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## Manual of cost reporting

North Carolina Pine Association

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North Carolina Pine Association

Manual of Cost Reporting

# North Carolina Pine Association

## Manual of Cost Reporting

**North Carolina Pine Association**  
**NORFOLK, VIRGINIA**

— o —

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## FOREWORD.

As a result of the several meetings held, during the early part of 1917, by the manufacturers of North Carolina Pine Lumber, a general demand was evident that definite action be taken whereby all mills could adjust their accounting methods, to such an extent as appeared necessary, in order that accurate and uniform or standardized costs would be available periodically.

In laying the ground-work for a comprehensive plan of this nature, all concerned must realize that little or nothing can be accomplished unless everyone co-operates fully and all think and express themselves in the same terms.

In submitting this plan the request is made that you keep the following conditions in mind:

—it is not intended as an outline of a "hard and fast" rule by which all of the concerns interested will be compelled to remodel their bookkeeping procedure;

—it is not the last word, so to speak, as to the proper distribution of operating costs;

—it is intended to provide the means by which the essential direct operating costs can be gathered monthly and reported in condensed form, on the special report which will be furnished by the Association;

—it is intended to outline the basis for a uniform classification of operating accounts (assuming that at least some of the mills are not adequately equipped for this bookkeeping function) the records for which can be maintained in a simple and yet very complete manner; many operations have quite extended systems which spread the costs in detail to the last source, and therefore it is hardly possible that any revision of such bookkeeping methods will be necessary. The impression should not be that a proper distribution of operating expense demands a complicated bookkeeping system; quite the opposite is true, as the successful system is one which produces all the necessary distribution in a direct manner without entailing a repetition of entries or a burdensome office organization.

One great benefit of the close contact between the Government and the business of the country is the necessity, made evident, for adequate bookkeeping records which will properly reflect the history of the respective business; the day of hit and miss methods has passed, and a concern that places its product on the market without a definite knowledge of the cost of manufacturing or carrying on business has its term of life limited within a definite period; with concise data available in comparable form unusual and unnecessary conditions become apparent, and steps can be taken to apply such remedies as appear expedient.

NORTH CAROLINA PINE ASSOCIATION.

## GENERAL.

It will be noted that the line number on the monthly report corresponds with its respective group cost statement and in turn the sub-item numbers, on any one of the group cost statements, are relatively the same throughout all other groups—this is completely illustrated on the condensed chart (Chart No. 1). This is one of the first steps toward uniformity. The open item numbers are to cover changes which may later develop, or special costs which may occur in certain operations.

Cost per thousand board feet is based, in each operation, on the production cost only; do not overlook the fact that the plan outlined herein deals only with the elements which produce the cost per thousand feet **board measure** and is not a plan to cover all accounting necessary to produce a complete statement of income and expense; however, the figures employed in the monthly costs must be accurate and capable of verification with your books by the Federal Trade Commission. The Federal Trade Commission bases all costs on board measure. Probably a majority of the mills tally behind the trimmer in the sawmill and therefore are already getting the desired information, and it should be comparatively easy for mills that scale only the logs to change to the other method. Furthermore, the investigations of the Federal Trade Commission will be based on weight averages; i. e., the actual departmental cost and production, and therefore the costs compiled by the Association must be computed in the same manner. Stumpage is a direct cost devoid of complications in the report, as a uniform rate of \$6.00 per thousand **board feet** will be used by all mills.

Some mills make large advance purchases of supplies; when same are consumed the charge should be based on market value, as otherwise such costs would not parallel those of the mills purchasing as needs demanded.

All items in the group sheets are stated in condensed form on Chart No. 1 for easy reference. In some groups more than one item is given concerning a certain class of expenditure; this is necessary in order to meet conditions where different methods of distribution are now used and to have the cost reports broad enough in scope to meet the accounting scheme of the large mills which carry intricate cost accounts and at the same time be easy of application and not burdensome to the smaller mills which do not have such facilities.

As indicated on Chart No. 1, those expenses which cover operations other than direct lumber manufacture and sale should be proportioned in an equitable manner so that the lumber account will be loaded with only its share and the other accounts reflect their actual expenses.

