

Market Milk Production in Fresno County  
Cost Analysis Work Sheet - 1971

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Sample costs to produce fluid market milk in Fresno County. Based on a herd of 300 cows weighing 1400 lbs. each and producing approximately 14000 lbs. of milk testing 3.6% butterfat, or an annual production at 500 lbs. of butterfat per cow. Cows are fed 14 lbs. of concentrates daily for 305 days per year, and 2 lbs. daily for 60 days while dry and 39 lbs. of alfalfa hay or equivalent daily, which allows for 7% wastage. Costs of livestock, buildings and equipment represent current replacement values.

Two milkers receive wages and other benefits totaling \$750 per month each, and one laborer receives \$550 total per month.

Replacement heifers were purchased for \$450, and cull cows sold at \$280. The herd was replaced on the basis of 1½% death loss and 35% cull-out each year.

Dairy costs as shown do not include hauling.

	Each Cow Per Year	Per lb. B.F.	My Costs
<u>CASH COSTS</u>			
Alfalfa hay: 7.12 tons at \$35.00	\$ 249.20		
Concentrates: 2.20 tons at \$73.00	160.60		
*Labor:			
2 milkers at \$750	60.00		
1 laborer at \$550	22.00		
	82.00		
Replacement cost; annual average	66.25		
Taxes, insurance, licenses, reg. fees	30.00		
Utilities	25.00		
Breeding Fee	8.00		
Misc. costs, including veterinary and medicine, testing, supplies, clipping, maintenance, etc.	50.00		
Office, business costs, operating capital, etc.	35.00		
<u>TOTAL CASH COSTS</u>	<u>\$ 706.05</u>	<u>\$ 1.41</u>	
<u>DEPRECIATION</u>			
Milking barn, corrals, buildings cost; \$69,900 15 years life	15.53		
Dairy equipment cost \$34,100, 10 yrs. life	11.37		
<u>TOTAL DEPRECIATION</u>	26.90	.05	
Interest on investment at 7%			
**Land: 20 acres at \$800, \$16,000 total cost	3.73		
Bldgs. and corrals, 1/2 cost \$34,950.00	8.17		
Equipment: 1/2 cost \$17,050.00	3.98		
Cattle: average value \$365.00	25.55		
Total interest on investment	41.43	.09	
Total Cost of Production	774.38	1.55	
Less Credit for Calf	45.00		
Net Cost of Production	729.38	1.46	
Net Cost with 95% of milk sold		1.54	

The value of pool quota has not been included as an investment.

\*Interest and depreciation on housing is included in the cost of labor

\*\*Buildings and corrals only.

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Additional land should be available for forage crop production and waste disposal.

Expenses

Feed (based on need of 6.8 tons of hay equivalent per head per year)

		per cow
Alfalfa hay, 1120 tons @ \$38	\$42,560	\$212.80
Concentrate feed, 3650 lbs./cow @ \$65/ton	23,725	118.62
Pasture, 600 AUM @ \$8 per AUM	4,800	24.00
<b>Total Feed Cost</b>	<b>\$71,085</b>	<b>\$355.42</b>
Replacements, 60 head @ \$425	25,500	127.50
Labor, 1 man @ \$600/month, 2 men @ \$650/mo.	22,600	113.00
Breeding Fees, \$8/head on 190 head	1,520	7.60
DHIA	364	4.32
Veterinary & supplies (\$3 to \$10/cow)	1,600	8.00
Ranch supplies	1,200	6.00
Utilities	2,000	10.00
Taxes, Land & personal property, improvements	3,500	17.50
Insurance	2,000	10.00
Clipping and hoof trimming	490	2.45
Maintenance & repairs, fuel and oil	2,000	10.00
Custom Manure Disposal, @ .50¢ per yard	1,350	6.75
Miscellaneous costs	1,200	6.00
Interest on borrowed operating capital	1,200	6.00
<b>Total non-feed cash costs</b>	<b>\$ 67,024</b>	<b>\$335.12</b>
<b>Total Cash Expenses*</b>	<b>\$138,109</b>	<b>\$690.54</b>
<b>NET CASH PROFIT</b>	<b>\$ 21,997</b>	<b>\$109.98</b>

<u>Investment</u>	<u>Depreciation</u>	<u>Interest @ 7%</u> <u>(1/2 of original cost)</u>
Cattle \$60,000		\$4,200
Land 15,000		1,050
Bldg. & corrals 40,000 20 yr. -- \$2,000		1,400
Equipment 20,000 10 yr. -- 2,000		700
	\$4,000	\$7,350
Interest & Depreciation		\$11,350
Net income to management to pay mortgaged indebtedness		\$10,647

\* Does not include any payment on indebtedness or interest on indebtedness.

(NOTE) No management charge is included in this sample study