

BUDGET AREA..... HONDO VALLEY, LINCOLN COUN' Projected 2006.
FARM SIZE..... 35 ACRES
IRRIGATION TYPE..... FLOOD
NUMBER OF CROPS..... 4

TABLE 1. Acreage Summary, Lincoln County,
Projected 2006.

BUDGET AREA.....	HONDO VALLEY, LINCOLN COUNTY		
FARM SIZE.....	35 ACRES		
IRRIGATION TYPE.....	FLOOD		
NUMBER OF CROPS....	4		
	WATER USE		
ACREAGE SUMMARY:	LAND USE (ACRES)	AC.IN. PER AC.	TOTAL AC.IN.
ALFALFA ESTABLISHMENT	2.00 *	12	24
ALFALFA HAY	10.00	36	360
PASTURE ESTABLISHMENT	2.00 *	12	24
PERMANENT PASTURE	20.00	30	600
ROADS, DITCHES, HOMESTEAD	5.00		
	TO		1,008
	ACRE FEET PER ACRE OF WATER RIGHT		2.40

*DOUBLE-CROPPED

TABLE 2. Basic cost information for Lincoln County,
Projected 2006.

Item			
Labor Wage Rate:			
Equipment operators		\$/hour	\$6.65
General & Irrigators		\$/hour	\$6.35
Purchased Inputs:			
Fertilizer:			
Nitrogen (N)		\$/pound	\$0.52
Phosphorus (P205)		\$/pound	\$0.40
Seed:			
Alfalfa		\$/pound	\$3.20
Pasture		\$/pound	\$1.80
Natural Gas		\$/MCF	\$3.26
Diesel fuel		\$/gallon	\$2.10
Gasoline		\$/gallon	\$2.00
Electricity		cents/kwhr	9.91
Employee Liability Insurance		\$/ \$1,000 wages	\$12.00
Employee Benefits		percent/wages	12.00%
Labor Downtime		percent	25.00%
Financial Rates:			
Operating Capital Interest Rate		percent	8.00%
Land Interest Rate		percent	8.00%
Equipment Interest Rate		percent	8.00%
Expected Inflation Rate		percent	3.00%
Land Taxes		\$175.00 /acre (full value)	\$1.42
Personal Property Tax Rate	- NR - R	\$/ \$1,000 (Assessed Value)	\$24.38 \$19.79
Supervision Factors			
Field Crop-Irrigation		\$/acre	\$1.00
Field Crop-Equipment & General		\$/acre	\$0.50
Management Rate		percent	4.00%

TABLE 3. Overhead cost information for Lincoln County,
Projected 2006.

Item			
Electricity (Domestic & Shop)		\$47.70 per month	\$572
Telephone		\$37.10 per month	\$445
Accounting & Legal			\$117
Misc. Supplies & Hand Tools			\$223
Pickup and Auto			
miles	4,367	@ \$0.415 per mile	\$1,812
Insurance			
- general liability (non-employee)			\$154
- fire/theft			\$127
Property Taxes			
- non-planted land			\$0
- other than land & machinery			\$6,010
Building repairs and maintenance			\$186
Dues, fees, publications			\$95
Farmstead Equipment			\$154
		Total	\$9,895
		Total per planted acre	\$329.82

TABLE 6. Alfalfa establishment, flood-irrigated, budgeted per acre costs and returns for a 35 acre part-time farm, Hondo Valley, Lincoln County
 Projected 2006.
 Planting dates: August 15 - October 1

ITEM	PRICE	QUANTITY	PURCHASED INPUTS					TOTAL
PURCHASED INPUTS								
ALFALFA SEED	\$3.20	20 LBS	\$64.00					\$64.00
PHOSPHORUS (P2O5)	\$0.40	50 LBS	\$20.00					\$20.00
CANAL WATER		12 AC. IN.						
SUBTOTAL			\$84.00					\$84.00
PREHARVEST OPERATIONS								
	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
DISC (2X)	30 HP	2.40 HR		\$15.96	\$17.95	\$4.37	\$31.64	\$69.93
HARROW	30 HP	0.30 HR		\$2.00	\$2.24	\$0.33	\$8.38	\$12.94
FLOAT	30 HP	0.60 HR		\$3.99	\$4.49	\$0.65	\$13.22	\$22.35
FERT. SPREADER	30 HP	0.30 HR		\$2.00	\$2.24	\$0.60	\$10.87	\$15.71
DRILL	30 HP	0.30 HR		\$2.00	\$2.24	\$0.47	\$23.33	\$28.04
IRRIGATE (2X)		1.00 HR		\$6.35				\$6.35
SUBTOTAL		4.90 HR		\$32.29	\$29.17	\$6.42	\$87.44	\$155.32
OVERHEAD EXPENSES								
DOWNTIME		0.98 HR		\$6.48				\$6.48
EMPLOYEE BENEFITS				\$3.87				\$3.87
FARM INSURANCE			\$0.39					\$0.39
SUPERVISION AND MANAGEMENT				\$12.52				\$12.52
SUBTOTAL		0.98 HR	\$0.39	\$22.88				\$23.27
TOTAL OPERATING EXPENSES		5.88 HR	\$84.39	\$55.17	\$29.17	\$6.42	\$87.44	\$262.58

TABLE 8. Permanent pasture establishment, flood-irrigated, budgeted per acre costs and returns for a 35 acre part-time farm, Hondo Valley, Lincoln Count
Projected 2006.

