

Chapter Ag 117

UNIFORM SYSTEM OF ACCOUNTING FOR  
SELECTED DAIRY PRODUCTS

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Ag 117.01 Definitions. (1) "All products" means the entire volume of every item produced and sold.

(2) "Milk products" means all products produced and sold with the exception of ice cream products and special products as defined herein.

(3) "Other products" means a product category used only for determining processing, packaging and distribution expense. It includes products other than fluid milk, ice cream products, cottage cheese and special products. It includes sour cream, butter, products in pressurized containers and similar products. Such products are milk products for all other purposes.

(4) "Special products" means products not generally distributed on wholesale or retail route trucks (e.g. dry milk products).

(5) "Special routes" means routes other than regular retail or wholesale routes, e.g. school milk routes, military installation routes, routes to chain store warehouses.

(6) "Allocate" means the distribution of an expense to specific products or functions based on some quantitative factor such as points, gallons, other expense totals.

(7) "Assign" means the distribution of an expense to specific products or functions based on actual or estimated uses of the material or service represented by the expense.

(8) "Distribution categories" means retail milk, wholesale milk, vendor milk, special route milk, wholesale ice cream, vendor ice cream, special route ice cream.

(9) "Full service delivery" includes securing the order; putting up the order; servicing refrigeration case and storage cooler; making out a bill; removing outdated merchandise; price marking merchandise; collecting payment.

(10) (10) "Modified drop delivery" includes putting up order; placing product in storage cooler; pre-ordering merchandise.

(11) (11) "Drop delivery" means the product is pre-arranged in the truck for each store; the product is placed on the dock or in the back room of the store.

(12) (12) "Warehouse" means space used to store ingredients and supplies, but shall not include finished products storage.

History: Cr. Register, November, 1966, No. 131, eff. 12-1-66.

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**Ag 117.02 Duty to file reports.** Every wholesaler as defined in section 100.201, Wis. Stats., shall upon request of the department file schedules of its costs of selected dairy products within the time prescribed by the department. Costs shall be determined in accordance with the provisions of this chapter and cost data shall be filed on forms prescribed by the department in accordance with instructions furnished therewith.

**History:** Cr. Register, November, 1966, No. 131, eff. 12-1-66.

**Ag 117.03 Cost included.** Cost shall include but not be limited to all expense items specified in section 100.201 (2) (h) 2, Wis. Stats. Business records shall be referred to and all expense items incurred which appear or should appear in balance sheets, profit and loss statements and supporting documents and records shall be included in the schedules required to be filed herein. Costs shall not be based on anticipated expenses. Taxes on profits, return on investment, and distribution of equity, capital or profit shall not be included as expense items.

**History:** Cr. Register, November, 1966, No. 131, eff. 12-1-66.

**Ag 117.04 Distribution of expenses.** The distribution of an expense to specific products or functions shall wherever possible be on the basis of measurement of actual use of material or service. Allocations shall follow the functions or other measurable factors to which they are related. Expenses which are jointly caused by all products or function categories and cannot be assigned to specific cost centers or functions, or products, shall be charged to general expense.

**History:** Cr. Register, November, 1966, No. 131, eff. 12-1-66.

**Ag 117.05 Management personnel.** The time of officers and management personnel insofar as possible shall be charged to the functions they perform. In the event officers or other personnel receive no salary or other remuneration, a value shall be placed on their services at a rate no lower than the average labor rate paid in Wisconsin by the "Food and Kindred Products Industry" as reported by the Wisconsin Industrial Commission in the periodical titled "Labor Force Trends".

**History:** Cr. Register, November, 1966, No. 131, eff. 12-1-66.

**Ag 117.06 Fringe benefits.** In the event a wholesaler keeps records of fringe benefits for individual employees or groups of employees, the percentage of fringe benefits expense to total compensation shall be determined. Such percentages shall be used in charging the functions, cost centers or products to which the personnel is charged. If individual or group fringe benefit records are not kept then fringe benefits as a percentage of salaries or wages shall be assigned or allocated in the same manner and be directly proportional to salaries and wages which are assigned or allocated among various functions, cost centers or products.

**History:** Cr. Register, November, 1966, No. 131, eff. 12-1-66.

**Ag 117.07 Depreciation.** The method of depreciation employed by the wholesaler shall be used in determining depreciation expense. In the event a wholesaler has failed to include depreciation as an expense, it shall be calculated by the straight line method and included as an

**Ag 117.14 Unit platform cost.** The unit platform cost shall be determined for each product and package size. Platform cost includes all cost for material, labor and expense up to and including the loading of the product on the route truck and includes adjustments for sales returns. It includes all costs except local delivery cost. Selling, advertising and promotion costs and other general costs shall be determined for the individual product and package size based upon a cost per unit point and the number of points assigned to a specific product and package size.

