

TABLE 1. Acreage Summary, Hidalgo County,
Projected 2017

| | |
|----------------------|-----------------------------|
| BUDGET AREA..... | VIRDEN AREA, HIDALGO COUNTY |
| FARM SIZE..... | 200 ACRES |
| IRRIGATION TYPE..... | FLOOD |
| NUMBER OF CROPS... | 4 |

| ACREAGE SUMMARY: | WATER USE | | |
|-------------------------------------------|---------------------|---------------------|------------------|
| | LAND USE (ACRES) | AC. IN. PER ACRE | TOTAL AC. IN. |
| ALFALFA ESTABLISHMENT * | 15.00 | 20 | 300 |
| ALFALFA | 45.00 | 54 | 2,430 |
| CORN SILAGE | 25.00 | 50 | 1,250 |
| COTTON | 68.00 | 36 | 2,448 |
| ARP | 0.00 | | |
| FLEX IN CORN SILAGE | 12.00 | 36 | 432 |
| GRAIN SORGHUM | 34.00 | 40 | 1,360 |
| ARP | 0.00 | | |
| FLEX IN CORN SILAGE | 6.00 | 36 | 216 |
| ROADS, DITCHES | 10.00 | | |
| TOTAL | 200.00 | | 8,436 |
| ACRE FEET PER ACRE OF WATER RIGHTS | | | 3.52 |

* DOUBLE-CROPPED

TABLE 2. Basic cost information for the Virden area, Hidalgo County,
Projected 2017

| Item | | |
|---------------------------------|-----------------------------|--------------------------------------|
| Labor Wage Rate: | | |
| Equipment operators | \$/hour | \$8.55 |
| General & Irrigators | \$/hour | \$7.50 |
| Purchased Inputs: | | |
| Fertilizer: | | |
| Nitrogen (N) | \$/pound | \$0.22 |
| Phosphate (P205) | \$/pound | \$0.27 |
| Seed: | | |
| Alfalfa | \$/pound | \$3.05 |
| Upland Cotton (picker) | \$/pound | \$7.55 |
| Corn for Silage | \$/bag | \$300.00 |
| Grain Sorghum | \$/pound | \$1.70 |
| Canal Water | \$/acre | \$45.00 |
| Wire: | \$/lb. | \$1.32 |
| Energy: | | |
| Diesel fuel | \$/gallon | \$2.35 |
| Gasoline | \$/gallon | \$2.10 |
| Electricity | cents/KwHr | 8.45 |
| LP Gas | \$/gallon | \$2.65 |
| Employee Liability Insurance | \$/1000 wages | \$20.00 |
| Employee Benefits | percent/wages | 18.00% |
| Labor Downtime | percent | 25.00% |
| Financial Rates: | | |
| Operating Capital Interest Rate | percent | 5.50% |
| Land Interest Rate | percent | 5.00% |
| Equipment Interest Rate | percent | 5.50% |
| Real Interest Rate | percent | 3.00% |
| Land Taxes | \$348.00 /acre (full value) | \$2.56 |
| Personal Property Tax Rate | - NR - R | \$/1,000 (Assessed Value) \$19.03 |
| Supervision Factors | | |
| Field Crop-Irrigation | \$/labor hour | \$1.00 |
| Field Crop-Equipment | \$/labor hour | \$0.50 |
| Management Rate | percent | 7.00% |

TABLE 3. Overhead cost information for Virden area, Hidalgo County,
Projected 2017

| Item | | |
|------------------------------------|---------------------------|-----------------|
| Electricity (Domestic & Shop) | \$181.50 per month | \$2,178 |
| Telephone | \$96.80 per month | \$1,162 |
| Accounting & Legal | | \$1,198 |
| Misc. Supplies & Hand Tools | | \$1,718 |
| Pickup and Auto | | |
| miles | 18,150 @ \$0.500 per mile | \$9,075 |
| Insurance | | |
| - general liability (non-employee) | | \$1,452 |
| - fire/theft | | \$1,113 |
| Property Taxes | | |
| - non-planted land | | \$0 |
| - other than land & machinery | | \$6,010 |
| Building repairs and maintenance | | \$980 |
| Dues, fees, publications | | \$351 |
| Farmstead Equipment | | \$182 |
| Total | | \$25,418 |
| Total per planted acre | | \$133.78 |

