

# Nebraska Farm Business, Inc.

*Yielding Success Through Financial Management*

## **An Outlook on NFBI's 2015 Preliminary Averages**

Inside this Newsletter

Page 1:

- Preliminary Averages
- Personal Property Tax Due Reminder

Page 2:

- Preliminary Averages Continued
- Average Books & Ordering
- Meet New NFBI Staff

Page 3:

- Improve your Record-keeping
- Accounting Reminder

Page 4:

- Meet Hayden Lovitt
- Crop Insurance Dates

We are about 75% complete with our averages for 2015 and there is certainly many interesting things to be pulled from this year's data.

Net Farm Income is coming in around \$32,000 for 2015. This is an \$115,000 drop from 2013 and 2014's average income right around \$175,000. That's about an 80% decline in net farm income in just one year. While crop operations saw a second year with a 50% decline in profitability, the major change came in the disappearance of profitability in the livestock industry. Our hog, beef and dairy groups are all showing negative net farm income averages.

2015 will mark the first time we will see an average net worth loss since 2002 and the largest net worth loss since 1984. While the total debt owed stayed about the same, asset values (most typically grain and livestock prices) dropped. Another contributor to the net worth loss, larger than price drop, is non-farm spending. Average family living spending is down about \$6,000 or about 6% but it is still considerably higher than farm and non-farm income combined.

Another area that is standing out for concern is the current debt situation, namely the current ratio and working capital. The average current ratio is down to 1.6 which is the lowest we've seen since 2004 and 2005. Working capital to gross revenue is down to 30%. Both these measures are below the industry standards for a healthy operation. (Cont. on Page 2)

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## **Personal Property Due May 1st!**

Don't forget to File your Personal Property Returns with your county assessor by May 1st, 2016!!!! If you need help filing your personal property schedule, be sure to con-



(Article continued from page 1) These measures show us the ability of a farm to be able to service its debts over the next 12 months.

As they deteriorate, we will see tightening cash flows, the need to refinance or banks fully pulling their funding.

There is some good news. The preliminary average cost to produce an acre of irrigated corn has come down from \$820/ac to \$800/ac. With almost record high yields, there was just enough income to cover these costs, but not enough to cover family living needs. This is the second year in a row we are seeing total costs decline. This is encouraging to see some adjustments to most input costs and hope that will continue into 2016.



We hope to wrap up our analysis work in the next two weeks and will have more information available to you at that time. We are planning on setting up our first webinar to go over the averages and outlook for 2016 yet this Spring. Watch your mail for a postcard with more information.

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## 2015 Average Books Coming Soon!!!



NFBI MEMBERS, keep an eye out for the 2015 Nebraska State Average Books and your operations RankEm reports to be in the mail mid-May! If you are not a NFBI member but are interested in our average numbers, our order form can be found on our website at [www.nfbi.net](http://www.nfbi.net) or get in contact with us at the office.



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## Meet NFBI's newest Financial Assistant.... Clare Anderson

Clare grew up in Ashland, NE on a small farm. Her family has horses and runs a small hay operation. She graduated from UNL in December of 2015 with a Bachelor's Degree in Agribusiness and started working with NFBI full-time after graduation.

Outside of work she likes to ride her horses, go air boating, and help run the family hay operation.



## Looking for ways to *Improve* your record keeping this year?



Recordkeeping and bookkeeping are usually not the favorite part of running a farming/ranching operation. Accounting, analysis information, and general business questions are sometimes pushed off and not thought of as being that important. Are you looking for ways to improve your record-keeping?

Your consultant can't read your mind! It is always important to fill in your consultant with as much information as possible. It might seem like "little" details when looking at the whole operation, but it could also have the biggest impact as to what is happening in your operation. Sometimes you may think your consultant "knows" exactly what you mean or are talking about and they really don't!

No matter what type of accounting system you use, the more detail provided, the better. If you do the analysis program don't forget to write the number of bushels sold on your deposit slips or be sure to include them on the deposit entry in your accounting. Splitting

your fertilizer, chemical and other input costs on your checks will improve the accuracy of your enterprise analysis as well. Don't forget about those expenses that you pay that are allocated to both your personal expenses as well as your operation's. Splitting real estate taxes between your personal residence and the farm, personal and farm interest and utilities will also improve your bookkeeping. Not only does splitting these type of expenses improve the analysis, but it is also important for accurate tax records.

Capital purchases are bound to happen through the course of the year. When you make those capital purchases be sure to provide your consultant with purchase paperwork and any finance paperwork that may be involved. Don't forget to include any information on the assets traded or sold over the year as well.

Don't forget to reconcile all monthly bank statements and loans. It's never too early to start this year's bookkeeping, but be sure to reconcile prior to tax planning; it will help prevent surprises when completing your tax return.

Entities have become very popular. Always let your consultant know if you formed a L.L.C., S-Corporation, C-Corporation, etc. at any time during the year. The formation of these entities can change the way your operation is taxed and/or how your personal tax return is completed. Surprise entities are not fun!

Things as simple as splitting principal and interest, stating the difference between a loan payment and a lease payment are all little things that can be done to improve your record-keeping this year! Remember, you can always contact your consultant with any question and/or concern! It may save time and confusion in the future.



### It's a New Year...

And it's always a good time to get started out on the right foot! Get your accounting in and caught up! Late charges begin to accrue after September 1st if January-June bank statements are still missing. Call our office if you have questions!



Don't forget to Like our Page on Facebook!

### **NFBI Welcomes A Bundle of Joy.....IT'S A BOY!**

NFBI Consultant Amber Lovitt and husband Chris welcomed Hayden into the world on March 21st. She will be out of the office until June 1st on maternity leave. If you have any questions contact our office and another consultant will be able to help you!



### **Reminders from NFB Crop Insurance Specialist....**

#### **Planting Season is Here!**

**MPCI Plant Dates:**

Corn - April 10  
Soybeans - April 25  
Milo - April 16

**MPCI Final Planting Dates:**

Corn - May 25  
Soybeans - June 10  
Milo - June 15

**Don't forget about HAIL insurance!**

We offer a variety of options to help you minimize risk in your operation.

Contact us today!



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