

Adjusted Gross Revenue Insurance: New England Case Study 1

River Road Farm

Diversified, Direct Marketing Operation

Farm Description

- *History*

River Road Farm has been in the family for three generations. In the 1940s, grandfather started farming with 30 dairy cows and approximately 50 acres of tillable land and 35 acres of pasture. As father became more involved with the business in the mid 1950s, the operation diversified adding a few thousand laying hens and several acres of sweet corn and pumpkins for local sales. With grandfather's retirement, father became sole proprietor in 1972. Within a few years, the barns and milking facilities were renovated and dairy cow numbers doubled. Adequate nearby fields were rented to provide for the additional forage needs. With the increase in cows, laying hens were abandoned, but sweet corn and pumpkin production was maintained at about the same level. Upon completing college, son entered the business as a partner with father. Son's interest was in high value crops. At about the same time, the dairy diversion program was underway, followed by the dairy buy-out. As a consequence, the dairy enterprise was replaced by expanded vegetable, small fruit and bedding plant production.

- *Past Ten Years*

At the start of the 90's, father and son were operating a farm partnership with 50 acres in vegetable crops, more than half of which was in sweet corn and pumpkins, and an additional 5 acres in small fruit, primarily strawberries. Because of development pressures, land formerly rented was no longer available. Facility improvements and additions included a barn converted to a farm stand for retail sales and a 30 x 96 plastic covered greenhouses, used to start seedlings and produce bedding plants for sale. About half of total sales were generated at the farm via the retail stand and PYO. The other half of receipts was from sales to other farm stands and local stores.

During the last 10 years, the farm has continued to diversify production while placing greater emphasis on retail sales. About 70 to 75 percent of sales are generated at the farm stand, which is open from the first of May through the end of October, and via PYO strawberries in June. Another 20 to 25 percent of sales occur at a nearby farmer's market, with the remaining 5 to 10 percent from products sold to other farm stands. On the production side, sweet corn and pumpkin acres have been decreased and a variety of minor vegetable crops (under a few acres) are regularly planted. With the construction of two new greenhouses, bedding plant sales have risen, and hanging baskets and flower production have been added to the enterprise mix. In addition, products purchased for resale, such as apples, specialty foods (cider, jams, maple syrup) and complementary garden supplies (compost, fertilizer), have increased to nearly 10 percent of gross sales in recent years.

Most of the field equipment used by River Road Farm would be considered small scale. Plastic row covers are used to force early production as well as extend the growing season further into the fall. Crops are irrigated as needed, some via drip systems others with a water

gun. Several crops are planted at different time intervals to insure sales throughout the season. In any given year, a small amount of acreage may be double cropped while other pieces remain in a grass-clover mix until the following season.

- ***Insurance History***

In 1999, River Road Farm purchased Adjusted Gross Revenue insurance under the existing pilot program. Yields of several major vegetable crops were down by 30 to 40% due to delayed planting and poor pollination caused by excessive moisture; however, production losses were more than offset by revenue gains in retail sales and sales of greenhouse plants. In fact, gross farm revenue increased slightly in 2000

River Road Farm intends to purchase AGR insurance again this year, although the economics based on recent farm experience suggest otherwise. Why? First, weather influences not only production, but also spring sales of bedding plants, PYO sales of strawberries and sales of all products in the farmer's market. Second, uncertainty about the local economy and the potential of a downturn to negatively impact retail sales gains made in the past few years. Third, anticipated subsidy levels to be provided growers under the AGR insurance program.

Application

- ***Eligibility***

River Road Farm meets all of the eligibility tests to participate. All New England counties are included in the pilot area. The business has been operated as a father-son farm partnership for 10 years. Less than 10 percent of gross sales are from resale items, and no income is received from animals or animal products.

- ***Revenue History***

River Road Farm has furnished a summary of its cropping history, as well as copies of the partnership's 1040 Schedule F forms, for 1995 through 1999. The cropping history is reported on Form 823, Agricultural Commodity Profile (see Attachments). The partnership reports to IRS on a cash basis with an accounting period coinciding with the calendar year. The costs of products purchased for resale are subtracted from the gross sales amount. Retail packaging, containers and supplies, are listed separately under "other expenses." Virtually no product inventory is carried from one year to the next, nor does the farm have any significant accounts receivable balances remaining at the end of any year.