TABLE 6. Alfalfa establishment, flood-irrigated, budgeted per acre costs and returns for a 200 acre farm with above average management, Virden area, Hidalgo County, Projected 2017
Planting dates: August 15 - October 15

| ITEM | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
|---------------------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| PURCHASED INPUTS | | | | | | | | |
| SEED | \$3.05 | 25 LBS | \$76.25 | | | | | \$76.25 |
| NITROGEN (N) | \$0.22 | 20 LBS | \$4.40 | | | | | \$4.40 |
| PHOSPHATE (P2O5) | \$0.27 | 50 LBS | \$13.50 | | | | | \$13.50 |
| PUMP WATER* | | 5 AC. IN. | | | | | | |
| CANAL WATER | | 15 AC. IN. | | | | | | \$0.00 |
| SUBTOTAL | | | \$94.15 | | | | | \$94.15 |
| PREHARVEST OPERATIONS | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| DISC | 145 HP | 0.17 HR | | \$1.45 | \$3.30 | \$1.15 | \$2.71 | \$8.61 |
| PLOW | 145 HP | 0.67 HR | | \$5.73 | \$12.99 | \$5.44 | \$12.51 | \$36.67 |
| DISC | 145 HP | 0.17 HR | | \$1.45 | \$3.30 | \$1.15 | \$2.71 | \$8.61 |
| FLOAT | 145 HP | 0.24 HR | | \$2.05 | \$4.65 | \$0.96 | \$2.75 | \$10.41 |
| FERTILIZE | 65 HP | 0.05 HR | | \$0.43 | \$0.51 | \$0.11 | \$1.49 | \$2.54 |
| LISTER | 65 HP | 0.18 HR | | \$1.54 | \$1.84 | \$0.59 | \$1.52 | \$5.49 |
| MULCHER | 145 HP | 0.15 HR | | \$1.28 | \$2.91 | \$1.29 | \$4.43 | \$9.92 |
| SEEDER | 65 HP | 0.05 HR | | \$0.43 | \$0.51 | \$0.11 | \$1.49 | \$2.54 |
| MULCHER | 145 HP | 0.15 HR | | \$1.28 | \$2.91 | \$1.29 | \$4.43 | \$9.92 |
| LISTER | 65 HP | 0.18 HR | | \$1.54 | \$1.84 | \$0.59 | \$1.52 | \$5.49 |
| IRRIGATE (4X) | | 2.00 HR | | \$15.00 | \$5.05 | \$0.00 | \$1.93 | \$21.98 |
| SUBTOTAL | | 4.01 HR | | \$32.19 | \$39.79 | \$12.69 | \$37.50 | \$122.16 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.50 HR | | \$4.30 | | | | \$4.30 |
| EMPLOYEE BENEFITS | | | | \$5.79 | | | | \$5.79 |
| INSURANCE | | | \$0.64 | | | | | \$0.64 |
| SUPERVISION AND MANAGEMENT | | | | \$17.86 | | | | \$17.86 |
| SUBTOTAL | | 0.50 HR | \$0.64 | \$27.95 | | | | \$28.59 |
| TOTAL OPERATING EXPENSES | | 4.51 HR | \$94.79 | \$60.13 | \$39.79 | \$12.69 | \$37.50 | \$244.90 |

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

TABLE 7. Alfalfa hay, flood-irrigated, budgeted per acre costs and returns for a 200 acre farm with above average management, Virden area, Hidalgo County, Projected 2017

Harvest dates: June 1 - October 10

| ITEM | PRICE | YIELD | TOTAL |
|----------------------|----------|----------------------|-------------------|
| GROSS RETURNS | | | |
| ALFALFA HAY | \$165.00 | 6.00 TONS (IN FIELD) | \$990.00 |
| GRAZING | \$15.00 | 1.00 ACRE | \$15.00 |
| TOTAL | | | \$1,005.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|--------------------------|-------|------------|------------------|-----------------|-----------------|
| WIRE | 1.32 | 51 LBS | \$67.87 | | \$67.87 |
| ESTABLISHMENT: Principal | | 3 YEARS | | \$81.63 | \$81.63 |
| : Interest | | | | \$7.74 | \$7.74 |
| CANAL WATER | | 36 AC. IN. | | \$45.00 | \$45.00 |
| PUMP WATER* | | 18 AC. IN. | | | |
| SUBTOTAL | | | \$67.87 | \$134.38 | \$202.25 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|----------------|---------------|---------------|----------------|
| IRRIGATE (9X) | | 4.50 HR | | \$33.75 | \$18.18 | \$0.00 | \$6.96 | \$58.89 |
| SUBTOTAL | | 4.50 HR | | \$33.75 | \$18.18 | \$0.00 | \$6.96 | \$58.89 |

