

## Revised

### AN ADJUSTED GROSS REVENUE (AGR) INSURANCE ANALYSIS FOR THE GIACOMO VEGETABLE FARM, ANYTOWN CUMBERLAND COUNTY, NEW JERSEY

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#### Farm Description:

- **Family**

The Giacomo family began farming in Cumberland County, New Jersey, 50 years ago. Tony took over the farm from his father in 1980. Marie, Tony's wife has always worked off the farm as a schoolteacher, but she also does the books for the farm.

- **Changes in the Farm Operation over Time**

The original farm, started by Vinnie, Tony's father, was 150 acres and produced peaches and apples. The farm was divided between Tony and his brother Angelo in 1980 when Vinnie died. Angelo eventually decided to go into another occupation and rents his 75 acres to Tony. Before he gave up on farming, Angelo stopped growing fruit trees. Because of frost damage and low prices, Tony eventually stopped growing fruit trees as well. He switched to blueberries and vegetables.

Labor is Tony's biggest cost. In the 6-week picking season for blueberries, he has 40 employees. After the peak, he has 15 to 20 employees. In the dead of winter, it is just Tony.

Tony recently started a small farm stand. Because of the high price of blueberries, and their promotion for health benefits, he is also considering growing nothing but blueberries. He is also thinking about selling products on-line (Internet marketing). Having a farm stand, switching to all blueberries, and selling on-line, are all alternatives, which he thinks may increase his profitability. He tried strawberries, peppers, and plum tomatoes for a while, but has dropped those because of the labor required, poor prices, and/or poor yields.

- **Insurance History**

Tony feels he has done all he can to mitigate his risks. All of his crops are irrigated, and he grows a diversity of crops. If prices or yields are low for one crop in any particular year, chances are, the other crops will do better. Weather risk can result in losses of more than 20%. His number one risk is hail, which happens on average about once every 3 years. His second biggest risk is drought, which occurs every 4 to 5 years. Even though he irrigates, in a severe drought, he cannot get enough water to the crops to

overcome the drought. Drought also usually brings excessively high temperatures, which stunt the crops and reduce yields. The third biggest risk is too much rain, which occurs every 4 to 5 years. There is nothing he can do to remove excess water, and crops are often lost. This year, he had to plow under the pumpkin and butternut squash crop because of excessive water that rotted the crops.

Tony carries only Catastrophic Risk Protection (CAT coverage). This year, he collected CAT insurance for his butternut squash. He feels he cannot afford buy-up coverage, even though he collected only \$239 per acre for his butternut squash. He is a good farmer, so he feels he will only have losses when the weather is so severe that the whole county has losses. However, weather is a big enough threat that he is very interested in considering Adjusted Gross Revenue (AGR) insurance.

- **Yield History**

Tony has adjusted his production depending on past markets and yields. The following are his production acreage of each crop and the yields for the last 5 years:

	1995		1996		1997		1998		1999	
	Acres	Yield	Acres	Yield	Acres	Yield	Acres	Yield	Acres	Yield
Acorn Squash									3	27 boxes
Tomatoes	5	1961 boxes	4	2733 boxes	4	2315 boxes	4	1690 boxes	5	1185 boxes
Peppers	3	731 boxes	3	542 boxes	3	610 boxes	0		0	
Cucumbers	15	509 boxes	16	650 boxes	14	445 boxes	14	630 boxes	16	320 boxes
Sweet Potatoes	13	130 boxes	11	375 boxes	10	334 boxes	10	385 boxes	14	248 boxes
Blueberries	14	320 flats	15	344 flats	15	331 flats	20	650 flats	22	636 flats
Sweet Corn	35	146 boxes	32	200 boxes	30	236 boxes	40	162 boxes	33	218 boxes
Zucchini Squash	3	465 boxes	8	393 boxes	5	366 boxes	5	0 boxes	5	690 boxes
Plum Tomatoes			1	330 boxes	1	300 boxes	1	300 boxes	1	0 boxes
Butternut Squash			3	350 boxes	5	0 boxes	5	300 boxes	5	146 boxes
Strawberries						1663 boxes	1	1100 boxes	1	825 boxes
Total	88		93		87		100		105	

