

TelFarm Newsletter

Volume 17, Issue 2

Fall 2017

Important Dates to Remember

Late October:

If you are on Pc Mars and would like your accounting records reviewed prior to receiving tentative reports, please submit a backup to the TelFarm Center by Friday, October 27, 2017.

Early November:

Accounting and depreciation transactions are due in the TelFarm office on or before Friday, November 3, 2017 (not "postmarked by") in order for you to receive:

- Cash Flow Report
- Tentative Tax Planning Package
- Depreciation Schedule

Late November:

Items mailed to clients:

- Tentative Tax Planning Packages and Depreciation Schedules
- 2018 Enrollment Contracts

December:

- Tax Planning meetings by local or District Extension Educators.



Mark Your Calendar!

Send TelFarm your changes in accounting and depreciation made during Tax Planning meetings.

Enrollments due by Friday, December 1, for 2018 year. (A signed enrollment contract is needed to get supplies)

January:

- Employers prepare W2s and give to employees and SSA by January 31, 2018 as well as Form 943 to the IRS.
- Furnish 1099s to recipients and 1099-MISC for employee compensation to the IRS by January 31, 2018.

February:

Tax Package Deadline -- final 2017 records are due at the TelFarm office on or before Friday, February 2, 2018 in order for you to have some time to file and pay taxes by March 1, 2018 to the IRS.

Depreciation Schedule and Forms

We know some still have questions regarding the new depreciation schedule format. Here is an explanation on how to understand the report.

Initial pages are organized by type of investment:

- 01-Land and Other Non-Depreciable Investments
- 02-Buildings and Improvements
- 03-Machinery
- 08-Amortization
- 09-Livestock

Summaries at the end of the Depreciation Schedule:

- Summary of Sales and Trade-ins: Look here for the gains or losses to be entered on your Schedule D/Form 4797 on the sale of assets. (Trade-ins are kept on the schedule in a separate section until the "new" item is sold or removed).
- Summary of Purchases: For easy review of new additions and the desired depreciation methods and Sect. 179 Expense Election.

The last page has an important Depreciation Summary of the entire schedule's investments:

- First column - "Cap Purchases" - is the total cash purchases or additions during the year.
- Second column - "Rem Cost Beg of Yr" - is the remaining undepreciated cost from the previous year. Your beginning remaining cost "Rem Cost BOY" should equal the remaining cost at the end of the previous year.
- Third column - "Depr. Taken" - is the total depreciation expense and in-

Depreciation continued on next page

Depreciation, Continued

cludes any Sect 179 Expense Election or Bonus Depreciation on current year's purchases.

- Fourth column – “Rem Cost EOY” – is remaining undepreciated cost that will be carried over to the next year.
- Fifth column – “Rem Cost Items Sold” – is the undepreciated cost written off

against the sale of items to calculate the taxable gain or loss.

Final Note: The total from adding the First and Second columns together will equal the total from adding the Third, Fourth and Fifth columns together.

Some also don't realize that there is a new Form 3 format for submitting additions/changes/sales/deletions

from the depreciations schedule. We have 2-part paper forms that we can send you upon request (you send us back the top copy and you keep the bottom copy for your records). The form is also available on the TelFarm website in 2 Microsoft Excel formats (depending on what version of Excel you are running) as well as a PDF version you can just print off, fill out and mail to us. If you have any questions on how to fill out the form or need to request paper forms, please call or email the TelFarm office.

Year End TelFarm/PcMars Meetings

Year end TelFarm/PcMars update and refresher meetings have been scheduled for the first week of November at multiple places around the state. This will not replace the check-in meetings with your District Agent but rather assist in preparing for year end activities and making sure you're set for the end of 2017.

Proposed topics (flexible depending on the attendees):

- Checkbook balance management and reconciliation

- Employee records
- Create Vendor & 1099 Reports
- Net taxable income calculation and Yearend Final Reports
- Patronage Dividend entry
- Depreciable Bldg. Livestock, Machinery, & Bldg. purchases
- Enterprise Accounting
- PcMars program updates and changes
- Any other specific questions/topics

Please contact the TelFarm office to RSVP for the meetings. The office number is 517-355-4700.