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**History:** Cr. Register, November, 1966, No. 131, eff. 12-1-66.

**Ag 117.15 Distribution expense and cost.** (1) The functions included in this category are route operations and supervision. The expenses shall include, but not be limited to, allocated garage expenses; allocated general and administrative expenses; salaries, commissions and fringe benefit expenses of route driver-salesmen, relief driver-salesmen, and their immediate supervisors; route truck operation expenses; all other direct expenses of route operation. Expenses which are not included in this category are salaries, commissions and fringe benefit expenses of driver-salesmen operating as promotion men not assigned to regular delivery routes; route truck operation expense of trucks regularly driven by such promotion men; operation expense of trucks used to haul products to a depot.

(2) The expenses accumulated in this category shall be assigned to the distribution categories, whenever possible, on the basis of direct measurement or identification.

(3) Garage expense shall be assigned to distribution categories on the basis of the number of vehicles normally assigned to each category, and on the basis of the unit factor cost determined in "garage expense".

(4) The expenses in this category which cannot be specifically identified and assigned to specific distribution categories shall be allocated to such categories on the basis of the number of distribution routes in each category.

(5) The total of the expenses assigned to the wholesale distribution category shall be further computed in accordance with the following steps to arrive at the per unit wholesale delivery cost:

(a) Summarize all wholesale distribution expenses (labor and truck expenses).

(b) Summarize and total all routemen's time for all routes being analyzed. Total time shall be summarized in minutes.

(c) Divide total wholesale distribution expenses by the total number of delivery minutes to get delivery cost per minute.

(d) Multiply cost per minute by service time to get specific cost per delivery. Service times for the various delivery types are set forth in Tables III, IV and V for wholesale milk deliveries. Service times for wholesale ice cream deliveries shall be based on actual measurement.

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(e) Multiply all time other than service time by cost per minute to get total common cost.

(f) Divide total common cost for all routes by the number of deliveries of all types to get common cost per delivery.

- (g) Add specific cost to common cost to get total cost per delivery.  
 (h) Divide total cost per delivery by the number of units delivered to get delivery cost per unit.

**History:** Cr. Register, November, 1966, No. 131, eff. 12-1-66.

Ag 117.16 Total wholesale cost per unit. The total wholesale cost per unit shall be determined by adding to the unit platform cost, the delivery cost per unit.

**TABLE I**  
**FLUID MILK POINT VALUES**

1 Gal. Milk.....	4 Points
½ Gal.....	2 Points
1 Quart.....	1 Point
¾ Quart.....	½ Point
1 Pint.....	½ Point
½ Pint.....	¼ Point

All products other than those listed below would be assigned the points above.

Cream

1 Gallon.....	16 Points
1 Quart.....	4 Points
1 Pint.....	2 Points
½ Pint.....	1 Point

½ & ¼

1 Gallon.....	8 Points
1 Quart.....	2 Points
1 Pint.....	1 Point

Sour Cream

1 Gallon.....	16 Points
1 Quart.....	8 Points
1 Pint.....	2 Points
½ Pint.....	1 Point

Dip—8 oz..... 1 Point

Cottage Cheese/lb..... 3 Points

**TABLE II**  
**POINTS—DISTRIBUTION**

Item	Points
1 quart..... equals.....	1
½ gallon..... equals.....	2
1 gallon..... equals.....	4
bulk gallons..... units/gallon.....	4
pints..... equals.....	½
¾ quart..... equals.....	½
½ pint..... equals.....	¼

(Above schedule includes: milk—whole, regular, skim and flavored; modified and fortified milk, cream, buttermilk, juices, and fruit drinks and egg nog.)

Other Items	Points
dips*..... units/package.....	1
sour cream*..... units/package.....	1
cottage cheese*..... 16 oz. and under.....	1
cottage cheese..... over 16 oz., units/lb.....	1
butter..... units/lb.....	1
eggs..... units/doz.....	1
evaporated milk..... units/case.....	20
diet drink..... units/quart.....	1
canned drink..... units/quart.....	1
cheese..... units/lb.....	1

Ice Cream

All package ice cream..... units/gallon.....	4
Novelties..... units/doz.....	2

\*All of these items—packages under 12 oz..... ½