### STUMPAGE.

As previously stated, regardless of the rate at which you charge off stumpage on your books, the rate to be used in the monthly reports will be \$6 per thousand board measure. At the hearings before the Federal Trade Commission and War Industries Board in Washington, the general consensus of opinion was that the present replacement value of pine stumpage was \$7.50 per thousand log measure—allowing for 25 per cent over-run this would be the equivalent of \$6 per thousand board measure. However, this rate will be used only on the report and not through your books.

For the purpose of maintaining the uniformity of department costs, special consideration should be given to logs bought from outside parties.

Such purchases are of two general classes: (a) Timber logged and delivered to railroad or water by owner of timber; (b) Timber logged and delivered to sawmill by owner of timber.

In comparison with your operating cost (a) includes stumpage and logging, and (b) includes stumpage, logging and transportation. If condition (b) obtained in all cases it would simplify matters to handle all outside purchased timber through the "outside" or "extra" purchase logs account, but this is not so generally and therefore it is necessary to determine a plan which equalizes the costs throughout your operations in such a manner as will allow of simple bookkeeping application and at the same time fit all possible conditions. With this in mind, it is suggested that the cost of "extra purchase timber" be distributed to stumpage, logging and log transportation, on a basis paralleling your own costs for the respective month.

Assuming your costs to be, as an illustration: Log transportation, \$3 per thousand board measure; logging, \$7 per thousand board measure, and that in the case of (a) you purchased 100,000 at \$12 per thousand, and (b) 100,000 at \$15 per thousand, your department costs would be charged: (a) extra purchase stumpage \$500, logging \$700; (b) extra purchase stumpage \$500, logging \$700, log transportation \$300—the result being to yield

a weighted average in each department, and bring together the costs of all logs to sawmill, at which point the manufacturing costs begin.

Several mills have inquired as to the rate at which stumpage acquired prior to March 1, 1913, should be valued on the books as allowed by the income tax law. As the timber values are largely governed by the class of timber, its availability as an operating proposition and its nearness to the general market, each company will have to reach its own conclusions as to the rate per thousand.

In connection with the stumpage account, there is the timber expense, embracing extensions, taxes, interest on timber notes, cruisers and fire-wardens expenses, damage suits, etc. It is not unusual to find these items debited to the stumpage account. Unless a constantly increasing rate is used, for stumpage consumed, the result is that eventually the stumpage is extinguished and yet a large debit balance remains on the ledger. Timber expense is a current overhead charge and should be prorated monthly in an amount which will leave in the account at the end of the business year only an amount equal to the aggregate of the extensions paid in advance for succeeding years. When such proration is made it can be carried as item 44, group eleven.

### LOGGING (Group Two).

Taking the several items under group 2 in numerical order, the following explanations are offered:

Item 1—Salaries—This embraces the salaries paid to woods superintendents or other employees above the grade of foreman. No hard and fast rule can be laid down for the distribution of such items and each mill will therefore have to use its own judgment as the conditions are not uniform in every case.

Item 2—Fuel—This expenditure should command more attention than it has heretofore generally received. Some operations supply coal as fuel for their skidders and loaders, in which case the expenditure finds its way direct to the respective account concerned; however, many operators, who use cord wood or mill slab, overlook such charge and therefore their costs cannot be uniform or parallel with companies using coal. It is intended that the value of the slab or cord wood shall hereafter be brought into the accounts as a regular monthly charge at a rate per cord consistent with local conditions; \$2 per cord is suggested as an average price.



Item 6—Supplies—While expenditures of this nature are grouped here in one item, yet it is not intended that mills carrying separate supply accounts on their books such as oil, waste, small stores, etc., should discontinue their present methods.

Item 8—Sundry Charges—The explanation for this is similar to that for item six.

Item 9—Team Expense—Covers the expenditure incident to the care of the teams and harness; the maintenance of rolling equipment, such as wagons, carrylogs, etc., should be distributed to item twelve.

Items 15 and 16—These present no unusual conditions. The caution is offered that when lumber produced by the mill is used in the repair and maintenance of buildings and equipment a proper charge to the account should be made at cost price.

Item 17—All expenditures for rent of equipment, especially railroad rails, incident to logging, should be carried to this item; also the rent of land temporarily used for logging purposes or rights of way.

Items 18 and 19—This concerns expenditures which are quite often found set up on the books as an asset. On account of the temporary nature of spur tracks, the only material used of permanent value is the steel rail, which should be carried as an asset in the plant and equipment account. All other expenditures which are purely of a temporary nature should lodge in the expense accounts.

