



Schedule of Assets

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Well designed schedules facilitate the calculation of values needed to complete financial statements, including the Balance Sheet, Cash Flow Statement, Income Statement, and Statement of Deferred Taxes and Valuation Equity (if used). This OSU Extension Fact Sheet provides instructions and forms for inventorying assets and documenting detail to support entries made in the financial statements¹. **Assets** include everything owned that has value, including claims against others. One set of schedules should be prepared for the beginning of the reporting period and a second set for the end of the reporting period. Schedules for the example farm of James and Dolly Madison are included for illustration².

Methods for Valuation

Current market value is an amount which would be received if the asset was sold at the balance sheet date. The amount is usually determined by an appraisal and is therefore subjective. Current market value may be required by lenders when the asset will be used to secure a loan. Market value is used to estimate the amount of taxes that will be owed if the assets are sold and to estimate owner equity. An estimate of direct costs necessary to convert an asset to cash may be subtracted to record a **net realizable value**.

For depreciable assets, another method of valuation is **historical cost**.³ This method is most useful in estimating costs of the assets associated with generating income for each reporting period during the life of an asset. If an expensive machine will be used to produce revenues over a ten-year period, it is inappropriate to charge the entire cost to the year of purchase. A portion of the non-recoverable cost of acquisition should be charged to each year in which the asset will generate revenues⁴. This charge to each reporting period is known as **depreciation expense**. Historical cost provides a more conservative approach to valuation than the market value approach during inflationary periods.

An asset's **book value** is the cost less accumulated depreciation. When first acquired, an asset's book value is equal to the

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cost (accumulated depreciation is zero); at the end of its useful life, an asset's book value is equal to its salvage value (the asset has been fully depreciated).

The Farm Financial Standards Council recommends both current market value and book value be disclosed for most depreciable assets.⁵ Other valuation methods are recommended for certain types of assets and for those assets, cost or market value may or may not be considered important. **Net equity** may be used to determine the value of shares owned in cooperatives and investment in other entities. The most practical method of determining net equity is to utilize the financial reports made by those entities. The total equity for the entity is divided by the total number of outstanding shares to determine the **equity value per share**. This amount is then multiplied by the number of shares owned to arrive at net equity.

Depreciation Methods

Economic depreciation may be determined by one of several different methods. Each method relies on three components to calculate the depreciation expense. **Cost** is the original purchase price plus any additional expenses incurred to make the asset operational, e.g. freight, inspection, repairs, modifications, and installation. The asset's **useful life** is a second factor in determining depreciation since depreciation divides the expense of the asset over the time period in which it is used to generate revenue. The **salvage value** of the asset is the estimated market value of the asset at the end of its useful life.

The simplest method of calculating the depreciation expense to be charged to each reporting period is the **straight-line method**. This method allocates an equal amount of depreciation expense to each year of useful life:

$$\frac{(\text{cost} - \text{salvage value})}{\text{years of useful life}}$$

This often is the most practical and meaningful method. When calculating economic depreciation for financial reporting, a reasonable estimate of salvage value should be used. If it becomes apparent that the useful life, salvage value, or both are different than originally estimated, annual depreciation expense should be adjusted to reflect the revised estimates.

Use of an accelerated method of calculating depreciation for machinery, vehicles, and some buildings and improvements

¹ OSU Extension Facts AGEC-792, Liabilities Schedule, provides a form for summarizing liabilities.

² For additional information on the Madison farm, see OSU Extension Facts AGEC-751, Developing a Cash Flow Plan; AGEC-752, Developing a Balance Sheet; and AGEC-753 Developing an Income Statement.

³ **Depreciable assets** are durable items whose value is used up over a period of several years. They are listed on the Balance Sheet as **non-current assets**. Typical examples are machinery and vehicles, fruit/nut trees and other trees, breeding livestock, buildings, and improvements. Land is not a depreciable asset as it is never "used up" and will generally maintain or raise in value.

⁴ The non-recoverable cost of acquisition is the difference between the cost of the asset and its salvage value.

⁵ Financial Guidelines for Agricultural Producers: Recommendations of the Farm Financial Standards Council (Revised), January 2008.

may be justified by the fact that, as the asset ages, maintenance costs tend to increase. Thus, a greater amount of depreciation expense may be recorded in the early years when maintenance costs are low and a lesser amount is recorded in later years when efficiency has decreased and maintenance costs are higher.