Planting dates: August 15 - September 15

ITEM	PRICE	QUANTITY	PURCHASED INPUTS					TOTAL
<u>PURCHASED INPUTS</u>								
PASTURE SEED	\$1.80	20.00 LBS		\$36.00				\$36.00
NITROGEN (N)	\$0.52	50 LBS		\$26.00				\$26.00
PHOSPHORUS (P2O5)	\$0.40	20 LBS		\$8.00				\$8.00
CANAL WATER		12.00 AC. IN.						
SUBTOTAL				\$70.00				\$70.00
<u>PREHARVEST OPERATIONS</u>								
	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
DISC (2X)	30 HP	2.40 HR		\$15.96	\$17.95	\$4.37	\$31.64	\$69.93
HARROW	30 HP	0.30 HR		\$2.00	\$2.24	\$0.33	\$8.38	\$12.94
FERT. SPREADER	30 HP	0.30 HR		\$2.00	\$2.24	\$0.60	\$10.87	\$15.71
FLOAT	30 HP	0.60 HR		\$3.99	\$4.49	\$0.65	\$13.22	\$22.35
DRILL	30 HP	0.30 HR		\$2.00	\$2.24	\$0.47	\$23.33	\$28.04
IRRIGATE (3X)		1.00 HR		\$6.35				\$6.35
SUBTOTAL		4.90 HR		\$32.29	\$29.17	\$6.42	\$87.44	\$155.32
<u>OVERHEAD EXPENSES</u>								
DOWNTIME		0.98 HR		\$6.48				\$6.48
EMPLOYEE BENEFITS				\$3.87				\$3.87
FARM INSURANCE			\$0.39					\$0.39
SUPERVISION AND MANAGEMENT				\$11.96				\$11.96
OTHER EXPENSES			\$329.82					\$329.82
SUBTOTAL		0.98 HR	\$330.21	\$22.32				\$352.53
<u>TOTAL OPERATING EXPENSES</u>		5.88 HR	\$400.21	\$54.61	\$29.17	\$6.42	\$87.44	\$577.85

TABLE 9. Permanent pasture, flood-irrigated, budgeted per acre costs and returns for a 35 acre part-time farm, Hondo Valley, Lincoln County
Projected 2006.

Harvesting dates: March 1 - September 30										
ITEM	PRICE	YIELD								TOTAL
GROSS RETURNS										
PASTURE	\$12.00	10.00 AUMS								\$120.00
TOTAL									\$120.00	
PURCHASED INPUTS										
	PRICE	QUANTITY	PURCHASED INPUTS				FIXED COST	TOTAL		
NITROGEN (N)	\$0.52	50 LBS	\$26.00					\$26.00		
PHOSPHORUS (P2O5)	\$0.40	20 LBS	\$8.00					\$8.00		
LIVESTOCK FAC & EQUIP ESTABLISHMENT: Principal		10 YEARS					\$12.00	\$12.00		
: Interest							\$57.78	\$57.78		
CANAL WATER		24 AC. IN.					\$24.04	\$24.04		
PUMP WATER*		6 AC. IN.								
SUBTOTAL			\$34.00				\$93.83	\$127.83		
PREHARVEST OPERATIONS										
	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL		
FERT. SPREADER	30 HP	0.30 HR		\$1.91	\$2.24	\$0.60	\$10.87	\$15.62		
DITCH MAINTENANCE		0.25 HR		\$1.59				\$1.59		
IRRIGATE (5X)		2.50 HR		\$15.88	\$8.72	\$0.00	\$23.50	\$48.09		
SUBTOTAL		3.05 HR		\$19.37	\$10.96	\$0.60	\$34.37	\$65.30		
OVERHEAD EXPENSES										
DOWNTIME		0.14 HR		\$0.91				\$0.91		
EMPLOYEE BENEFITS				\$2.32				\$2.32		
FARM INSURANCE			\$0.23					\$0.23		
LAND TAXES							\$1.42	\$1.42		
SUPERVISION AND MANAGEMENT				\$7.58				\$7.58		
OTHER EXPENSES			\$329.82					\$329.82		
SUBTOTAL		0.14 HR	\$330.06	\$10.81			\$1.42	\$342.29		
TOTAL OPERATING EXPENSES		3.19 HR	\$364.06	\$30.18	\$10.96	\$0.60	\$129.62	\$535.42		
NET OPERATING PROFIT									(\$415.42)	
INTEREST ON OPERATING CAPITAL		(\$193.13	@	8.00%)		\$6.42		
INTEREST ON EQUIPMENT INVESTMENT								\$28.91		
RETURN TO LAND AND RISK									(\$450.75)	

