

# WISCONSIN DAIRY DATA

Fact sheet series from the Center for Dairy Profitability

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2008-03

May 2008

## Preliminary Benchmarks – Dairy Cost of Production, 2007

Below are the preliminary benchmarks for the 2007 financial year. There are a total of 189 farm financial records. We will have a final report in August/September 2008.

The 2007 Cost of Production report is on a per farm, per head and per CWT EQ basis. Feed costs were \$923 per head and Vet & Medicine was \$131. Total Basic Cost was \$2852 per head or \$11.37 per CWT EQ.

| Item             | Per Farm  | Per Head | Per CWT EQ |
|------------------|-----------|----------|------------|
| Total Income     | \$628,851 | \$4,801  | \$19.15    |
| Feed Purchased   | \$120,938 | \$923    | \$3.68     |
| Repair Cost      | \$26,630  | \$203    | \$0.81     |
| Vet & Medicine   | \$17,159  | \$131    | \$0.52     |
| TOTAL Basic Cost | \$373,529 | \$2852   | \$11.37    |

Interest paid per head was \$254 and Total labor costs were \$762 per cow. Total Costs were \$4,533 per cow or \$18.08 per CWT EQ.

| Item               | Per Farm  | Per Head | Per CWT EQ |
|--------------------|-----------|----------|------------|
| Interest Paid      | \$33,262  | \$254    | \$1.01     |
| Total Labor Cost   | \$99,746  | \$762    | \$3.04     |
| Total Depreciation | \$71,813  | \$548    | \$2.19     |
| TOTAL Cost         | \$593,708 | \$4,533  | \$18.08    |

The difference between “Total Income-Total Expense” and “Net Farm Income” is Interest on Equity Capital, the Value of Unpaid Labor and Management plus gain or loss on the sale of farm Assets.

| Item                       | Per Farm  | Per Head | Per CWT EQ |
|----------------------------|-----------|----------|------------|
| Total Income-Total Expense | \$35,143  | \$268    | \$1.07     |
| Net Farm Income            | \$112,284 | \$857    | \$3.42     |



## Cost of Production

Report Basis: Whole Farm, per Head, per Hundredweight Equivalent

| Income                                       | <u>2007</u>        | <u>2007</u>        | <u>2007</u>        |
|--|--------------------|--------------------|--------------------|
|  | Economic           | per Head           | per CWT EQ         |
| Total Income                                 | <b>628,851.03</b>  | <b>4,801.18</b>    | <b>19.15</b>       |
| <b>Expenses</b>                              | <b><u>2007</u></b> | <b><u>2007</u></b> | <b><u>2007</u></b> |
|  | Economic           | per Head           | per CWT EQ         |
| <b>Basic Cost</b>                            |                    |                    |                    |
| Cost of Items for Resale                     | 11.40              | 0.09               | 0.00               |
| Breeding Fees                                | 7,622.11           | 58.19              | 0.23               |
| Car and Truck Expenses                       | 2,745.57           | 20.96              | 0.08               |
| Crop Chemicals                               | 7,998.43           | 61.07              | 0.24               |
| Conservation Expenses                        | 0.00               | 0.00               | 0.00               |
| Custom Heifer Raising Expenses               | 5,381.86           | 41.09              | 0.16               |
| Custom Hire (Machine Work)                   | 17,570.16          | 134.15             | 0.54               |
| Feed Purchase                                | 120,937.81         | 923.34             | 3.68               |
| Fertilizer and Lime                          | 18,236.42          | 139.23             | 0.56               |
| Freight and Trucking                         | 5,560.95           | 42.46              | 0.17               |
| Gasoline, Fuel, and Oil                      | 18,457.49          | 140.92             | 0.56               |
| Farm Insurance                               | 7,011.19           | 53.53              | 0.21               |
| Rent/Lease Equipment                         | 2,668.13           | 20.37              | 0.08               |
| Rent/Lease Other                             | 16,705.80          | 127.55             | 0.51               |
| Repairs and Maintenance                      | 2,236.87           | 17.08              | 0.07               |
| Building and Fence Repairs                   | 6,608.21           | 50.45              | 0.20               |
| Machinery Repairs                            | 17,784.83          | 135.78             | 0.54               |
| Seeds and Plants Purchased                   | 14,172.44          | 108.20             | 0.43               |
| Storage and Warehousing                      | 31.52              | 0.24               | 0.00               |
| Supplies Purchased                           | 17,011.36          | 129.88             | 0.52               |
| Taxes - Other                                | 5,112.44           | 39.03              | 0.16               |
| Taxes - Payroll                              | 26.78              | 0.20               | 0.00               |
| Utilities                                    | 12,744.14          | 97.30              | 0.39               |
| Veterinary Fees and Medicine                 | 17,158.89          | 131.01             | 0.52               |
| Other Farm Expenses                          | 4,501.89           | 34.37              | 0.14               |
| Marketing & Hedging                          | 8,249.23           | 62.98              | 0.25               |
| Other Crop Expenses                          | 4,772.54           | 36.44              | 0.15               |
| Other Livestock Expenses                     | 25,250.32          | 192.78             | 0.77               |
| - Change in Prepaid Expenses                 | (12,813.42)        | (97.83)            | (0.39)             |
| Change in Accounts Payable                   | (1,797.96)         | (13.73)            | (0.05)             |
| Depreciation on Purchased Breeding Livestock | 21,571.88          | 164.70             | 0.66               |
| <b>Total Basic Cost</b>                      | <b>373,529.28</b>  | <b>2,851.84</b>    | <b>11.37</b>       |

