

## **INSTRUCTIONS FOR PMMB-60 LF MILK DEALER'S FINANCIAL STATEMENT (Long Form)**

### **GENERAL**

The Milk Dealer's Financial Statement (PMMB-60) must be filed by all licensees by May 1<sup>st</sup> of each year for the preceding year. Each licensee shall close its books at the end of the calendar year and the financial statement shall be filed on a calendar year basis. All dealers must complete Exhibit A (Balance Sheet), and Exhibit B (Statement of Operations). In addition, dealers designated as participating in the Unit Cost System will be required to submit all other Schedules.

Worksheets which adjust amounts reported to the Internal Revenue Service (or parent company, if appropriate) to those amounts reported on the PMMB-60, must be maintained. These worksheets should detail differences in accounting practices or periods. All records and supporting documents, as referenced in Chapter 149 of the Regulations, shall be made available for audit.

Reports must have mathematical validity. Reports which are incomplete or inaccurate may be considered not filed and may be returned. All submitted reports must be in accordance with generally accepted accounting principles and in conformance with the Laws and Regulations of the Milk Marketing Board.

Do not line out or substitute descriptions on any schedule. Attach supporting schedules where indicated. **ROUND ALL AMOUNTS TO THE NEAREST DOLLAR.**

### **EXHIBIT A: BALANCE SHEET**

The accounts as described in Section 149.41 (Balance Sheet Accounts) of the Regulations will be used to complete this section. In general, Total Assets (line 30) must equal Total Liabilities and Equity (line 50). The form itself is designed to be self-explanatory.

All depreciation accounts will be calculated using the straight-line method with the prescribed numbers of years as detailed in Section 149.31, Depreciation. Each fixed asset group must be depreciated separately with accumulated depreciation reported in one account.

## **EXHIBIT B: STATEMENT OF OPERATIONS**

This form is in the format of a standard income statement and should be self-explanatory. Accounts and descriptions may be found in Sections 149.42 of the Regulations. See Schedule B-2 for completing the Productive Cost Center Expenses Distribution section of this form (lines 25 through 37 of Exhibit B). Service Cost Center expenses (Administrative, General Plant, Warehouse, Power Plant, Transportation/Garage) per Schedule B-3 will be allocated to, and contained in, the Productive Cost Centers.

Sales (lines 1 through 3) are to include all product sales (both Controlled and non-Controlled) and are to be grouped according to customer type (Dealer, Subdealer and other). All Discounts (Full Service, Limited Service, Dock pick-up, etc.) can be combined and reported on Line No. 7 ('Discounts – Dealers'); likewise, all Returns can be reported on Line No. 10 ('Returns – Dealers'). Discounts and Returns are to be for both Controlled and non-Controlled products.

### **SCHEDULES B-2 and B-3: COST AND SERVICE CENTER DISTRIBUTION**

#### I. Cost Information

Actual cost should be distributed on these two schedules. Expenses shall be allocated directly, wherever possible, to the appropriate cost center except for Executive Salaries which shall be allocated only to the Administrative Center. Interest expense and income should be allocated to proper cost centers on lines 39 and 40 of this schedule rather than Schedule B – 4.

Distribution of cost accumulated in one service cost center shall be allocated to another service cost center. Costs accumulated in the administrative center shall be allocated to all other service centers and productive cost centers as Administration is the first allocation. Distribution of the costs accumulated in the service cost centers shall be allocated to the appropriate productive cost centers on Schedule B-2 using the allocation percentages from Schedule B-7. On Schedule B-2, for productive cost center categories, points should be calculated in accordance with the regulations.

#### II. Schedule B-2: Points Calculation

Points will be calculated according to Section 149.28 as follows:

(a) Point value for allocation of plant cost centers shall be as follows:

1 Fluid gallon-milk, etc., ice cream fruit drinks, yogurt .....	4 points, others in proportion
Dips, sour cream, cottage cheese 12 – 16 oz. ....	1 point
Under 12 oz. ....	1/2 point
Butter, margarine, bread, eggs.....	1 point – lb., loaf, dozen
Aerated whips, cream .....	1 point per can

Ice cream novelties .....	2 points per dozen
All other items .....	2 points per \$1.00 sales

Costs and points in the following cost centers will be calculated as described below. Points will be recorded on line 60 of Schedule B-2.

