

TABLE 6. Wheat, dryland, budgeted per acre costs and returns for a 1,000 acre farm with above average management, Southern Quay County,
 Projected 2015
 Planting dates: August 20 - September 15
 Harvesting dates: June 15 - July 10

| ITEM | PRICE | YIELD | BASE | TOTAL |
|--------------------------|--------|---------------|------|-----------------|
| GROSS RETURNS | | | | |
| WHEAT | \$7.00 | 20.00 BUSHELS | | \$140.00 |
| DIRECT PAYMENT | \$0.00 | 20.00 BUSHELS | 0.85 | \$0.00 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | | | \$0.00 |
| GRAZING | \$5.00 | 1.00 ACRE | | \$5.00 |
| TOTAL | | | | \$145.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|------------------|--------|----------|------------------|------------|----------------|
| SEED | \$0.45 | 25 LBS | \$11.25 | | \$11.25 |
| CROP INSURANCE | \$0.08 | | \$0.08 | | \$0.08 |
| SUBTOTAL | | | \$11.33 | | \$11.33 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|---------------|----------------|---------------|----------------|----------------|
| SWEEP (2X) | 185 HP | 0.16 HR | | \$1.37 | \$5.80 | \$1.77 | \$3.76 | \$12.69 |
| STUBBLE MULCHER | 185 HP | 0.08 HR | | \$0.68 | \$2.90 | \$1.21 | \$3.27 | \$8.07 |
| RODWEED (2X) | 126 HP | 0.16 HR | | \$1.37 | \$4.62 | \$0.76 | \$1.74 | \$8.48 |
| DRILL | 126 HP | 0.12 HR | | \$1.03 | \$3.46 | \$0.79 | \$3.12 | \$8.41 |
| SUBTOTAL | | 0.52 HR | | \$4.45 | \$16.79 | \$4.53 | \$11.89 | \$37.65 |

| HARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|--------------------|------------|---------------------|------------------|---------------|---------------|---------------|---------------|----------------|
| COMBINE | 22 FT | 0.14 HR | | \$1.20 | \$4.04 | \$0.58 | \$3.41 | \$9.23 |
| HAUL | 2 TON | 0.14 HR | | \$1.20 | \$3.11 | \$0.90 | \$4.72 | \$9.93 |
| SUBTOTAL | | 0.28 HR | | \$2.39 | \$7.15 | \$1.48 | \$8.13 | \$19.16 |

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------------|-------------|---------|---------------|----------------|
| DOWNTIME | 0.20 HR | | \$1.71 | | | | \$1.71 |
| EMPLOYEE BENEFITS | | | \$1.23 | | | | \$1.23 |
| INSURANCE | | \$0.14 | | | | | \$0.14 |
| LAND TAXES | | | | | | \$0.33 | \$0.33 |
| SUPERVISION AND MANAGEMENT | | | \$11.15 | | | | \$11.15 |
| OTHER EXPENSES | | \$18.84 | | | | | \$18.84 |
| SUBTOTAL | 0.20 HR | \$18.98 | \$14.09 | | | \$0.33 | \$33.39 |

| | | | | | | | |
|---------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|-----------------|
| TOTAL OPERATING EXPENSES | 1.00 HR | \$30.31 | \$20.93 | \$23.94 | \$6.01 | \$20.35 | \$101.54 |
|---------------------------------|----------------|----------------|----------------|----------------|---------------|----------------|-----------------|

| | | | | | | | |
|-----------------------------|--|--|--|--|--|--|----------------|
| NET OPERATING PROFIT | | | | | | | \$43.46 |
|-----------------------------|--|--|--|--|--|--|----------------|

| | | | | | | | |
|----------------------------------|---|---------|---|-------|---|--|--------|
| INTEREST ON OPERATING CAPITAL | (| \$11.71 | @ | 5.50% |) | | \$0.64 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | \$8.29 |

| | | | | | | | |
|--------------------------------|--|--|--|--|--|--|----------------|
| RETURN TO LAND AND RISK | | | | | | | \$34.53 |
|--------------------------------|--|--|--|--|--|--|----------------|

| BUDGET SUMMARY | |
|-------------------------------|---|
| GROSS RETURN | \$145.00 |
| VARIABLE OPERATING EXPENSES | \$60.26 |
| RETURN OVER VARIABLE EXPENSES | \$84.74 (GROSS MARGIN) |
| FIXED EXPENSES | \$20.35 |
| NET FARM INCOME | \$64.39 (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$20.93 |
| NET OPERATING PROFIT | \$43.46 (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$8.93 |
| RETURN TO LAND AND RISK | \$34.53 |