- **Revenue History**

To be eligible for the Adjusted Gross Revenue (AGR) program or whole farm revenue insurance coverage, Tony must furnish a summary of his cropping history over the five most recent years, as well as copies of his Schedule F forms from his tax returns. Form 1040 Schedule F for the years 1995 through 1999 and a “commodity profile” for those years are all included in this document. Tony’s calendar year ends on December 31, and he has always operated his farm on a cash basis. Because he grows vegetables and fruits, at the end of year he has nothing in storage.

- **Planting Intentions for 2001**

For his own planning purposes, and because his lender requests it, Tony has developed his planning intentions for 2001. He intends to produce 7 crops as follows:

Commodity	Code	Acreage	Yield	Price	Expected Revenue	Production Years
Winter Squash	0065	16 acres	300 boxes	\$7/box	\$16,800	5
Tomatoes	0086	4 acres	1700 boxes	\$8/box	\$54,400	20
Cucumber	0603	16 acres	400 boxes	\$8/box	\$51,200	20
Sweet Potatoes	0085	11 acres	300 boxes	\$7/box	\$23,100	15
Blueberries	0012	24 acres	580 flats	\$8.5/flat	\$118,320	25
Sweet Corn	0044	35 acres	190 boxes	\$7/box	\$46,550	20
Zucchini Squash	0640	8 acres	550 boxes	\$5/box	\$22,000	15
Total		106 acres			\$332,370	

His total Expected Income for the 2001 insurance year is: \$332,370

### AGR Calculations:

To determine the income that will be covered by the AGR insurance plan it is necessary to take a simple average of the Allowable Income from Tony's last five years of Form 1040-Schedule F. If either of the two most recent years is greater than the average, a trend adjustment may be employed. The adjustment to the Average Allowable Income is accomplished as follows:

Beginning with the first year's Allowable Income, divide the Allowable Income in year two by the Allowable Income in year one. Move to year three and divide that Allowable Income by year two and so on through year five. Four values will be obtained, average these figures and multiply the result itself three times (fourth power). This value is known as the income trend factor to "Adjust" the Average Allowable Income for insurance purposes. Insurance levels will be based on the *lesser* of the computed AGR or the Expected Income for the farm plan.

Tony's most recent year revenues are: \$421,456 in 1995, \$392,653 in 1996, \$419,310 in 1997, \$417,962 in 1998 and \$383,864 in 1999. His Average Gross Revenue is:  $(\$421,456 + \$392,653 + \$419,310 + \$417,962 + \$383,864)/5 = \underline{\$407,049}$ .

Since Tony's Allowable Income of 1998 (\$417,962) is greater than his Average Allowable Income (\$407,049), he has to adjust the Average Allowable Income using an income trend factor. Beginning with the Allowable Income of 1995, he must divide the Allowable Income of 1996 by the Allowable Income of 1995. Then he must divide the Allowable Income of 1997 by the Allowable Income of 1996 and so on. Since he has five years of revenue data, he obtains four values ( $V_1, V_2, V_3$  and  $V_4$ ):

$$V_1 = \text{Ratio}_{(96/95)} = \$392,653/\$421,456 = 0.932$$

$$V_2 = \text{Ratio}_{(97/96)} = \$419,310/\$392,653 = 1.068$$

$$V_3 = \text{Ratio}_{(98/97)} = \$417,962/\$419,310 = 0.997$$

$$V_4 = \text{Ratio}_{(99/98)} = \$383,864/\$417,962 = 0.918.$$

Using these values, Tony computes the Revenue Trend Factor as follows:

$$\begin{aligned} \text{Factor} &= [(V_1 + V_2 + V_3 + V_4)/4]^4 = [(0.932 + 1.068 + 0.997 + 0.918)/4]^4 \\ &= (0.979)^4 = \underline{0.918} \end{aligned}$$

Since the index factor is less than 1.0, the indexing does not apply. The Approved AGR is the lesser of: 1) the average AGR (\$407,049) or the Indexed Average AGR, whichever is applicable, or 2) the total Expected Allowable Income (\$332,370). In Tony's case, the level of Approved Adjusted Gross Revenue is \$332,370.