1. Receiving – This should include all raw milk and cream unloaded and received at the plant. Note: All farm milk diverted to another processor should be omitted from the point calculation in this section. The points reflected in this section will be net of shrinkage. Juice products and liquid sweeteners, if received in bulk, will also be included. Associated costs will include receiving, laboratory and field work expenses and net hauling expenses for bulk transportation.
2. Standardization and Pasteurization – This cost center should be treated the same as receiving. In the case where milk has been received and then reloaded back into a tanker for transport to another dealer before any processing has occurred, standardization and pasteurization points may differ from receiving points. Also, add juices and/or other products that were standardized or pasteurized at the plant if not already included in receiving points. Costs included in this center are the expenses incurred while standardizing, pasteurizing and homogenizing milk or other applicable products.
3. Bottling – Bottling points include all products packaged at the dairy. Include non-dairy products such as juice, iced tea, etc. Cream which is shipped out in bulk cans or takers, ice cream mix used in the licensee’s own operation and all purchased packaged products should be excluded from this section. This productive cost center includes accountable expenses associated with bottling and packaging milk, cream and other applicable items.
4. Bottle Washer – This cost center is based on the number of units, in points, which went through the bottle washer. Records should indicate the number of each size of returnable container that was bottled for the year. All direct costs such as repairs and maintenance to the bottle washer along with associated costs like handling will be included here.
5. Blow Molder – This cost center will include all units produced by the blow mold machine in points. (The number of each size container produced by the blow mold machine will be reflected on Schedule B-5.) All direct labor costs, resin costs and depreciation costs will be included along with any affiliated costs.
6. Cold Room – This cost center will include all packaged products whether processed and packaged at the plant or products received from other sources which require refrigeration. Therefore, the cold room will equal the bottling points plus any packaged or miscellaneous purchases which require refrigeration.

Productive costs include accountable costs associated with storing finished milk products and other perishable products handled by the licensee.

7. Delivery – Delivery points include all sales with the exception of bulk milk and cream sales to other dealers where the delivery expense rests with the purchaser. Dock pick-up sales are also excluded. All retail and wholesale delivery costs will be included here. Ice cream delivery costs will be separated on Schedule B-2.
8. Selling – All sales, regardless of how delivered or picked up, will be included in this cost center excluding diverted milk not received at the plant. Ice cream selling costs will be separated on Schedule B-2.
9. Processing Service – Includes the cost of services rendered by a processing dealer for another dealer. This is to be used only by a dealer who has contracted to have processing done by another dealer. On its report, the dealers who actually processed the milk shall include the cost of such services in the applicable productive cost center.

#### **SCHEDULE B-4: NON-OPERATING INCOME AND EXPENSES**

This schedule must be accompanied by precise explanations of each income and expense item. This explanation should include the nature of the item, date of event if applicable, and any pertinent information which will aid in determining the propriety of placing an item in this section.

#### **SCHEDULE B-5: MILK CONTAINER DATA**

Quantities of each type and size container used to package milk, cream and sour cream products should be entered here. It should be noted that quantities should be those actually used according to bottling records, regardless of inventory variances. Other containers shall include those not specifically listed in Schedule B-5. Note: Purchases of returnable containers should be capitalized and the cost will be reflected as depreciation in the Bottle Washer Cost Center.

#### **SCHEDULE B-6: ALLOCATION OF SERVICE TO OPERATING CENTERS**

A documented and valid method of allocation should be entered in this section. Allocate the Administrative cost center based on total direct costs in each of the other cost centers. All other service cost centers will be based on each dealer's experience and most appropriate allocation methods.

#### **SCHEDULE B-7: PERCENTAGES ALLOCATED TO OPERATING CENTERS**

To complete this section, first complete Schedules B-2 and B-3 down to line 49 using actual cost data for each service and productive cost center. To determine the administrative service center percentage allocation to the other cost and service

centers, divide each column sub-totals on line 50 by the difference of line 50, column 19 minus line 50, column 14. All other service center allocations will be based on the information in Schedule B-6.

### **POINTS SUMMARY**

#### **RECEIVING**

Total points received including bulk juice, sweeteners, and water

- +(-) Shrinkage
- (-) Diverted milk (if not received in plant)

#### **STANDARDIZATION AND PASTEURIZATION**

Receiving points

- + Juices and drinks (if pasteurized but not included in receiving)
- (-) Bulk sweeteners and water accounted for in receiving and part of juice and drink standardization/pasteurization points above

#### **BOTTLING**

Standardization and pasteurization points

- (-) Bulk cream sold
- + Juices and drinks not included above
- (-) Ice cream and shake mix if not packaged for resale
- (-) Bulk sweeteners and water accounted for in receiving and part of juice and drink bottling points above.

#### **BOTTLE WASHER**

Returnable units bottled in points

#### **BLOW MOLDER**

Units blow molded in points

#### **COLD ROOM**

Bottling points

- + Prepackaged Class I and II products purchased from other dealers
- + All other non-dairy items purchased for resale passing through cold room
- + Non-refrigerated items loaded onto transportation units

#### **DELIVERY**

Cold room points

- (-) Customer pickups and dock pickups
- + Bulk sales (if sold FOB destination)

#### **SELLING**

Cold room points

- + Bulk milk and cream sales excluding diverted not received at plant