



Nebraska Farm Business, Inc.

## Yielding Success Through Financial

JUNE / JULY, 2017

# Accounting & Bookkeeping

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## In-Office Accounting

In an effort to better meet our producer's needs, we are making a few minor changes to how we do in-office accounting. This includes reviewing the chart of accounts we use for each producer, how often we send reports, which reports we send, and how we send them.

In the up-coming weeks your consultant or an office staff will be contacting you to ask for your preferences:

1. How often do you want to receive reports
2. Which reports to you use and want to receive
3. Are there other reports you would like to receive?
4. Do you want to receive paper copies through the mail or would you prefer to receive electronic copies via email?
5. Do you have any other questions or suggestions for how we can improve your accounting services?

You will also be receiving a new chart of accounts tailored to your farm to use when coding bank statements, checks, and deposits.

## Late Policy

We prefer to receive your bank statements monthly so we can provide you timely, updated reports. This also allows us to have steady accounting work for your office staff throughout the year. In order to encourage you to send in your accounting timely, we will enforce a late policy.

- ⇒ **October 15th:** If we do not have statements 1-8 (generally January—August) by October 15th you will be billed additional accounting charges **at the \$55/hour on top of the yearly accounting charge.**
- ⇒ **January 15th:** If we do not have statements 1-11 (generally January—November) by January 15th of the following year you will be billed additional accounting charges **at the \$55/hour on top of the yearly accounting charge.**

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(402) 464-6324

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info@nfb.i.net

Web:  
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## Paying Your Spouse

The minimum amount of wages needed for social security changes annually. For 2017 the amount is \$1,300/quarter or \$5,200/year. In order to build wage history with social security, the minimum amount is needed each quarter. You need 40 quarters for retirement and disability benefits.

## Accounting & Bookkeeping (cont.)

### At Home Accounting

If you have yet begin your 2017 bookkeeping, we encourage you to start right away. At the beginning of 2017 there was a new PCMars update that you would have had to purchase and install. If you did not receive this update, please contact PCMars to purchase it.

Do you need some help with your accounting? Whether you use PCMars, or another bookkeeping program, we would be happy to come to you and do a summer bookkeeping checkup. This is a great way to get your individual questions answered and any help you need to improve your record keeping.

Last but not least, PC Mars has issued a patch! You can download the patch from the internet at [www.pcmars.com](http://www.pcmars.com). The most current PC Mars version is 2.5.2.

## Summer Visits

### ◇ Review Analysis/Benchmark your operation

Lets get together and review your 2016 analysis and benchmark your operation. We can see what went well and where there may be some opportunities for improvement.

### ◇ Accounting checkup

We will go over your accounting, help reconcile loans, show you some shortcuts or help with whatever accounting questions you have.

### ◇ Begin 2017 analysis

If 2017 will be your first analysis year, let's get your balance sheet in from 2016 and get your 2017 started

### ◇ Other questions regarding your operation

Summer visits are a great time to sit and discuss those questions regarding your operations whether it's transition planning, thinking about an entity, making a change to your operation, or whatever is on your mind.

**Call the office today to make your summer visit appointment**



# Decisions vs. the Bottom Line

There are countless decisions that must be made each year, from planting a crop to marketing that crop. Every producer has to make essentially the same decisions each year, so why do some come out more profitable than others? There are certainly geographic differences such as soil types, weather events, etc. that make a difference, but NFBI's averages reveal more detail than that.

Looking at NFBI's averages, you can see differences in expenses between the high and low profit operations. These numbers are from our annual average books and more detail can be found in the Whole State average book. Each column in the table shown on page 5 contains the same operations sorted by net return. For example, the total expenses of \$760.53/ac in the High 1/3 column produced the yield of 208.51 bu./ac.

The Irrigated Corn, Cash

Rented numbers show a couple of "major" differences:

- Fertilizer cost is \$53.93 per acre different between the high and low profit 1/3.
- Operating Power and Machine Costs is \$22.22 per acre less between the high and low profit 1/3.

When looking at Irrigated Soybeans on Cash Rented Land we are finding a little different result. As a reminder, the high profit 1/3 is sorted per enterprise so the farms included in the high profit 1/3 of corn will not necessarily be the same in the soybean high profit 1/3.

These numbers show a fairly significant decrease in almost every expense category. This time land rent, fertilizer, and machinery costs stand out as the biggest differences, but they are not as

significant as in Irrigated Corn on Cash Rented Land. The overall cost change between the high and low 1/3 profit, in Irrigated Soybeans on Cash Rented Land is 25% and it's coming from all expense categories!

What allows 1/3 of the producers to spend almost 40% less in fertilizer costs on Irrigated Corn on Cash Rent Land and still raise an extra 11 bushels? Knowing that there are the geographical differences that could be at play, it could also be a one year cut back on the amount of fertilizer applied where the yield effect may not show for another year or two as the nutrients in the soil

It could also be the “Zombie Effect”. Dr. David Kohl used this term in a *Corn and Soybean Digest* article (What are you doing differently? – May 2017) to describe those producers who go through the process of making many decisions as a zombie. This may be just “doing whatever I did last year” rather than re-evaluating each decision for the new economic environment we are in. It could also be the assumption that we will have a significant weather event to “fix the prices” rather than working to “fix costs” in this period of lower crop prices.