Date	Time	Location
November 6	9-11:30 am	Van Buren ISD Conference Center, 490 S. Paw Paw St., Lawrence
November 6	1:30-4 pm	Ottawa MSU Extension, 2nd Flr Boardroom, 12220 Fillmore St., West Olive
November 7	9-11:30 am	Kaliseum Rec Complex, Meeting Room, 1900 Fairgrounds Rd., Kalkaska
November 7	1:30-4 pm	Mecosta MSU Extension, 14485 Northland Dr, Big Rapids
November 8	1:30-4 pm	Jackson MSU Extension, 1715 Lansing Ave, Suite 257, Jackson
November 9	9:30-12 pm	Delta College, F Wing Rm F025, 1961 Delta Rd., University Center (Beginners)
November 9	1-3:30 pm	Delta College, F Wing Rm F 025, 1961 Delta Rd., University Center (Advanced)
November 10	9-11:30 am	AgroLiquid Fertilizer, Meeting Room, 3055 M-21, St. Johns

MSUE District Agent changes impact TelFarm Program

Extensive changes have occurred within the MSU Extension Farm Management Team which is having a large impact on the TelFarm Program. Adam Kantrovich, District Farm Management Educator, who has been covering most of the west side of the state for the Telfarm Program, accepted and moved to a new farm management faculty position with Clemson University in South Carolina in August. Dennis Stein, who has been the District Farm Management Educator for the Saginaw Bay, Northeast and Thumb areas, announced his retirement effective September 30, 2017. The position vacated by Curtis Talley upon retirement last year, covering the north and northwest lower Michigan counties, is still vacant. TelFarm still plans to maintain high quality support for farm records and business management to our cooperating farmers. We have outlined our anticipated changes below.

Plans for the Fall/Winter Check-in and FinAn Processing

In the southwest, Roger Betz, SE District Farm Management Educator, is going to provide check-in leadership with assistance from other supporting area educators. These extension staff members, Mike Metzger, Mark Longstroth and Kevin Gould, have worked closely with the TelFarm Program. We also have temporarily hired Vince Greiner, a long-time TelFarm cooperator from Hart, who also has assisted the TelFarm Program in various capacities in the past. All will help provide the support for check-in meetings and business analysis (FinAn) processing. Dennis Stein has agreed to stay on this fall/winter as a temporary employee to complete the TelFarm Program check-in meetings

and business analysis (FinAn) processing, so that cooperators in the Saginaw Bay and Thumb areas will not see a change immediately. The northwest and eastern U.P. counties will be served by Stan Moore, Extension Educator from Antrim County assisted by John Jones, TelFarm Director, as needed. Stan Moore covered these counties in 2016 with Adam Kantrovich. The Southeast and Upper Peninsula will be serviced in the same way it was covered in 2016.

County assignments TelFarm Check-in Meetings

Upper Peninsula

Chippewa	Moore/Jones
Mackinac	Moore/Jones
All other counties Wardynski/Stein	

Northwest

Charlevoix	Moore/Jones
Cheboygan	Moore/Jones
Emmet	Moore/Jones
Grand Traverse	Moore/Jones
Kalkaska	Moore/Jones
Lake	Moore/Jones
Mason	Moore/Jones
Mecosta	Moore/Jones
Missaukee	Moore/Jones
Newaygo	Moore/Jones
Oceana	Moore/Jones
Osceola	Moore/Jones

Saginaw Valley & Thumb

Alpena	Stein
Arenac	Stein
Bay	Stein
Genesee	Stein
Huron	Stein
Iosco	Stein
Isabella	Stein
Lapeer	Stein
Midland	Stein
Oakland	Stein
Saginaw	Stein
St. Clair	Stein
Sanilac	Stein
Tuscola	Stein

Southwest

Allegan	Betz and support
Barry	Betz and support
Berrien	Betz and support
Branch	Betz and support
Calhoun	Betz and support
Cass	Betz and support
Ionia	Betz and support
Kalamazoo	Betz and support
Kent	Betz and support
Montcalm	Jones
Muskegon	Jones
Ottawa	Betz and support
Van Buren	Betz and support

Southeast

Clinton	Betz and support
Eaton	Betz and support
Gratiot	Betz and support
Hillsdale	Betz and support
Ingham	Betz and support
Jackson	Betz and support
Lenawee	Betz and support
Livingston	Betz and support
Monroe	Betz and support
Shiawassee	Betz and support
Washtenaw	Betz and support

Future plans

MSU Extension is actively recruiting new Farm Management Extension Educators to replace these important positions. Please contact us or MSU Extension if you or someone you know have a Bachelor's Degree or higher in Agribusiness Management or related field and feel you would enjoy working assisting farmers with their financial management records and decision making as well as being an advocate for today's agriculture.

