

INSTRUCTIONS FOR RECORDING FARM, NON-FARM AND PERSONAL EXPENDITURES

1. At the start of each month, headings should be written in the blank columns needed on Forms 7 through 12. The same column headings should be used on each set of expenditures pages.
2. Enter the date, total cost, check number (if there is one), plus a description of each item in the appropriate columns.
3. If it is a farm expense, enter the total again in columns 32 through 64 on Forms 7, 8, 9, and 10 or if it is a non-farm or personal expenditure, enter in columns P13 to P29 on Form 12. Enter the amount in the appropriate column.
4. Loan payments on borrowed funds should be entered in the "Total Cost" column and recorded under the "Interest" and "Principal Paid on Borrowed Funds" columns. An entry should also be made on Forms 23 or 24.
5. The column "Med. Miles" should be used to record the number of miles driven for medical purposes or for charity.
6. If enterprise accounting is used, the "Distribution of Enterprise Expenditures" columns should be completed for each entry that can be allocated to a specific enterprise on Form 11.
7. At the end of the month or the end of the page, an accuracy check should be made by totaling columns 32 through 64 and P13 through P29. It should equal the total for the "Total Cost" column.
8. If all entries for the month are on one set of expenditures pages, transfer the totals to Form 27 or 28. If more than one set of Expenditures pages is used, carry the subtotals forward to the top of the next set of Expenditures pages.
9. Use one of the following two methods to record utility and other costs shared by the business and for personal use.
 - a. Enter the percentage used by the business in column 54 under the correct column and the percent age for personal use in column P24 or P25.

or
 - b. Each month enter the total in column 54 "Utilities", and at the end of the year subtract the necessary percentage for personal use.
10. If dealer credit is used to purchase an item such as a tractor, and repayment is over a period of time, the correct method of entering the transaction would be to list the total cost of the item on Form 7 through 10 and then record the amount owed as money borrowed on Forms 1 through 4.
11. When items such as machinery are purchased and another item is traded in, only the "boot paid" (not the list price) should be entered on Forms 7 and 10.
12. The value of capital items, such as machinery and purchased breeding animals, should also be recorded on depreciation Form 13 or 15 (Depreciation Schedules).
13. In general, expenses on Forms 7, 8, and 9 are 1040 Schedule F expenses; and expenses on Form 10 are capitalized.

	DATE	TOTAL COST		DESCRIPTION (who, what, etc.)	CHECK NO.	BREEDING FEES		CHEMICALS		CONSERVATION		FEED											
		\$	¢									Lbs.	\$ Amount	Lbs.	\$ Amount	Lbs.	\$ Amount	Lbs.	\$ Amount				
1.																					1.		
2.																					2.		
3.																					3.		
4.																					4.		
5.																					5.		
6.																					6.		
7.																					7.		
8.																					8.		
9.																					9.		
10.																					10.		
11.																					11.		
12.																					12.		
13.																					13.		
14.																					14.		
15.																					15.		
16.																					16.		
17.																					17.		
18.																					18.		
19.																					19.		
20.																					20.		
21.																					21.		
22.																					22.		
23.																					23.		
24.																					24.		
				Subtotals to next page or totals to Summary page																			
						32		33		34			35			36			37			38	

Cui Along Doiced Line

REPAIRS		SEEDS AND PLANTS	STORAGE	SUPPLIES	TAXES	UTILITIES FARM SHARE	VETERINARY AND MEDICINE	MISCELLANEOUS FARM EXPENDITURES		
Machine	Buildings and Fences									
										1.
										2.
										3.
										4.
										5.
										6.
										7.
										8.
										9.
										10.
										11.
										12.
										13.
										14.
										15.
										16.
										17.
										18.
										19.
										20.
										21.
										22.
										23.
										24.
48	49	50	51	52	53	54	55	56	57	

Cut Along Dotted Line

	NEW FARM INVESTMENTS																PRINCIPAL PAID ON BORROWED FUNDS	
	Non-Breeding Livestock						Breeding Livestock						Machinery, Equipment, & Fence		Land & Buildings			
	Head	Lbs.					Head	Lbs.										
1.																		
2.																		
3.																		
4.																		
5.																		
6.																		
7.																		
8.																		
9.																		
10.																		
11.																		
12.																		
13.																		
14.																		
15.																		
16.																		
17.																		
18.																		
19.																		
20.																		
21.																		
22.																		
23.																		
24.																		
			58		59				60		61		62		63		64	