- **Possible Coverage Elections**

Once the Approved AGR has been determined, it is then up to the grower to choose the level of coverage s/he desires. The options are as follows:

- (1) 65% coverage level with 75% payment rate (applies to any number of crops).
- (2) 75% coverage level with 75 or 90% payment rate (at least 2 crops required).
- (3) 80% coverage level with 75 or 90% payment rate (at least 4 crops required).

The 65% coverage level with a 75% payment rate is available to producers of agricultural commodities (it does not matter if one or a dozen crops are produced).

To be eligible for 75% coverage level with a 75% or 90% payment rate, the grower must produce at least two crops where expected revenue for the insurance year for each crop is equal to or greater than the amount determined by the diversification formula.

To be eligible for 80% coverage level with a 75% or 90% payment rate, the grower must produce at least four crops where expected revenue for the insurance year for each crop is equal to or greater than the amount determined by the diversification formula *{Diversification formula: (1/the number of commodities to be produced) x 0.33(the total Expected Revenue for the insurance year)}*.

Loss payments are triggered when the AGR for the insured year is less than the loss inception point *{the loss inception point is calculated by multiplying the Approved AGR by the chosen percent coverage level (0.65, 0.75, 0.80)}*. Once the loss is triggered, the payment rate is 75% or 90% of the Revenue shortfall. The AGR protection is calculated by multiplying the Approved AGR times the percent coverage level and payment rate selected by the grower.

- **Multi-Crop AGR Protection and Loss Payments**

Tony plans to produce 7 crops and meets the diversification requirements since the Expected Income for each of at least 4 crops is greater than the amount determined the Diversification formula  $\{1/7 \times 0.333 \times \$332,370 = \$15,811.31\}$ . Thus he qualifies for the 65%, 75% and 80% coverage rate at either the 75% or the 90% payment rate.

### **Insurance Scenarios**

The following are his alternative coverage and payment rates and the corresponding protection levels and loss inception points.

Elected coverage	Coverage level	Payment rate	Approved AGR	Loss inception point	AGR protection
65/75	65%	75%	\$332,370	\$216,040	\$162,030
75/75	75%	75%	\$332,370	\$249,277	\$186,958
75/90	75%	90%	\$332,370	\$249,277	\$224,350
80/75	80%	75%	\$332,370	\$265,896	\$199,422
80/90	80%	90%	\$332,370	\$265,896.	\$239,306

Tony's loss payments will be triggered when his AGR for the insured year is less than his loss inception point. For example, if Tony is elected for the 80/90 coverage, his loss would trigger when the revenue for 2001 is less than his loss inception point (\$265,896).

### **Revenue Loss Scenarios**

Expected Revenue for 2001: \$332,370

#### **Case: 65/75**

Revenue loss	Loss inception point	Actual revenue	Revenue deficiency	Payment rate	Paid revenue deficiency
20%	\$216,040	\$265,896	\$0	0.75	\$0
40%	\$216,040	\$199,422	\$16,618	0.75	\$12,463
60%	\$216,040	\$106,358	\$109,682	0.75	\$82,261
80%	\$216,040	\$53,179	\$162,861	0.75	\$122,146
100%	\$216,040	\$0	\$216,146	0.75	\$162,030

