

# North Dakota and Minnesota Farm Business Management



# 2015 Red River Valley Report Summary

MARCH 15, 2016

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## Overview



This report includes information from 266 farmers enrolled in the Farm Business Management Programs in the Red River Valley. These programs are located in North Dakota and Minnesota. In 2015, the average farmer was 48 years of age, has farmed for 24 years, and farms about 1671 acres. This average farmer spent \$739,220 for inputs in the local community. In 2015, net farm income for the 266 farmers enrolled in the FBM Programs averaged \$89,489 which was an increase of \$76,766 from 2014.

### Government Payments

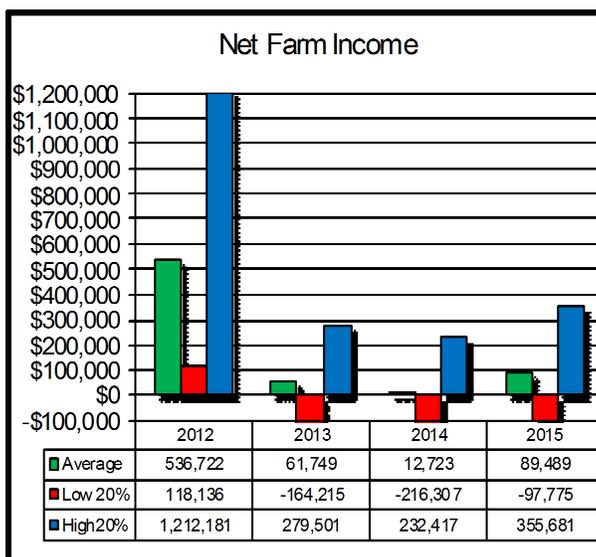
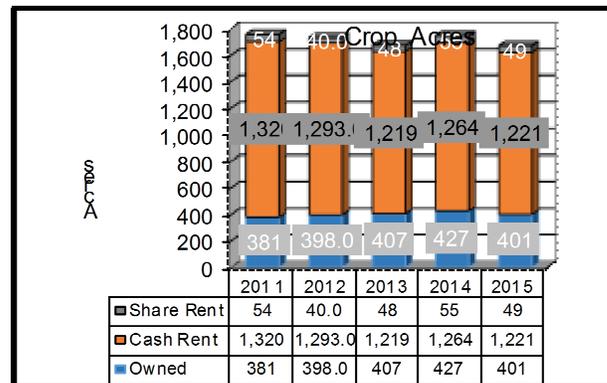
● 2008	\$36,533
● 2009	\$23,673
● 2010	\$39,737
● 2011	\$36,606
● 2012	\$22,152
● 2013	\$32,384
● 2014	\$17,082
● 2015	\$33,835

A net increase of \$16,753 from 2014. One reason for the increase is more farmers are enrolled in the CSP program and the 2014 ARC payment received in 2015.



Factor's that caused this year's increase in Net Farm Income were:

- Better than average yields
- Slightly lower input costs
- Increased government payments due to the 2014 ARC payment received in 2015 and CSP payments



Total acres farmed in 2015 was 1671 compared with 1746 in 2014



## Non Farm Income

● Average Non Farm Income was \$26,825 which is an increase of \$3,583 from last year

## Where are we headed? Future Directions?

Precision agriculture

Drones

Biotechnologies (Livestock & Crops)

Internet

Are you working with partners to use capital more efficiently?

Is your business the low cost producer?

Natural, Organic,





# 2015 Crop Yields and Returns

## Cash Rented Acres



### Wheat

In 2015 wheat had an average yield of 72 bushels compared with 66 bushels for 2014.

Net Return for Wheat:

Average	- \$35.93
Low 20%	-\$130.54
High 20%	\$34.79

The average price for spring wheat was \$4.98 compared to \$5.75 last year. The wheat also had an average of \$4.10 of crop insurance, \$3.79 of hedging income and \$2.01 of other income per acre.

### Soybeans

The average yield was 42 bushels per acre, up 4.5 bushels from last year

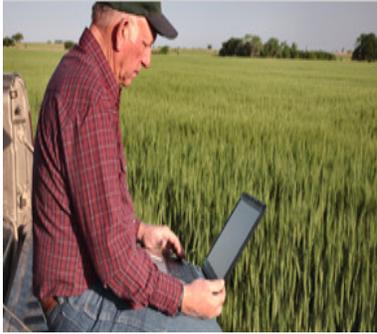
Soybeans returned a negative \$2.69 per acre. Compared to \$6.59 last year.

The average price for soybeans was \$8.47 compared with \$9.85 last year. Soybeans also had \$11.58 of crop insurance and other income per acre.

