## Cost Centers for Brooksco Dairy

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#### Purpose

- Cost centers enable us to create smaller pools of expenses. Trends can then be identified that would otherwise be over looked.
- Each item on every invoice is converted into useful data.

# Intangibles

- Equal attention paid to cow numbers, production, and cost control.
- Reminder that these are real dollars and not monopoly dollars.

#### Pitfalls

- Consistency in coding invoices is critical.
- Purchase orders not descriptive enough.
- Reviewing information in a timely manner.
- Failure to accurately record accrual inventory adjustments.

## Cost centers

- <u>O General</u>. Items that benefit the dairy as a whole or are too complicated to allocate.
- 1 Parlor
- 2 Feed
- 3 Sand
- 4 Manure
- 5 Herd care
- 6 Shop

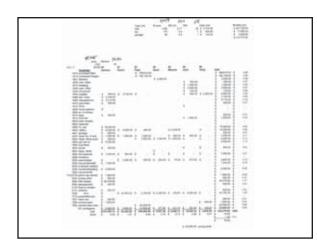
## Administration of Cost Centers

- Purchase order used for every invoice that describes purpose.
- Invoice is matched with purchase order when received in the mail.
- Each item on every invoice is given a cost center and an expense account #.
- Accrual inventory adjustments for forages are posted at the end of every month.
- Month is closed out on the 20<sup>th</sup> of the following month.

# Analysis

- Once a month reports are reviewed by management and compared to budgets.
- Cow numbers and production are compared first.
- Any cost center with an account # significantly over budget is further reviewed in detailed account report.
- Management identifies reason for over being budget.

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Total Costs 676,894.55 15.02 8,457,336.69	14.47

	1 - PAR	I OR	
		PWO	
	Description	Current Month	Current <u>YTD</u>
	SUPPLIES	14,242,58	116,634,23
	UTILITIES	8,280.30	86,725.59
4833	REPAIRS-FACILITIES & EQUIP	6,091.86	15,715.26
4881 1	EQUIPMENT RENTAL		284.35
5020 1	PAYROLL TAXES	2,591.34	33,851.95
5083	HAULING OTHER	30.00	328.70
7005	'W-2	29,700.12	376,110.55
	TOTAL EXPENSES	60.935.20	629,650.64

	11/30/20	11	
	2 - FEEDI	NG	
Acct.	Description EXPENSES	Current Month	Current <u>YTD</u>
1010	PURCHASED FEED & COMMODITIES PURCHASED FORAGES	365,595.18 56,133.35	2,709,950.35 933,348.72
6450		100000000	205.18
1833		552.12	1.609.89
4840	REPAIRS-ROLLING EQUIP	920.81	34,965.45
4881	EQUIPMENT RENTAL		1,752.00
5020	PAYROLL TAXES	309.35	3,110.51
5095	TAXES-GENERAL	150.00	150.00
7005	W-2	3,545.50	34,443.50
7082	CONTRACT FEED COWS	22,260.00	403,084.50
	TOTAL EXPENSES	449,466.31	4,122,716.10

		3 - SAND		
Acct.	Description EXPENSES		Current Month	Current YTD
4041	BEDDING SUPPLIES			27,857.09
4450	SUPPLIES			192.60
4840	REPAIRS-ROLLING EQUIP		855.16	18,608.28
5020	PAYROLL TAXES		199,19	2,866.48
7005	W-2		2,283,00	31,996.00
	TOTAL EXPENSES		3,337.35	81,520.45

	11/30/2	011	
	4 - MAN	URE	
Acct.	Description	Current Month	Current YTD
\$450	SUPPLIES	0.00	58 53
4510	LEGAL & PROFESSIONAL	300.00	4.077.00
4820	UTILITIES	1,969.96	20,577.27
4833	REPAIRS-FACILITIES & EQUIP	3,583.53	24,928.53
4840	REPAIRS-ROLLING EQUIP	001053315741	763.06
1881	EQUIPMENT RENTAL		740.00
5020	PAYROLL TAXES	8.35	222.24
5083	HAULING OTHER	- 1641L.	6,693.20
7005	W-2	95.70	2,264.30
1601	MACH HIRE	+	19,965.20
	TOTAL EXPENSES	5,957.54	80,289,33

	11/30/	2011	
	5 - HERD	CARE	
Acct.	Description	Current Month	Current <u>YTD</u>
4200	MEDICATION-INJECT	462.53	13,997,13
4210	BREEDING EXPENSE	3,671.24	35,967,83
4230	MEDICATION-OTHER	512.17	21.024.87
4440	VETERINARY SERVICE	60.00	9,618.00
4450	SUPPLIES	1,139.83	15,884.75
4510	DHIA RECORDS	1,979,70	19,010.11
4615	HOOF TRIMMING, ETC.	619.98	5,747.84
4833	REPAIRS-FACILITIES & EQUIP	+	106.95
5020	PAYROLL TAXES	952.82	10,325.42
5083	HAULING OTHER	55.00	555.00
7005	W-2	10,920.50	111,767.74
	TOTAL EXPENSES	20,373.77	244.005.64

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YTD
59.78
54.94
15.31
83.68
11.40
25.09