In addition to ordinary repairs and maintenance there occur, from time to time, break-downs which require unusually heavy repairs, amounting occasionally to thousands of dollars. Loading such expenditures entirely into one month's costs has the effect of destroying the uniform average costs and also the comparison with the costs of other operations. Such a condition can be easily overcome by carrying the original charge as a ledger debit and absorbing same into operations monthly until washed out. The desired uniformity can also be maintained throughout the year by carrying all repair and maintenance items to a general ledger account and absorbing same monthly on a "rate per thousand feet production" basis by distributing this amount currently to the several departments.

Items 24 and 25—These are provided for expenditures incident to loss and damage or personal injuries which are not compensated by insurance. Whenever an unusual expense of this kind occurs, it is requested that you make mention on the

back of the monthly cost report of the nature of the charge; but it should, preferably, be prorated over the year's work.

Item 27—In the case of those operations which are logged entirely by contract, it will be necessary to bring only the gross amount paid to the contractor under this item. The mills having both direct and contract logging will spread their costs accordingly.

It is intended that "logging" costs will end with the loading of logs on cars or boats, or rafted ready to move by rail or water.

Outside of the month of October, November and December it is hardly possible that any mill will have a variation between their logs on hand from month to month sufficient to warrant the application of the inventories in order to adjust the cost of the logs sent to the mill. However, this matter wants to be closely watched so that the costs may be as accurate and uniform as possible.

Those operations which employ several skidders and loaders, if opening a new set of books under this plan of classification, may find it an advantage to subdivide the logging costs into felling, sawing, skidding and loading, with further subdivision under each one of these general headings to show the costs of each separate crew employed on each operation, as such comparative costs are often of an advantage in determining the efficiency of one crew with another.

### LOG TRANSPORTATION (Group Three).

All items, under group 3 or succeeding groups, of the same number, as previously mentioned, are similar in nature and affect the same classes of expenditures.

Item 21—Railroad Operation—The charges under this item, or items 28 and 30, cover the cost of transportation from the woods to the millpond. Whenever the log transportation is a matter of contract, the expenses will fall after item 28, a, b, or c. In those cases where the company operates its own logging railroad to a main line common carrier and then pays freight to destination, such freight will be incorporated as item 30. This will be true in those cases where a separately incorporated railroad, owned by the mill company, transports the logs at a fixed rate.

## SAWMILL (Group Five).

Most of the items of expense classification in this group have been met with in the groups preceding; if slab is burned for fuel a proper charge to item 3 should be made. Mills using city water or light will dispose of such expense under items 4 and 5, but wherever a central power plant is in operation for the purpose of supplying light, water, heat and power to the several departments of the operation, such costs will be distributed to item 12, which is to be found under Groups 5, 6, 7, and 15.

The inventory to be applied to this account should be only that of the logs on hand at the mill. General experience has shown that little or no variation arises from month to month in the logs carried over, but the facilities are here provided in case a condition arises which makes the application of the inventories desirable.

It is intended that sawmill expense shall end with the expense of the green deck sorter or pocket man. In passing it is noted that from the opinion expressed in conferences with sawmill operators it appeared advisable, as a matter of efficiency, that this employee be under the supervision of the yard foreman, though his time appears as a sawmill cost.

Item 50 is to represent the actual mill output. No deduction is to be made from the mill cut for the purpose of covering waste and shrinkage of material incident to the planing mill operation.

## DRY KILNS (Group Six).

The expense items of this group have all been previously explained. On account of the widely varying operating conditions, which are seldom the same even between two mills owned by the same company, each operator will have to distribute his dry-kiln expense according to his own judgment. Many of the mills have practically one force, which is used as conditions require, to handle the lumber from the green deck to the yards, kilns, sheds and planing mills. Furthermore, the same force is sometimes used to load outgoing cars. In the larger mills it is possible to have well-organized crews to handle each definite operation; however, regardless of the size of the operation, it should be possible to distribute such costs on an equitable basis. Breakage and waste incident to drying, when of sufficient amount to merit consideration, can be calculated and added to the cost as item 23.

## YARDING AND SHIPPING (Group Seven)

Items 21 and 22 will come into use only in the case of those mills which are located at a distance from the common carrier and therefore handle lumber over their own road to such delivery. If this is a separately incorporated railroad company the charge would fall under item 30.