#### **Case: 75/75**

Revenue loss	Loss inception point	Actual revenue	Revenue deficiency	Payment rate	Paid revenue deficiency
20%	\$249,277	\$265,896	\$0	0.75	\$0
40%	\$249,277	\$199,422	\$49,855	0.75	\$37,391
60%	\$249,277	\$106,358	\$142,919	0.75	\$107,189
80%	\$249,277	\$53,179	\$196,098	0.75	\$147,073
100%	\$249,277	\$0	\$249,277	0.75	\$186,958

**Case: 75/90**

Revenue loss	Loss inception point	Actual revenue	Revenue deficiency	Payment rate	Paid revenue deficiency
20%	\$249,277	\$265,896	\$0	0.90	\$0
40%	\$249,277	\$199,422	\$49,855	0.90	\$44,869
60%	\$249,277	\$106,358	\$142,919	0.90	\$128,627
80%	\$249,277	\$53,179	\$196,098	0.90	\$176,488
100%	\$249,277	\$0	\$249,277	0.90	\$224,350

**Case: 80/75**

Revenue loss	Loss inception point	Actual revenue	Revenue deficiency	Payment rate	Paid revenue deficiency
20%	\$265,896	\$265,896	\$0	0.75	\$0
40%	\$265,896	\$199,422	\$66,474	0.75	\$49,855
60%	\$265,896	\$106,358	\$159,538	0.75	\$119,653
80%	\$265,896	\$53,179	\$212,717	0.75	\$159,538
100%	\$265,896	\$0	\$265,896	0.75	\$199,422

**Case: 80/90**

Revenue loss	Loss inception point	Actual revenue	Revenue deficiency	Payment rate	Paid revenue deficiency
20%	\$265,896	\$265,896	\$0	0.90	\$0
40%	\$265,896	\$199,422	\$66,474	0.90	\$59,826
60%	\$265,896	\$106,358	\$159,538	0.90	\$143,584
80%	\$265,896	\$53,179	\$212,717	0.90	\$191,445
100%	\$265,896	\$0	\$265,896	0.90	\$239,306

**Tony's Alternative Premiums**

Elected coverage	Coverage level	Premium (75% Payment rate)	Premium (90% payment rate)
65/75	65%	\$963	-
75/75 or 75/90	75%	\$1,893	\$2,271
80/75 or 80/90	80%	\$2,955	\$3,546

- **Single-Crop AGR Protection and Loss Payments**

Instead of producing 7 crops, Tony is considering specializing in blueberry production. If he had already made this change, and for 2001 he were to grow only blueberries, his projections of yield and revenue are:

Commodity	Code	Acreage	Yield	Price	Expected Revenue	Production Years
Blueberries	0012	106 acres	580 flats	\$8.5/flat	\$522,580	25

His total Single-Crop Expected Revenue for the insurance year is: \$522,580. Thus, his Approved AGR is the lesser of the average AGR (\$407,049) or the Indexed AGR (not applicable in this case) or the Total Expected Income for the farm plan (\$522,580). In this case, the Approved AGR for Tony is \$407,049.

**Insurance Scenarios**

The following are his coverage and payment rates and the corresponding protection level and loss inception point.

Elected coverage	Coverage level	Payment rate	Approved AGR	Loss inception point	AGR protection
65/75	65%	75%	\$407,049	\$264,582	\$198,436

Tony qualifies for the 65% coverage rate at the 75% payment rate. Since, his Approved AGR is \$407,049, his loss inception point is:  $\$407,049 * 0.65 = \$264,582$ . His AGR protection is:  $\$407,049 * 0.65 * 0.75 = \underline{\$198,436}$ .

**Revenue Loss Scenarios**

Expected Revenue for 2001: \$522,580

Tony's loss payments will be triggered when his AGR for the insured year is less than his loss inception point (\$264,582).