From the Schedule F forms, it is evident that revenue has increased each year from 1995 to 1999. The annual increase in gross revenue has ranged from 8 to 27 percent. The increase has come as a result of greater emphasis on retail sales and the expansion of greenhouse production.

- ***Planting Intentions***

Enterprise selection and planting intentions of River Road Farm for the upcoming year will be similar to the past few years. Anticipated crop yields and prices and total expected income are shown on Form 821 (see Attachments).

- ***AGR Calculations***

The average allowable income from River Road Farm's 1995 to 1999 Schedule F forms needs to be calculated in order to determine the revenue that will be covered under the AGR insurance plan. This calculation equals \$305,780 as shown on Form 821. Since the partnership's 1998 and 1999 allowable incomes exceed the five-year average, the average AGR for insurance purposes is adjusted upward by an income trend factor.

Estimating the income trend factor requires several calculations. First, each year's allowable income is divided by the preceding year's value resulting in four index factors. Any annual index factor is not allowed to exceed 1.20 and must be adjusted downward if it is higher. Second, the four annual index factors are averaged. Third, the average index factor is raised to the fourth power. River Road Farm's income trend factor is estimated as follows:

1. 1996 allowable income / 1995 allowable income = 1.083
1997 allowable income / 1996 allowable income = 1.151
1998 allowable income / 1997 allowable income = 1.267, cap at 1.200
1999 allowable income / 1998 allowable income = 1.109
2. Average index factor = $(1.083 + 1.151 + 1.200 + 1.109) / 4 = 1.136$
3. Income trend factor = $(1.136)^4 = 1.665$

Using this income trend factor, the farm's preliminary AGR is increased to \$509,124, more than \$200,000 higher than the five-year average. Insurance level will be based on this revenue amount since it is lower than the farm's total expected income calculated under planting intentions.

- ***Possible Coverage Elections***

The farm partnership will choose the level of AGR coverage and payment rate desired. The choices available follow:

- 65% coverage level with a 75% or 90% payment rate
- 75% coverage level with a 75% or 90% payment rate
- 80% coverage level with a 75% or 90% payment rate

River Road Farm qualifies for the 75% and 80% coverage levels because it meets the commodity diversification requirements. Diversification requirements are based on the number of commodities produced and their contributions to gross income. The dollar amount of contribution is farm specific and determined by multiplying expected allowable income for the insurance year by 1 over the total number of commodities times 0.33. For 75% coverage, two commodities produced by River Road Farm must contribute at least \$10,501 to gross income in 2001. For 80% coverage, four commodities must contribute \$10,501 to gross income.

AGR losses begin when the adjusted gross income for the insured year is less than the product of the selected coverage level and the approved AGR. At the 75% level, River Road Farm's adjusted gross income for 2001 must fall below \$381,843 ($\$509,124 \times .75$) to trigger payment; at the 80% level, income must fall below \$407,299. The payment to the producer is the revenue shortfall times the payment rate selected.

- ***Premium and Closing Date***

The AGR pilot program is available in every county throughout New England. As an incentive to purchase the AGR insurance, RMA offers a substantial subsidy towards the premium cost.

The sales closing date is January 31, 2001 for the 2001 insurance year.

Risks and Income Scenarios

- ***Production Risks***

In the past, dry years would result in a 20 to 35% loss in production of some crops such as sweet corn, squash and pumpkins. Expansion of irrigation to cover all crops has reduced this risk significantly.

Excessive moisture and cold weather can lead to delayed planting, poor germination, poor pollination and increased disease problems in sweet corn, tomatoes, peppers, squash, and pumpkins. In 2000, rain and cool weather throughout the growing season resulted in a 40% drop in saleable yields of individual crops. The hardest hit crops were sweet corn, pumpkins, squash and beans.

Bedding plant and greenhouse production risks arise from facility failure and “inattentive” management. If no emergency backup system is in place, a loss of heat or utilities early in the season can lead to a major loss of the crop. With a relatively short growing season, unnoticed or unchecked problems with pathogens, insects or fertility readily result in a 25 to 50% loss in marketable crop.