One method for calculating accelerated depreciation is **Sum-of-the-Years'-Digits**. This method is calculated by multiplying the non-recoverable cost of acquisition (cost less salvage value) by a fraction. The denominator (bottom number) of the fraction is the sum of the numbers representing each year of useful life. Thus the denominator for an asset with a useful life of five years would be: $1+2+3+4+5 = 15$. The denominator may also be found by the formula:

$$n(n+1) \div 2, \text{ where } n = \text{years of useful life}$$

The numerator (top number) of the fraction is the number of years remaining in the asset's useful life at the beginning of each year. In this example, the fraction for year one would be $5/15$, year two would be $4/15$, etc. so that the depreciation expense in year five would be 20 percent of that recorded in year one.

Double Declining Balance is another common method for calculating accelerated depreciation. It is calculated by multiplying book value (cost less accumulated depreciation) at the beginning of each year by twice the straight-line rate. For example, if the useful life of an asset is five years, 20 percent of the non-recoverable acquisition cost would be recorded as depreciation expense each year using the straight-line method. Therefore, 40 percent of book value would be recorded annually as depreciation expense using the double declining balance method. At some point, this method would reduce book value below salvage value (year four for property with a useful life of five years). This is handled by changing depreciation methods to straight-line in that year.

Another declining balance method is **150 percent declining balance**. With this method, the straight-line rate is multiplied by 1.5 rather than 2 as was used for double declining balance. The 150 percent declining balance method will not reduce book value to salvage value by the end of the useful life. A change to the straight-line method is made when the straight line method results in a greater depreciation expense than does the 150 percent declining balance method.

In summary, the annual depreciation expense may be calculated as:

1. Straight-line

$$D_{SL} = \frac{OC - SV}{N}$$

2. Double Declining

$$D_{ddb} = \frac{2}{N} \times R$$

3. 150% Declining Balance

$$D_{150db} = \frac{1.5}{N} \times R$$

where:

OC = Original Cost (includes freight and expenses needed to make the item operational)

SV = Projected salvage value

N = Asset's expected economic life (number of years)

R = Remaining book value at the beginning of the year

Current Assets

Current assets are cash and other assets which are typically and easily converted to cash in the course of business during the year without any loss in value. The Madison's current assets are summarized on the Current Asset Schedule.

Cash and checking. Cash balances in various checking accounts and savings accounts may be listed at the option of the person preparing the schedules.

Marketable securities. Stock shares, bonds, and other securities which may be readily sold should be itemized. Market value may be obtained from financial quotations found in most large newspapers. When used for planning purposes, market value at the end of the planning period may be estimated based on past performance.

Accounts receivable is a value for goods and services which have been provided but for which payment has not been received. If the receipt of payment for any of the accounts is doubtful, the amount is not included. The subtotal for accounts receivable is transferred to the balance sheet, line 3. The Madison's have accounts receivable of \$900 on the balance sheet date.

Prepaid expenses include expenditures for goods or services which have not yet been received as of the schedule date or which cannot be readily classified as work in process. One example is cash rent which has been paid for a lease that will expire some time in the future. Another example is fertilizer which has been applied to the soil for a crop which has not yet been planted. The subtotal for prepaid expenses is transferred to line 4 of the balance sheet.

If the crop is actually growing, this amount will be part of **cash investment, growing crops** (subtotal to line 5 of the balance sheet). However, until a crop is planted, the cost of the applied fertilizer is a prepaid expense. The Madison example shows no prepaid expenses. Cash expenses for planting 499 acres of winter wheat which was growing on the date of record are \$33,932 (an average cost of \$68 per acre).

For growing crops, the total cost of the cash investment is also used as the market value of growing crops.

Marketable Livestock are usually valued by weight (cwt or lb.), but are sometimes valued at so much per head. Livestock purchased for resale should be listed separately from raised livestock. Livestock are grouped according to weight and gender when this affects price per pound. Market value is estimated using local market quotations and estimated or actual weight of the animals. The market value for each animal is multiplied by the number of head in each group to arrive at the total market value for each listing. The sum of the determined market values is then transferred to the balance sheet.