As we transition through this time, keep in mind that you can call the TelFarm office anytime for support. If we don't have an immediate answer for you, we will find an answer for you and get back to you.

Printing year end labor reports

If you are using Pc Mars for your labor (and not using pensoft), there are numerous labor reports that are available to get end of year information for generating your W2's, W3's and 943 to file with the government. Under reports, go to labor reports. Once there, we would recommend using W2 Summary report to get your W2 information, which will print a report like this.

Licensed To: MSU TelFarm Center
PRINT DATE : 1/6/2017

W2 SUMMARY REPORT

Bus. I.D. = Example
Year = 2016

Employee Name: Joe Smith

Gross Wages:	\$2,000.00
Federal Wages:	\$2,000.00
Federal Income Tax Withheld:	\$0.00
Social Security Wages:	\$2,000.00
Social Security Tax Withheld:	\$124.00
Medicare Wages:	\$2,000.00
Medicare Tax Withheld:	\$29.00
State Wages:	\$2,000.00
State Tax Withheld:	\$0.00
Pension Withheld:	\$0.00
Flex Spending Account Withheld:	\$200.00
Other 2 Withheld:	\$0.00
Other 3 Withheld:	\$0.00

To get the information for the 943 you can look at both the Summary Labor Report and the Labor Tax Withholding and Deposit Report.

Pc Mars Version 2.4.5.0 / Michigan (Cash)

Licensed To: MSU TelFarm Center

Print Date 1/6/2017 11:09 am

Bus. I.D. = Example

Acct Month = Jan to Dec

Fiscal Year = 2016

SUMMARY LABOR REPORT

* Details of other withholdings are shown on the supplement pages.

** This report only lists the amounts withheld from payroll. If you are paying both halves of FICA, you must use the Optional FICA calculation reports.

*** Pay Type descriptions must match exactly to be included in the report.

SELECTION : ALL

Date	C/D #	Employee Name	Hours	Gross Entered	FICA Entered	Fed Tax Withheld	St Tax Withheld	Pension Withheld	* Total Other(s) Withheld	Net Check	Calculated Federal Liability
A TOTAL JANUARY			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B TOTAL FEBRUARY			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
C TOTAL MARCH			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FOR 1ST QUARTER			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
D TOTAL APRIL			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
E TOTAL MAY			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
F TOTAL JUNE			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FOR 2ND QUARTER			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
G TOTAL JULY			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
H TOTAL AUGUST			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
I TOTAL SEPTEMBER			0.00	2,000.00	153.00	0.00	0.00	0.00	200.00	1,647.00	306.00
TOTAL FOR 3RD QUARTER			0.00	2,000.00	153.00	0.00	0.00	0.00	200.00	1,647.00	306.00
J TOTAL OCTOBER			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
K TOTAL NOVEMBER			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
L TOTAL DECEMBER			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL FOR 4TH QUARTER			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
GRAND TOTAL			0.00	2,000.00	153.00	0.00	0.00	0.00	200.00	1,647.00	306.00

labor reports, continued

On the Labor Tax Withholding & Deposit Report, this will show your federal and state liability, as well as any payments you make. However, the payments you've made will only show up on this report and calculate properly if you've used 511 and the description (St Dep) for the state deposits. Likewise, you need to have used code 510 and description (Fed Dep) for the federal deposits. If your report looks off, make sure you have used these codes and descriptions your labor related deposits.

Pc Mars Version 2.4.5.0 / Michigan (Cash)

Licensed To: MSU TelFarm Center

Print Date 1/6/2017 11:10 am

Bus. I.D. = Example

Acct Month = Jan to Dec

Fiscal Year = 2016

LABOR TAX WITHHOLDING AND DEPOSIT REPORT

** This report only lists the amounts withheld from payroll. If you are paying both halves of FICA, you must use the Optional FICA calculation reports.