- ***Marketing Risks***

Price risk for River Road Farm is essentially nonexistent. Farmers selling directly to consumers often keep retail prices for crops within an acceptable range and gradually increase prices over time. Prices received for products sold to other farm stands are a proportion of the retail price.

The bigger market risk is related to weather conditions. Wet and cold weather in May will reduce bedding plant sales by as much as 25%. PYO strawberry sales in June rely on good weather for optimum returns. Farmer market sales are also influenced by weather.

The ornamental industry relies on good, general economic conditions to maintain sales. Also, introduction of new plants is essential for attracting customers and increasing revenue.

- ***Income Scenarios and Insurance Payments***

River Road Farm is likely to sign up for the 75% or 80% coverage level. The partners would like to review the insurance payments made under various revenue shortfalls in 2001. If allowable expenses do not fall below 70% of the approved expenses, various scenarios are shown on the top of the next page.

2001 Revenue	Revenue Loss (%)	80% Coverage		75% Coverage	
		75% Payout	90% Payout	75% Payout	90% Payout
\$ 407,299	\$101,825 (20%)	\$ 0	\$ 0	\$ 0	\$ 0
356,387	152,737 (30%)	38,184	45,821	19,092	22,911
305,474	203,650 (40%)	76,369	91,642	57,276	68,732
254,562	254,562 (50%)	114,553	137,463	95,461	114,553

If the farm's allowable expenses for the 2001 fall below 70% of approved expenses (average annual expense increased by the income index factor), then the approved AGR will be reduced and insurance payments will be less. River Road Farm's allowable expenses for 2001 equal \$328,738. If allowable expenses decrease by 35% to \$ 213,680, then approved AGR is reduced to \$ 483,668. Expected payments follow:

2001 Revenue	Revenue Loss (%)	80% Coverage		75% Coverage	
		75% Payout	90% Payout	75% Payout	90% Payout
\$ 407,299	\$101,825 (20%)	\$ 0	\$ 0	\$ 0	\$ 0
356,387	152,737 (30%)	22,911	27,493	4,773	5,728
305,474	203,650 (40%)	61,095	73,314	42,957	51,549
254,562	254,562 (50%)	99,279	119,135	81,142	97,370

Attachments:

River Road Farm's Five Year Cropping History

CROP OR COMMODITY		TAX YEAR 1995				TAX YEAR 1996				TAX YEAR 1997				TAX YEAR 1998				TAX YEAR 1999			
		Acre or ft ²	Market	%	Irr. Prac.	Acre or ft ²	Market	%	Irr. Prac.	Acre or ft ²	Market	%	Irr. Prac.	Acre or ft ²	Market	%	Irr. Prac.	Acre or ft ²	Market	%	Irr. Prac.
RIVER ROAD FARM																					
Sweet corn		15	W/R ¹	25/75	N	16	W/R	25/75	N	14	W/R ¹	25/75	N	13	W/R ¹	20/80	I	12.5	W/R ¹	10/90	I
Pumpkins		10	W/R	25/75	N	8	W/R	25/75	N	8	W/R	25/75	N	6	W/R	20/80	I	6	W/R	10/90	I
Summer squash		5	W/R	25/75	N	5	W/R	25/75	N	4	W/R	25/75	I	4	W/R	20/80	I	4	W/R	20/80	I
Winter squash		5	W/R	25/75	N	4	W/R	25/75	N	4	W/R	25/75	I	3	W/R	15/85	I	3	W/R	10/90	I
Potatoes		7	W/R	25/75	N	6	W/R	25/75	N	5.5	W/R	25/75	I	4	W/R	20/80	I	4	W/R	20/80	I
Tomatoes		1	R	100	I	1	R	100	I	1.5	R	100	I	2.5	R	100	I	2.5	R	100	I
Cucumbers		2	W/R	10/90	I	2	W/R	10/90	I	2	R	100	I	2	R	100	I	2	R	100	I
Peppers		2	W/R	10/90	I	2	W/R	10/90	I	2	R	100	I	2	R	100	I	2	R	100	I
Lettuce						1	R	100	I	1	R	100	I	2	R	100	I	2	R	100	I
Beans		1	R	100	I	2	R	100	I	3	W/R	20/80	I	2.5	R	100	I	2.5	R	100	I
Cabbage														0.5	R	100	I	0.5	R	100	I
Other veg.														2.5	R	100	I	4.5	R	100	I
Strawberries		4	R	100	I	5	R	100	I	5	R	100	I	4.5	R	100	I	4	R	100	I
Flowers, field														0.25	R	100	I	0.5	R	100	I
Bedding plants ²		2880	R	100	I	2880	R	100	I	2880	R	100	I	4200	R	100	I	5760	R	100	I
Greenhouse ²														1560	R	100	I	2880	R	100	I

¹ W represents wholesale, R represents retail sales.