HARVEST OPERATIONS

| | | | | | | | | |
|-----------------|--------|----------------|--|----------------|----------------|---------------|----------------|-----------------|
| SWATHER (5X) | 14 FT | 0.80 HR | | \$6.84 | \$7.04 | \$0.46 | \$34.60 | \$48.94 |
| BALER, PTO (5X) | 145 HP | 1.05 HR | | \$8.98 | \$20.35 | \$4.33 | \$19.89 | \$53.56 |
| SUBTOTAL | | 1.85 HR | | \$15.82 | \$27.39 | \$4.80 | \$54.49 | \$102.50 |

OVERHEAD EXPENSES

| | | | | | | | | |
|----------------------------|--|----------------|-----------------|----------------|--|--|---------------|-----------------|
| DOWNTIME | | 0.46 HR | | \$3.95 | | | | \$3.95 |
| EMPLOYEE BENEFITS | | | | \$8.92 | | | | \$8.92 |
| INSURANCE | | | \$0.99 | | | | | \$0.99 |
| LAND TAXES | | | | | | | \$2.56 | \$2.56 |
| SUPERVISION AND MANAGEMENT | | | | \$75.78 | | | | \$75.78 |
| OTHER EXPENSES | | | \$133.78 | | | | | \$133.78 |
| SUBTOTAL | | 0.46 HR | \$134.77 | \$88.65 | | | \$2.56 | \$225.99 |

| | | | | | | | | |
|---------------------------------|--|----------------|-----------------|-----------------|----------------|---------------|-----------------|-----------------|
| TOTAL OPERATING EXPENSES | | 6.81 HR | \$202.65 | \$138.22 | \$45.58 | \$4.80 | \$198.39 | \$589.63 |
|---------------------------------|--|----------------|-----------------|-----------------|----------------|---------------|-----------------|-----------------|

| | | | | | | | | |
|-----------------------------|--|--|--|--|--|--|--|-----------------|
| NET OPERATING PROFIT | | | | | | | | \$415.37 |
|-----------------------------|--|--|--|--|--|--|--|-----------------|

| | | | | | | | | |
|----------------------------------|---|---------|---|-------|---|--|--|---------|
| INTEREST ON OPERATING CAPITAL | (| \$41.17 | @ | 5.50% |) | | | \$2.26 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$19.71 |

| | | | | | | | | |
|--------------------------------|--|--|--|--|--|--|--|-----------------|
| RETURN TO LAND AND RISK | | | | | | | | \$393.40 |
|--------------------------------|--|--|--|--|--|--|--|-----------------|

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

BUDGET SUMMARY

| | | | |
|--------------------------------|----------|-----------------|-----------------------------------------|
| GROSS RETURN | | \$1,005.00 | |
| VARIABLE OPERATING EXPENSES | \$253.02 | | |
| RETURN OVER VARIABLE EXPENSES | | \$751.98 | (GROSS MARGIN) |
| FIXED EXPENSES | \$198.39 | | |
| NET FARM INCOME | | \$553.59 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$138.22 | | |
| NET OPERATING PROFIT | | \$415.37 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$21.97 | | |
| RETURN TO LAND AND RISK | | \$393.40 | |

TABLE 8. Corn silage, flood-irrigated, budgeted per acre costs and returns for a 200 acre farm with above average management, Virden area, Hidalgo County, Projected 2017