**Case: 65/75**

Revenue loss	Loss inception point	Actual revenue	Revenue deficiency	Payment rate	Paid Revenue deficiency
20%	\$264,582	\$418,064	\$0	0.75	\$0
40%	\$264,582	\$313,548	\$0	0.75	\$0
60%	\$264,582	\$209,032	\$55,550	0.75	\$41,625
80%	\$264,582	\$104,516	\$160,066	0.75	\$120,049
100%	\$264,582	\$0	\$264,582	0.75	\$198,436

In this case, loss payments would trigger when the revenue for 2001 is less than \$264,582. For example, if Tony had actual revenue of \$209,032 or 40% of expectation,

the payment rate is equal to the revenue deficiency that will be paid by the insurance provider:  $(\$264,582 - \$209,032) * 0.75 = \underline{\$41,625}$ .

**Tony's Premium**

Elected coverage	Coverage level	Premium (75% payment rate)
65/75	65%	\$3,173

Table 1. Giacomo Vegetable Farm Five-Year Allowable Income and Allowable Expenses History

	<i>Schedule F</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>	<i>1999</i>
<b>Allowable Income</b>						
Sales of animals and other ag commodities bought for resale less the cost or other basis	line 3					
Sales of animals, produce, and other ag commodities raised	line 4 (Adjusted) <sup>1</sup>	398,470	386,651	396,051	416,205	377,427
Taxable amount of total cooperative distributions	line 5b	0	0	0	0	0
Commodity Credit Corporation (CCC) loans	line 7a	0	0	0	0	0
Taxable amount of CCC loans forfeited	line 7c	0	0	0	0	0
Other income - exclude gas/fuel tax credits	line 10	22,986	6,002	23,259	1,757	6,437
<b>Total Allowable Income</b>		<b>421,456</b>	<b>392,653</b>	<b>419,310</b>	<b>417,962</b>	<b>383,864</b>
<b>Allowable Expenses</b>						
The cost of items bought for resale	line 2	0	0	0	0	0
Car and truck expenses	line 12	0	0	0	0	0
Chemicals	line 13	0	0	0	0	0
Conservation	line 14	0	0	0	0	0
Custom hire (machine work)	line 15	0	0	0	0	0
Depreciation	line 16 (Adjusted) <sup>2</sup>	0	0	0	0	0
Employee benefit	line 17	0	0	0	0	0
Feed purchased	line 18	0	0	0	0	0
Fertilizer and lime	line 19	0	0	0	0	0
Freight and trucking	line 20	0	0	0	0	0
Gasoline, fuel and oil	line 21	0	0	0	0	0
Insurance (other than health)	line 22	0	0	0	0	0
Interest	line 23	0	0	0	0	0
Labor hired (less employment credits)	line 24 (Adjusted) <sup>3</sup>	87,140	89,537	88,550	112,025	115,552
Pension and profit share	line 25	0	0	0	0	0
Rent or lease	line 26	0	0	0	0	0
Repair and maintenance	line 27	15,164	23,927	12,793	16,710	14,530
Seeds and plants purchased	line 28	0	0	0	0	0
Storage and warehousing	line 29	0	0	0	0	0
Supplies purchased	line 30 (Adjusted) <sup>4</sup>	30,134	9,318	23,187	16,627	18,253
Taxes	line 31	0	0	0	0	0
Utilities	line 32	0	0	0	0	0
Veterinary, breeding, and medicine	line 33	0	0	0	0	0
Other farm expenses	line 34					
Advertising		0	0	0	0	0
Bad debt		0	0	0	0	0
Meetings, conventions, etc.		0	0	0	0	0
Office supplies		0	0	0	0	0
Professional fees		0	0	0	0	0
Dues and subscriptions		0	0	0	0	0
Other expenses		200,000	200,000	200,000	160,000	160,000
Total expense – add lines 12 through 34	line 35	332,438	322,782	324,530	305,362	308,335
Net profit (loss) – line 11 minus 35	line 36	89,018	69,871	94,780	112,600	75,529

<sup>1</sup> Gross income adjusted for added value received for post-production operations such as processing, packing, packaging, etc.

<sup>2</sup> Include only the amount of depreciation allowed for animals.

<sup>3</sup> Exclude share holder wages if reported on this line.