The Madisons have made three entries for marketable livestock: one group of purchased steers, plus raised steers and raised heifers. On the first line, 167 head of steers valued at \$759.24 per head local market price = \$126,793 total value (rounded). The remaining lines are completed in the same manner. The total market value for all marketable livestock, \$134,348, is entered on line 5 of the balance sheet.

The market value of **raised crops and feed** is based on market price as of the date of the schedule. Included in this category are raised crops which are stored for sale at a later date and those which will be fed on the farm. The Madison's list 20 tons of prairie hay and 20 tons of alfalfa hay with a total market value of \$3,400 to be entered on line 6 of the balance sheet.

Purchased Feed should be reported at cost. This value will usually not be very different from current market value unless a large amount of feed has been purchased and held for an ex-

tended period of time. An exception would be if feed is purchased for resale. The Madisons have no purchased feed on the balance sheet date.

Supplies are generally difficult to inventory due to the number and variety of items. Fuel, oil, lubricants, veterinary medicines, baling twine, fencing materials, nails, and welding rods are but a few examples. Some effort should be given to list those items of significant value. Others may be included as miscellaneous and given a single estimated value. Supplies should be entered at cost which will usually be similar to current market value. The total, \$2,000, is entered on line 8 of the Madison's balance sheet.

Other Entries may include farm savings and non-farm current assets. Savings are generally regarded as a non-farm account and recorded on line 11 of the balance sheet. If the funds are intended for farm use only, savings are entered on line 9 of the Balance Sheet, "Other Current Assets."

Non-Current Assets

Non-current assets are durable items which have a useful life of more than one year, for example, breeding livestock, machinery, equipment, and real estate. For a market-based balance sheet, **Purchased Breeding Stock** are valued at the current market price. Current market price could be interpreted as a price which represents replacement breeding stock or slaughter price. Although some animals are culled and sold for slaughter from time to time, using slaughter price tends to understate the value of the animals. Using the price of purchasing a replacement of like quality is recommended when estimating market value. It is not necessary to value each animal separately; an average value for the entire herd or for groups based on age or other factors is adequate.

The initial cost should be recorded as the average cost per animal purchased multiplied by the number of those placed in the herd. Annual economic depreciation expense is calculated by subtracting the expected salvage value (price expected when culled from the herd) from the purchase price and dividing by the number of years that the animal is expected to be kept for breeding purposes. Only a part of this amount is recorded for the year of purchase unless the purchase was made very close to the asset schedule date. Accumulated depreciation keeps track of the total depreciation recorded to date and is subtracted from the original cost to arrive at a depreciation-adjusted cost basis, or book value.

In the Madison example, only herd bulls are purchased. Two bulls were purchased in 2006 for \$3,000. Two bulls were purchased in January 2010 for \$1,800 each. The Madisons expect to keep these two bulls for five years and estimate their salvage value to be \$1,200 each. Annual depreciation expense for the two bulls purchased in 2009 is \$240:

$$\frac{(3,600-2,400)}{5} = 240$$

On March 1, 2010, they recorded accumulated depreciation of \$40 for January through March ($\$240 \div 12$ months per year \times 2 months elapsed time = \$40). Subtracting accumulated depreciation from the total cost of \$3,600 leaves a book value of \$3,560 for both bulls.

Market value for **raised breeding stock** is determined in the same manner as for purchased breeding stock. Cost determination for raised breeding stock is more complicated. Full cost absorption involves extensive record keeping to calculate the cost of raising individual animals or groups of animals to production age. The costs are not expensed, but are depreciated over the useful life once the animal reaches production. A simpler, and therefore less expensive, method is base value. An estimate of the cost to raise

an animal to production is used. The costs are expensed and base value is not depreciated. The Farm Financial Standards Council recognizes both full cost absorption and base value as acceptable. A more complete discussion of valuation of raised breeding stock is given in OSU Extension Facts AGEC-323. The base value method was chosen for the Madison farm example. The Madisons estimate the cost of raising replacement heifers to weaning age, \$450; breeding age, \$550; and first calf age, \$650. These estimated costs are multiplied by the number of animals in each group and recorded in the columns for cost and book value. The base value is held constant year after year until the cost changes significantly.

Market value for **machinery and equipment** usually declines rapidly in the first few years that a new item is placed in service and more gradually in later years. However, machinery values may actually increase during times when farming is profitable and when the price for new machinery is increasing. Market value should be estimated for each major piece of machinery using local market conditions. The value entered should be the best estimate of what the machine would bring if it were sold on the date of the balance sheet.