Often times, producers think that they have no control over their costs. John F. Kennedy once said *“The farmer is the only man in our economy who buys everything at retail, sells everything at wholesale, and pays the freight both ways.”* While this is true, it doesn’t mean there are not options. As a producer you decide which seed variety to buy, how much fertilizer to apply, which pieces of equipment you need to buy, how to manage your income taxes, when to plant, when to harvest, and which advisors you hire to help you make these important decisions. It’s time to lose the “Zombie” attitude of having no control and learn how to manage each decision by how they affect the

Irrigated Corn, Cash Rented Land, 2016			
	Low 1/3	Average	High 1/3
Yield	197.06	204.16	208.51
Price	\$3.26	\$3.40	\$3.55
Other Income	\$72.19	\$60.54	\$70.46
Gross Return	\$714.61	\$754.68	\$810.67
Seed	\$100.13	\$97.77	\$99.46
Fertilizer	\$139.72	\$110.18	\$85.79
Chemicals	\$52.32	\$47.83	\$44.68
Crop Insurance	\$26.68	\$31.78	\$33.70
Operating Power/ Machine Costs	\$150.55	\$140.50	\$128.33
Land Rent	\$236.43	\$238.08	\$228.86
Other Direct Costs	\$95.01	\$76.41	\$67.98
Overhead Expenses	\$37.29	\$50.60	\$71.73
Total Expenses	\$838.13	\$793.15	\$760.53
Net Return	\$-123.52	\$-38.47	\$50.14
Expense per Bu.	\$4.25	\$3.88	\$3.65



Irrigated Soybeans, Cash Rented Land, 2016			
	Low 1/3	Average	High 1/3
Yield	71.94	72.49	73.40
Price	\$9.22	\$9.23	\$9.20
Other Income	\$23.13	\$34.47	\$81.24
Gross Return	\$686.42	\$703.55	\$756.52
Seed	\$84.69	\$78.02	\$72.03
Fertilizer	\$60.37	\$52.07	\$20.82
Chemicals	\$50.23	\$51.84	\$46.21
Crop Insurance	\$29.31	\$24.80	\$18.08
Operating Power/ Machine Costs	\$132.30	\$125.35	\$110.91
Land Rent	\$279.56	\$240.10	\$201.22
Other Direct Costs	\$78.11	\$65.29	\$60.09
Overhead Expenses	\$43.35	\$43.92	\$41.97
Total Expenses	\$757.92	\$681.39	\$571.33
Net Return	\$-71.50	\$22.16	\$185.19
Expense per Bu.	\$10.54	\$9.40	\$7.78



# Taxes

## Form 2290-Heavy Highway Use Due August 31st

NFBI can E-file the 2290 Heavy Highway Use form AND get a IRS stamped Schedule 1 for you all within the same day! All we need back from you is a signed copy of the 8879, stating you give us permission to e-file your 2290 return! Contact Kayla (Kayla@nfbi.net) or Anthony (Anthony@nfbi.net) with questions or comments!



### *Who needs to file the 2290?*

-If you drive a vehicle that is over gross weight of 55,000 lbs. or more over public roads– no matter if it is licensed to you or in a LLC, Corporation, Partnership or held by another entity

### *Has NFBI filed your 2290 in the past? All we need from you is...*

- Has any truck information changed over the last year?
- Did you purchase or sell a truck?
- Let us know if you would like us to do it again, we will not automatically process without your acknowledgment!

ment! Look for a reminder postcard coming your way soon!!!

### *Do you want NFBI to file your 2290 for the first time? What we need from you is...*

- Your EIN Number (if your consultant doesn't already have it) Don't have one? We can get one for you!
- VIN Numbers for the truck(s)
- Whether or not your truck(s) are suspended – If you drive your truck 7,500 miles or less for agricultural use (5,000 miles or less for commercial use) during the tax period, you get to claim suspension.

Did you get an IRS or State Notice with a balance Due?



Remember, don't just pay the notice you received. Be sure to have your consultant check into the matter specified, many times they are not correct!

### 2017 Mileage Rates



<b>Business Mileage Rate</b>	<b>\$0.535</b>
<b>Medical Mileage Rate</b>	<b>\$0.17</b>
<b>Charitable Mileage Rate</b>	<b>\$0.14</b>

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Like us on  
**Facebook**

Like us on Facebook! And Follow Us on Twitter! Don't forget to check-in on our webpage for newly updated information! Search: **Nebraska Farm Business, Inc.**



**NFBI'S OFFICE WILL BE CLOSED JULY 3<sup>RD</sup> & JULY 4<sup>TH</sup> TO CELEBRATE INDEPENDENCE DAY!!!**



### **NFB Crop Insurance Notes:**

**Replant:** If you are planning on replanting, be sure to contact your insurance agent ASAP, before replanting or destroying any crops. Use Initial Plant date not Replant date when certifying at FSA Office.

**Wheat Harvest:** Contact your agent if you think there may be a loss. Contact your agent as soon as harvest is complete to report bushels.

**Acreage Reporting Deadline:**  
July 15 – Contact your agent as soon as you have certified acres at FSA.

**Crop-Hail Coverage:**  
We do not need to carry your Multi-Peril policy to offer you Crop-Hail coverage. Contact us for rates!

#### **Don't Forget about HAIL insurance!**

We offer a variety of options to MINIMIZE risk in your operation.

Contact us today – Before the storm hits!



**Brad Heinrichs**  
Crop Insurance Specialist  
brad@nfbi.net - (402) 984-6474



Wedding Bells are ringing...  
Financial Assistant, Clare Anderson  
& Rob got married on June 10,  
2017!



Congratulations,  
Mr. & Mrs. Gress