

**WORKSHEET 1**

Calculating whole-farm, accrual cost of production

Farm name: _____			
Total pounds energy-corrected milk** shipped in year: _____			Example herd*
	How to calculate	Your herd enter value	Based on 262,800 cwt of milk shipped in year
<b>A</b>	<b>Item</b>		
B	Supplements	<i>Total purchased feed including payables</i>	\$1,445,400
C	Grains	<i>Total inventoried dry corn x \$3.30/bu. @ 85% DM equivalent</i>	\$149,796
D	Forages	<i>2017 haylage @ 40% DM = \$34.40/ton 2018 haylage @ 40% DM = \$66.80/ton 2017 &amp; 2018 corn silage @ 35% DM = \$34.40/ton</i>	\$614,952
<b>E</b>	<b>Feed total</b>	<i>(Take line B + C + D) / cwt shipped</i>	\$8.41
F	Hired labor	<i>(Wages, workers' compensation insurance, state and federal taxes, other benefits)</i>	\$735,840
G	Owner draws and family living expense	<i>(Draws, benefits, insurances, etc.)</i>	\$105,120
<b>H</b>	<b>Labor (total)</b>	<i>(Take line F + G) / cwt shipped</i>	\$3.20
I	Herd replacement expense	<i>(Culls + deads) x \$1,700</i>	\$569,500
J	Cull cow income	<i>Enter cull cow income</i>	\$195,750
<b>K</b>	<b>Net herd replacement cost</b>	<i>(Take line I - line J) / cwt shipped</i>	\$1.42
L	Depreciation (Machinery)	<i>Take machinery value on balance sheet x 12%</i>	\$210,000
M	Depreciation (Buildings)	<i>Take buildings value on balance sheet x 5%</i>	\$187,500
N	Interest expense	<i>Total interest expense for year</i>	\$325,000
O	Leases	<i>Total equipment lease payments for year</i>	\$0
<b>P</b>	<b>Capital cost (Depreciation, interest and leases)</b>	<i>(Take line L + M + N + O) / cwt shipped</i>	\$2.75
Q	Animal health, bedding, breeding, supplies	<i>Add all dairy supporting expenses</i>	\$525,600
<b>R</b>	<b>Other production</b>	<i>Take line Q / cwt shipped</i>	\$2.00
S	Administration, fuel, insurance, marketing, repairs, utilities	<i>Add all farm-related expenses</i>	\$328,500
T	Seed, chemical, fertilizer, land rent	<i>Add all agronomy-related expenses</i>	\$1,314,000
<b>U</b>	<b>Overhead</b>	<i>(Take line S + T) / cwt shipped</i>	\$6.25
V	Crop production	<i>2018 dry corn x \$3.30/bu. @ 85% DM equivalent 2018 corn silage @ 35% DM = \$34.40/ton 2018 haylage @ 40% DM = \$66.80/ton</i>	\$880,380
W	Heifer appreciation	<i>\$64 x (Total heifers - loss of heifers) x 12 months in inventory for a herd with steady state heifer inventory</i>	\$552,960
X	Other nondairy income	<i>All other nondairy income including patronage, government receipts, custom work income, rental income and interest income</i>	\$302,220
Y	Less other income	<i>Take line (V + W + X) / cwt shipped</i>	\$6.60
<b>Z</b>	<b>Whole-farm cost of production</b>	<i>Add lines E, H, K, P, R, and U and subtract line Y</i>	\$17.43

\*\* Energy-corrected milk = (Total lbs\*0.327)+(Fat lbs\*12.95)+(Protein lbs\*7.2)