Planting dates: April 15 - May 31

Harvest dates: August 15 - October 15

| ITEM | PRICE | YIELD | TOTAL |
|---------------|---------|-----------------------|----------|
| GROSS RETURNS | | | |
| CORN SILAGE | \$35.00 | 25.00 TONS (STANDING) | \$875.00 |
| TOTAL | | | \$875.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|------------------|--------|------------|------------------|------------|----------|
| SEED | \$3.75 | 30 000 | \$112.50 | | \$112.50 |
| NITROGEN (N) | \$0.22 | 32 LBS | \$7.04 | | \$7.04 |
| PHOSPHATE (P205) | \$0.27 | 40 LBS | \$10.80 | | \$10.80 |
| CANAL WATER | | 36 AC. IN. | | \$45.00 | \$45.00 |
| PUMP WATER* | | 14 AC. IN. | | | |
| SUBTOTAL | | | \$130.34 | \$45.00 | \$175.34 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|---------|-------------|---------|------------|----------|
| FERTILIZE | 65 HP | 0.05 HR | | \$0.43 | \$0.51 | \$0.11 | \$1.49 | \$2.54 |
| DISC | 145 HP | 0.17 HR | | \$1.45 | \$3.30 | \$1.15 | \$2.71 | \$8.61 |
| CHISEL | 145 HP | 0.20 HR | | \$1.71 | \$3.88 | \$1.09 | \$3.56 | \$10.24 |
| DISC | 145 HP | 0.17 HR | | \$1.45 | \$3.30 | \$1.15 | \$2.71 | \$8.61 |
| FLOAT | 65 HP | 0.24 HR | | \$2.05 | \$2.45 | \$0.31 | \$1.06 | \$5.87 |
| LISTER | 65 HP | 0.18 HR | | \$1.54 | \$1.84 | \$0.59 | \$1.52 | \$5.49 |
| PRE-IRRIGATE | | 0.75 HR | | \$5.63 | \$1.77 | \$0.00 | \$0.68 | \$8.07 |
| MULCHER | 145 HP | 0.15 HR | | \$1.28 | \$2.91 | \$1.29 | \$4.43 | \$9.92 |
| PLANTER | 145 HP | 0.26 HR | | \$2.22 | \$5.04 | \$1.46 | \$7.56 | \$16.28 |
| CULTIVATOR (2X) | 65 HP | 0.42 HR | | \$3.59 | \$4.29 | \$1.32 | \$2.24 | \$11.44 |
| ROTOBUCK (3X) | 145 HP | 0.09 HR | | \$0.77 | \$1.74 | \$0.36 | \$1.80 | \$4.67 |
| IRRIGATE (7X) | | 3.50 HR | | \$26.25 | \$12.37 | \$0.00 | \$4.74 | \$43.36 |
| SUBTOTAL | | 6.18 HR | | \$48.38 | \$43.39 | \$8.84 | \$34.49 | \$135.09 |

OVERHEAD EXPENSES

| | | | | | | | | |
|----------------------------|--|---------|----------|---------|--|--|--------|----------|
| DOWNTIME | | 0.46 HR | | \$3.93 | | | | \$3.93 |
| EMPLOYEE BENEFITS | | | | \$8.71 | | | | \$8.71 |
| INSURANCE | | | \$0.97 | | | | | \$0.97 |
| LAND TAXES | | | | | | | \$2.56 | \$2.56 |
| SUPERVISION AND MANAGEMENT | | | | \$66.42 | | | | \$66.42 |
| OTHER EXPENSES | | | \$133.78 | | | | | \$133.78 |
| SUBTOTAL | | 0.46 HR | \$134.75 | \$79.06 | | | \$2.56 | \$216.37 |

TOTAL OPERATING EXPENSES 6.64 HR \$265.09 \$127.44 \$43.39 \$8.84 \$82.05 \$526.81

NET OPERATING PROFIT \$348.19

INTEREST ON OPERATING CAPITAL (\$78.23 @ 5.50%) \$4.30
 INTEREST ON EQUIPMENT INVESTMENT \$18.27

RETURN TO LAND AND RISK \$325.63

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

BUDGET SUMMARY

| | | | |
|-------------------------------|----------|----------|-----------------------------------------|
| GROSS RETURN | | \$875.00 | |
| VARIABLE OPERATING EXPENSES | \$317.32 | | |
| RETURN OVER VARIABLE EXPENSES | | \$557.68 | (GROSS MARGIN) |
| FIXED EXPENSES | \$82.05 | | |
| NET FARM INCOME | | \$475.63 | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$127.44 | | |
| NET OPERATING PROFIT | | \$348.19 | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$22.57 | | |
| RETURN TO LAND AND RISK | | \$325.63 | |

TABLE 9. Upland cotton (picker), flood-irrigated, budgeted per acre costs and returns for a 200 acre farm with average management, Virden area, Hidalgo County, Projected 2017
 Planting dates: April 10 - April 30
 Harvest dates: October 15 - December 15