----- STATE WITHHOLDING DETAIL -----

<u>QTR</u>	<u>MONTH</u>	<u>AMT WITHHELD</u>	
1st Qtr	Jan	\$0.00	
	Feb	\$0.00	
	Mar	\$0.00	
STATE TAX DUE IN MAR			\$0.00
2nd Qtr	Apr	\$0.00	
	May	\$0.00	
	Jun	\$0.00	
STATE TAX DUE IN JUN			\$0.00
3rd Qtr	Jul	\$0.00	
	Aug	\$0.00	
	Sep	\$0.00	
STATE TAX DUE IN SEP			\$0.00
4th Qtr	Oct	\$0.00	
	Nov	\$0.00	
	Dec	\$0.00	
STATE TAX DUE IN DEC			\$0.00
YEAR TO DATE TOTAL			\$0.00

----- FEDERAL LIABILITY DETAIL -----

<u>QTR</u>	<u>MONTH</u>	<u>FED LIABILITY</u>		<u>ACCUMULATED FED LIABILITY</u>
1st Qtr	Jan	\$0.00		\$0.00
	Feb	\$0.00		\$0.00
	Mar	\$0.00		\$0.00
SUBTOTAL FOR QUARTER			\$0.00	
2nd Qtr	Apr	\$0.00		\$0.00
	May	\$0.00		\$0.00
	Jun	\$0.00		\$0.00
SUBTOTAL FOR QUARTER			\$0.00	
3rd Qtr	Jul	\$0.00		\$0.00
	Aug	\$0.00		\$0.00
	Sep	\$306.00		\$306.00
SUBTOTAL FOR QUARTER			\$306.00	
4th Qtr	Oct	\$0.00		\$306.00
	Nov	\$0.00		\$306.00
	Dec	\$0.00		\$306.00
SUBTOTAL FOR QUARTER			\$0.00	
YEAR TO DATE TOTAL			\$306.00	

----- STATE DEPOSITS PAID -----

Description = (St Dep)
Account Code number(s) = 511

<u>DATE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
TOTAL DEPOSITS YEAR TO DATE		\$0.00
ACCUM STATE LIAB TO DATE		\$0.00
REMAINING STATE TAX DUE		\$0.00

----- FEDERAL DEPOSITS PAID -----

Description = (Fed Dep)
Account Code number(s) = 510

<u>DATE</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
TOTAL DEPOSITS YEAR TO DATE		\$0.00
ACCUM FED LIAB TO DATE		\$306.00
REMAINING FEDERAL TAX DUE		\$306.00

ACCUMULATED PAYMENTS

<u>FEDERAL LIABILITY DETAIL</u>	<u>Y-T-D</u>	<u>DECEMBER</u>
Soc. Security, Both Shares	\$248.00	\$0.00
Medicare Portion, Both Shares	\$58.00	\$0.00
Federal Tax Withheld	\$0.00	\$0.00
TOTAL	\$306.00	\$0.00

Commonly Mis-coded Items

This was a part of the new year newsletter in January, but we thought it should be included again to remind everyone of common mistakes.

There are several items that we get questions on or see coded incorrectly when we review your books. Keep in mind that these are general suggestions. There are many unique situations that may have an influence on why you have things coded the way you do. If you know you're doing it correctly for your situation, please continue to do so. Also, these account codes are not absolute either. This will apply to the majority of you, however if you are not on the Michigan chart of accounts, the numbers will be different.

Health Insurance—if you have owner health insurance expense, this is going to be recorded in a non-farm account code (904). If you have an employee health insurance expense, this is going to be recorded in the labor health insurance expense code (507).

Life Insurance—Generally speaking, this is for owners of the business and should be recorded in non-farm expenses (code 925). We know depending on the set up of the operation, you may end up coding this to a regular farm expense (code 445). Your accountant can help you determine which is appropriate for your operation. If you do offer something for employees, this would get coded to employee benefit (code 504).

Insurance—Outside of health insurance and life insurance, there are a few other types to tackle. Any general insurance, comprehensive insurance, liability insurance and building insurance would get coded to 445 insurance. Some may be paying insurance on an auto (car or truck). We would recommend keeping those separate and code to 446. This account may not be active in your chart of accounts so you may need to go in and activate it and change the name on it to vehicle insurance. Crop insurance is another one that would be separated out and most commonly coded to 414.