Cost is recorded at the original purchase price, including any costs for freight and/or modification necessary to place the machine in service. To calculate annual depreciation expense, subtract the expected salvage value from cost and divide by the estimated number of years that the machine will be in use. Accumulated depreciation is found by multiplying the number of years and partial years that the machine has been used at the asset schedule date. The Non-current Asset Schedule lists the Madison's machinery.

The JD 9200 tractor was purchased in May 2007 for \$96,000. They expect to use it for 15 years and estimate the tractor's salvage value as \$24,000 at the end of that time period. Annual depreciation expense is $(\$96,000 - \$24,000) \div 15 = \$4,800$. Depreciation expense for May 2007 through December 2007 is $(\$4,800 \div 12 \times 8) = \$3,200$. This is the accumulated depreciation recorded on January 1, 2008. For the year 2010 statements in the example, an additional \$9,600 (two full years of depreciation) is added to the previously recorded \$3,200 for an accumulated depreciation of \$12,800. This amount is subtracted from the original cost to arrive at the book value of \$83,200.

The CIH 2366 combine was purchased in May 2001. Annual depreciation is $(\$105,450 - \$20,000) \div 12 = \$7,121$. Accumulated depreciation 2001 through 2009 is \$62,901. Book value is $\$105,450 - \$62,901 = \$42,549$.

Farm **vehicles** are valued exactly like machinery and equipment and are entered on line 17 of the balance sheet. Personal vehicles, however, which are not used primarily in operating the farm should be excluded. These vehicles would be entered on the balance sheet (line 27) as non-farm assets.

Capital leases are, in simple terms, "lease-purchase" agreements. Title to the item acquired by a capital lease is transferred to the lessee at some point or the major part of the value of the item is used up by the lessee over the term of the lease. Specific rules apply to determine if a capital lease exists. See OSU Extension Facts AGEC-935 for more detailed information about capital leases. Farm assets acquired by capital lease are usually machinery or vehicles and are entered in the schedules in the same manner, but separate from the machinery and vehicles listings. The FFSC recommends that book value be recorded in the balance sheet regardless of whether the remainder of the balance sheet is developed using a cost or market basis. For example, if the Madisons acquired a combine by capital lease in May 2010, the original cost is \$144,667, determined by discounting the payments to present value. Expected useful life is 10 years and estimated salvage value is \$25,000. Annual depreciation expense is $(\$144,667 - \$25,000) \div 10 = \$11,967$.

Depreciation expense charged in the purchase year is $\$11,967 \div 12 \times 7 = \$6,981$. Book value, $\$144,667 - \$6,981 = 137,686$, would be entered in the ending balance column on line 17 of the balance sheet.

The market value for **Real Estate (Land)** is determined by appraisal, usually made by the owner. This value should reflect the best estimate of what the land could be sold for at the balance sheet date. Cost is the original amount paid for the land plus any costs for terraces, water wells and ponds which are fixed to the land and which were not expensed. Land is assumed to maintain its productive capacity and is not depreciated. Therefore, land's book value is equal to its cost.

Buildings and Other Forms of Improvements are real property, but the value is depreciated. Market values for buildings, silos and other improvements are estimates of the price which would be received if the land were sold on the asset schedule date. Depreciation is calculated in the same manner as for machinery and other depreciable farm assets. The main difference is that the useful life is usually much longer.

Non-current **Non-Farm Assets** should be listed separately from farm assets so that accurate business financial statements can be prepared. The rules applied to farm assets also apply when determining market value, cost, depreciation, and book value of non-farm assets.

Economic Gains (Losses) on the Sale of Assets

Gains and losses on the sale of assets are generally determined by the amount that sale price exceeds the book value of the asset. Here, the focus is on economic gains and losses rather than taxable gains and losses. Hence, market value is compared to the book value rather than the tax basis.⁶

For marketable securities, the book value (cost basis) is equal to the original cost of the securities including brokerage fees, if any. Book value for purchased market livestock is the original purchase price. For the Madisons, the book value of purchased market livestock, \$83,500, was the total cost of the purchased steers. The costs of raising animals to a heavier weight are expensed and do not affect the cost basis.

The costs of raised marketable livestock (e.g. raised stockers) are also expensed so proceeds from their sale is operating income (rather than a gain or loss). Likewise, proceeds from sale of raised crops and feed are operational income since the costs of production are expensed during the period.