| ITEM | PRICE | YIELD | BASE | | | | | | TOTAL | |
|----------------------------------|------------|---------------------|------------------|-----------------|-----------------|----------------|-----------------|-----------------|-------------------|-------|
| GROSS RETURNS | | | | | | | | | | |
| LINT | \$0.75 | 600.00 LBS | | | | | | | \$450.00 | |
| SEED | \$0.09 | 960.00 LBS | | | | | | | \$86.40 | |
| DIRECT PAYMENT | \$0.0000 | 600.00 LBS | 0.85 | | | | | | \$0.00 | |
| COUNTER CYCLICAL PAYMENT | \$0.0000 | 1,060.00 LBS | 0.85 | | | | | | \$0.00 | |
| TOTAL | | | | | | | | | \$536.40 | |
| PURCHASED INPUTS | | | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | | | FIXED COST | TOTAL |
| SEED | \$7.55 | 17 LBS | \$128.35 | | | | | | \$128.35 | |
| NITROGEN (N) | \$0.22 | 80 LBS | \$17.60 | | | | | | \$17.60 | |
| PHOSPHATE (P205) | \$0.27 | 60 LBS | \$16.20 | | | | | | \$16.20 | |
| HERBICIDE | \$14.08 | 1 ACRE | \$14.08 | | | | | | \$14.08 | |
| CANAL WATER | | 24 AC. IN. | \$0.00 | | | | \$45.00 | | \$45.00 | |
| PUMP WATER* | | 12 AC. IN. | | | | | | | | |
| CROP INSURANCE | \$0.74 | | \$0.74 | | | | | | \$0.74 | |
| SUBTOTAL | | | | | | | | | \$221.97 | |
| PREHARVEST OPERATIONS | | | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | | |
| FERTILIZE | 65 HP | 0.05 HR | | \$0.43 | \$0.51 | \$0.11 | \$1.49 | \$2.54 | | |
| DISC | 145 HP | 0.17 HR | | \$1.45 | \$3.30 | \$1.15 | \$2.71 | \$8.61 | | |
| PLOW | 145 HP | 0.67 HR | | \$5.73 | \$12.99 | \$5.44 | \$12.51 | \$36.67 | | |
| DISC & SPRAY | 145 HP | 0.15 HR | | \$1.28 | \$2.91 | \$1.11 | \$3.61 | \$8.91 | | |
| FLOAT | 65 HP | 0.24 HR | | \$2.05 | \$2.45 | \$0.31 | \$1.06 | \$5.87 | | |
| LISTER | 145 HP | 0.18 HR | | \$1.54 | \$3.49 | \$1.07 | \$2.79 | \$8.89 | | |
| PRE-IRRIGATE | | 0.75 HR | | \$5.63 | \$1.35 | \$0.00 | \$0.52 | \$7.49 | | |
| MULCHER | 145 HP | 0.14 HR | | \$1.20 | \$2.71 | \$1.21 | \$4.14 | \$9.25 | | |
| PLANTER | 145 HP | 0.26 HR | | \$2.22 | \$5.04 | \$1.46 | \$7.56 | \$16.28 | | |
| CULTIVATOR (4X) | 65 HP | 0.84 HR | | \$7.18 | \$8.58 | \$2.65 | \$4.48 | \$22.89 | | |
| HOEING (CUSTOM) | | | \$24.00 | | | | | \$24.00 | | |
| ROTOBUCK (3X) | 145 HP | 0.03 HR | | \$0.26 | \$0.58 | \$0.12 | \$0.60 | \$1.56 | | |
| IRRIGATE (8X) | | 4.00 HR | | \$30.00 | \$10.77 | \$0.00 | \$4.13 | \$44.90 | | |
| SUBTOTAL | | 7.48 HR | \$24.00 | \$58.97 | \$54.68 | \$14.64 | \$45.58 | \$197.86 | | |
| HARVEST OPERATIONS | | | | | | | | | | |
| COTTON PICKER (2X) | 2 ROW | 1.24 HR | | \$10.60 | \$17.62 | \$8.87 | \$92.49 | \$129.58 | | |
| COTTON TRAILER (2X) | HALF TON | 2.50 HR | | \$21.38 | \$33.08 | \$2.02 | \$20.39 | \$76.86 | | |
| GIN COTTON (CUSTOM) | | | \$68.52 | | | | | \$68.52 | | |
| SUBTOTAL | | 3.74 HR | \$68.52 | \$31.98 | \$50.70 | \$10.89 | \$112.88 | \$274.96 | | |
| POSTHARVEST OPERATIONS | | | | | | | | | | |
| SHREDDER | 65 HP | 0.29 HR | | \$2.48 | \$2.96 | \$0.43 | \$3.49 | \$9.37 | | |
| SUBTOTAL | | 0.29 HR | | \$2.48 | \$2.96 | \$0.43 | \$3.49 | \$9.37 | | |
| OVERHEAD EXPENSES | | | | | | | | | | |
| DOWNTIME | | 1.56 HR | | \$13.32 | | | | \$13.32 | | |
| EMPLOYEE BENEFITS | | | | \$16.82 | | | | \$16.82 | | |
| INSURANCE | | | \$1.87 | | | | | \$1.87 | | |
| LAND TAXES | | | | | | | \$2.56 | \$2.56 | | |
| SUPERVISION AND MANAGEMENT | | | | \$44.66 | | | | \$44.66 | | |
| OTHER EXPENSES | | | \$133.78 | | | | | \$133.78 | | |
| SUBTOTAL | | 1.56 HR | \$135.65 | \$74.80 | | | \$2.56 | \$213.01 | | |
| TOTAL OPERATING EXPENSES | | 13.07 HR | \$405.13 | \$168.22 | \$108.34 | \$25.96 | \$209.51 | \$917.16 | | |
| NET OPERATING PROFIT | | | | | | | | | (\$380.76) | |
| INTEREST ON OPERATING CAPITAL | | (| \$117.50 | @ | 5.50% |) | | \$6.46 | | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$78.58 | | |
| RETURN TO LAND AND RISK | | | | | | | | | (\$465.81) | |