² Bedding plant and greenhouse production are expressed in square feet of greenhouse area.

Form 821		UNITED STATES DEPARTMENT OF AGRICULTURE						
		Federal Crop Insurance Corporation						
		ANNUAL FARM REPORT						
PRODUCER INFORMATION								
RIVER ROAD FARM								
ADJUSTED GROSS REVENUE (AGR) REPORT			INTENDED COMMODITY REPORT					
Tax Year	Allowable Income	Allowable Expenses	Commodity Name/Code	No. Years Produced	Intended Amount	Total Amount	Expected Value	Dollars
			Sweet corn 0042					
1995	229,500	154,000	Wholesale	50	2 acres	1,800 doz	1.75	3,150
1996	248,600	169,600	Retail	50	11 acres	9,900 doz	2.50	24,750
1997	286,200	190,900	Pumpkins 0605					
1998	362,500	219,500	Wholesale	50	1 acres	18,000 lbs	0.20	3,600
1999	402,100	253,200	Retail	50	5 acres	90,000 lbs	0.25	22,500
			Summer squash 0014					
			Wholesale	15	1 acres	16,000 lbs	0.25	4,000
			Retail	15	3 acres	48,000 lbs	0.45	21,600
			Winter squash 0065					
			Wholesale	15	0.5 acres	10,000 lbs	0.15	1,500
			Retail	15	2.5 acres	50,000 lbs	0.26	13,000
			Potatoes 0084					
			Wholesale	15	1 acres	30,000 lbs	0.15	4,500
			Retail	15	3 acres	90,000 lbs	0.20	18,000
			Tomatoes 0087					
			Retail	10	3 acres	60,000 lbs	1.20	72,000
			Cucumbers 0603					
			Retail	10	2 acres	30,000 lbs	0.40	12,000
			Peppers 0627					
			Retail	9	2 acres	40,000 lbs	0.80	32,000
			Lettuce 0604					
			Retail	5	2 acres	48,000 no	0.65	31,200
			Beans 0082					
			Retail	9	2 acres	20,000 lbs	0.60	12,000
			Cabbage 0070					
			Retail	3	1 acres	30,000 lbs	0.20	6,000
			Other vegetables (minor crops) 0646					
			Retail	3	4 acres	various	various	30,000

** Continued to the next page **

** Continued from the previous page **

ADJUSTED GROSS REVENUE (AGR) REPORT			INTENDED COMMODITY REPORT – CONTINUED					
Tax Year	Allowable Income	Allowable Expenses	Commodity Name/Code	# Years Produced	Intended Amount	Total Amount	Expected Value	Dollars
			Strawberries 0110					
			Retail	10	4.5 acres	25,000 lbs	1.80	45,000
			Flowers, field 0615					
			Retail	3	0.75 acres	5,000 bnch	4.50	22,500
			Bedding plants 0630					
			Retail	9	5760 sq. ft.	24,000 flats	2.50	60,000
			Greenhouse 0600					
			Retail	3	2880 sq. ft.	4,000 plants	12.50	50,000
			Purchases for resale (net)					20,000
TOTAL	1,528,900	987,200						
AVERAGE	305,780	197,440	Total Number Commodities	16	Total Expected Income	509,300		
ADJUSTMENT		PRELIMINARY AGR			APPROVED AGR			
\$ 305,780 x (1.136)⁴ =		\$ 509,124			\$ 509,124			

Schedule F**Profit or Loss From Farming****1995**

Name of Proprietor *River Road Farm* SSN XXXXXXXX

A. Principal product *Diversified, Direct Marketing Operation*

Accounting method *Cash*

Part 1 Farm income-Cash Method

1. Sales of livestock or other items you bought for resale	\$	8,000
2. Cost or other basis of livestock and other items reported on line 1		5,700
3. Subtract line 2 from line 1		2,300
4. Sales of lvstk, produce, grains and other products you raised		238,200
5. Total cooperative distributions		0
6. Agricultural program payments		0
7. CCC loans		
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		1,000
10. Other income inc. Fed. And State gasoline or fuel tax credit or refund		400
11. Gross Income	\$	241,900

