

TABLE 1. Acreage Summary, Valencia and Souther Bernalillo Counties,
Actual 2014

| BUDGET AREA.....VALENCIA & SOUTHERN BERNALILLO COUNTIES | | | |
|---|---------------------|-------------------|-----------------|
| FARM SIZE.....100 ACRES | | | |
| IRRIGATION TYPE.....FLOOD | | | |
| NUMBER OF CROPS.....4.... | | | |
| ACREAGE SUMMARY: | LAND USE (ACRES) | WATER USE | |
| | | AC.IN. PER AC. | TOTAL AC.IN. |
| ALFALFA ESTABLISHMENT | 12.00 * | 12 | 144 |
| ALFALFA | 71.00 | 44 | 3,124 |
| SMALL GRAIN HAY | 10.00 | 24 | 240 |
| SORGHUM HAY | 10.00 * | 24 | 240 |
| CORN SILAGE | 10.00 | 42 | 420 |
| ROADS, HOMESTEAD | 9.00 | | |
| TOTAL | 100.00 | | 4,168 |
| ACRE FEET PER ACRE OF WATER RIGHTS | | | 3.47 |

* DOUBLE-CROPPED

TABLE 2. Basic cost information for Valencia and Southern Bernalillo Counties,
Actual 2014

| Item | | | |
|---------------------------------|-------------|------------------------------|--------------------|
| Labor Wage Rate: | | \$/hour | \$7.50 |
| Purchased Inputs: | | | |
| Fertilizer: | | | |
| Nitrogen (N) | | \$/pound | \$0.50 |
| Phosphate (P205) | | \$/pound | \$0.40 |
| Anhydrous Ammonia (NH3) | | \$/ton | \$703.00 |
| Seed: | | | |
| Alfalfa | | \$/pound | \$6.00 |
| Oats | | \$/pound | \$0.64 |
| Corn | | \$/bag | \$261.00 |
| Sorghum | | \$/pound | \$1.31 |
| Baling Wire | | \$/pound | \$1.32 |
| Canal water | | \$/acre | \$28.00 |
| Energy: | | | |
| Butane | | \$/gallon | \$2.80 |
| Diesel fuel | | \$/gallon | \$3.83 |
| Gasoline | | \$/gallon | \$2.55 |
| Electricity | | Cents/KwHr | 12.67 |
| Natural Gas | | \$/MCF | \$4.01 |
| Employee Liability Insurance | | \$/ \$1,000 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 | | \$483.00 /acre (full value) | \$5.18 |
| Personal Property Tax Rate | - NR - R | \$/ \$1,000 (Assessed Value) | \$32.18 \$26.78 |
| Supervision Factors | | | |
| Irrigation | | \$/labor hour | \$1.00 |
| Equipment & General | | \$/labor hour | \$0.50 |
| Management Rate | | percent | 7.00% |

TABLE 3. Overhead cost information for Valencia and Southern Bernalillo Counties,
Actual 2014

| Item | | | | |
|------------------------------------|--------|---|--------------------|----------|
| Electricity (Domestic & Shop) | | | \$133.10 per month | \$1,597 |
| Telephone | | | \$96.80 per month | \$1,162 |
| Accounting & Legal | | | | \$581 |
| Misc. Supplies & Hand Tools | | | | \$587 |
| Pickup and Auto | | | | |
| miles | 12,463 | @ | \$0.500 per mile | \$6,232 |
| Insurance | | | | |
| - general liability (non-employee) | | | | \$1,228 |
| - fire/theft | | | | \$823 |
| Property Taxes | | | | |
| - non-planted land | | | | \$0 |
| - other than land & machinery | | | | \$6,010 |
| Building repairs and maintenance | | | | \$617 |
| Dues, fees, publications | | | | \$327 |
| Farmstead Equipment | | | | \$200 |
| | | | Total | \$19,362 |
| Total per planted acre | | | | \$212.77 |

TABLE 5. Alfalfa establishment, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Actual 2014
Planting dates: August 15 - September 15