## Interest Cost

|                            |                  |               |             |
|----------------------------|------------------|---------------|-------------|
| Mortgage Interest          | 9,825.69         | 75.02         | 0.30        |
| Other Interest             | 23,436.51        | 178.93        | 0.71        |
| <b>Total Interest Cost</b> | <b>33,262.20</b> | <b>253.95</b> | <b>1.01</b> |

## Labor Cost

|                                    |                  |               |             |
|------------------------------------|------------------|---------------|-------------|
| Employee Benefits - Dependents     | 4,972.01         | 37.96         | 0.15        |
| Employee Benefits - Non-Dependents | 6,606.07         | 50.44         | 0.20        |
| Labor Hired - Dependents           | 7,543.34         | 57.59         | 0.23        |
| Labor Hired - Non-Dependents       | 42,814.77        | 326.88        | 1.30        |
| Value of Unpaid Labor & Management | 37,809.78        | 288.67        | 1.15        |
| <b>Total Labor Cost</b>            | <b>99,745.97</b> | <b>761.54</b> | <b>3.04</b> |

## Depreciation & Equity Cost

|   |                  |               |             |
|---|------------------|---------------|-------------|
| Machinery, Equipment, Building Depreciation | 50,240.87        | 383.58        | 1.53        |
| Interest on Equity Capital                  | 36,929.65        | 281.95        | 1.12        |
| <b>Total Depreciation &amp; Equity Cost</b> | <b>87,170.52</b> | <b>665.53</b> | <b>2.65</b> |

|                       |                   |                 |              |
|-----------------------|-------------------|-----------------|--------------|
| <b>Total Expenses</b> | <b>593,707.97</b> | <b>4,532.87</b> | <b>18.08</b> |
|-----------------------|-------------------|-----------------|--------------|

|                                      |                  |               |             |
|--------------------------------------|------------------|---------------|-------------|
| <b>Total Income - Total Expenses</b> | <b>35,143.07</b> | <b>268.31</b> | <b>1.07</b> |
|--------------------------------------|------------------|---------------|-------------|

## Net Farm Income from Operations (NFIFO) Summary

|  |                   |               |             |
|--|-------------------|---------------|-------------|
| Total Allocated Costs                          | 518,968.53        | 3,962.24      | 15.80       |
| <b>Net Farm Income From Operations (NFIFO)</b> | <b>109,882.50</b> | <b>838.94</b> | <b>3.35</b> |
| Gain (Loss) on Sale of All Farm Capital Assets | 2,401.71          | 18.34         | 0.07        |
| <b>Net Farm Income (NFI)</b>                   | <b>112,284.21</b> | <b>857.27</b> | <b>3.42</b> |