

Production Costs in 2004 on Selected Wisconsin Grazing Dairy Farms

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Thirty-eight Wisconsin grazing dairy farms provided useable data in 2004 were summarized by AgFA in the following cost of production report.^{2 3} These farms ranged in size from 22 to 195 cows with an average herd size of 65 cows averaging 16,526 lbs of milk sold at an average price of \$17.29/CWT sold.

As with most dairy farmers in the state and country, 2004 was the most profitable year in the last ten years or longer in terms of NFIFO/cow and NFIFO/CWT EQ. Income exceeded total expenses by \$0.62/CWT EQ for the average Wisconsin grazing dairy herd in 2004. Many other financial measures appear on the cost of production report on pages 2 and 3.

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² AgFA @(Agriculture Financial Advisor) – <http://cdp.wisc.edu>

³ The Center for Dairy Profitability uses an active/real time database AgFA@) for collecting and analyzing data. The number of records may increase throughout the year.

Income	<u>2004</u>	<u>2004</u>	<u>2004</u>
	Cost (tax)	per Head	per CWT EQ
Total Income	<u>228,597.16</u>	<u>3,501.57</u>	<u>16.10</u>
Expenses	<u>2004</u>	<u>2004</u>	<u>2004</u>
	Cost (tax)	per Head	per CWT EQ
Basic Cost			
Cost of Items for Resale	0.00	0.00	0.00
Breeding Fees	2,196.02	33.64	0.15
Car and Truck Expenses	1,516.28	23.23	0.11
Chemicals	1,133.35	17.36	0.08
Conservation Expenses	111.03	1.70	0.01
Custom Heifer Raising Expenses	962.92	14.75	0.07
Custom Hire (Machine Work)	4,965.61	76.06	0.35
Feed Purchase	43,763.98	670.36	3.08
Fertilizer and Lime	4,764.51	72.98	0.34
Freight and Trucking	1,425.48	21.83	0.10
Gasoline, Fuel, and Oil	5,028.42	77.02	0.35
Farm Insurance	3,022.47	46.30	0.21
Rent/Lease Equipment	1,147.11	17.57	0.08
Rent/Lease Other	3,859.45	59.12	0.27
Repairs and Maintenance	7,158.68	109.65	0.50
Building and Fence Repairs	1,794.57	27.49	0.13
Machinery Repairs	2,115.79	32.41	0.15
Seeds and Plants Purchased	4,251.45	65.12	0.30
Storage and Warehousing	29.87	0.46	0.00
Supplies Purchased	8,268.42	126.65	0.58
Taxes - Other	3,643.22	55.81	0.26
Taxes - Payroll	88.20	1.35	0.01
Utilities	4,803.12	73.57	0.34
Veterinary Fees and Medicine	4,522.18	69.27	0.32
Other Farm Expenses	4,144.40	63.48	0.29
Marketing & Hedging	2,739.58	41.96	0.19
Other Crop Expenses	495.89	7.60	0.03
Other Livestock Expenses	2,269.06	34.76	0.16
- Change in Prepaid Expenses	(2,427.01)	(37.18)	(0.17)
Change in Accounts Payable	1,080.39	16.55	0.08
Selling Expense of Capital Items	0.00	0.00	0.00
Depreciation on Purchased Breeding Livestock	2,395.39	36.69	0.17
Total Basic Cost	<u>121,269.81</u>	<u>1,857.57</u>	<u>8.54</u>

Interest Cost

Mortgage Interest	5,264.55	80.64	0.37
Other Interest	2,777.80	42.55	0.20
Total Interest Cost	8,042.35	123.19	0.57

Labor Cost

Employee Benefits - Dependents	74.24	1.14	0.01
Employee Benefits - Non-Dependents	472.37	7.24	0.03
Labor Hired - Dependents	387.26	5.93	0.03
Labor Hired - Non-Dependents	6,176.63	94.61	0.44
Pension and Profit-Sharing Plans - Non-Dependents	0.00	0.00	0.00
Pension and Profit-Sharing Plans - Dependents	0.00	0.00	0.00
Value of Unpaid Labor & Management	31,711.66	485.75	2.23
Total Labor Cost	38,822.16	594.66	2.73

Depreciation & Equity Cost

Machinery, Equipment, Building Depreciation	29,030.07	444.67	2.04
Interest on Equity Capital	22,500.99	344.66	1.58
Total Depreciation & Equity Cost	51,531.07	789.33	3.63
Total Expenses	219,665.39	3,364.76	15.47
Total Income - Total Expenses	8,931.77	136.81	0.63

Net Farm Income from Operations (NFIFO) Summary

Total Allocated Costs	165,452.73	2534.345316	11.65
Net Farm Income From Operations (NFIFO)	63,144.42	967.22	4.45
Gain (Loss) on Sale of All Farm Capital Assets	252.82	3.87	0.02
Net Farm Income (NFI)	63,397.24	971.10	4.47