<sup>4</sup> Exclude those used in post-production value added operations such as processing, packing, packaging, etc.

## Schedule F Profit or Loss From Farming 1995

**Name of Proprietor** *Giacomo Farm* SSN XXXXXXX

**A. Principal product** *Vegetables*

**Accounting method** *Cash*

### Part 1 Farm income-Cash Method

1. Sales of livestock or other items you bought for resales	0
2. Cost or other basis of livestock and other items reported on line 1	0
3. Subtract line 2 from line 1	0
4. Sales of lvstk, produce, grains and other products you raised	402,732
5. Total cooperative distributions	0
6. Agricultural program payments	0
7. CCC loans	0
a. CCC loans reported under election	0
b. CCC loans forfeited	0
8. Crop insurance proceeds and certain disaster payments	0
a. Amount received in 1995	0
c. If election to defer to 1996 is attached enter amt. deferred	0
9. Custom hire (machine work) income	0
10. Other income inc. Fed. And State gasoline or fuel tax credit or refund	22,986
11. Gross Income	425,718

### Part 2 Farm Expenses

12. Car and truck expenses			
13. Chemicals	0	25. Pension and profit-sharing plans	0
14. Conservation expenses	0	26. Rent or lease	1,942
15. Custom hire (machine work)	0	a. Vehicles	
16. Depreciation	11,849	b. Other (land)	
17. Employee benefit programs	0	27. Repairs and maintenance	15,164
18. Feed purchased	0	28. Seeds and plants purchased	0
19. Fertilizer and lime	0	29. Storage and warehousing	0
20. Freight and Trucking	0	30. Supplies purchased	30,396
21. Gasoline, fuel, and oil	0	31. Taxes	15,640
22. Insurance (other than health)	0	32. Utilities	0
23. Interest:	11,455	33. Veterinary, breeding, medicine	0
a. Mortgage (pd. To banks, etc.)		34. Other Expenses (specify)	
b. Other		a. Advertising	514
24. Labor hired	87,140	b. Other expenses	200,000
<b>35. Total Expenses</b>			<b>378,100</b>
<b>36. Net Farm Profit or (loss)</b>			<b>47,618</b>



**Schedule F****Profit or Loss From Farming****1997**

**Name of Proprietor** *Giacomo Farm* **SSN** XXXXXXXX

**A. Principal product** *Vegetables*

**Accounting method** *Cash*

**Part 1 Farm income-Cash Method**

1. Sales of livestock or other items you bought for resales	
2. Cost or other basis of livestock and other items reported on line 1	0
3. Subtract line 2 from line 1	0
4. Sales of livestock, produce, grains and other products you raised	402,651
5. Total cooperative distributions	0
6. Agricultural program payments	0
7. CCC loans	0
a. CCC loans reported under election	0
b. CCC loans forfeited	0
8. Crop insurance proceeds and certain disaster payments	
a. Amount received in 1995	0
c. If election to defer to 1996 is attached enter amt. deferred	0
9. Custom hire (machine work) income	0
10. Other income inc. Fed. And State gasoline or fuel tax credit or refund	23,259
11. Gross Income	425,910

**Part 2 Farm Expenses**

12. Car and truck expenses		25. Pension and profit-sharing plans	0
13. Chemicals	0	26. Rent or lease	4,838
14. Conservation expenses	0	a. Vehicles	
15. Custom hire (machine work)	0	b. Other (land)	
16. Depreciation	17,319	27. Repairs and maintenance	12,793
17. Employee benefit programs	0	28. Seeds and plants purchased	0
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	0	30. Supplies purchased	29,787
20. Freight and Trucking	0	31. Taxes	17,557
21. Gasoline, fuel, and oil	0	32. Utilities	0
22. Insurance (other than health)	0	33. Veterinary, breeding, medicine	0
23. Interest:	12,784	34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)		a. Advertising	99
b. Other		b. Other expenses	200,000
24. Labor hired	88,550		
<b>35. Total Expenses</b>			383,727
<b>36. Net Farm Profit or (loss)</b>			42,183