Item 31 concerns only those mills which have water delivery or ship to seaboard and then load the lumber on vessels or barges.

## INSURANCE AND TAXES (Group Nine).

Items 1, 2, and 8 cover Labor, Supplies and Sundry Charges incident to watchman's service; and item 16, the repair and maintenance of the fire-fighting equipment.

Several of the mills in the district carry health and accident insurance. In some cases the premium is deducted from the payroll, and whenever the employee is injured or incapacitated the premium is paid by the mill; in other cases the premium is paid direct by the mill company, the experience being that such insurance is worth all of its cost, inasmuch as a fund is provided, in case of sickness or accident, from which the account of the employee, as carried at the commissary, can be liquidated, and, therefore, when the employee returns to work he does not start with a large deficiency to be deducted from his wages.

Insurance premiums can best be handled through a general ledger account and the amount of premium accrued written off monthly against operation.

An excellent record of policies and premium maturities can be easily obtained which answers every purpose and simplifies the handling of this rather annoying account. The name of the publisher will be furnished on request.

Taxes should also be spread over the year's operation. A nearly correct amount per month can be computed without much difficulty, which should be credited to "Reserve for Taxes" whenever a corresponding debit is made against operation. The tax bills as paid should be debited to such "Reserve" account.

A monthly proration of the above items is preferable, as it is uniform and more nearly correct than a per thousand feet basis, which necessarily must vary according to the production.

## DEPRECIATION (Group Ten).

The detail set forth under this classification is such as will parallel the department costs with the exception that Planing Mill is eliminated, as will be explained later.

A general discussion of depreciation is out of the question, as it is an inexhaustible subject, but one particular point commands especial attention, which is whether the rate should be based on the so-called life of the timber, or on the life of the plant and equipment.

It is generally conceded that 10 per cent represents the average general depreciation rate on ordinary machinery. In sawmill operations it is undoubtedly higher, as probably no one class of equipment has harder usage as its constant use practically precludes the making of repairs when "a stitch in time saves nine." Regardless of the depreciation rate used, a mill cutting fifty thousand feet per day will wear out just as fast as one cutting one hundred thousand, assuming that both are operating at full capacity; and therefore the same depreciation rate is applicable to both. It is suggested that all mills adhere to a 10 per cent rate in order that the comparisons may be uniform.

In the case of buildings or railroad construction costs (excluding cost of iron rail), the "life of the cut" would appear to be a sound basis. Presuming that A and B each own the same amount and class of timber, A decides to build a mill plant which will "cut out" in ten years, while B installs a plant of one-half the capacity. Under equal conditions both plants will have worn out at the end of ten years and at that time B will have to build another plant equal to the first in order to complete his "cut." It is self-evident that because B had a twenty-year cut for his mill, a depreciation rate of 5 per cent would leave him with 50 per cent of his original plant value on his books at the end of ten years, to represent a worn-out plant, which should have been written off through the operating accounts. If the "life of the cut" argument is sound then a company owning perpetual timber holdings would never have depreciation, and, therefore, regardless of wear and tear, their books would carry plant values which must be admitted as unsound.

As to depreciation on animals, item 38 (i), the general opinion seems to be that  $2\frac{1}{2}$  per cent per month is reasonable, the serviceable life of the team being about three years.

For the purpose of equalizing the monthly costs, the proper amount to be charged off annually should be determined and

one-twelfth of this amount taken into the current work monthly. This can be done without any great amount of trouble and is far more satisfactory than waiting until the end of the year to write off such items and then find that the last month's costs are not comparable with other months.

#### GENERAL OVERHEAD (Group Eleven)

Under this heading, it will be noted, item 6, Supplies, and item 8, Sundry Charges, are analyzed for the purpose of gathering the information usually desired in connection with these accounts. As previously mentioned, items 6 and 8 can be subdivided in connection with other department costs, as far as may seem expedient.

While general overhead is intended to deal primarily with the administrative costs, it is also necessary to bring into this group other general items. One of these would be Timber Expense, previously mentioned, which can be added as No. 44. The sawmill output for the month should be the basis for the average cost.

#### SELLING (Group Thirteen)

If branch selling agencies are maintained such expense would fall under items 1 to 17, but otherwise practically all of the selling expense should be distributed under items 1, 32, 33, 34 and 35.

