

Cheddar Cheese Total Costs of Manufacturing, 1999

	CDFA Survey Weighted Average	NCI Survey Weighted Average	Combined Surveys Weighted Average
--- \$/lb of cheese ---			
Miscellaneous Ingredients (non-milk)	\$0.0121	\$0.0138	\$0.0133
Packaging	\$0.0188	\$0.0103	\$0.0129
Processing - Labor	\$0.0456	\$0.0474	\$0.0468
Processing - nonlabor	\$0.0636	\$0.0593	\$0.0606
General and Administrative	\$0.0190	\$0.0259	\$0.0237
Total Operating Costs	\$0.1590	\$0.1565	\$0.1573
Marketing Costs	\$0.0011	\$0.0011	\$0.0011
Cost of Capital	\$0.0103	\$0.0103	\$0.0103
Total Costs of Manufacturing	\$0.1704	\$0.1679	\$0.1687
Number of Plants	9	15	24
Total Survey Volume (mil. Lbs)	466	1,029	1,495
Share of U.S. Production	16.5%	36.5%	53.1%

Dry Whey Total Costs of Manufacturing, 1999

	NCI Survey Weighted Average
Miscellaneous Ingredients (non-milk)	\$0.0080
Packaging	\$0.0082
Processing - Labor	\$0.0285
Processing - nonlabor	\$0.0778
General and Administrative	\$0.0337
Total Operating Costs	\$0.1489
Marketing Costs	\$0.0058
Cost of Capital	\$0.0103
Total Costs of Manufacturing	\$0.1592
Number of Plants	7
Total Survey Volume (mil. Lbs)	307.2
Share of U.S. Production	28.4%

CME Block & Barrel Price Analysis				
Assumptions				
Milk Fat	3.67			
Milk Protein	3.18			
Fat Recovery	0.90			
Barrel Moisture	35.0%			
Casein % of Protein	78.0%			
Block Make allowance	\$0.17			
Yield Formula Cheddar	((Milkfat*Fat Recovery)+(CrudeProtein*%Casein in Protein - 0.1))*1.09 / (1 - cheese moisture)			
Barrel Price Formula	Barrel Market * (1 - barrel moisture)/(1 - 0.39 legal max moisture for cheddar)			
	Typical Business			
			Block -	
	Block	Barrel	Barrel	
Typical Moisture	38.00%	35.00%		
Cheese Yield	9.992	9.531		
Market	\$1.3000	\$1.2700	\$0.0300	
Market + moisture for barrel	\$1.3000	\$1.35328		
Gross Return = Yield * Price	\$12.9893	\$12.8976		
	Block vs.	Block vs.		
	Barrel	Barrel		
	\$/cwt	\$/lb		
	\$0.0917	\$0.0092		

General Survey Instructions

- Cost data is to be for the most recent full 12-month period available. Preference would be to have data which has been confirmed by at least internal firm audits
- Cost data is to include all in-plant costs of moving farm milk from the receiving deck to the product delivery deck. *Exclude* costs associated with prolonged storage or off-site storage of finished product.
- All costs associated with dry whey and dry whey product processing should be included on the Dry Whey Manufacturing Cost survey page, not on the Cheese Manufacturing Cost survey page.
- Where ever possible, costs should be allocated directly to each product. Costs which can not be allocated directly should be allocated on the basis of the total milk solids in each product.
- Marketing costs are including because cheese and dry whey wholesale prices in the NASS *Dairy Products Prices* report assume the product has been marketed.

Specific Instructions for Cost Categories

Labor (1): Include total wages, payroll taxes and fringe benefits for all plant employees.

Energy (2): Allocate directly to each product where possible.

~~Packaging Materials (7): Include all non-returnable items used to package the products and all unrecovered freight on returned packaging materials (e.g., steel barrels).~~

Depreciation (9): Use straight line (book value) depreciation rather than tax basis.

**Please return all 5 pages of this survey form
by FAX 301-656-0810 (Attention of John Burnham)**

**John Burnham, Associate Director
Association Services Group
7500 Old Georgetown Road, Suite 700
Bethesda, MD 20814-6133
Telephone: (301) 656-0920, ext. 130
Facsimile: (301) 656-0810**

Please provide the following contact information. This information will only be used if Association Services Group needs to contact you in order to clarify your response in reporting your plant's data.

City and State Where
Plant is Located

Name of Plant Contact:

Telephone:

Facsimile:

My plant manufactures cheddar cheese

_____ Yes - Please complete page 2&3

_____ No

My plant manufactures dry whey

_____ Yes - Please complete page 4&5

_____ No

Remember: Please return all 5 pages of this survey to Association Services Group at the above FAX number.

Cheese Manufacturing Cost Survey- page 1

		Data Period Reported (month/year):	From:			
			To:			
		Cost Item (record amounts in dollars)				
1		Labor:	1			
	1A	Direct labor costs	1A			
	1B	Supervisory/indirect	1B			
2		Energy:	2			
	2A	Electricity	2A			
	2B	Natural gas	2B			
	2C	Propane gas	2C			
	2D	Other fuels	2D			
3		Water and Sewer	3			
4		Cleaning Supplies	4			
5		Plant and Laboratory Supplies ¹	5			
6		Non-milk Ingredients	6			
7		Packaging Materials:	7			
	7A	40-pound Block	7A			
	7B	640-pound Block	7B			
	7C	500-pound Barrel	7C			

¹ Quality control only - exclude producer milk testing.

8		Repair and Maintenance	8			
9		Depreciation	9			
10		Insurance	10			
11		Taxes	11			
12		Administrative Costs ²	12			
13		Marketing Costs	13			
14		Miscellaneous Costs	14			
15		Pounds of Cheese Manufactured	15			
	15A	40-pound Blocks	15A			
	15B	640-pound Blocks	15B			
	15C	500-pound Barrels	15C			

² Plant office, plant management, and corporate overhead.

Dry Whey Manufacturing Cost Survey- page 1

		Data Period Reported (month/year):	From:			
			To:			
		Cost Item (record amounts in dollars)				
1		Labor:	1			
	1A	Direct labor costs	1A			
	1B	Supervisory/indirect	1B			
2		Energy:	2			
	2A	Electricity	2A			
	2B	Natural gas	2B			
	2C	Propane gas	2C			
	2D	Other fuels	2D			
3		Water and Sewer	3			
4		Cleaning Supplies	4			
5		Plant and Laboratory Supplies ¹	5			
6		Non-milk Ingredients	6			
7		Packaging Materials for Whey Powder	7			
8		Repair and Maintenance	8			

¹ Quality control only - exclude producer milk testing.

Dry Whey Manufacturing Cost Survey -page 2

9		Depreciation	9			
10		Insurance	10			
11		Taxes	11			
12		Administrative Costs ²	12			
13		Marketing Costs	13			
14		Miscellaneous Costs	14			
15		Pounds of Dry Whey Manufactured	15			

² Plant office, plant management, and corporate overhead.