Part 2 Farm Expenses

12. Car and truck expenses	\$	5,300	25. Pension and profit-sharing plans	\$	0
13. Chemicals		6,300	26. Rent or lease		
14. Conservation expenses		0	a. Vehicles		0
15. Custom hire (machine work)		0	b. Other (land)		0
16. Depreciation		21,500	27. Repairs and maintenance		9,300
17. Employee benefit programs		0	28. Seeds and plants purchased		12,000
18. Feed purchased		0	29. Storage and warehousing		0
19. Fertilizer and lime		14,200	30. Supplies purchased		14,400
20. Freight and Trucking		3,800	31. Taxes		7,400
21. Gasoline, fuel, and oil		7,800	32. Utilities		5,300
22. Insurance (other than health)		3,300	33. Veterinary, breeding, medicine		0
23. Interest:			34. Other Expenses (specify)		
a. Mortgage (pd. To banks, etc.)	}	8,300	a. Advertising		5,000
b. Other			b. Misc.		10,300
24. Labor hired		57,000	c. Retail supplies		11,000
35. Total Expenses				\$	202,200
36. Net Farm Profit or (loss)				\$	39,700

Schedule F**Profit or Loss From Farming****1996**

Name of Proprietor *River Road Farm* SSN XXXXXXXX

A. Principal product *Diversified, Direct Marketing Operation*

Accounting method *Cash*

Part 1 Farm income-Cash Method

1. Sales of livestock or other items you bought for resale	\$	8,000
2. Cost or other basis of livestock and other items reported on line 1		5,500
3. Subtract line 2 from line 1		2,500
4. Sales of lvstk, produce, grains and other products you raised		258,400
5. Total cooperative distributions		0
6. Agricultural program payments		0
7. CCC loans		
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		500
11. Gross Income	\$	261,400

Part 2 Farm Expenses

12. Car and truck expenses	\$	5,500	25. Pension and profit-sharing plans	\$	0
13. Chemicals	7,100		26. Rent or lease		
14. Conservation expenses	0		a. Vehicles		0
15. Custom hire (machine work)	0		b. Other (land)		0
16. Depreciation	24,200		27. Repairs and maintenance		9,500
17. Employee benefit programs	0		28. Seeds and plants purchased		12,900
18. Feed purchased	0		29. Storage and warehousing		0
19. Fertilizer and lime	15,900		30. Supplies purchased		20,000
20. Freight and Trucking	4,000		31. Taxes		8,400
21. Gasoline, fuel, and oil	8,500		32. Utilities		6,000
22. Insurance (other than health)	3,700		33. Veterinary, breeding, medicine		0
23. Interest:			34. Other Expenses (specify)		
a. Mortgage (pd. To banks, etc.)	9,300		a. Advertising		5,600
b. Other			b. Misc.		9,900
24. Labor hired	61,000		c. Retail supplies		12,300
35. Total Expenses				\$	223,800
36. Net Farm Profit or (loss)				\$	37,600

Schedule F Profit or Loss From Farming 1997

Name of Proprietor *River Road Farm* SSN XXXXXXXX

A. Principal product *Diversified, Direct Marketing Operation*

Accounting method *Cash*

Part 1 Farm income-Cash Method

1. Sales of livestock or other items you bought for resale	\$	12,000
2. Cost or other basis of livestock and other items reported on line 1		8,400
3. Subtract line 2 from line 1		3,600
4. Sales of lvstk, produce, grains and other products you raised		295,300
5. Total cooperative distributions		0
6. Agricultural program payments		0
7. CCC loans		
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		650
10. Other income inc. Fed. And State gasoline or fuel tax credit or refund		200
11. Gross Income	\$	299,750

