



ABOUT THE DAIRY CASH FLOW BUDGET SPREADSHEET

[HTTP://WWW.DAIRYTEAM.MSU.EDU/DOLLARSANSENSE](http://www.dairyteam.msu.edu/dollarsandsense)

INTRODUCTION

The **Dairy Cash Flow Budget** is a tool to help project farm income and expenses. By using expected milking cow numbers, projected milk production and prices plus planned farm expenses, you can utilize the power of an electronic spreadsheet to develop a budget quickly. It was originally a paper spreadsheet cash flow projection and part of the Coordinated Financial Statements, North Central Regional Extension publication NCR-34 worksheet V. Roger Betz, Michigan State University Extension district farm management agent, and Bill Robb, Extension dairy agent, converted it to this Excel electronic spreadsheet, which allows for easy input and multiple projections. Using your prior year's expense records and price projections, you can shortly identify business cash flow peaks and valleys. You can find the spreadsheet at <http://dairyteam.msu.edu/dollarsandsense>.

ELEMENTS

The **Dairy Cash Flow Budget** is composed of three worksheets plus an introduction. The two main worksheets use either Schedule F expense categories or MSU Telfarm record keeping expense codes. Use whichever sheet better matches your farm records. The third worksheet involves the calculation of existing loans as a liabilities summary, which is linked to the prior two

worksheets to cover cash flow of monthly principal and interest payments.

The **worksheets** have color-coded cells to aide in data entry, and some contain formulas that may be protected. Green-shaded cells require input on cows milking, milk per day and milk price to generate milk income. Note that each month's milk income is delayed one month. For instance, you enter December cow and milk production numbers and milk price in the green cells in the upper left for January milk income. Other income and expenses are also entered in the green cells. Black text cells are protected, and blue text cells can receive input but also have formulas. We suggest you make a backup copy of the worksheets before you start entering data in case you remove any formulas.

FEATURES

The program allows the posting of annual income and expenses totals allocated evenly to 12 months. Enter lump sum payments, such as rents, in the months that they occur. This is a quick way to estimate a cash flow projection, which can be fine-tuned later or updated as monthly records are completed.

Use the "**Existing Loans**" worksheet to input your existing operating, intermediate and long-term principal. A weighted average interest percentage is calculated and entered on the farm worksheet. Interest rate on "new borrowed money" is based on the weighted

interest rate calculated from the existing loans. This interest is automatically calculated and paid monthly in the interest line.

If the month ends in a negative cash position then "ending cash balance" will be zero because operating money will automatically be borrowed. The "new operating loan" monthly balance or accumulated cash deficit will be shown in red.

ADDITIONAL RESOURCES

Estimates from DHIA PCDART or other records can assist you in estimating number of milking cows per month. Milk price forecasts can be estimated with help from futures prices adjusted for your farm basis at www.cme.com or from milk outlook projections at <http://dairyteam.msu.edu/> under "marketing." Historical data are also

available from the milk market administrator office at www.fmmaclev.com. The most accurate budgets will be developed with your farm actual data adjusted from the prior year. If your records lack an expense category, you can obtain Michigan averages to use as benchmark figures from the Michigan Dairy Farm Business Analysis at <http://dairyteam.msu.edu/> under "economics."

CONTACT

The Dairy Cash Flow Budget can help predict potential cash shortages and allow producers to plan. Using the **Dairy Cash Flow Budget** requires Excel software on your personal computer. For more information on this Dollars and Sense tool, contact Bill Robb by calling (616) 846-8250 or e-mailing robbg@msu.edu.