TABLE 7. Grain sorghum, sprinkler-irrigated, budgeted per acre costs and returns for a 1,000 acre farm with above average management, Southern Quay County, Projected 2015
 Planting dates: June 15 - July 15
 Harvesting dates: September 20 - October 30

| ITEM | PRICE | YIELD | BASE | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|-----------------|----------------|----------------|----------------|-----------------|-----------------|
| GROSS RETURNS | | | | | | | | | |
| GRAIN SORGHUM | \$7.06 | 50.00 CWT | | | | | | | \$353.21 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | 0.00 CWT | | | | | | | \$0.00 |
| DIRECT PAYMENT | \$0.00 | 50.00 CWT | 0.85 | | | | | | \$0.00 |
| TOTAL | | | | | | | | | \$353.21 |
| PURCHASED INPUTS | | | | | | | | | |
| | PRICE | QUANTITY | PURCHASED INPUTS | | | | | FIXED COST | TOTAL |
| SEED | \$1.31 | 5 LBS | \$6.55 | | | | | | \$6.55 |
| NITROGEN (N) | \$0.45 | 80 LBS | \$36.00 | | | | | | \$36.00 |
| PHOSPHATE (P205) | \$0.40 | 40 LBS | \$16.00 | | | | | | \$16.00 |
| HERBICIDE | \$16.99 | 1 ACRE | \$16.99 | | | | | | \$16.99 |
| PUMP WATER | | 12 AC. IN. | | | | | | | |
| CROP INSURANCE | \$0.14 | | \$0.14 | | | | | | \$0.14 |
| SUBTOTAL | | | \$75.68 | | | | | | \$75.68 |
| PREHARVEST OPERATIONS | | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | |
| SWEEP | 185 HP | 0.08 HR | | \$0.68 | \$2.90 | \$0.88 | \$1.88 | \$6.35 | |
| DISC (2X) | 185 HP | 0.22 HR | | \$1.88 | \$7.98 | \$3.29 | \$7.06 | \$20.21 | |
| SPRAYER | 126 HP | 0.06 HR | | \$0.51 | \$1.73 | \$0.28 | \$1.17 | \$3.70 | |
| LISTER | 185 HP | 0.12 HR | | \$1.03 | \$4.35 | \$1.00 | \$3.08 | \$9.46 | |
| ROD WEED & PLANTER | 185 HP | 0.18 HR | | \$1.54 | \$6.53 | \$1.52 | \$5.92 | \$15.51 | |
| CULTIVATOR (2X) | 126 HP | 0.26 HR | | \$2.22 | \$7.51 | \$2.00 | \$3.87 | \$15.60 | |
| IRRIGATE (12X) | | 1.20 HR | | \$9.00 | \$49.98 | \$0.00 | \$10.32 | \$69.30 | |
| SUBTOTAL | | 2.12 HR | | \$16.87 | \$80.97 | \$8.98 | \$33.32 | \$140.13 | |
| HARVEST OPERATIONS | | | | | | | | | |
| COMBINE | 22 FT | 0.16 | | \$1.37 | \$4.62 | \$0.66 | \$3.90 | \$10.54 | |
| HAUL | 2 TON | 0.16 | | \$1.37 | \$3.56 | \$1.03 | \$5.40 | \$11.35 | |
| SUBTOTAL | | 0.32 HR | | \$2.74 | \$8.18 | \$1.69 | \$9.29 | \$21.90 | |
| OVERHEAD EXPENSES | | | | | | | | | |
| DOWNTIME | | 0.61 HR | | \$5.22 | | | | \$5.22 | |
| EMPLOYEE BENEFITS | | | | \$3.53 | | | | \$3.53 | |
| INSURANCE | | | \$0.39 | | | | | \$0.39 | |
| LAND TAXES | | | | | | | \$0.82 | \$0.82 | |
| SUPERVISION AND MANAGEMENT | | | | \$25.73 | | | | \$25.73 | |
| OTHER EXPENSES | | | \$34.87 | | | | | \$34.87 | |
| SUBTOTAL | | 0.61 HR | | \$35.27 | \$34.47 | | \$0.82 | \$70.56 | |
| TOTAL OPERATING EXPENSES | | 2.73 HR | | \$110.94 | \$54.07 | \$89.15 | \$10.67 | \$308.26 | |
| NET OPERATING PROFIT | | | | | | | | \$44.96 | |
| INTEREST ON OPERATING CAPITAL | | (\$61.15 @ 5.50%) | | | | | | \$3.36 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$17.89 | |
| RETURN TO LAND AND RISK | | | | | | | | \$23.71 | |