Gain/Loss from the Sale of Culled Breeding Stock sums gains and losses from sales of raised and purchased breeding animals culled. For raised breeding livestock, the gain/loss is calculated by subtracting the base value from the sale proceeds; for purchased breeding stock, subtract the cost basis from the sale proceeds to determine the gain or loss. A positive number indicates a gain on the sale; a negative number indicates a loss on the sale. Only the gain from the sale — not the gross revenue — is recorded; otherwise the revenue will be overstated. The Madisons plan to cull ten raised cows from the breeding herd. The cows are expected to net \$5,000, a loss of \$1,500 when compared to their base value (Madison Non-Current Assets Schedule). Thus, the gain/loss on culled breeding stock is negative \$1,500. If a material downsizing or complete liquidation of the herd occurs, the gain/

⁶ A common practice is to use tax depreciation rather than economic depreciation to determine the book value of assets. However, the IRS depreciation schedule may, or may not, approximate economic depreciation. Using the tax depreciation method is simpler because depreciation expense needs to be calculated only once. The tax depreciation method will not cause significant problems if farmers replace depreciable assets of a like-dollar amount each year; however, this is not the usual replacement schedule. Therefore, use of tax depreciation may seriously reduce the comparability of financial statements from year to year.

loss on sale should be recorded on the income statement (line 59) after Net Farm Income from Operations and before accrual adjusted Net Farm Income.

Gain/Loss on Sales of Farm Capital Assets (line 59) sums gains and losses from the sale of farm vehicles, machinery, equipment, buildings, etc. While not a routine operating item, sales of capital assets and marketable securities are used to determine the overall farm profit or loss for the accounting period. The difference between the value for which the item is sold and the adjusted cost or basis is the amount of depreciation that was over or under expensed in previous time periods. The Madison's plan to sell a combine and expect a \$42,451 gain.

James and Dolly Madison estimate a depreciation expense of \$37,055 for year 2010 using the straight-line method for all depreciable assets.

Values for Tax Purposes

When an asset is purchased, the tax basis is the original cost of a depreciable asset for which a business expense, depreciation, may be claimed for tax purposes. During the asset's useful life, tax basis is also used to describe the remaining cost which has not been claimed in prior periods. Costs of major repairs, such as an engine overhaul or a new roof on a building, are added to the remaining tax basis for depreciation rather than expensed in the year when the repair occurs.

Tax depreciation is a method of allocating the cost of an asset, a business expense, to each tax year during the life of the asset. The method and the life of the asset are specified by Congress and disclosed by the Internal Revenue Service. It is determined by subtracting the allowable depreciation specified in IRS publications from the purchase price.

Modified Accelerated Cost Recovery System (MACRS) is an accelerated tax depreciation method, in use at the time this fact sheet was written, to allocate the cost of an asset for tax purposes and encourage investment in durable goods. Machinery, for example, can be fully depreciated in seven years (actually 8 years because only one-half of annual depreciation is recognized in the year of purchase). Salvage value is set at zero.⁷ Therefore, any amount recovered upon disposal after the depreciation period is taxable as regular income. The amount received on the sale or trade-in is used to reduce the tax basis of an asset of the same kind which is purchased as a replacement. Thus the tax is deferred until the end of the useful life of the replacement asset. This also results in a smaller annual tax depreciation expense for the replacement asset. The deferral process can be continued indefinitely.

In the year 2010, James and Dolly will claim \$39,517 as depreciation expense on their income tax returns. If they had used tax depreciation rules to prepare the financial statements, Net Farm Income would have been reported as \$94,860 which is \$2,462 lower than actual Net Farm Income of \$97,322. Since the change in Retained Earnings for the year is directly related to Net Income, the use of tax depreciation rules would have caused an understatement in reported retained earnings. While not a large percentage basis in this year, the results can be dramatically different.

Summary

Valuation of durable goods at current market value, cost, book value, and tax basis are all useful in determining the overall

⁷ The use of the IRC § 179 expensing election allows the business to deduct a much larger amount or even its entire cost (if certain requirements are met) in the year that an asset is purchased. Therefore, the distortion in the after-tax net income will be even larger than if the asset had been depreciated using standard depreciation methods.

financial position of a farm business. Agricultural producers should understand the difference between depreciation expense which

is used for financial reporting and tax depreciation which is set by Congress for a different purpose.