| ITEM | PRICE | QUANTITY | PURCHASED INPUTS | | | | | TOTAL |
|---------------------------------|---------------|------------------------|---------------------|---------|----------------|---------|---------------|----------|
| PURCHASED INPUTS | | | | | | | | |
| SEED | \$6.00 | 20 LBS | \$120.00 | | | | | \$120.00 |
| PHOSPHATE (P2O5) | \$0.40 | 90 LBS | \$36.00 | | | | | \$36.00 |
| NITROGEN (N) | \$0.50 | 35 LBS | \$17.50 | | | | | \$17.50 |
| CANAL WATER | | 12 AC. IN. | | | | | | |
| SUBTOTAL | | | \$173.50 | | | | | \$173.50 |
| PREHARVEST OPERATIONS | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| DISC | 96 HP | 0.17 HR | | \$1.28 | \$2.64 | \$0.63 | \$6.88 | \$11.43 |
| PLOW | 96 HP | 0.67 HR | | \$5.03 | \$10.40 | \$3.42 | \$24.93 | \$43.78 |
| DISC | 96 HP | 0.17 HR | | \$1.28 | \$2.64 | \$0.63 | \$6.88 | \$11.43 |
| LASER PLANE (CUSTOM) | | | \$70.71 | | | | | \$70.71 |
| BORDER DISC | 50 HP | 0.05 HR | | \$0.38 | \$0.48 | \$0.10 | \$5.54 | \$6.49 |
| DRILL | 50 HP | 0.25 HR | | \$1.88 | \$2.38 | \$0.49 | \$14.99 | \$19.74 |
| IRRIGATE (2X) | | 1.00 HR | | \$7.50 | | | | \$7.50 |
| SUBTOTAL | | 2.31 HR | \$70.71 | \$17.33 | \$18.54 | \$5.27 | \$59.22 | \$171.07 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.33 HR | | \$2.46 | | | | \$2.46 |
| EMPLOYEE BENEFITS | | | | \$3.12 | | | | \$3.12 |
| INSURANCE | | | \$0.35 | | | | | \$0.35 |
| SUPERVISION AND MANAGEMENT | | | | \$25.78 | | | | \$25.78 |
| SUBTOTAL | | 0.33 HR | \$0.35 | \$31.35 | | | | \$31.70 |
| TOTAL OPERATING EXPENSES | | 2.64 HR | \$244.56 | \$48.67 | \$18.54 | \$5.27 | \$59.22 | \$376.27 |

TABLE 6. Alfalfa hay, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Actual 2014
Harvesting dates: June 1 - October 15

| ITEM | PRICE | YIELD | | | | | | TOTAL | |
|----------------------------------|------------|---------------------|---|-----------------|----------------|---------------|-----------------|-------------------|-----------------|
| GROSS RETURNS | | | | | | | | | |
| ALFALFA HAY | \$245.00 | 5.00 TONS (STACKED) | | | | | | \$1,225.00 | |
| GRAZING | \$10.00 | 1.00 ACRE | | | | | | \$10.00 | |
| TOTAL | | | | | | | | \$1,235.00 | |
| PURCHASED INPUTS | | | | | | | | | |
| | PRICE | QUANTITY | PURCHASED INPUTS | | | | FIXED COST | TOTAL | |
| PHOSPHATE (P2O5) | \$0.40 | 90 LBS | \$36.00 | | | | | \$36.00 | |
| INSECTICIDE (CUSTOM) | \$21.71 | 1 X/ACRE | \$21.71 | | | | | \$21.71 | |
| WIRE | \$0.36 | 43 LBS | \$15.39 | | | | | \$15.39 | |
| ESTABLISHMENT: Principal | | 6 YEARS | | | | | \$62.71 | \$62.71 | |
| : Interest | | | | | | | \$10.62 | \$10.62 | |
| CANAL WATER | | 44 AC. IN. | \$28.00 | | | | | \$28.00 | |
| SUBTOTAL | | | \$101.10 | | | | \$73.34 | \$174.44 | |
| PREHARVEST OPERATIONS | | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | |
| IRRIGATE (8X) | | 4.00 HR | | \$30.00 | | | | \$30.00 | |
| HARVEST OPERATIONS | | | | | | | | | |
| SWATHER (4X) | 14 FT. | 0.64 HR | | \$4.80 | \$9.18 | \$0.37 | \$20.45 | \$34.80 | |
| BALER, PTO (4X) | 50 HP | 0.84 HR | | \$6.30 | \$8.01 | \$1.04 | \$15.98 | \$31.33 | |
| BALE WAGON (CUSTOM) (2X) | | | \$23.40 | | | | | \$23.40 | |
| SUBTOTAL | | 1.48 HR | \$23.40 | \$11.10 | \$17.19 | \$1.41 | \$36.43 | \$89.53 | |
| OVERHEAD EXPENSES | | | | | | | | | |
| DOWNTIME | | 0.37 HR | | \$2.78 | | | | \$2.78 | |
| EMPLOYEE BENEFITS | | | | \$7.40 | | | | \$7.40 | |
| INSURANCE | | | \$0.82 | | | | | \$0.82 | |
| LAND TAXES | | | | | | | | \$5.18 | |
| SUPERVISION AND MANAGEMENT | | | | \$91.19 | | | | \$91.19 | |
| OTHER EXPENSES | | | \$212.77 | | | | | \$212.77 | |
| SUBTOTAL | | 0.37 HR | \$213.60 | \$101.36 | | | | \$5.18 | \$320.14 |
| TOTAL OPERATING EXPENSES | | 5.85 HR | \$338.10 | \$142.46 | \$17.19 | \$1.41 | \$114.95 | \$614.11 | |
| NET OPERATING PROFIT | | | | | | | | \$620.89 | |
| INTEREST ON OPERATING CAPITAL | | (\$54.05 @ 5.50%) | | | | | | \$2.97 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$18.10 | |
| RETURN TO LAND AND RISK | | | | | | | | \$599.82 | |
| BUDGET SUMMARY | | | | | | | | | |
| GROSS RETURN | | | \$1,235.00 | | | | | | |
| VARIABLE OPERATING EXPENSES | \$356.69 | | | | | | | | |
| RETURN OVER VARIABLE EXPENSES | | \$878.31 | (GROSS MARGIN) | | | | | | |
| FIXED EXPENSES | \$114.95 | | | | | | | | |
| NET FARM INCOME | | \$763.36 | (RETURN TO CAPITAL, LABOR, LAND & RISK) | | | | | | |
| LABOR AND MANAGEMENT COST | \$142.46 | | | | | | | | |
| NET OPERATING PROFIT | | \$620.89 | (RETURN TO CAPITAL, LAND & RISK) | | | | | | |
| CAPITAL COSTS | \$21.07 | | | | | | | | |
| RETURN TO LAND AND RISK | | \$599.82 | | | | | | | |