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|----------|---|
| GROSS RETURN | | \$353.21 | |
| VARIABLE OPERATING EXPENSES | \$210.75 | | |
| RETURN OVER VARIABLE EXPENSES | | \$142.46 | (GROSS MARGIN) |
| FIXED EXPENSES | \$43.43 | | |
| NET FARM INCOME | | \$99.03 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$54.07 | | |
| NET OPERATING PROFIT | | \$44.96 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$21.25 | | |
| RETURN TO LAND AND RISK | | \$23.71 | |

TABLE 8. Summary of per acre costs and returns for a 1,000 acre farm, Southern Quay County, Projected 2015

| | WHEAT (Dryland) | GRAIN SORGHUM (Sprinkler) |
|----------------------------------|--------------------|---------------------------------|
| | BU | CWT |
| PRIMARY YIELD | 20.00 | 50.00 |
| PRIMARY PRICE | \$7.00 | \$7.06 |
| GOVERNMENT PAYMENTS | \$0.00 | \$0.00 |
| SECOND INCOME | \$5.00 | \$0.00 |
| GROSS RETURN | \$145.00 | \$353.21 |
| CASH OPERATING EXPENSES | | |
| SEED | \$11.25 | \$6.55 |
| FERTILIZER | | \$52.00 |
| CHEMICALS | | \$16.99 |
| CROP INSURANCE | \$0.08 | \$0.14 |
| OTHER PURCHASED INPUTS | | |
| CANAL WATER | | |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$23.94 | \$39.17 |
| FUEL-IRRIGATION | | \$49.98 |
| REPAIRS | \$6.01 | \$10.67 |
| CUSTOM CHARGES | | |
| LAND TAXES | \$0.33 | \$0.82 |
| OTHER EXPENSES | \$18.98 | \$35.27 |
| TOTAL CASH EXPENSES | \$60.59 | \$211.58 |
| RETURN OVER CASH EXPENSES | \$84.41 | \$141.64 |
| FIXED EXPENSES | \$20.02 | \$42.61 |
| TOTAL EXPENSES | \$80.61 | \$254.19 |
| NET FARM INCOME | \$64.39 | \$99.03 |
| LABOR AND MANAGEMENT COSTS | \$20.93 | \$54.07 |
| NET OPERATING PROFIT | \$43.46 | \$44.96 |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | \$0.64 | \$3.36 |
| INTEREST ON EQUIPMENT INVESTMENT | \$8.29 | \$17.89 |
| TOTAL CAPITAL COSTS | \$8.93 | \$21.25 |
| RETURN TO LAND AND RISK | \$34.53 | \$23.71 |

TABLE 9. Whole farm summary, Southern Quay County,
Projected 2015

| | | |
|----------------------------------|--------------|------------------|
| GROSS RETURNS | | |
| WHEAT | 607.75 ACRES | |
| CROP | | \$85,085 |
| GRAZING | | \$3,039 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| GRAIN SORGHUM | 357.25 ACRES | |
| CROP | | \$126,186 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| DIRECT PAYMENT | | \$0 |
| GROSS RETURN | | <u>\$214,310</u> |
| CASH OPERATING EXPENSES | | |
| SEED | | \$9,177 |
| FERTILIZER | | \$18,577 |
| CHEMICALS | | \$6,068 |
| CROP INSURANCE | | \$100 |
| OTHER PURCHASED INPUTS | | \$0 |
| CANAL WATER | | \$0 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$28,543 |
| FUEL-IRRIGATION | | \$17,854 |
| REPAIRS | | \$7,463 |
| CUSTOM CHARGES | | \$0 |
| LAND TAXES | | \$492 |
| OTHER EXPENSES | | \$24,132 |
| TOTAL CASH EXPENSES | | <u>\$112,407</u> |
| RETURN OVER CASH EXPENSES | | \$101,902 |
| FIXED EXPENSES | | \$27,389 |
| TOTAL EXPENSES | | \$139,796 |
| NET FARM INCOME | | \$74,513 |
| LABOR AND MANAGEMENT COSTS | | \$32,038 |
| NET OPERATING PROFIT | | \$42,475 |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$1,593 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$11,426 |
| TOTAL CAPITAL COSTS | | <u>\$13,019</u> |
| RETURN TO LAND AND RISK | | <u>\$29,456</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|-------------|-----------------|------------------------|
| \$150 /ACRE | \$24,956 | 12.70% |
| \$300 /ACRE | \$20,456 | 8.77% |
| \$450 /ACRE | \$15,956 | 6.69% |
| \$600 /ACRE | \$11,456 | 5.41% |
| \$750 /ACRE | \$6,956 | 4.54% |
| \$900 /ACRE | \$2,456 | 3.92% |

* 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)