DY-VS-70

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.

<table>
<thead>
<tr>
<th>CASH COSTS</th>
<th>Each Cow Per lb.</th>
<th>Per Year</th>
<th>B.F.</th>
<th>My Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alfalfa hay: 7.12 tons at $35.00</td>
<td>$249.20</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Concentrates: 2.20 tons at $73.00</td>
<td>160.60</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Labor: 2 milkers at $750 60.00</td>
<td>82.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 laborer at $550 22.00</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Replacement cost; annual average</td>
<td>66.25</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taxes, insurance, licenses, reg. fees</td>
<td>30.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Utilities</td>
<td>29.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Breeding Fee</td>
<td>8.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Misc. costs, including veterinary and medicine, testing, supplies, clipping, maintenance, etc.</td>
<td>50.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Office, business costs, operating capital, etc.</td>
<td>35.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>TOTAL CASH COSTS</strong></td>
<td><strong>$706.05</strong></td>
<td><strong>$1.41</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

DEPRECIATION

Milking barn, corrals, buildings cost; $69,900
15 years life
Dairy equipment cost $34,100, 10 yrs. life

**TOTAL DEPRECIATION**

Interest on investment at 7%

**Land: 20 acres at $800, $16,000 total cost**
Bldgs. and corrals, 1/2 cost $34,950.00
Equipment: 1/2 cost $17,050.00
Cattle: average value $365.00

Total interest on investment
Total Cost of Production
Less Credit for Calf
Net Cost of Production
Net Cost with 95% of milk sold

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.

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)**
- Alfalfa hay, 1120 tons @ $38 per ton: $42,560 per cow, $212.80
- Concentrate feed, 3650 lbs./cow @ $65/ton: 23,725, 118.62
- Pasture, 600 AUM @ $8 per AUM: 4,800, 24.00
- **Total Feed Cost**: $71,085, $355.42
- Replacements, 60 head @ $425: 25,500, 127.50
- Labor, 1 man @ $600/month, 2 men @ $650/mon.: 22,600, 113.00
- Breeding Fees, $8/head on 190 head: 1,520, 7.60
- DHIA: 964, 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

**Total non-feed cash costs**: $67,044, $335.12

**Total Cash Expenses**: $138,109, $690.54

**NET CASH PROFIT**: $21,997, $109.98

## Investment

<table>
<thead>
<tr>
<th>Item</th>
<th>Depreciation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cattle</td>
<td>$4,200</td>
</tr>
<tr>
<td>Land</td>
<td>$1,050</td>
</tr>
<tr>
<td>Bldg. &amp; corrals</td>
<td>$2,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>$7,350</td>
</tr>
</tbody>
</table>

**Interest @ 7% (1/3 of original cost)**

**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.