Current Assets Schedule¹

Name: James & Dolly Madison

Date: March 2010

Description ²	Number	Unit ³	Market value per unit (\$) ⁴	Total market value (\$)	Cost per unit (\$)	Total Cost (\$) ⁵
Cash and Checking				3,421		
Accounts Receivable				900		
Cash Investment - growing crops ⁶						
<i>Wheat</i>	499	acres		33,932	68.00	33,932
Sub Total - Growing Crops				33,932		33,932
Marketable Livestock						
<i>Steers</i>	167	head	759.24	126,793	500	83,500
<i>Raised Steers</i>	34	head	137.50	4,675	—	
<i>Raised Heifers</i>	24	head	120.00	2,880	—	
Sub Total - Market Livestock				134,348		83,500
Stored Crops and Feed						
<i>Prairie Hay</i>	20	tons	60	1,200	—	
<i>Alfalfa Hay</i>	20	tons	110	2,200	—	
Sub Total - Stored Crops & Feed				3,400		
Purchased Feed						
Sub Total - Purchased Feed						
Supplies						
<i>Steel Posts</i>	75	posts	3.90	293		293
<i>Diesel Fuel</i>	300	gallons	2.50	750		750
<i>Oil</i>	20	gallons	4.60	92		92
<i>Miscellaneous</i>				865		865
Sub Total - Supplies				2,000		2,000
Total Current Farm Assets				\$178,001		119,432
Non-farm Assets						
<i>Savings</i>				28,394		
TOTAL CURRENT ASSETS				\$206,395		

¹ Include cash and checking accounts, marketable securities, accounts receivable, prepaid expenses, cash investment in growing crops, market livestock inventories, stored crops and feed, purchased feed, supplies, other current assets and non-farm assets including savings and other non-farm assets. Subtotals for each of these groups of assets transfer to the balance sheet.

² Include average weight on market livestock.

³ Shares, certificates, head, bushels, cwt, tons, bags, spools, cartons, doses, acres, etc.

⁴ May not differ from cost.

⁵ In most instances total cost will be equal to tax basis.

⁶ The total cost of the cash investment in growing crops is also used as the market value of growing crops.

Current Assets Schedule ¹

Name: _____ Date: _____

Description ²	Number	Unit ³	Market value per unit (\$) ⁴	Total market value (\$)	Cost per unit (\$)	Total Cost (\$) ⁵
Cash and Checking						
Marketable Securities						
Cash Investment - growing crops ⁶						
Sub Total - Growing Crops						
Marketable Livestock						
Sub Total - Market Livestock						
Stored Crops and Feed						
Sub Total - Stored Crops & Feed						
Purchased Feed						
Sub Total - Purchased Feed						
Supplies						
Sub Total - Supplies						
Total Current Farm Assets						
Non-farm Assets						
Savings						
TOTAL CURRENT ASSETS						

1 Include cash and checking accounts, marketable securities, accounts receivable, prepaid expenses, cash investment in growing crops, market livestock inventories, stored crops and feed, purchased feed, supplies, other current assets and non-farm assets including savings and other non-farm assets. Subtotals for each of these groups of assets transfer to the balance sheet.

