

Financial tips for dairy farmers following COVID-19's volatility, cont'd from page 25

Real-time budgeting requires monitoring your dairy business's performance and comparing it to your budget on a weekly basis. Here is an example real-time budget for a 2,400-cow dairy farm including replacement heifers.

TABLE 1		July Cash Flow							
Week Ending	7/3/20 Actual	7/10/20 Actual	7/17/20 Actual	7/24/20 Actual	7/31/20 Actual	July Actual	July Budget	July Variance	
OPERATING STATISTICS									
Milk shipped	15,842			16,053		31,896	40,000	(8,104)	
Avg price received	\$21.92			\$12.61		\$17.24	\$17.50	(\$0.26)	
CASH RECEIPTS									
Milk	\$347,261			\$202,465	\$ -	\$549,726	\$620,000	(\$70,274)	
Cow/Calf sales			\$30,295	\$ -	\$28,552	\$58,847	\$32,000	\$26,847	
Other (PPP, SBA, CFAP, etc.)	\$261	\$ -	\$ -	\$ -	\$235,000	\$235,261	\$235,000	\$261	
Total	\$347,522	\$ -	\$30,295	\$202,465	\$263,552	\$843,835	\$887,000	(\$43,165)	
CASH DISBURSEMENTS									
<i>Labor and related (dairy and farming)</i>									
Labor		\$48,128		\$49,199					
Federal payroll taxes		\$12,244		\$12,618	\$ -				
State payroll taxes and garnishments				\$4,973	\$ -				
Workers comp insurance			\$18,124		\$ -				
Employee Benefits				\$3,493	\$ -				
Owner draw	\$ -	\$12,000	\$ -	\$ -	\$ -				
Total	\$ -	\$72,373	\$18,124	\$70,283	\$ -	\$160,780	\$197,500	(\$36,720)	
<i>Feed</i>	\$61,211	\$57,914	\$59,010	\$65,320	\$58,971	\$302,425	\$300,000	\$2,425	
<i>Dairy operating expenses</i>									
Rent	\$4,200				\$1,200				
Milk hauling	\$27,293				\$28,293				
Industry assessments									
Supplies	\$27,956				\$1,000				
Repairs and maintenance	\$27,537	\$10,781			\$4,184				
Environmental	\$921								
Utilities		\$2,614		\$476					
Taxes and licenses	\$132			\$4,333					
Insurance									
Fuel and oil (dairy)		\$2,239							
Professional fees	\$3,000				\$3,000				
Veterinary and breeding	\$5,850				\$3,196				
Testing and trimming									
Hauling livestock					\$4,820				
Bank/Finance charges									
Miscellaneous	\$ -	\$ -	\$400	\$ -	\$333				
Total	\$96,888	\$15,633	\$400	\$4,809	\$46,026	\$163,757	\$200,000	(\$36,243)	
<i>Farming operating expenses</i>									
Professional fees/consulting (farming)									
Repairs and maintenance									
Supplies									
Utilities	\$53,227				\$65,175				
Irrigation	\$4,292								
Seed									
Fertilizer and chemicals	\$5,500				\$1,567				
Taxes and licenses									
Insurance									
Fuel and oil	\$10,177	\$ -	\$ -	\$ -	\$14,299				
Total	\$73,195	\$ -	\$ -	\$ -	\$81,041	\$154,237	\$160,000	(\$5,763)	
<i>Equipment and vehicle leases</i>									
Equipment leases	\$2,050			\$161	\$4,970				
Vehicles	\$1,007	\$ -	\$2,447	\$ -	\$ -				
Total	\$3,057	\$ -	\$2,447	\$161	\$4,970	\$10,635	\$10,000	\$635	
<i>Financing</i>									
Term loan interest					\$7,776				
Term loan amortization					\$24,440				
Line of credit interest	\$ -	\$ -	\$ -	\$ -	\$18,750				
Total	\$ -	\$ -	\$ -	\$ -	\$50,965	50,965	\$ 51,000	(\$35)	
Total cash disbursements	\$234,352	\$145,920	\$79,981	\$140,573	\$241,974	\$842,799	\$918,500	(\$75,701)	
NET CASH FLOW									
Net cash flow	\$113,171	(\$145,920)	(\$49,686)	\$61,892	\$21,578	\$1,036	(\$31,500)	\$32,536	
Cumulative net cash flow	\$113,171	(\$32,749)	(\$82,435)	(\$20,542)	\$1,036				
CASH (BOOK) BALANCE									
Beginning book balance	\$350,000	\$463,171	\$317,251	\$267,565	\$329,458	\$350,000	\$350,000	\$ -	
Add: Net cash flow	\$113,171	(\$145,920)	(\$49,686)	\$61,892	\$21,578	\$1,036	(\$31,500)	\$32,536	
Ending book balance	\$463,171	\$317,251	\$267,565	\$329,458	\$351,036	\$351,036	\$318,500	\$32,536	