



DAIRY FARM MANAGEMENT BASICS

A Farm Management Course by
Glenn A. Shirk
Penn State Extension Agent
Lancaster County, Pennsylvania

Income and Expenses - Article 7

Needless to say, income and expenses affect farm profits. Thus, it is important for you to know your costs of production. Until you know that, you can not make smart management decisions.

In addition to knowing total costs for the farm, it is very helpful to summarize your costs by categories and by enterprises. With the aid of your farm records or your tax return, it is relatively easy to do.

First, break your income and expenses into several broad categories, such as:

- Dairy Income

Non-Dairy Income

General Dairy Costs

Feed Purchases

Crop Costs
- Land Costs

Machinery Costs

Buildings and Facilities Costs

Labor Costs

Miscellaneous Costs

Next, assign your income and expense items to one of the general categories listed above. For example, milk and cattle sales would be assigned to dairy income. Crop sales would be non-dairy income. Vet and medical expenses would go under general dairy costs. Fuel used in the field could go under machinery costs, whereas fuel used around the barn might be a general dairy cost. Expense items such as rent, repairs, interest, depreciation or principal payments, real-estate taxes, etc. appear under several broad categories, as illustrated in the worksheet.

Create a column for total farm income and expenses, and enter your farm totals. Some expense items, such as interest, depreciation, insurance, repairs, etc. will appear in several different categories, so you may want to allocate a portion of that expense item to several appropriate categories. For example, half of the farm rent might go under buildings and facilities and the other half might be assigned to land costs. Depending on how detailed your records are, you might have to make a guess as to what allocation might be appropriate for your farm. Don't let that hinder you from doing it. Even though it won't be perfect, it will still be a useful guide, and a whole lot better than nothing.

Off to the right of the column for farm totals, create additional columns for enterprises, such as those listed below. Then, allocate a portion of the total farm income and expenses, which you have just entered above, to each enterprise, as appropriate. Here again, some more guess work might be needed.

- Average per cwt milk

Cows

Replacements (heifers)
- Corn (silage and grain)

Hay

Pasture

Then, calculate the totals and averages for each of the enterprises, and for each category of expense. Now, you can also calculate cost per cwt. of milk shipped, cost per cow, cost per replacement, cost per acre, cost per ton, cost per bushel, etc. You now have some very valuable management information.

You also have a detailed record of your itemized costs of production. With this cost breakdown you can identify where costs and productions are out of line with your goals. You can decide if it is more economical to raise feed or buy it, to do all of your own field work or hire someone to do some of it for you, to raise replacements vs. contracting them out for someone else to raise or purchasing them, etc.

Penn State Fruit Times Newsletter

UPCOMING DATES

- July 29 - Rock Springs Fruit and Vegetable Field Day Russell E Larson Research Center, Rock Springs, PA
- August 20-21 - U S Apple Association Apple Crop Outlook & Marketing Conference Chicago

FRUIT AND VEGETABLE FIELD DAY - JULY 29 Mark your calendars for the Fruit and Vegetable Field day to be held at the Russell E Larson Research Center at Rock Springs. This full day event will feature the latest research being conducted on vegetables and tree fruit and small fruit. Registration begins at 8.00 a.m. with tours starting at 9:15 a.m. Highlights in tree fruit include:

- Fire blight susceptibility of different rootstocks and cultivars
- Reduced pesticide applications for control of sooty blotch and fly speck
- 1990 8 Cultivar by 4 rootstock replicated trial
- 1993 Liberty planting on Cornell Geneva Semidwarf rootstocks
- 1994 Gala planting on M 9 size rootstocks
- 1995 Gala & Ginger Gold planting on M 9 and B 9
- NE-183 National Apple Cultivar Planting Trial
- Utilization of an in-row cover for weed control and a hydrophilic polymer
- Utilization of the plant growth regulator Apogee for growth control
- Use of ReTain on early apples to reduce preharvest drop and improve fruit color

In addition to the tours we will also have exhibitors on hand displaying some of the latest equipment for horticultural crop production. The meeting is jointly sponsored by Penn State University, State Horticultural Association of Pennsylvania and the Pennsylvania Vegetable Growers Association.

