintenance	156	156	159
Utilities	43	45	38
Occupancy costs	170	184	162
Depreciation - equipment	77	78	56
Interest	87	67	70
Miscellaneous	175	141	162
Total other costs	\$ 1,156	\$ 1,112	\$ 1,127
Total cost of operations	\$ 3,757	\$ 3,915	\$ 3,742
Net income (loss)	\$ 288	\$ (40)	\$ (30)

PER ACTUAL CWT. OF MILK

2017 2016 2015

\$ 19.05	\$ 17.21	\$ 16.79		
0.28	0.22	0.40		
\$ 19.33	\$ 17.43	\$ 17.19		
\$ 5.21	\$ 5.62	\$ 5.39		
3.48	3.65	4.19		
\$ 8.69	\$ 9.27	\$ 9.58		
\$ 2.29	\$ 2.07	\$ 1.85		
\$ 1.44	\$ 1.27	\$ 0.69		
\$ 0.62	\$ 0.62	\$ 0.68		
0.28	0.29	0.32		
0.63	0.56	0.58		
0.62	0.51	0.63		
0.74	0.70	0.74		
0.20	0.20	0.18		
0.81	0.83	0.76		
0.37	0.35	0.26		
0.41	0.30	0.32		
0.84	0.60	0.76		
\$ 5.52	\$ 4.96	\$ 5.23		
\$ 17.94	\$ 17.57	\$ 17.35		
\$ 1.39	\$ (0.14)	\$ (0.16)		

YOUR 2017
RESULTS

PER CWT.
OF MILK

SUMMARY OF FINANCIAL STATISTICS

PACIFIC NORTHWEST

December 31, 2017 December 31, 2016 December 31, 2015

1. Current Ratio	1.18 : 1	1.33 : 1	1.23 : 1
2. Herd Line Debt Per Cow	\$ 675	\$ 625	\$ 741
3. Total Debt Per Cow	\$ 2,232	\$ 2,873	\$ 2,157
4. Debt to Equity Ratio	0.76 : 1	1.02 : 1	1.50 : 1
5. Return on Total Assets	3.9%	-0.5%	-0.6%
6. Income (loss) per milking cow per month	\$ 27.37	\$ (3.90)	\$ (3.06)
1. The current ratio represents current assets divided by current liabilities.			
2. Herd line debt per cow equals the total debt secured by the herd divided by the average total herd size. Heifers are included on a mature equivalent basis.			
3. Total debt per cow equals the total current liabilities and long-term debt divided by the average total herd size. Heifers are included on a mature equivalent basis.			
4. Debt to equity represents the total debt divided by the total equity.			
5. The return on total assets represents the net income divided by the total assets, stated at cost.			
6. Income per milking cow per month represents each region's accrual based financial results divided by the number of milking cows, divided by twelve.			

SUMMARY OF DAIRY FARM STATISTICAL ANALYSIS

FOR THE YEARS ENDED
DECEMBER 31, 2017, 2016, AND 2015
PACIFIC NORTHWEST
(BASED ON AVERAGE AMOUNTS)

2017 2016 2015

PRODUCTION AND PRICE INFORMATION:			
Annual pounds of milk, per cow (including dry cows)	20,924	22,227	21,582
Daily pounds of milk, per milking cow	65.6	70.1	69.5
Daily pounds of milk, per milking cow (Energy corrected milk pounds)	73.60	-	-
Butterfat test	4.17 %	3.84 %	3.85 %
Blend price per hundredweight	\$ 19.05	\$ 17.23	\$ 16.76
Milk receipts, per milking cow	\$ 4,473	\$ 3,829	\$ 4,262
HERD INFORMATION:			
Herd size - total	2,403	2,341	2,555
Percent of dry cows	12.6 %	13.4 %	15.0 %
Herd turnover rate	31.7 %	31.8 %	34.1 %
Composition of herd:			
Purchased cows	8 %	12 %	11 %
Self-raised cows	92 %	88 %	89 %
Cost of purchased cows	\$ 2,059	\$ 1,639	\$ 1,934
Beef price received	\$ 683	\$ 731	\$ 1,107
FEED INFORMATION:			
Cost of feed as a percent of milk income:			
Grain	27.3 %	32.6 %	32.1 %
Hay and other	18.3 %	21.2 %	25.0 %
Totals	45.6 %	53.8 %	57.1 %

INCOME AND COST OF OPERATIONS				
	PACIFIC NORTHWEST			
	(BASED ON ACTUAL PER HUNDREDWEIGHT OF MILK BASIS)			
	December 31, 2017	December 31, 2016	December 31, 2015	
Income:				
Milk Sales	\$ 19.05	\$ 17.21	\$ 16.79	
Calves and other	0.28	0.22	0.40	
Total income	\$ 19.33	\$ 17.43	\$ 17.19	
Total cost of operations:				
Feed	\$ 8.69	\$ 9.27	\$ 9.58	
Labor	2.29	2.07	1.85	
Herd replacement costs	1.44	1.27	0.69	
Other costs	5.52	4.96	5.23	
Total costs of operations	\$ 17.94	\$ 17.57	\$ 17.35	
Net income (loss)	\$ 1.39	\$ (0.14)	\$ (0.16)	
Cost of operations as a percentage of income	92.81%	100.80%	100.93%	
Feed costs as a percentage of milk sales	45.62%	53.86%	57.06%	
Net income (loss) per milking cow per month	\$ 27.37	\$ (3.90)	\$ (3.06)	
Cumulative net income per cwt. from 2011 to 2017	\$ 10.24			