Cut Along Dotted Line

	ELIGIBLE CHILD CARE		ITEMIZED DEDUCTIONS									CLOTHING	FOOD & HOUSEHOLD	AMORTIZED PAYMENTS	PERSONAL CAR & TRAVEL	NON-FARM UTILITIES			NON-FARM PRINCIPAL PAYMENTS	OTHER NON-FARM EXPENDITURES													
			Casualty & Theft Loss	Contributions	INTEREST		Taxes	Medical	Med. Miles																								
					Mortgage	Other																											
1.																																	1.
2.																																	2.
3.																																	3.
4.																																	4.
5.																																	5.
6.																																	6.
7.																																	7.
8.																																	8.
9.																																	9.
10.																																	10.
11.																																	11.
12.																																	12.
13.																																	13.
14.																																	14.
15.																																	15.
16.																																	16.
17.																																	17.
18.																																	18.
19.																																	19.
20.																																	20.
21.																																	21.
22.																																	22.
23.																																	23.
24.																																	24.
	P13		P14	</																													

INSTRUCTIONS FOR DEPRECIATION SCHEDULES, INVENTORY, AND REAL ESTATE INVESTMENTS

DEPRECIATION SCHEDULE: MACHINERY AND EQUIPMENT - FORMS 13 AND 14 DEPRECIATION SCHEDULE: LIVESTOCK FOR BREEDING - FORMS 15 AND 16

1. Depreciation is the decrease in value which occurs regardless of repair and maintenance. There are several methods of calculating depreciation. The "Farmers Tax Guide" is a good reference on depreciation for income tax reporting.
2. Purchased livestock required for work, breeding, or dairy purposes that is not kept in an inventory account may be depreciated.
3. You cannot depreciate raised breeding animals if the cost has been deducted in operating costs.
4. If you use property in part for business and in part for personal purposes, you can only depreciate the business portion.
5. If in an earlier year, you did not claim depreciation that you were entitled to deduct, you must still reduce your basis in the property by the amount of the depreciation that you did not deduct. You may not deduct the unclaimed depreciation in the current year or in any later tax year.

ANNUAL INVENTORY OF LIVESTOCK - FORM 17 INVENTORY OF FEED, CROPS, AND SUPPLIES - FORM 18

1. An inventory is necessary to calculate the business' earnings for a year. This information is also needed for accrual income tax reporting.
2. Inventory promptly the first day of the year. Take a head count of all animals. Write down the amount of grain, feed, seed, fertilizer, etc., on hand. The ending inventory of the preceding year is the same as the beginning inventory for the current year.

3. Consider the following methods of determining the value of inventoried assets.

a. Short-term assets

- 1) Crops - Enter on Form 18 (Inventory) the current market value less the cost of marketing.
- 2) Market Animals - Enter on Form 17 (Inventory) the current market value less the cost of marketing the animals.
- 3) Supplies - Enter on Form 18 the current value.

b. Intermediate assets Breeding Animals

- 1) Purchased - Enter on Form 17 the remaining book value from the depreciation schedule (Form 15 and/or 16).
- 2) Raised - To avoid yearly fluctuations, select a figure that depicts the long-term value. This value should remain the same for the life of the animal. Enter this information on Form 17 (Inventory).

REAL ESTATE INVESTMENT AND DEPRECIATION RECORD - FORM 19

1. Record the value of "Land" and "Depreciable Buildings/Improvements" on the appropriate line on Forms 19 and 20. One set of Forms 19 and 20 should be used for each tract of land.
2. In general, buildings and fences will be depreciated. Land is never depreciated. Your personal dwelling is a non-farm asset and is not depreciable. Terraces, earthen dams, and waterways are normally deducted as soil and water conservation expenses.

	DATE AC- QUIRED	ITEM DESCRIPTION (kind of machine, make, model, size)	NEW OR USED	COST INFORMATION			EXPENS- ING OR ADJUST- MENTS		DEPRECIATION INFO.				START Remain. Book Val. at Start of Year	END 20__		END 20__		
				Remaining Book Value of Trade-in	Cash Difference Paid	Total Cost Basis			Balance for Depr.	Years	Method	Depr. Taken in Prior Years		Depr. This Year	Remain. Book Value	Depr. This Year	Remain. Book Value	
1.																		1.
2.																		2.
3.																		3.
4.																		4.
5.																		5.
6.																		6.
7.																		7.
8.																		8.
9.																		9.
10.																		10.
11.																		11.
12.																		12.
13.																		13.
14.																		14.
15.																		15.
16.																		16.
17.																		17.
18.																		18.
19.																		19.
20.																		20.
21.																		21.
22.																		22.
23.																		23.
24.																		24.
25.																		25.
		Subtotals or Totals																
	1	2	3	4	5	6	7	8	9	10	11	12	13	14a	15a	14b	15b	