Capital Purchases and Sales—These will always be recorded to an account that begins with 1, as these are assets. Common ones include 156 Machinery & Equipment, 175 Buildings, 179 Improvements, 181 Bare Land. There is a wizard to help with capital purchases if you go to the transactions menu, scroll down to special transactions, then scroll over and click on capital purchase wizard. This walks you through the process depending on if there are trades involved, loans, etc. If it's still confusing, don't hesitate to give us a call and we can talk you through it.

Supplies—Shop, Crop, Livestock, Office—Sometimes we see these all grouped together or inconsistencies in how these are recorded. In general, all shop supplies and tools would be coded to 416. Crop related supplies should be

coded to 409-413. The default for these codes is "seed" but any of them can be activated and the name changed on them except for 410. Livestock supplies and services should be coded to 438. Office supplies should be coded to 461. The 461 code is a code that should have been set up at the time of installation. If you don't have an administrative and office expense code set up, you should activate one. If 461 is being used for another account, you could use 462 or 463. In all cases you will have to update the name.

License Plates—There is a lot of confusion over license plates. We would recommend including them in your respective "repair" accounts. For trailers, 415 machinery repair. For trucks, etc. we would recommend putting wherever you put truck and car repairs. That may be in code 415 also or if you have a separate code for car/truck repairs, we would recommend putting it there.

Employee Expenses—If there are expenses for your employees they should always go in a code that starts with a 5. Some of the common expenses/codes include—

- utilities for employee housing (508 employee housing)
- labor retirement payments to the retirement account vendor (504 employee benefit or a custom account that you set up 514 or 515 that you title as labor retirement)
- Labor related fringes—this

Continued on next page

Commonly Mis-Coded Items, Continued

might include meals in the field or any other “perks” employees receive that don’t fit into one of the previously mentioned categories

- As previously mentioned, health insurance go to code 507.

Non-farm—Non-farm expenses can include a large number of items. This would be where you would record any non-farm income and expense. For instance, rental properties that are non-farm, interest and dividends from banks accounts/investments, draws from the farm, family living expenses, etc. This list could be long. Any non-farm assets and liabilities that are included in PcMars, should be coded to an account that starts with a 7. Any incomes from non-farm will be coded with an account that starts with an 8. Any expenses for non-farm (this includes draws) would be coded to an account with a 9. If you need further help or have questions on this area, please let us know.

Getting the most out of TelFarm while using PcMars

For those using PcMars to record your income and expenses for tax preparation, we want to make sure you are utilizing the TelFarm system to it’s fullest extent.

One way to do that is to send in your backup file to the TelFarm Center at tfpcmars@msu.edu. We will review your files and can provide suggestions on entries if something looks out of place. This helps to streamline your year end check-in meeting with your District Agent. It also provides you a second place to have a backup in the event of a computer failure. Backups should be updated whenever new entries are made during the year. As a reminder, PcMars works differently than Microtel—every time you do a backup it saves the entire year, rather than just the changes. Send us the most recent backup file regularly to receive the most benefit from TelFarm.

Secondly, utilizing the year end tax reports and depreciation schedules. The generation of your year end tax reports and depreciation schedule are triggered by your communication to us that your final entries are here and we should run them.

Don’t forget to complete a new version of Form 3 with your depreciable asset purchases. These should be taken from your PcMars asset accounts 150-180, typically found on page 1 or 2 of your detail report. Please make sure these entries are both on Form 3 and in your accounting for tax purposes.

Finally, schedule a year end check-in meeting with your District Agent. Your check-in meeting works best if you bring along your PcMars backup file or your computer that is loaded with PcMars. Follow your District Agents directions to have a FINAN business analysis run with your farm’s PcMars data.

Staff updates

Adam Jones is our new student assistant this year. Adam is a freshman at LCC. He is the son of John Jones, TelFarm Center Director. He has worked on multiple dairy farms so he has some basic farm knowledge. Adam plans to transfer to MSU next fall to complete a degree in engineering. Adam joins our other student assistants Brooke Schluckebier and Janelle DeClerg.

Wishing you a safe harvest season this fall!

Current PcMars Software Version is 2.5.3.0

MSU is officially closed on these days:

Thanksgiving —
November 23 & 24
Christmas —
December 25 & 26
New Years—
January 1 & 2



TelFarm Center
Morrill Hall of Agriculture
446 W Circle Dr Rm 414
East Lansing, MI 48824
517.355.4700 (Phone)
517.432.9805 (Fax)
telfarm@msu.edu
<http://telfarm.canr.msu.edu/>

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