2 Include average weight on market livestock.

3 Shares, certificates, head, bushels, cwt, tons, bags, spools, cartons, doses, acres, etc.

4 May not differ from cost.

5 In most instances total cost will be equal to tax basis.

6 The total cost of the cash investment in growing crops is also used as the market value of growing crops.

Madison Non-current

Date: March 1, 2010

Name: James & Dolly Madison

Description ²	Mo./yr. purchased	No. (A)	Market value per unit	Total market value ³	Cost per unit (B)	Total cost (A x B)	Years of useful life
Purchased Breeding Livestock							
<i>Bull-7 yr. old</i>	1/06	2	1,750	3,500	1,500	3,000	5
<i>Bull-4 yr. old</i>	1/10	2	1,950	3,900	1,800	3,600	5
Raised Breeding Livestock							
<i>Replacement heifers</i>	---	10	600	6,000	450	4,500	---
<i>Bred heifers</i>	---	10	900	9,000	550	5,500	---
<i>Cows</i>	---	80	1,000	80,000	650	52,000	---
Subtotals - Brdg Lvstk				102,400			
Farm Vehicles							
<i>IH 4900</i>	10/96	1	35,000	35,000	56,765	56,765	25
<i>GMC C-8500</i>	4/04	1	33,000	33,000	62,500	62,500	13
<i>Dodge Pickup</i>	12/08	1	18,000	18,000	23,800	23,800	5
Subtotals - Vehicles				86,000			
Machinery & Equipment							
<i>JD 5410</i>	7/03	1	24,000	24,000	38,500	38,500	15
<i>JD 9200</i>	5/07	1	90,000	90,000	96,000	96,000	15
<i>Krause 36' disk</i>	5/07	1	17,500	17,500	27,500	27,500	15
<i>CIH 2366 combine</i>	5/01	1	85,000	85,000	105,450	105,450	12
<i>Kent 30' springtooth</i>	7/03	1	5,000	5,000	9,250	9,250	20
<i>Sunflower 35' chisel</i>	3/04	1	15,000	15,000	23,850	23,850	16
<i>JD 9400 40' hoedrive</i>	4/08	1	28,000	28,000	31,750	31,750	12
<i>NH 688 baler</i>	1/04	1	17,000	17,000	29,650	29,650	12
<i>JD 4990 swather</i>	3/05	1	48,000	48,000	62,500	62,500	15
Subtotals - Mach & Equip				329,500			
Investment in Cooperatives							
<i>Klondike Farmers Coop</i>		1		18,000			
Subtotals - Co-op Investments				18,000			
Real Estate (Land)							
<i>NE 1/4 Sec 21</i>	6/86	160	1,186	189,750	350	56,000	
<i>NW 1/4 Sec 21</i>	8/86	160	1,330	212,800	519	83,000	
<i>E 1/2 Sec 16</i>	4/89	320	1,240	396,800	566	181,000	
<i>NW 1/4 Sec 15</i>	5/00	160	1,268	202,870	700	112,000	
<i>NW 1/4 Sec 36</i>	8/04	160	1,219	195,100	733	117,280	
Subtotals - Real Estate				1,197,320			
Buildings & Improvements							
<i>Hay barn</i>	9/00	1	7,000	7,000	15,000	15,000	30
<i>Farm shop</i>	7/05	1	15,000	15,000	19,760	19,760	40
<i>Machine shed</i>	5/07	1	25,000	25,000	29,800	29,800	40
Subtotals - Bldg & Imprv				47,000			
Total Non-Current Farm Assets				1,780,220			
Non-farm Assets							
<i>Cash Value of Life Insurance</i>				14,056			
<i>Investment in Other Entities</i>				15,000			
<i>Farm house</i>	6/02	1	65,000	65,000	78,000	78,000	40
Subtotals - Non-Current Non-Farm Assets				94,056			
TOTAL NON-CURRENT ASSETS				1,874,276			
TOTAL ASSETS				2,080,671			

- 1 Non-current assets include breeding livestock, machinery, equipment, vehicles, investments in capital leases, contracts and notes receivable, investments in be maintained separately.
- 2 Indicate whether new or used.
- 3 May also be used to record the sale price of assets sold.
- 4 For straight line depreciation, annual depreciation = (Total cost - Salvage value)/(Years of life). When the asset is first purchased, the amount of depreciation taken asset is purchased March 1, 10/12 of the year remains so the annual depreciation amount is multiplied by 10/12 to arrive at the depreciation amount for that year.
- 5 Cost minus accumulated depreciation. Base value for breeding livestock.
- 6 May also record death losses here.
- 7 Price received per unit minus book value per unit times number sold.
- 8 Depreciation schedules should be attached to your tax return and will list tax basis in depreciable assets.

Assets Schedule¹

Depreciation Method: Straight Line Double Declining Balance 150 Declining Balance
 Raised Breeding Livestock Valuation Method: Base Value, Group Approach Base Value, Individual Animal Approach
 Full Cost Absorption