Dairy Farm Cash Flow Budget												Ending Cash Balance--> \$15,739	
Version 5-13												Ending Operating Loan--> \$0	
												Amount to	
												Allocate 1/12th	
												per Month	
	April	May	June	July	August	September	October	November	December	Totals			
1 CFS DAIRY CASH FLOW BUDGET for												174.6	Ave Cows
2 Sched F Categories												63.2	Milk /cow/day
3 Date Completed												44,014	Total CVT Sold
4 Oct 2006												\$12.85	Average Price/CVT
5 Beginning Cash Balance	\$0	\$0	\$0	\$0	\$639	(\$0)	(\$0)	(\$0)	\$15,066				
6 Dec Operating Receipts:													
7 160 Milking cows	175	180	180	180	180	180	180	180	180				
8 70 lbs milk sold per cow per day	72	70	65	65	65	70	70	70	70				
9 Total lbs milk sold per month	378,000	401,760	378,000	362,700	362,700	351,000	390,600	378,000	390,600				
10 Expected milk price per 100 wt	\$12.30	\$12.40	\$12.00	\$13.00	\$14.00	\$14.50	\$14.00	\$13.50	\$13.00				
11 MILK INCOME 12mh Delayed	\$43,400	\$46,484	\$43,818	\$45,360	\$47,151	\$50,778	\$50,895	\$54,684	\$51,030			\$565,610	
12 1 Sales of Livestock/grain for res	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
13 4 Sales of Livestock	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
14 4 Sales of Grains and other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
15 5 Total Cooperative Distributions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
16 6b Ag Program Payments	\$0	\$13,000	\$0	\$0	\$0	\$0	\$0	\$19,000	\$0			\$32,000	
17 7a CCC loans taxable amount	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
18 7c CCC loans forfeited	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
19 8 Crop Insurance Taxable	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
20 9 Custom Hire	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
21 10 Other income	\$4,860	\$4,330	\$5,000	\$4,700	\$3,000	\$0	\$0	\$0	\$0			\$21,950	
22 Capital Receipts:Form 4797 and Secd.													
23 Cull Cows	\$2,278	\$2,278	\$2,278	\$2,278	\$2,278	\$2,278	\$2,278	\$2,278	\$2,278			\$27,335	\$27,335
24 MACHSOLD	\$232	\$232	\$232	\$232	\$232	\$232	\$232	\$232	\$232			\$2,784	\$2,784
25 Other	\$440	\$440	\$440	\$440	\$440	\$440	\$440	\$440	\$440			\$5,278	\$5,278
26 Non-Farm Income:													
27 Off-farm wages	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
28 Interest and dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
29 TOTAL CASH AVAILABLE	\$51,210	\$66,834	\$57,768	\$53,010	\$53,739	\$53,728	\$53,845	\$76,634	\$69,046	\$670,756			
30 Operating Expenses:													
31 12 Car and Truck	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
32 13 Chemicals	\$1,570	\$1,570	\$1,570	\$1,570	\$1,570	\$1,570	\$1,570	\$1,570	\$1,570			\$18,845	\$18,845
33 14 Conservation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
34 15 Custom Hire	\$1,619	\$1,619	\$1,619	\$1,619	\$1,619	\$1,619	\$1,619	\$1,619	\$1,619			\$19,425	\$19,425
35 17 Employee benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
36 18 Feed Purchased	\$12,328	\$12,328	\$12,328	\$12,328	\$12,328	\$12,328	\$12,328	\$12,328	\$12,328			\$147,838	\$147,838
37 19 Fertilizers and lime	\$1,570	\$1,570	\$1,570	\$1,570	\$1,570	\$1,570	\$1,570	\$1,570	\$1,570			\$18,845	\$18,845
38 20 Freight and trucking	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
39 21 Gas, fuel, and oil	\$2,825	\$2,825	\$2,825	\$2,825	\$2,825	\$2,825	\$2,825	\$2,825	\$2,825			\$33,895	\$33,895
40 22 Insurance	\$564	\$564	\$564	\$564	\$564	\$564	\$564	\$564	\$564			\$6,762	\$6,762
41 23a Interest, Mortgage	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
42 23b Interest, other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
43 24 Labor	\$8,282	\$8,282	\$8,282	\$8,282	\$8,282	\$8,282	\$8,282	\$8,282	\$8,282			\$99,384	\$99,384
44 25 Pension and profit share	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	
45 26a Rent or lease Vehicles	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0			\$0	

MSU DAIRY TEAM



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