Part 2 Farm Expenses

12. Car and truck expenses	\$	5,900	25. Pension and profit-sharing plans	\$	0
13. Chemicals		8,300	26. Rent or lease		
14. Conservation expenses		0	a. Vehicles		0
15. Custom hire (machine work)		0	b. Other (land)		0
16. Depreciation	29,300		27. Repairs and maintenance		11,000
17. Employee benefit programs		0	28. Seeds and plants purchased		17,400
18. Feed purchased		0	29. Storage and warehousing		0
19. Fertilizer and lime	18,400		30. Supplies purchased		18,800
20. Freight and Trucking		4,400	31. Taxes		9,800
21. Gasoline, fuel, and oil		9,600	32. Utilities		7,000
22. Insurance (other than health)		4,900	33. Veterinary, breeding, medicine		0
23. Interest:			34. Other Expenses (specify)		
a. Mortgage (pd. To banks, etc.)	9,900		a. Advertising		7,000
b. Other			b. Misc.		10,900
24. Labor hired	67,300		c. Retail supplies		12,700
35. Total Expenses				\$	252,600
36. Net Farm Profit or (loss)				\$	47,150

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

Name of Proprietor *River Road Farm* **SSN** XXXXXXXX

A. Principal product *Diversified, Direct Marketing Operation*

Accounting method *Cash*

Part 1 Farm income-Cash Method

1. Sales of livestock or other items you bought for resale	\$	24,000
2. Cost or other basis of livestock and other items reported on line 1		15,600
3. Subtract line 2 from line 1		8,400
4. Sales of lvstk, produce, grains and other products you raised		368,300
5. Total cooperative distributions		0
6. Agricultural program payments		0
7. CCC loans		
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		550
11. Gross Income	\$	377,250

Part 2 Farm Expenses

12. Car and truck expenses	\$ 6,600	25. Pension and profit-sharing plans	\$ 0
13. Chemicals	9,700	26. Rent or lease	
14. Conservation expenses	0	a. Vehicles	0
15. Custom hire (machine work)	0	b. Other (land)	0
16. Depreciation	35,100	27. Repairs and maintenance	12,700
17. Employee benefit programs	0	28. Seeds and plants purchased	20,400
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	22,400	30. Supplies purchased	19,100
20. Freight and Trucking	5,100	31. Taxes	11,400
21. Gasoline, fuel, and oil	10,900	32. Utilities	8,100
22. Insurance (other than health)	5,100	33. Veterinary, breeding, medicine	0
23. Interest:		34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)	12,700	a. Advertising	7,600
b. Other		b. Misc.	12,700
24. Labor hired	57,000	c. Retail supplies	14,200
35. Total Expenses			\$ 292,900
36. Net Farm Profit or (loss)			\$ 84,350

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

Name of Proprietor *River Road Farm* SSN XXXXXXXX

A. Principal product *Diversified, Direct Marketing Operation*

Accounting method *Cash*

Part 1 Farm income-Cash Method

1. Sales of livestock or other items you bought for resale	\$	38,000
2. Cost or other basis of livestock and other items reported on line 1		24,500
3. Subtract line 2 from line 1		13,500
4. Sales of lvstk, produce, grains and other products you raised		404,200
5. Total cooperative distributions		0
6. Agricultural program payments		0
7. CCC loans		
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		400
11. Gross Income	\$	418,100

Part 2 Farm Expenses

12. Car and truck expenses	\$ 6,600	25. Pension and profit-sharing plans	\$ 0
13. Chemicals	12,600	26. Rent or lease	
14. Conservation expenses	0	a. Vehicles	0
15. Custom hire (machine work)	0	b. Other (land)	0
16. Depreciation	37,800	27. Repairs and maintenance	15,300
17. Employee benefit programs	0	28. Seeds and plants purchased	24,500
18. Feed purchased	0	29. Storage and warehousing	0
19. Fertilizer and lime	24,500	30. Supplies purchased	22,900
20. Freight and Trucking	6,100	31. Taxes	13,800
21. Gasoline, fuel, and oil	13,700	32. Utilities	9,800
22. Insurance (other than health)	6,100	33. Veterinary, breeding, medicine	0
23. Interest:		34. Other Expenses (specify)	
a. Mortgage (pd. To banks, etc.)	15,300	a. Advertising	8,200
b. Other		b. Misc.	10,300
24. Labor hired	88,600	c. Retail supplies	15,600
35. Total Expenses			\$ 335,700
36. Net Farm Profit or (loss)			\$ 82,400