Salvage value (Total)	Depreciation expense ⁴	Accumulated depreciation (Total)	Book value ⁵	Units sold ⁶	Date sold	Price Recv'd	Gain/loss on sale ⁷	Tax Basis ⁸
1,000	0	0	1,000	1	4/04	960	-40	42
1,900	100	125	2,275					1,428
---	---	---	1,710					---
---	---	---	3,040					---
---	---	---	28,500	8	3&10/04	3,510	-290	---
			33,250				-330	
3,500	440	8,067	6,433					0
4,500	577	2,788	9,212					1,000
5,000	2,865	478	18,848					16
			34,493					17,426
24,000	4,800	8,400	87,600					67,353
2,000	700	1,225	11,275					8,770
20,000	7,121	85,450	20,000	1	4/04	19,500	-500	0
1,000	190	1,631	3,169					0
3,500	424	2,085	8,200					3,150
6,000	1,500	8,750	15,250					0
5,000	685	3,484	9,741					4,051
2,000	473	1,854	7,246					3,907
			162,481				-500	87,231
			56,000					56,000
			59,200					59,200
			160,000					160,000
			116,000					116,000
			156,000					156,000
			547,200					547,200
0	500	8,708	6,292					4,200
5,000	369	2,491	17,269					12,262
5,000	620	2,893	26,907					21,001
			114,468					115,463
								0
20,000	386	5,731	22,769					14,466
30,000	1,200	14,000	64,000					78,000

cooperatives, land, buildings and improvements and other non-current assets. A schedule for raised breeding livestock as well as a non-farm asset inventory should

the first year is the annual depreciation amount multiplied by the proportion of the year remaining. For example, if the accounting year begins January 1 and the

Madison Non-current

Date: _____

Name: _____

Description ²	Mo./yr. purchased	No. (A)	Market value per unit	Total market value ³	Cost per unit (B)	Total cost (A x B)	Years of useful life
Purchased Breeding Livestock							
Raised Breeding Livestock							
Subtotals - Brdg Lvstk							
Farm Vehicles							
Subtotals - Vehicles							
Machinery & Equipment							
Subtotals - Mach & Equip							
Investment in Cooperatives							
Subtotals - Co-op Investments							
Real Estate (Land)							
Subtotals - Real Estate							
Buildings & Improvements							
Subtotals - Bldg & Imprv							
Total Non-Current Farm Assets							
Non-farm Assets							
Subtotals - Non-Current Non-Farm Assets							
TOTAL NON-CURRENT ASSETS							
TOTAL ASSETS							

1 Non-current assets include breeding livestock, machinery, equipment, vehicles, investments in capital leases, contracts and notes receivable, investments in be maintained separately.
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 3 May also be used to record the sale price of assets sold.
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			33,250				-330	
			34,493					17,426
			162,481				-500	87,231
			<u>56,000</u>					
			<u>59,200</u>					
			<u>160,000</u>					
			<u>116,000</u>					
			547,200					547,200
			114,468					115,463
								<i>0</i>
<i>20,000</i>	<i>386</i>	<i>5,731</i>	<i>22,769</i>					<i>14,466</i>

cooperatives, land, buildings and improvements and other non-current assets. A schedule for raised breeding livestock as well as a non-farm asset inventory should

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The Oklahoma Cooperative Extension Service

Bringing the University to You!

The Cooperative Extension Service is the largest, most successful informal educational organization in the world. It is a nationwide system funded and guided by a partnership of federal, state, and local governments that delivers information to help people help themselves through the land-grant university system.

Extension carries out programs in the broad categories of agriculture, natural resources and environment; family and consumer sciences; 4-H and other youth; and community resource development. Extension staff members live and work among the people they serve to help stimulate and educate Americans to plan ahead and cope with their problems.

Some characteristics of the Cooperative Extension system are:

- The federal, state, and local governments cooperatively share in its financial support and program direction.
- It is administered by the land-grant university as designated by the state legislature through an Extension director.
- Extension programs are nonpolitical, objective, and research-based information.
- It provides practical, problem-oriented education

for people of all ages. It is designated to take the knowledge of the university to those persons who do not or cannot participate in the formal classroom instruction of the university.

- It utilizes research from university, government, and other sources to help people make their own decisions.
- More than a million volunteers help multiply the impact of the Extension professional staff.
- It dispenses no funds to the public.
- It is not a regulatory agency, but it does inform people of regulations and of their options in meeting them.
- Local programs are developed and carried out in full recognition of national problems and goals.
- The Extension staff educates people through personal contacts, meetings, demonstrations, and the mass media.
- Extension has the built-in flexibility to adjust its programs and subject matter to meet new needs. Activities shift from year to year as citizen groups and Extension workers close to the problems advise changes.

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