

# FARM BUSINESS MANAGEMENT



A Cooperative Educational Effort  
of Carrington Public Schools and the  
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## UPCOMING MEETINGS & EVENTS

**Marketing Club** – Wednesday, November 1<sup>st</sup> at noon here at the CREC. Pizza in on the menu.

**Women's Ag. Marketing** – Thursday, November 9, 7:00 p.m. here at the CREC

**Women's Ag. Marketing** – Tuesday, November 14, 7:00 p.m. here at the CREC

**Farm Tax Workshop** – Wednesday, November 15<sup>th</sup> beginning at 4:00 p.m. at the James Valley Career & Technical Education Center in Jamestown. This is an excellent summary of changes and updates in the tax laws.

**Fall Crop Marketing Seminar** – Thursday, November 16<sup>th</sup> at 7:30 p.m. at the Chieftain Conference Center in Carrington. Presenters for this annual event are NDSU Ag. and Crops Economist George Flaskerud and Progressive Ag. Marketing Manager, Randy Martinson. Crop inventory and production numbers along with marketing strategies for 2006 and 2007 are the topics for this evening program. Be sure to attend. This will be valuable information in a time of fast changing markets.

**Women's Ag. Marketing** – Tuesday, November 21, 7:00 p.m. here at the CREC

**Women's Ag. Marketing** – Monday, November 27, 7:00 p.m. here at the CREC

**Income Tax Management for Ag. Producers** – Tuesday, November 28<sup>th</sup> from 1:00 – 4:00 p.m. at various locations around the area. Devils Lake and Jamestown are the closest to us. See the enclosed sheet for additional information.

**Marketing Club** – Wednesday, November 29<sup>th</sup> at noon here at the CREC. Pizza is on the menu. Be sure to attend this bimonthly marketing update. We will be meeting only once more in 2006, in December, so take advantage of this opportunity to gather additional marketing information.

**Marketing Planner Workshop** – Thursday, November 30<sup>th</sup> from 1:00 to 3:00 p.m. here at the CREC. This is a hands on computerized workshop to assist producers in determining both their cash flow and their mix of crops at various prices for 2007. A sample farm will be used to illustrate how easily a producer can arrive at multiple price levels for the 2007 crop and how easy it is to see the various pricing structure as the acres of various crops are altered. You do not need computer experience to take part in this workshop. This workshop is recommended for both crops and livestock producers. Discussion will also center around how to lock in some of the price levels as determined by the computerized planner.

**MARKETING, MARKETING, MARKETING**

## **FALL CROP MARKETING SEMINAR**

Be sure to attend this annual marketing event on November 16<sup>th</sup> beginning at 7:30 p.m. It will provide you with the opportunity to hear a couple of good presenters speaking on today's markets and marketing opportunities and strategies. Our program sponsor is Wholesale Ag. Products of Carrington and the refreshments for the evening are compliments of Rosenau Equipment of Carrington. Plan to attend and bring along your friends and neighbors. There is no charge for this seminar and it is open to the public.

### **TAX PLANNING FOR 2006**

Enclosed are the income and expense sheets for listing your farm numbers for 2006. Be sure to also make a note of any capital assets sold or purchased in 2006. Be sure to complete a tax estimate for 2006. I have the tax planner software here and will be glad to go through your numbers with you. Don't overlook the opportunity to manage your taxes.

### **PROGRAMS TO AID IN MARKETING & CASH FLOW MANAGEMENT**

Over the past few weeks I have updated a new Excel spreadsheet entitled Inventory Planner 2007. This handy little spreadsheet will allow you to input your current crops and livestock held for sale, your remaining bills and loan payments and then on one page print out how all of this works through your cash flow. It allows you to input the prices for sales to be made or for sales made but not yet received. By adjusting the various prices you can immediately see the impact on the bottom line at the bottom of the one page printout. This is a very easy management tool to use and I would encourage you to call or stop in and I can review it with you.

This Inventory Planner program can also be used to complete the cash flow for an entire year. It uses the total seed, fertilizer, chemical, fuel, crop insurance, and other totals rather than a per acre listing of the direct costs. The Cash Flow Planner version of this program does provide a place for you to list the per acre inputs and then you can simply transfer the totals of each item up into the appropriate space. This will make it even easier to use the program.

### **FARM & RANCH ENTERPRISE RECORDS**

At this time you should be recording the seeded acres, yields and expenses for each of your fields or crop species. When we record the market price for the crop it will be either the price sold for at harvest or later, plus the value of any Loan Deficiency Payment (LDP) that you might have received on it.

When you record your crop insurance income, be sure to record the gross amount of the loss or check and not just the amount of the check you received after they deducted the premium out of the check. Be sure to list the amount of the crop insurance in the proper expense column.

If you hired custom combiners to harvest one or two fields of wheat and you did the rest, I would suggest that we spread the cost of the custom harvesting over all the wheat acres. We would also reduce the power cost allocation factors on wheat since less owned equipment and fuel was used for the harvesting process.

If you paid for custom work inside of your spray or fertilizer billings, please separate that amount out and list it as a custom charge. In the past we have left it there but again this year we will be getting a power cost on each acre of crop raised. This will include such things as fuel, repairs, depreciation, and custom charges. Thus it is important that we separate it out of the total billing and get it listed as a custom hire charge. I think when we look at the new power cost factor for each crop and then compare it between farms, that it will be a real eye-opener for some producers. If we can figure out ways to get the job of crop production done for less investment in power costs while maintaining the revenue stream, we can add more to the bottom line and increase the profitability of the individual enterprises

