Dairy Gauge is a financial benchmarking program that can be utilized by dairy producers. Producers can submit their farm information into the program, to evaluate the financial health and efficiency of their business. The producer will not only get the financial benchmarks this spreadsheet creates, but they will get to see how their farm compares to the averages of their peers in the Dairy Gauge Program. This is a confidential program; No individual farm information will be released.

Information needed in order to fill out the worksheets

- **Annual Income and Expense** – Prefer Profit & Loss Statement (Income Statement) over Schedule F tax document. The Schedule F tax document is useful for this information, however the categories are limited.
- **Annual Milk Marketing Summary**
- **End of Year or most Current Balance sheet**
- **Average number of lactating and dry cows**

To complete this program, fill in the blue and purple cells on the three orange tabs (located at the bottom of the Excel worksheet labeled: Income and Expense, Forage Cost Survey and Balance Sheets). Once finished, the program will create the Dairy Benchmarks Report and Scorecard. You can print the output or just view (located on the Dairy Benchmarks Report and Scorecard Tab). Once the information is gathered, the analysis takes about 2 hours.

If you would like more information about the Dairy Gauge Benchmarking Program, please contact David Bilderback, University of Tennessee Extension, at db@utk.edu or Dr. Charles Martinez, University of Tennessee Extension, at cmart113@utk.edu.

Category Definitions

Below are basic guidelines on how to categorize information into the Dairy Gauge Spreadsheet. Every farm has different methods of categorizing income and expenses that occur on the farm. The definitions below give a general idea of what to put in each category.

**Income Categories**

- **Calves & Heifers** – Bull and steer calves sold, open and bred heifers sold before lactating for any reason. Also include animals that were sold for genetics.
- **Crops** – Any crop or forage sold, example (corn, soybeans, hay)
- **Cull Income** – Any lactating cow sold or bull
- **Dividends** – Patronage from a cooperative or rebate from a company
- **Government Payments** – Any payment from government entity, example (state cost-share programs, NRCS, FSA)
- **Milk** - Milk income from the annual milk marketing statement
- **Other income** – Any other income that does not fit in the previous categories
Starting Dairy Gauge and Category Definition

**Variable Expense Categories**

- **Animal Health** – Any health-related expense, examples (medicine, vet, vaccinations, hoof trimming)
- **Bedding** - The expense of bedding the freestall or pack barn, examples (sand, shavings, sawdust)
- **Breeding** – Any expense associated with breeding, examples (AI tech, AI supplies, semen)
- **Chemicals** - Crop Chemicals (if the producer is paying a custom applicator, include the total in this category)
- **Crop insurance** – Crop insurance expense
- **Custom Hired** - Someone hired to do a specific activity. Example (raising dairy heifers, chopping silage, pumping manure, pouring concrete and hauling livestock). However, include custom applicators such as chemicals and fertilizer in their respective category, because it can be difficult to remove the applicators fee from the cost of the input.
- **Feed** – Any purchased feed and any associated transportation cost(s). It is important to include the hauling of feed in this category because a lot of suppliers include in the cost. If the dairy is purchasing any forage it will go in this category as well. This is any feed that is not produced on the farm.
- **Fertilizer** - Crop fertilizer, if the dairy is paying a custom applicator, put the total in this category.
- **Fuel and Oil** – Gas, diesel and oil. Propane should go under utilities, unless it is used for farm equipment.
- **Insurance** – Any insurance purchased for the farm (health insurance should go in the labor category, as it is an employee benefit)
- **Interest** – Interest from financed money
- **Labor** – Wages paid, Payroll expenses, Payroll taxes, Employee benefits
- **Machinery Lease** – Any machinery lease payments (total).
- **Milk hauling** – The cost of hauling the milk to the plant. This information is from the annual milk market statement.
- **Milk Marketing** – The milk marketing fee is from the annual milk market statement.
- **Milk testing** – On farm testing, such as DHIA
- **Other Expenses** – If it just does not fit in any of the labeled categories, it goes here. These are normally smaller expenses. Some examples are office expense, dues, uniforms, postage, meals and entertainment, and administrative cost.
- **Professional Fees** – Lawyers, accountants, or record keepers
- **Rent** – Fees paid for land or facilities
- **Repairs** – Service fees, maintenance, and parts to fix building and equipment
- **Seed** – Seed and plants for crops
- **Supplies** – General farm supplies and milk parlor supplies
- **Taxes** – Property and auto taxes
- **Utilities** – Electric, gas, internet, telephone, or water

**Fixed Cost**

- **Principle Payments** - This is the principle portion of the loan payments.
- **Depreciation** – Tax depreciation
- **Livestock Purchased** – Any cash expensed for livestock (don’t include any that have been purchase with a loan).
- **Equipment Purchased** - Any cash expensed for equipment (don’t include any that have been purchase with a loan).
- **Other Assets Purchased** - Any cash expensed for any other asset (don’t include any that have been purchase with a loan).
- **Family Living** – Any personal expenses taken out of the farm. Owners draw