Average cost should be based on the shipments for the month and not on the booked orders. This method will eliminate all questions as to countermanded orders and other conditions which might arise from time to time.

#### PLANING MILL (Group Fifteen).

Inasmuch as the two primary factors of a lumber operation are rough lumber and dressed lumber it must be evident that the dividing line between the actual cost of each commodity must be drawn as closely as practical. Therefore, in the planing mill operation such proportion of the depreciation of buildings and equipment, and insurance, as concerns the planing mill property should be charged to this group and not to the sawmill operation. Where all of the plant values are carried in one account the depreciation for planing mill can be prorated upon the basis of insurance valuation.

Item 23, Mill Waste, should be carefully ascertained as outlined on the reverse side of the Planing Mill cost sheet. This is an item that has quite generally been lost sight of, yet one which, in most operations, is of prime importance in arriving at the cost of dressed lumber.

Where the operation is not large enough to require the spreading of general overhead, item 43 can be eliminated from this cost group.

#### ELIMINATED ACCOUNTS (Chart 1).

Reference to the chart indicates that practically all of the cost items are reflected in the column "Eliminated Accounts." As previously mentioned, the primary purpose of the "uniform cost" work is to ascertain the basic cost of rough and dressed lumber. It is, therefore, necessary, as stated in the footnote, that such proportion of your expenses as do not concern the manufacture and selling of rough and dressed lumber should not be taken into account when compiling the monthly cost reports. This feature will not concern, to any great extent, the smaller operations, but it is a vital consideration with all others and should be properly measured.

LOGGING

	DETAIL			TOTAL			AVERAGE per Thous. B. F.	
1 Salaries								
2 Labor								
3 Fuel								
6 Supplies								
8 Sundry Charges								
9 Team Expense; Feed and Supplies								
15 Repair and Maintenance, buildings:								
(a) Labor								
(b) Supplies and Material								
16 Repair and Maintenance, equipment:								
(a) Labor								
(b) Supplies and Material								
17 Rent of Equipment, Land, etc.								
18 Spur Track, building:								
(a) Labor								
(b) Supplies and Material								
19 Spur Track, maintenance:								
(a) Labor								
(b) Supplies and Material								
24 Loss and Damage—Fire, Storm, or Accident								
25 Personal Injuries								
27 Contract Logging								
45 Total								
46 Inventory—beginning of period—add								
47 Total								
48 Inventory—end of period—deduct								
49 Cost of logs sent mill								
50 Production (64) -----Thous. B. F.								

60 Logs produced this month .....	Thous. B. F.
61 Logs on hand last month (add) .....	Thous. B. F.
62 Total .....	Thous. B. F.
63* Logs on hand this month (deduct) .....	Thous. B. F.
64 Logs to Sawmill .....	Thous. B. F.

\* Includes logs in transit.



LOG TRANSPORTATION

	DETAIL			TOTAL			AVERAGE per Thous. B. F.	
1 Salaries								
2 Labor								
3 Fuel								
6 Supplies								
8 Sundry Charges								
15 Repair and Maintenance, buildings:								
(a) Labor								
(b) Supplies and Material								
16 Repair and Maintenance, equipment:								
(a) Labor								
(b) Supplies and Material								
17 Rent of Equipment, Land, etc.								
21 Railroad Operation:								
(a) Labor								
(b) Supplies								
22 Railroad Repair and Maintenance:								
(a) Labor								
(b) Supplies and Material								
24 Loss and Damage								
25 Personal Injuries								
28 a Contract Hauling								
28 b " Rafting								
28 c " Towing								
30 Freight								
49 Cost of Transportation								
50 Production -----Thous. B. F.								

This account to include all costs from woods to mill delivery. Dumping into pond, or kindred costs, to be included in saw mill operation.

SAWMILL

	DETAIL		TOTAL		AVERAGE per Thous. B. F.	
1 Salaries						
2 Labor						
3 Fuel						
4 Water						
5 Light						
6 Supplies						
7						
8 Sundry Charges						
12 Power, Light, and Heat						
15 Repair and Maintenance, buildings:						
(a) Labor						
(b) Supplies and Material						
16 Repair and Maintenance, equipment:						
(a) Labor						
(b) Supplies and Material						
17 Rent of Equipment, Land, etc.						
24 Loss and Damage						
25 Personal Injuries						
45 Total						
46 Inventory—beginning of period—add						
47 Total						
48 Inventory—end of period—deduct						
49 Cost of sawing						
50 Production (64) -----Thous. B. F.						
60 Logs received this month -----Thous. B. F.						
61 Logs on hand last month (add) -----Thous. B. F.						
62 Total -----Thous. B. F.						
63 Logs on hand this month (deduct) -----Thous. B. F.						
64 Production -----Thous. B. F.						
65 Production (actual tally) -----Thous. B. F.						