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

| | | | |
|-------------------------------|----------|------------|-----------------------------------------|
| GROSS RETURN | | \$536.40 | |
| VARIABLE OPERATING EXPENSES | \$539.43 | | |
| RETURN OVER VARIABLE EXPENSES | | (\$3.03) | (GROSS MARGIN) |
| FIXED EXPENSES | \$209.51 | | |
| NET FARM INCOME | | (\$212.54) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$168.22 | | |
| NET OPERATING PROFIT | | (\$380.76) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$85.04 | | |
| RETURN TO LAND AND RISK | | (\$465.81) | |

TABLE 10. Grain sorghum, flood-irrigated, budgeted per acre costs and returns for a 200 acre farm with above average management, Virden area, Hidalgo County, Projected 2017
Planting dates: May 1 - June 15
Harvesting dates: October 15 - November 15

| ITEM | PRICE | YIELD | BASE | TOTAL |
|--------------------------|---------|-----------|------|-----------------|
| GROSS RETURNS | | | | |
| GRAIN SORGHUM | \$5.91 | 60.00 CWT | | \$354.86 |
| DIRECT PAYMENT | \$0.00 | 60.00 CWT | 0.85 | \$0.00 |
| COUNTER CYCLICAL PAYMENT | \$0.00 | 0.00 CWT | | \$0.00 |
| GRAZING | \$10.00 | 1.00 ACRE | | \$10.00 |
| TOTAL | | | | \$364.86 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|------------------|---------|------------|------------------|----------------|-----------------|
| SEED | \$1.70 | 8 LBS | \$13.60 | | \$13.60 |
| NITROGEN (N) | \$0.22 | 32 LBS | \$7.04 | | \$7.04 |
| PHOSPHATE (P205) | \$0.27 | 40 LBS | \$10.80 | | \$10.80 |
| HERBICIDE | \$14.08 | 1 ACRE | \$14.08 | | \$14.08 |
| INSECTICIDE | \$11.30 | 1 ACRE | \$11.30 | | \$11.30 |
| CANAL WATER | | 28 AC. IN. | | \$45.00 | \$45.00 |
| PUMP WATER* | | 12 AC. IN. | | | |
| CROP INSURANCE | \$1.47 | | \$1.47 | | \$1.47 |
| SUBTOTAL | | | \$58.29 | \$45.00 | \$103.29 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|----------------|----------------|----------------|-----------------|
| FERTILIZER | 65 HP | 0.15 HR | | \$1.28 | \$1.53 | \$0.33 | \$4.46 | \$7.61 |
| DISC | 145 HP | 0.20 HR | | \$1.71 | \$3.88 | \$1.35 | \$3.19 | \$10.13 |
| CHISEL | 145 HP | 0.40 HR | | \$3.42 | \$7.75 | \$2.18 | \$7.12 | \$20.48 |
| DISC | 145 HP | 0.20 HR | | \$1.71 | \$3.88 | \$1.35 | \$3.19 | \$10.13 |
| FLOAT | 145 HP | 0.25 HR | | \$2.14 | \$4.85 | \$1.00 | \$2.87 | \$10.85 |
| SPRAYER | 65 HP | 0.20 HR | | \$1.71 | \$2.04 | \$0.39 | \$2.25 | \$6.39 |
| LISTER | 65 HP | 0.50 HR | | \$4.28 | \$5.11 | \$1.64 | \$4.22 | \$15.24 |
| PRE-IRRIGATE | | 0.75 HR | | \$5.63 | \$2.02 | \$0.00 | \$0.77 | \$8.42 |
| MULCHER | 145 HP | 0.20 HR | | \$1.71 | \$3.88 | \$1.72 | \$5.91 | \$13.22 |
| PLANTER | 145 HP | 0.25 HR | | \$2.14 | \$4.85 | \$1.40 | \$7.27 | \$15.65 |
| SPRAYER | 65 HP | 0.20 HR | | \$1.71 | \$2.04 | \$0.39 | \$2.25 | \$6.39 |
| CULTIVATOR (2X) | 65 HP | 0.60 HR | | \$5.13 | \$6.13 | \$1.89 | \$3.20 | \$16.35 |
| ROTOBUCK (3X) | 145 HP | 0.25 HR | | \$2.14 | \$4.85 | \$1.00 | \$4.99 | \$12.98 |
| IRRIGATE (5X) | | 2.50 HR | | \$18.75 | \$10.10 | \$0.00 | \$3.87 | \$32.72 |
| SUBTOTAL | | 6.65 HR | | \$53.45 | \$62.89 | \$14.66 | \$55.56 | \$186.56 |