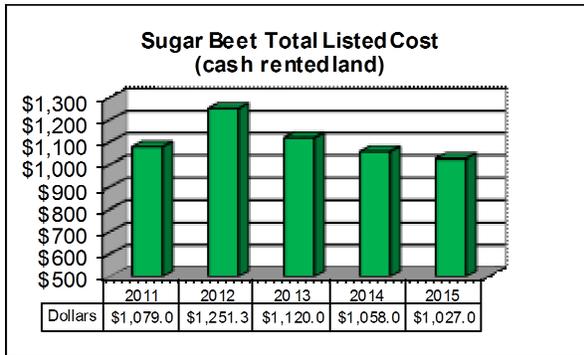
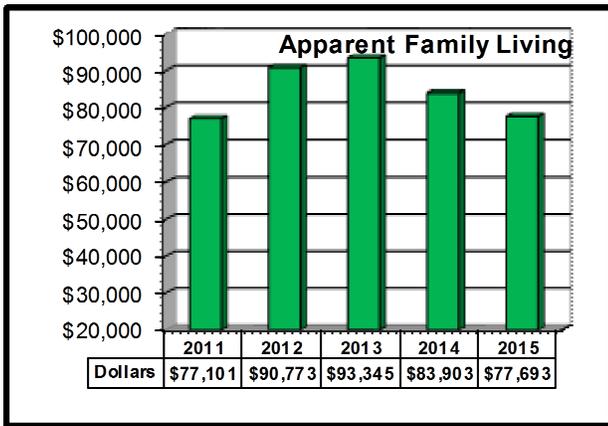
### Corn

2007	131 bu	\$140.54
2008	155 bu	\$132.49
2009	132 bu	-\$47.95
2010	149 bu	\$223.91
2011	115 bu	\$154.78
2012	145 bu	\$331.42
2013	131 bu	-\$62.04
2014	132bu	-\$77.19
2015	167bu	-\$23.10

The average price for corn was \$3.44, compared to \$3.66 last year.. The average farm also collected \$15.13 of crop insurance and other income per acre in 2015

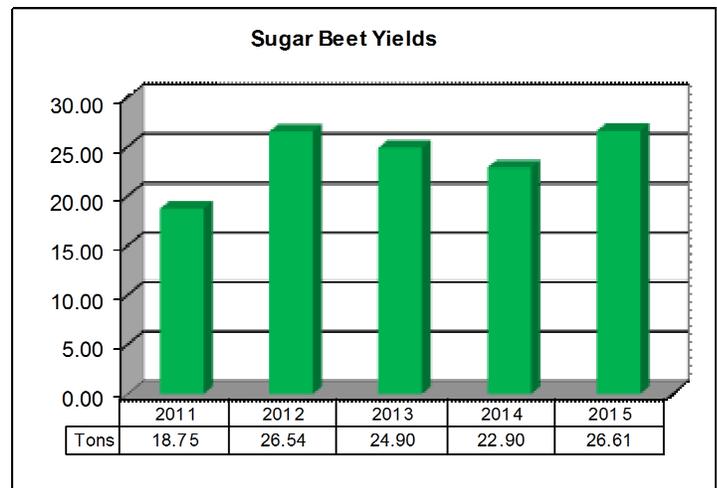


### Family Living Without Taxes



### 2015 Income Tax

**Paid**  
Average Farm  
\$26,155  
40%-60%  
\$18,908  
High Profit  
\$48,926



# Summary of Cash Inflow and Outflow for 2015

Beginning Cash	59,449	Money Borrowed	532,883
Gross Farm Income:	885,684	Principal Payments	-489,056
Hedging	4766	Other	-4415
Total Non Farm Income:	26,825	Misc	-1891
Gifts & Inheritances	15,733		
Total Cash Farm Exp	-739,220		
Taxes:	- 25,481		
Family Living	- 77,561		
Investing	- 119,035		



## Machinery and Buildings Purchased

Machinery purchased for the year was \$52,090 down \$32,468 from last year. Building purchased for the year was \$12,222 which was down \$3,224 from last year

\$70,831 is the ending cash balance. These numbers come from page 15 in the Red River Valley Average Book. Not all of the numbers are listed on the summary.

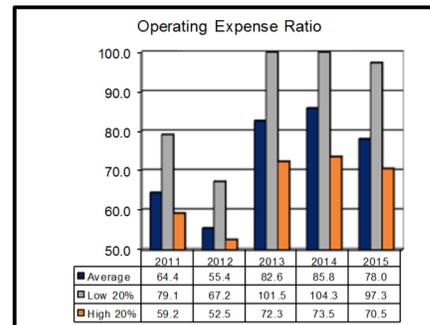


**Efficiency** is an area that looks at what it costs to produce a dollar of income. In 2015 the average operating cost was 78 cents, compared to 85.8 cents last year. (Operating Expense Ratio)

## Ratios

**Repayment capacity** measures the ability to repay term debt and to replace capital assets. The Term Debt Coverage Ratio for 2015 was .98 with a capital replacement margin of a negative \$43,097 compared with a negative \$142,961 last year.