December 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
\$ 23.19	\$ 20.48	\$ 18.56	\$ 20.58
0.43	0.34	0.83	0.57
\$ 23.62	\$ 20.82	\$ 19.39	\$ 21.15
\$ 11.18	\$ 11.83	\$ 10.53	\$ 9.87
1.83	1.73	1.70	1.71
0.72	1.15	1.29	1.36
5.36	5.17	5.18	5.22
\$ 19.09	\$ 19.88	\$ 18.70	\$ 18.16
\$ 4.53	\$ 0.94	\$ 0.69	\$ 2.99
80.80%	95.48%	96.44%	85.86%
48.21%	57.76%	56.73%	47.96%
\$ 110.56	\$ 32.97	\$ 19.67	\$ 74.13

EXPLANATION OF INCOME AND COST FACTORS

Basis of presentation	Information is included both on a "per head" basis and a "per hundredweight of milk" basis. The "per head" statistics are based on the total average number of milking and dry cows in a herd for the period. The Panhandle region includes the triangle from Clovis, New Mexico, up to Amarillo, Texas and down to Lubbock, Texas. The Pacific Northwest region includes the states of Washington and Oregon.
Milk sales	Includes milk income, quality and production bonuses, patronage dividends, USDA program payments, and gains and losses on milk futures.
Calves and other income	This is primarily composed of the sale of calves, heifers, other livestock and equipment, and miscellaneous other income.
Feed	Grain includes all minerals and supplements while "Hay and Other" represents alfalfa and all forage costs.
Labor	Includes wages and fringe costs such as payroll taxes, workers' compensation insurance, medical insurance, union benefits, etc. Compensation to owner-employees or partners is not included.
Herd replacement cost	Represents the difference between the actual price paid for purchased cows (or estimated cost of self-raised cows) at the time the cows were added to the milking herd less the sales price received for cows disposed of. This difference is amortized over the productive life of the cows.
Occupancy cost	Includes property taxes and depreciation of buildings on owner occupied facilities, rent paid and depreciation of improvements on leased facilities. It does not include interest paid on real property.
Miscellaneous cost	Includes auto, truck and fuel expenses, insurance, professional fees, quality penalties and other dairy expenses not specifically classified in another category.
Net income	Is stated before a provision for income taxes or a return on the dairy owner's investment.

OUR FIRM AND THE DAIRY INDUSTRY

Frazer, LLP has been associated with the dairy industry since the early 1950's. At that time, many immigrants from Europe were arriving in California's "Dairy Valley" and establishing their farming operations. These early dairies averaged 50 cows and the families provided most of the labor. Frazer, LLP's partners, situated in "Dairy Valley," were instrumental in the creation of federal and state laws to help dairymen. We have consistently supported pro-agricultural organizations in their efforts to help shape policy and better the living and working environments for dairy families.

As development expanded in the dairy farming area, our firm helped many dairies relocate throughout California, and other states throughout the West and Mid-West. Many families we are servicing now have their third generation stepping into the operation's management. We have grown with these families into their multiple operations, often totaling 10,000 cows or more. Today, Frazer, LLP has clients in California, Arizona, Texas, New Mexico, Colorado, Idaho, Utah, Nevada, Oregon, Washington, Nebraska, Kansas, Wisconsin, Iowa, and South Dakota. Also, we actively consult with many dairies throughout the United States.

As we look to the future, the trend towards efficiently operated dairies will continue. Along with this trend, the dairy industry is facing continued challenges in its operations, efficiency building efforts which are continuous, expansion and relocation activities including the ability to construct new dairies. The dairy industry brings many jobs to an area and allows associated businesses to grow and flourish. This creates further conflict between the local communities, governments and the environmentalists. Dairy producers face volatility in many facets of their business. Milk pricing and feed market updates can be monitored daily by producers via the CME website boards. Making the correct market decision with respect to milk and feed pricing are crucial to the successful operations of any facility. These decisions to contract any pricing of commodities often carry substantial risk/reward to the producers operation. And finding and keeping quality labor remains a constant challenge.

As we are well through 2018, milk prices have declined well below 2017 prices at least through the publication of this report, but there is hope on the horizon for trade markets and demand to open up further which will bring a welcome boost to milk prices. Major issues looming for producers in the nation are domestic and global demand, and worldwide competition. Sources of quality labor is getting more competitive while there is increased demand on higher wages and benefits that are putting additional strains on producers. Milk and feed futures continue to react with volatility, and obtaining future credit has become increasingly difficult as lending regulations remain strenuous at best. Milk production continues to rise and heifer inventories are rising dramatically as the impact of improved breeding, sexed semen, and continuous beefing of lower end producing cows, which started several years ago now translates into exploding heifer programs and first calf herds. All of these factors require that producers do as much as they can to conserve resources, improve efficiencies, and make the right decisions day to day for their operations in order to insure a viable future.

Frazer, LLP will be instrumental in providing the assistance needed to make these decisions.

Services Provided to the Dairy Industry:

Assurance and Accounting

- Audits, reviews, and compilations
- Budgeting and cash flow management
- Fair market value financial statements
- Payroll
- Preparation of cash or accrual basis financial statements
- QuickBooks

Tax Planning and Compliance

- Estate tax and gifting strategies
- Optimizing tax strategies
- Research tax credits
- Strategic planning for ownership changes
- Tax return preparation

Consulting and Business Advisory Services

- Asset purchase consulting
- Entity selection
- Lease or buy consulting
- Loan packaging and debt restructuring
- Tax deferred exchanges

135 State College Blvd.
Suite 300
Brea, CA 92821
714 990 1040

2250 W. Main St. Suite B
Visalia, CA 93291
559 732 4135

195 River Vista Pl.
Suite 204
Twin Falls, ID 83301
208 595 4813

www.frazerllp.com



www.linkedin.com/company/frazer-llp



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