* Pump water costs are shown under irrigation in the preharvest operations section
BUDGET SUMMARY

GROSS RETURN		\$120.00	
VARIABLE OPERATING EXPENSES	\$382.03		
RETURN OVER VARIABLE EXPENSES		(\$262.03)	(GROSS MARGINS)
FIXED EXPENSES	\$129.62		
NET FARM INCOME		(\$391.66)	(RETURNS TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$30.18		
NET OPERATING PROFIT		(\$421.84)	(RETURNS TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$28.91		
RETURN TO LAND AND RISK		(\$450.75)	

TABLE 10. Summary of per acre costs and returns for a 35 acre part-time farm, Hondo Valley, Lincoln County, Projected 2006.

	ALFALFA ESTABLISHMENT	ALFALFA HAY	ANNUAL PASTURE ESTABLISHMENT	ANNUAL PASTURE
		TONS		AUMS
PRIMARY YIELD		4.00		10.00
PRIMARY PRICE		\$130.00		\$12.00
GOVERNMENT PAYMENTS		\$0.00		\$0.00
SECOND INCOME		\$15.00		\$0.00
GROSS RETURN		\$535.00		\$120.00
CASH OPERATING EXPENSES				
SEED	\$64.00		\$36.00	
FERTILIZER	\$20.00	\$46.40	\$34.00	\$34.00
CHEMICALS		\$16.00		
CROP INSURANCE				
OTHER PURCHASED INPUTS		\$17.50		
CANAL WATER				
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$29.17	\$58.34	\$29.17	\$2.24
FUEL-IRRIGATION		\$8.72		\$8.72
REPAIRS	\$6.42	\$10.66	\$6.42	\$0.60
CUSTOM CHARGES				
LAND TAXES		\$1.42		\$1.42
OTHER EXPENSES	\$0.39	\$330.69	\$330.21	\$330.06
TOTAL CASH EXPENSES	\$119.98	\$489.74	\$435.80	\$377.04
RETURN OVER CASH EXPENSES	(\$119.98)	\$45.26	(\$435.80)	(\$257.04)
FIXED EXPENSES	\$87.44	\$200.74	\$87.44	\$128.20
TOTAL EXPENSES	\$207.42	\$690.48	\$523.24	\$505.24
NET FARM INCOME	(\$207.42)	(\$155.48)	(\$523.24)	(\$385.24)
LABOR AND MANAGEMENT COSTS	\$55.17	\$123.10	\$54.61	\$30.18
NET OPERATING PROFIT	(\$262.58)	(\$278.58)	(\$577.85)	(\$415.42)
CAPITAL COSTS				
INTEREST ON OPERATING CAPITAL		\$8.15		\$6.42
INTEREST ON EQUIPMENT INVESTMENT		\$136.64		\$28.91
TOTAL CAPITAL COSTS	\$0.00	\$144.79	\$0.00	\$35.33
RETURN TO LAND AND RISK	(\$262.58)	(\$423.37)	(\$577.85)	(\$450.75)

TABLE 11. Whole farm summary, Hondo Valley, Lincoln County,
Projected 2006.

GROSS RETURNS		
ALFALFA HAY	10.00 ACRES	
CROP		\$5,200
GRAZING		\$150
PASTURE	20.00 ACRES	
GRAZING		\$2,400
GROSS RETURN		\$7,750
CASH OPERATING EXPENSES		
SEED		\$200
FERTILIZER		\$1,252
CHEMICALS		\$160
CROP INSURANCE		\$0
OTHER PURCHASED INPUTS		\$175
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$745
FUEL-IRRIGATION		\$261
REPAIRS		\$144
CUSTOM CHARGES		\$0
LAND TAXES		\$43
OTHER EXPENSES		\$10,569
TOTAL CASH EXPENSES		\$13,550
RETURN OVER CASH EXPENSES		(\$5,800)
FIXED EXPENSES		\$3,240
TOTAL EXPENSES		\$16,790
NET FARM INCOME		(\$9,040)
LABOR AND MANAGEMENT COSTS		\$2,054
NET OPERATING PROFIT		(\$11,094)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$210
INTEREST ON EQUIPMENT INVESTMENT		\$1,945
TOTAL CAPITAL COSTS		\$2,154
RETURN TO LAND AND RISK		(\$13,249)

LAND VALUE	RETURNS TO RISK*	RETURN ON INVESTMENT**
\$700 /ACRE	(\$13,984)	-22.75%
\$900 /ACRE	(\$14,194)	-19.90%
\$1,100 /ACRE	(\$14,404)	-17.68%
\$1,300 /ACRE	(\$14,614)	-15.90%
\$1,500 /ACRE	(\$14,824)	-14.45%
\$1,700 /ACRE	(\$15,034)	-13.25%
\$1,900 /ACRE	(\$15,244)	-12.22%
\$2,100 /ACRE	(\$15,454)	-11.35%

* 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)