| HARVEST OPERATIONS | | | | | | | | |
|--------------------|--|----------------|--|----------------|--|--|--|----------------|
| COMBINE (CUSTOM) | | | | \$25.20 | | | | \$25.20 |
| HAUL (CUSTOM) | | | | \$11.40 | | | | \$11.40 |
| SUBTOTAL | | 0.00 HR | | \$36.60 | | | | \$36.60 |

| OVERHEAD EXPENSES | | | | | | | | |
|----------------------------|--|----------------|--|-----------------|----------------|--------|---------------|-----------------|
| DOWNTIME | | 0.61 HR | | \$5.24 | | | | \$5.24 |
| EMPLOYEE BENEFITS | | | | \$9.62 | | | | \$9.62 |
| INSURANCE | | | | \$1.07 | | | | \$1.07 |
| LAND TAXES | | | | | | \$2.56 | | \$2.56 |
| SUPERVISION AND MANAGEMENT | | | | \$27.57 | | | | \$27.57 |
| OTHER EXPENSES | | | | \$133.78 | | | | \$133.78 |
| SUBTOTAL | | 0.61 HR | | \$134.85 | \$42.42 | | \$2.56 | \$179.84 |

TOTAL OPERATING EXPENSES 7.26 HR \$229.74 \$95.87 \$62.89 \$14.66 \$103.12 \$506.28

NET OPERATING PROFIT (\$141.43)

INTEREST ON OPERATING CAPITAL (\$51.58 @ 5.50%) \$2.84
INTEREST ON EQUIPMENT INVESTMENT \$29.42

RETURN TO LAND AND RISK (\$173.68)

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

| | | | |
|-------------------------------|----------|------------|-----------------------------------------|
| GROSS RETURN | | \$364.86 | |
| VARIABLE OPERATING EXPENSES | \$307.29 | | |
| RETURN OVER VARIABLE EXPENSES | | \$57.56 | (GROSS MARGIN) |
| FIXED EXPENSES | \$103.12 | | |
| NET FARM INCOME | | (\$45.56) | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$95.87 | | |
| NET OPERATING PROFIT | | (\$141.43) | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$32.26 | | |
| RETURN TO LAND AND RISK | | (\$173.68) | |

TABLE 11. Summary of per acre costs and returns for a 200 acre farm with above average management, Virden area, Hidalgo County, Projected 2017