Registration is \$20.00 advance for adults and \$15.00 for children under 16 and \$25.00 after July 22. Send in registration to Mrs. Maureen Irvin, State Horticultural Association of Pennsylvania, 697 Mountain Rd, Orrtanna, PA 17353. You can also phone your reservations in by calling 717-677-4184.

ENTOMOLOGY:

PHEROMONE TRAP COUNTS Weekly capture in pheromone traps at Biglerville. This information, updated each Friday, can now be reached from <http://rec.cas.psu.edu> under the Current Events menu.

Species	5/14	5/21	5/28	6/4	6/11	6/18	6/25
RBLR	0	0	0	6	16	35	77
STLM	78	183	1911	3497	3549	4347	4095
OFM	88	110	28	9	5	30	76
CM	7	38	19	6	5	8	11
TABM	24	65	89	107	58	57	34
LPTB	31	79	39	54	10	26	25
LAW	1	11	11	7	1	1	3
OBLR	0	3	27	22	1	2	2
DWB	0	4	16	19	2	8	17
PTB			0	2	1	3	8
AM (baited red sphere)						2	4

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Farm Income and Cost Analysis

			Farm Enterprises					
Farm Data	Farm Total	Per Cwt of Milk	Cows	Heif or Replac	Corn Silage	Corn Grain	Hay	Pasture
No. head or acres								
Production / unit								
Yields (farm totals)								
Cwt milk shipped								
No. dairy workers								
Milk / worker								
Income Categories								
Dairy Income:								
Milk sales								
Cull cattle								
Breeding cattle								
Subtotal								
Avg / cwt & cow								
Non-Dairy Income.								
Crop sales								
Custom work								
Dividends, interest								
Subtotal								
Avg / acre								
Avg / cwt & cow								
Total Farm Income								
Avg / cwt & cow								

Expenses Categories	Farm Total	Per Cwt of Milk	Cows	Heif or Replac	Farm Enterprises				
					Corn Silage	Corn Grain	Hay	Pasture	
General Dairy Costs:									
Dairy supplies									
Breed, test, register									
Vet, medicine									
Marketing(dairy)									
Trucking (dairy)									
Manure hauling									
Utilities									
Fuel (dairy)									
Cow purchases									
Heifer contracts									
Interest (cattle)									
Dep, Princ (cows)									
Insurance									
Subtotal									
Avg / cwt & cow									
Purchased Feeds									
Avg / cwt & cow									
Crop Costs:									
Seed & crop suppl									
Fert, lime, chem									
Subtotal									
Avg / acre									
Avg / cwt & cow								4	
Land Costs:									
Rent									
Taxes (land)									
Interest (land)									
Principal (land)									
Conservation									
Subtotal									
Avg / acre									
Avg / cwt & cow									
Mach & Equip Costs:									
Fuel, oil (field)									
Repair									
Purchases									
Custom work									
Interest									
Deprec or Principal									
Insurance									
Subtotal									
Avg / acre									
Avg / cwt & cow									

Expenses (continued)	Farm Total	Per Cwt of Milk	Cows	Heif or Replac	Corn Silage	Corn Grain	Hay	Pasture	
Buildings, Facilities:									
Rent (buildings)									
Repair (buildings)									
Taxes (buildings)									
Interest (buildings)									
Dep or princ (bldg)									
Insurance (bldg)									
Subtotal									
Avg / acre									
Avg / cwt & cow									
Labor Costs:									
Unpaid (optional)									
Hired labor									
Benefits (value)									
Wage taxes									
Insurance									
Subtotal									
Avg / acre									
Avg / cwt & cow									
Avg / worker									
Miscellaneous Costs									
Equity int (option)									
Subtotal									
Avg / acre									
Avg / cwt & cow									
Total Farm Expenses									
Avg / cwt & cow									