**Schedule F****Profit or Loss From Farming****1998**

**Name of Proprietor** *Giacomo Farm* **SSN** XXXXXXXX

**A. Principal product** *Vegetables*

**Accounting method** *Cash*

**Part 1 Farm income-Cash Method**

1. Sales of livestock or other items you bought for resales	
2. Cost or other basis of livestock and other items reported on line 1	0
3. Subtract line 2 from line 1	0
4. Sales of livestock, produce, grains and other products you raised	421,422
5. Total cooperative distributions	0
6. Agricultural program payments	0
7. CCC loans	0
a. CCC loans reported under election	0
b. CCC loans forfeited	0
8. Crop insurance proceeds and certain disaster payments	
a. Amount received in 1995	0
c. If election to defer to 1996 is attached enter amt. deferred	0
9. Custom hire (machine work) income	0
10. Other income inc. Fed. And State gasoline or fuel tax credit or refund	1,757
11. Gross Income	423,179

**Part 2 Farm Expenses**

12. Car and truck expenses		25. Pension and profit-sharing plans	0
13. Chemicals	0	26. Rent or lease	7,365
14. Conservation expenses	0	a. Vehicles	
15. Custom hire (machine work)	0	b. Other (land)	
16. Depreciation	17,534	27. Repairs and maintenance	16,710
17. Employee benefit programs	0	28. Seeds and plants purchased	0
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	0	30. Supplies purchased	21,844
20. Freight and Trucking	0	31. Taxes	18,302
21. Gasoline, fuel, and oil	0	32. Utilities	0
22. Insurance (other than health)		33. Veterinary, breeding, medicine	0
23. Interest:	10,425	34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)		a. Advertising	115
b. Other		b. Other expenses	160,000
24. Labor hired	112,025		
<b>35. Total Expenses</b>			364,320
<b>36. Net Farm Profit or (loss)</b>			58,859

**Schedule F****Profit or Loss From Farming****1999**

**Name of Proprietor** *Giacomo Farm* **SSN** XXXXXXXX

**A. Principal product** *Vegetables*

**Accounting method** *Cash*

**Part 1 Farm income-Cash Method**

1. Sales of livestock or other items you bought for resales	
2. Cost or other basis of livestock and other items reported on line 1	0
3. Subtract line 2 from line 1	0
4. Sales of livestock, produce, grains and other products you raised	381,722
5. Total cooperative distributions	0
6. Agricultural program payments	0
7. CCC loans	0
a. CCC loans reported under election	0
b. CCC loans forfeited	0
8. Crop insurance proceeds and certain disaster payments	
a. Amount received in 1995	0
c. If election to defer to 1996 is attached enter amt. deferred	0
9. Custom hire (machine work) income	0
10. Other income inc. Fed. And State gasoline or fuel tax credit or refund	6,437
11. Gross Income	388,159

**Part 2 Farm Expenses**

12. Car and truck expenses		25. Pension and profit-sharing plans	0
13. Chemicals	0	26. Rent or lease	3,459
14. Conservation expenses	0	a. Vehicles	
15. Custom hire (machine work)	0	b. Other (land)	
16. Depreciation	13,746	27. Repairs and maintenance	14,530
17. Employee benefit programs	0	28. Seeds and plants purchased	0
18. Feed purchased	0	29. Storage and warehousing	22,548
19. Fertilizer and lime	0	30. Supplies purchased	21,460
20. Freight and Trucking	0	31. Taxes	0
21. Gasoline, fuel, and oil	0	32. Utilities	0
22. Insurance (other than health)		33. Veterinary, breeding, medicine	0
23. Interest:	5,721	34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)		a. Advertising	70
b. Other		b. Other expenses	160,000
24. Labor hired	115,552		
<b>35. Total Expenses</b>			357,086
<b>36. Net Farm Profit or (loss)</b>			31,073