**YARDING AND SHIPPING**

	DETAIL			TOTAL			AVERAGE per Thous. B. F.	
1	Salaries							
2	Labor							
5	Light							
6	Supplies							
8	Sundry Charges							
9	Team Expense; Feed and Supplies							
12	Power, Light, and Heat							
15	Repair and Maintenance, buildings:							
	(a) Labor							
	(b) Supplies and Material							
16	Repair and Maintenance, equipment:							
	(a) Labor							
	(b) Supplies and Material							
17	Rent of Equipment, Land, etc.							
21	Railroad Operation (to common carrier):							
	(a) Labor							
	(b) Supplies							
22	Railroad Repair and Maintenance:							
	(a) Labor							
	(b) Supplies and Material							
24	Loss and Damage							
25	Personal Injuries							
30	Freight (to common carrier)							
31	Stevedoring							
49	Total Cost							
50	Production -----Thous. B. F.							

**INSURANCE AND TAXES**

	DETAIL		TOTAL		AVERAGE per Thous. B. F.
<b>INSURANCE:</b>					
1 Labor					
2 Supplies					
8 Sundry Charges:					
16 Repair and Maintenance, equipment:					
(a) Labor					
(b) Supplies and Material					
25 Personal Injuries					
40 Premiums:					
(a) Fire					
(b) Liability					
(c) Employees Compensation					
(d) Use and Occupancy					
(e) Tornado					
(f) Marine					
(g) Bad debt					
(h) Fidelity					
(i) Boiler					
41 <b>TAXES:</b>					
(a) City (including license)					
(b) County					
(c) State					
(d) National (*)					
49 Total Cost					
50 Production -----Thous. B. F.					

(\*) War Income and War Excess Profits Taxes excluded.

DEPRECIATION

		DETAIL			TOTAL			AVERAGE per Thous. B. F.	
37	<b>BUILDINGS:</b>								
	(a) Logging								
	(b) Railroad								
	(c) Sawmill								
	(d) Dry Kiln								
	(e) Yard								
	(f) Office								
	(g)								
	(h)								
38	<b>EQUIPMENT:</b>								
	(a) Logging								
	(b) Railroad								
	(c) Sawmill								
	(d) Dry Kilns								
	(e) Yard								
	(f) Office								
	(g)								
	(h)								
	(i) Team (including animals)								
49	Total Cost								
50	Production -----Thous. B. F.								

GENERAL OVERHEAD

	DETAIL			TOTAL			AVERAGE per Thous. B. F.	
1	Salaries							
	(a) Officers							
	(b) Employees							
3	Fuel							
4	Water and Ice							
5	Light							
6	Supplies:							
	(a) Stationery and Printing							
	(b) Postage							
	(c) Revenue Stamps							
	(d)							
	(e)							
	(f)							
	(g) Miscellaneous							
8	Sundry Charges							
	(a) Telegraph and Telephone							
	(b) Directors Expense							
	(c) Donations							
	(d) Discount on Trade Paper							
	(e) Discount on Sales							
	(f) Legal Expense							
	(g) Miscellaneous							
	(h)							
	(i)							
15	Repair and Maintenance, buildings:							
	(a) Labor							
	(b) Supplies and Material							
16	Repair and Maintenance, equipment:							
	(a) Labor							
	(b) Supplies							
17	Rent of Equipment, etc.							
33	Traveling Expense							
49	Total Cost							
50	Production -----Thous. B. F.							

**SELLING**

	DETAIL			TOTAL			AVERAGE per Thous. B. F.	
1	Salaries							
4	Water and Ice							
5	Light							
6	Supplies:							
	(a) Stationery and Printing							
	(b) Postage							
	(c)							
	(d)							
	(g) Miscellaneous							
8	Sundry Charges:							
	(a) Telegraph and Telephone							
	(b)							
	(c)							
	(d)							
	(g) Miscellaneous							
17	Rent							
32	Commissions on Sales							
33	Traveling Expense							
34	Advertising							
35	Membership in Organizations							
49	Total cost							
50	Production -----Thous. B. F.							