**Solvency** is important in evaluating the risk position of the farm and family. The average farm in the Farm Business Management Program in the Red River Valley had Debt to Asset Ratio of 38%. This means that for every dollar of assets the farm had, they owed 38 cents of debt.

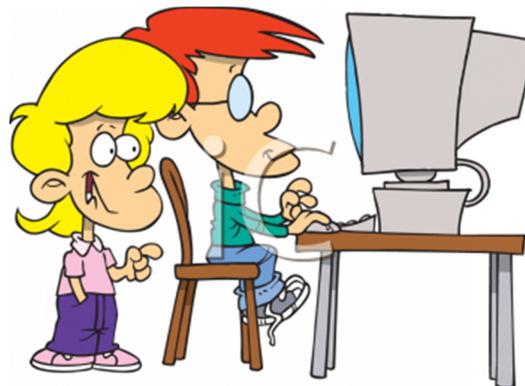


## Complete Red River Valley Average Books

### North Dakota Farm Business Management Programs

If you would like a complete book, please get in touch with the local FBM program in your area. You can also call the North Dakota Agricultural Supervisor at 701-224-8390.

This program is sponsored by the ND Department of Career and Technical Education



## NORTHLAND COMMUNITY & TECHNICAL COLLEGE

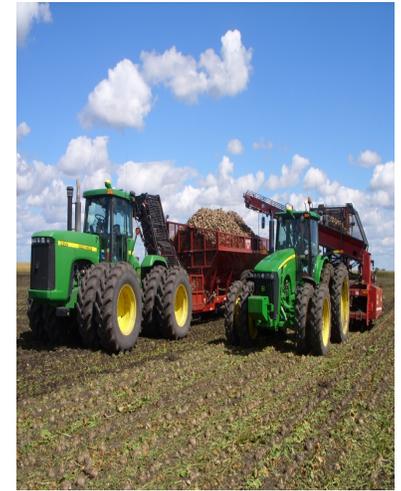
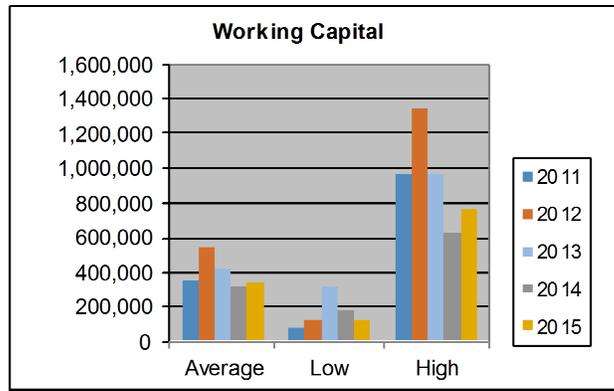
For More information on the Minnesota Farm Business Management Programs you may contact Ron Dvergsten, Northland Community and Technical College, Highway 1 East, Thief River Falls Mn 56701 Phone 218-683-8747

**FBM Programs of ND  
And Minnesota**

**NORTH DAKOTA AND  
MINNESOTA FARM  
BUSINESS  
MANAGEMENT**

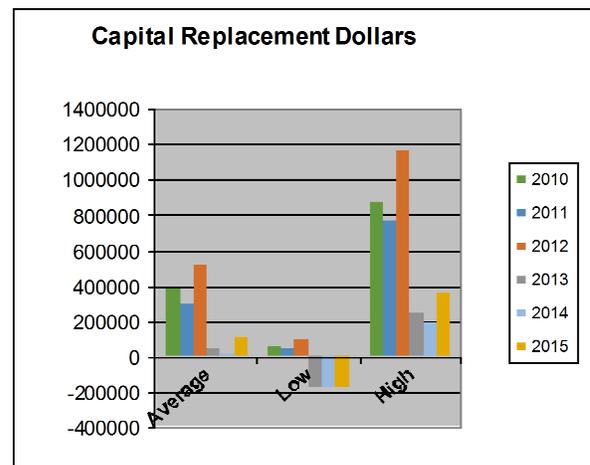
Check out our Website for a listing  
of program location and additional  
information

[www.ndfarmmanagement.com](http://www.ndfarmmanagement.com)



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Conclusion about the Ratios:

- Start to compare your information to the last 3 to 5 years of data.
- Determine your own trend lines.
- Compare your data to the area averages.
- How does your business stack up?
- Evaluate possible changes if needed.



**NORTHLAND**  
COMMUNITY & TECHNICAL COLLEGE

Complete enterprise information can be found in the Valley Average Book. These crop enterprise tables show the average physical production, gross return, direct costs, and net returns per acre. The Net Return per Acre is the gross return per acre minus the direct and overhead costs. There are three possible tables for each crop depending on the farmer's tenure on the land. Value per unit is the market price received. Crop insurance is now a separate line item and no longer under miscellaneous income.



**ND FARM**  
MANAGEMENT EDUCATION