| | ALFALFA ESTABLISHMENT | ALFALFA HAY | CORN SILAGE | PICKER COTTON | GRAIN SORGHUM |
|----------------------------------|--------------------------|----------------|----------------|------------------|------------------|
| | | TONS | TONS | LBS | CWT |
| PRIMARY YIELD | | 6.00 | 25.00 | 600.00 | 60.00 |
| PRIMARY PRICE | | \$165.00 | \$35.00 | \$0.75 | \$5.91 |
| GOVERNMENT PAYMENTS | | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SECOND INCOME | | \$15.00 | \$0.00 | \$86.40 | \$10.00 |
| GROSS RETURN | | \$1,005.00 | \$875.00 | \$536.40 | \$364.86 |
| CASH OPERATING EXPENSES | | | | | |
| SEED | \$76.25 | | \$112.50 | \$128.35 | \$13.60 |
| FERTILIZER | \$17.90 | | \$17.84 | \$33.80 | \$17.84 |
| CHEMICALS | | | | \$14.08 | \$25.38 |
| CROP INSURANCE | | | | \$0.74 | \$1.47 |
| OTHER PURCHASED INPUTS | | \$67.87 | | | |
| CANAL WATER | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$34.74 | \$27.39 | \$29.25 | \$96.21 | \$50.77 |
| FUEL-IRRIGATION | \$5.05 | \$18.18 | \$14.14 | \$12.12 | \$12.12 |
| REPAIRS | \$12.69 | \$4.80 | \$8.84 | \$25.96 | \$14.66 |
| CUSTOM CHARGES | | | | \$92.52 | \$36.60 |
| LAND TAXES | | \$2.56 | \$2.56 | \$2.56 | \$2.56 |
| OTHER EXPENSES | \$0.64 | \$134.77 | \$134.75 | \$135.65 | \$134.85 |
| TOTAL CASH EXPENSES | \$147.28 | \$255.58 | \$319.88 | \$541.99 | \$309.86 |
| RETURN OVER CASH EXPENSES | (\$147.28) | \$749.42 | \$555.12 | (\$5.59) | \$55.00 |
| FIXED EXPENSES | \$37.50 | \$195.83 | \$79.49 | \$206.95 | \$100.56 |
| TOTAL EXPENSES | \$184.77 | \$451.41 | \$399.37 | \$748.94 | \$410.42 |
| NET FARM INCOME | (\$184.77) | \$553.59 | \$475.63 | (\$212.54) | (\$45.56) |
| LABOR AND MANAGEMENT COSTS | \$60.13 | \$138.22 | \$127.44 | \$168.22 | \$95.87 |
| NET OPERATING PROFIT | (\$244.90) | \$415.37 | \$348.19 | (\$380.76) | (\$141.43) |
| CAPITAL COSTS | | | | | |
| INTEREST ON OPERATING CAPITAL | | \$2.26 | \$4.30 | \$6.46 | \$2.84 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$19.71 | \$18.27 | \$78.58 | \$29.42 |
| TOTAL CAPITAL COSTS | \$0.00 | \$21.97 | \$22.57 | \$85.04 | \$32.26 |
| RETURN TO LAND AND RISK | (\$244.90) | \$393.40 | \$325.63 | (\$465.81) | (\$173.68) |

TABLE 12. Whole farm summary, Virden area, Hidalgo County,
Projected 2017

| | | |
|----------------------------------|-------------|------------------|
| GROSS RETURNS | | |
| ALFALFA HAY | 45.00 ACRES | |
| CROP | | \$44,550 |
| GRAZING | | \$675 |
| CORN SILAGE | 43.00 ACRES | |
| CROP | | \$37,625 |
| UPLAND COTTON | 68.00 ACRES | |
| LINT | | \$30,600 |
| SEED | | \$5,875 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| GRAIN SORGHUM | 34.00 ACRES | |
| CROP | | \$12,065 |
| DIRECT PAYMENT | | \$0 |
| COUNTER CYCLICAL PAYMENT | | \$0 |
| GRAZING | | \$340 |
| GROSS RETURN | | <u>\$131,390</u> |
| CASH OPERATING EXPENSES | | |
| SEED | | \$15,171 |
| FERTILIZER | | \$3,941 |
| CHEMICALS | | \$1,820 |
| CROP INSURANCE | | \$100 |
| OTHER PURCHASED INPUTS | | \$3,054 |
| CANAL WATER | | \$0 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$11,280 |
| FUEL-IRRIGATION | | \$2,738 |
| REPAIRS | | \$3,050 |
| CUSTOM CHARGES | | \$7,536 |
| LAND TAXES | | \$487 |
| OTHER EXPENSES | | \$25,678 |
| TOTAL CASH EXPENSES | | <u>\$74,856</u> |
| RETURN OVER CASH EXPENSES | | \$56,535 |
| FIXED EXPENSES | | \$26,611 |
| TOTAL EXPENSES | | \$101,466 |
| NET FARM INCOME | | \$29,924 |
| LABOR AND MANAGEMENT COSTS | | \$27,300 |
| NET OPERATING PROFIT | | \$2,624 |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$823 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$8,016 |
| TOTAL CAPITAL COSTS | | <u>\$8,839</u> |
| RETURN TO LAND AND RISK | | <u>(\$6,215)</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|---------------|-----------------|------------------------|
| \$700 /ACRE | (\$10,415) | 1.04% |
| \$900 /ACRE | (\$11,615) | 0.90% |
| \$1,100 /ACRE | (\$12,815) | 0.79% |
| \$1,300 /ACRE | (\$14,015) | 0.71% |
| \$1,500 /ACRE | (\$15,215) | 0.64% |
| \$1,700 /ACRE | (\$16,415) | 0.58% |
| \$1,900 /ACRE | (\$17,615) | 0.53% |

* 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)