PLANING MILL

	DETAIL		TOTAL		AVERAGE per Thous. B. F.	
1 Salaries						
2 Labor						
3 Fuel						
4 Water						
5 Light						
6 Supplies						
8 Sundry Charges						
12 Power, Light, and Heat						
15 Repair and Maintenance, buildings:						
(a) Labor						
(b) Supplies and Material						
16 Repair and Maintenance, equipment:						
(a) Labor						
(b) Supplies and Material						
17 Rent of Equipment, Land, etc.						
23 Mill Waste (see reverse side)						
24 Loss and Damage						
25 Personal Injuries						
37 Depreciation, buildings						
38 Depreciation, equipment						
40 Insurance						
43 General Overhead						
45 Total						
46 Inventory, beginning of period—added						
47 Total						
48 Inventory, end of period—deducted						
49 Net operating cost						
50 Production -----Thous. B. F.						

### Calculation of Mill Waste

	FOOTAGE			VALUE		
Inventory, rough lumber, beginning of period						
Rough lumber received during month						
(a)						
Inventory, rough lumber, end of period						
Finished lumber produced—4/4 basis—						
(b)						
Difference—(a) less (b)						
Sale of Mill waste (deduct)						
Net cost of mill waste (item 23—over)						

# Condensed Outline of Expense Distribution

Chart No. 1.

EXPENDITURES	CHARGES APPLICABLE TO LUMBER MANUFACTURE AND SALE										Eliminated Accounts (**)
	Logging	Log Transportation	Sawmill	Dry Kilns	Yarding and Shipping	Insurance and Taxes	Depre- ciation	General Overhead	Selling Expense	Planing Mill	
	2	3	5	6	7	9	10	11	12	15	
1 Salaries	x	x	x	x	x			x	x	x	x
2 Labor	x	x	x	x	x					x	x
3 Fuel	x	x	x	x				x		x	x
4 Water			x	x				x	x	x	x
5 Light			x	x	x			x	x	x	x
6 Supplies	x	x	x	x	x			x	x	x	x
7 Material—outside purchases											x
8 Sundry Charges	x	x	x		x			x	x	x	x
9 Team Expense, Feed, etc.	x				x						x
10											
11											
12 Power, Light, and Heat			x	x	x					x	x
13											
14											
15 Repair and Maintenance, buildings	x	x	x	x	x			x		x	x
16 " " " equipment	x	x	x	x	x			x		x	x
17 Rent of Equipment, Land, etc.	x	x	x	x	x			x	x	x	x
18 Spur Track, building	x										
19 " " maintenance	x										
20											
21 Railroad Operation		x			x						
22 Railroad Repair and Maintenance		x			x						
23 Mill Waste										x	
24 Loss and Damage	x	x	x	x	x					x	x
25 Personal Injuries	x	x	x	x	x					x	x
26											
27 Contract Logging	x										
28 " Hauling, Rafting, Towing		x									
29											
30 Freight		x									x
31 Stevedoring					x						
32 Commissions on Sales									x		
33 Traveling	x	x	x					x	x		x
34 Advertising									x		
35 Membership in Organizations									x		
36											
37 Depreciation, buildings								x		x	x
38 " equipment								x		x	x
39											
40 Insurance										x	x
41 Taxes										x	x
42 Interest											x
43											
44										x	
45 Total	x		x							x	x
46 Inventory, beginning of period—add	x		x							x	x
47 Total	x		x							x	x
48 Inventory, end of period—deducted	x		x							x	x
49 Net operating cost	x	x	x	x	x			x	x	x	x
50 Production (Thous. B. F.)	x	x	x	x	x			x	x	x	
51 Average cost per Thous. B. F.	x	x	x	x	x			x	x	x	

\*\* Eliminated accounts represent other manufacturing operations, such as box, shingle, lath, etc., which have no direct bearing on the cost of manufacture or sale of lumber, and also expenditures in connection with commissary, storeroom, timber holdings or accounts which cover operations of a self-supporting nature, or such as represent investments. Interest is eliminated as its equivalent is covered by item 17 on the monthly cost report.