

Case 12

TABLE B19. Summary of per acre costs and returns for a 400 acre farm with above average management, Cotton City-Animas area, Hidalgo County, 2001.

	GRAIN SORGHUM	PICKER COTTON	GREEN CHILE	RED CHILE
	-----FLOOD-----			
	CWT	LBS	TONS	LBS
PRIMARY YIELD	60.00	600.00	12.00	3,500.00
PRIMARY PRICE	3.00	0.69	280.00	0.70
GOVERNMENT PAYMENTS	33.00	57.60	0.00	0.00
SECOND INCOME	0.00	46.80	0.00	0.00
GROSS RETURN	\$213.00	\$518.40	\$3,360.00	\$2,450.00
CASH OPERATING EXPENSES				
SEED	\$8.32	\$14.00	\$84.00	\$84.00
FERTILIZER	\$43.80	\$29.04	\$83.70	\$83.70
CHEMICALS	\$19.52	\$9.46	\$25.13	\$26.97
CROP INSURANCE	\$0.37	\$0.00	\$0.00	\$0.00
OTHER PURCHASED INPUTS				
CANAL WATER				
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$23.27	\$40.53	\$78.60	\$54.63
FUEL-IRRIGATION	\$46.67	\$43.56	\$116.68	\$105.79
REPAIRS	\$20.19	\$78.67	\$37.77	\$28.57
CUSTOM CHARGES	\$33.60	\$80.52	\$1,243.33	\$790.00
LAND TAXES	\$2.96	\$2.96	\$2.96	\$2.96
OTHER EXPENSES	\$51.48	\$52.03	\$52.71	\$52.51
TOTAL CASH EXPENSES	\$250.17	\$350.77	\$1,724.88	\$1,229.13
RETURN OVER CASH EXPENSES	(\$37.17)	\$167.63	\$1,635.12	\$1,220.87
FIXED EXPENSES	\$49.14	\$82.17	\$79.05	\$71.21
TOTAL EXPENSES	\$299.31	\$432.95	\$1,803.93	\$1,300.34
NET FARM INCOME	(\$86.31)	\$85.45	\$1,556.07	\$1,149.66
LABOR AND MANAGEMENT COSTS	\$67.26	\$128.16	\$221.12	\$196.59
NET OPERATING PROFIT	(\$153.57)	(\$42.71)	\$1,334.95	\$953.07
CAPITAL COSTS				
INTEREST ON OPERATING CAPITAL	\$3.43	\$5.15	\$20.26	\$17.12
INTEREST ON EQUIPMENT INVESTMENT	\$24.05	\$43.50	\$58.93	\$48.94
TOTAL CAPITAL COSTS	\$27.48	\$48.65	\$79.19	\$66.07
RETURN TO LAND AND RISK	(\$181.05)	(\$91.36)	\$1,255.76	\$887.00

TABLE C19. Whole farm summary, Cotton City-Animas Area, Hidalgo County, 2001.

GROSS RETURNS		
GRAIN SORGHUM	136 ACRES	
CROP		\$24,480
ASCS DEFICIENCY		\$4,488
ASCS DIVERSION		\$0
UPLAND COTTON	204 ACRES	
LINT		\$84,456
SEED		\$9,547
ASCS DEFICIENCY		\$5,141
ASCS DIVERSION		\$4,896
GREEN CHILE	20 ACRES	
GREEN		\$67,200
RED		\$0
RED CHILE	20 ACRES	
CROP		\$49,000
GROSS RETURN		<u>\$249,208</u>
CASH OPERATING EXPENSES		
SEED		\$7,348
FERTILIZER		\$15,229
CHEMICALS		\$5,625
CROP INSURANCE		\$2,210
OTHER PURCHASED INPUTS		\$0
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$14,098
FUEL-IRRIGATION		\$19,683
REPAIRS		\$20,121
CUSTOM CHARGES		\$61,662
LAND TAXES		\$1,125
OTHER EXPENSES		\$19,720
TOTAL CASH EXPENSES		<u>\$166,821</u>
RETURN OVER CASH EXPENSES		\$82,387
FIXED EXPENSES		\$26,452
TOTAL EXPENSES		\$193,273
NET FARM INCOME		\$55,935
LABOR AND MANAGEMENT COSTS		\$43,647
NET OPERATING PROFIT		\$12,288
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$2,265
INTEREST ON EQUIPMENT INVESTMENT		\$14,302
TOTAL CAPITAL COSTS		<u>\$16,567</u>
RETURN TO LAND AND RISK		<u>(\$4,279)</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$500 /ACRE	(\$12,279)	3.05%
\$700 /ACRE	(\$15,479)	2.54%
\$900 /ACRE	(\$18,679)	2.18%
\$1,100 /ACRE	(\$21,879)	1.91%
\$1,300 /ACRE	(\$25,079)	1.70%
\$1,500 /ACRE	(\$28,279)	1.53%

* RETURN TO LAND AND RISK MINUS (INTEREST RATE TIMES LAND VALUE TIMES ACREAGE)

** NET OPERATING PROFIT DIVIDED BY (MACHINERY AND EQUIPMENT VALUE PLUS LAND VALUE)