TABLE 7. Small grain hay, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Actual 2014
 Planting dates: March 1 - May 1
 Harvesting dates: June 15 - July 15

| ITEM | PRICE | YIELD | | | | | | TOTAL |
|----------------------------------|------------|---------------------|------------------|-----------------|----------------|---------------|----------------|-----------------|
| GROSS RETURNS | | | | | | | | |
| SMALL GRAIN HAY | \$225.00 | 2.50 TONS (STACKED) | | | | | | \$562.50 |
| TOTAL | | | | | | | | \$562.50 |
| PURCHASED INPUTS | | | | | | | | |
| | PRICE | QUANTITY | PURCHASED INPUTS | | | | FIXED COST | TOTAL |
| SEED | \$0.64 | 80 LBS | \$51.20 | | | | | \$51.20 |
| WIRE | \$0.36 | 26 LBS | \$9.31 | | | | | \$9.31 |
| CANAL WATER | | 24 AC. IN. | \$28.00 | | | | | \$28.00 |
| SUBTOTAL | | | \$88.51 | | | | | \$88.51 |
| PREHARVEST OPERATIONS | | | | | | | | |
| | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
| PLOW | 96 HP | 0.67 HR | | \$5.03 | \$10.40 | \$3.42 | \$24.93 | \$43.78 |
| DISC (2X) | 96 HP | 0.34 HR | | \$2.55 | \$5.28 | \$1.27 | \$13.76 | \$22.86 |
| PLANE | 96 HP | 0.24 HR | | \$1.80 | \$3.73 | \$0.25 | \$21.54 | \$27.31 |
| BORDER DISC | 50 HP | 0.05 HR | | \$0.38 | \$0.48 | \$0.10 | \$5.54 | \$6.49 |
| DRILL | 50 HP | 0.25 HR | | \$1.88 | \$2.38 | \$0.49 | \$14.99 | \$19.74 |
| IRRIGATE (4X) | | 2.00 HR | | \$15.00 | | | | \$15.00 |
| SUBTOTAL | | 3.55 HR | | \$26.63 | \$22.27 | \$5.52 | \$80.76 | \$135.18 |
| HARVEST OPERATIONS | | | | | | | | |
| SWATHER | 14 FT. | 0.16 HR | | \$1.20 | \$2.29 | \$0.09 | \$5.11 | \$8.70 |
| BALER, PTO | 50 HP | 0.21 HR | | \$1.58 | \$2.00 | \$0.26 | \$3.99 | \$7.83 |
| BALEWAGON | | | \$27.30 | | | | | \$27.30 |
| SUBTOTAL | | 0.37 HR | | \$2.78 | \$4.30 | \$0.35 | \$9.11 | \$43.83 |
| OVERHEAD EXPENSES | | | | | | | | |
| DOWNTIME | | 0.48 HR | | \$3.60 | | | | \$3.60 |
| EMPLOYEE BENEFITS | | | | \$5.29 | | | | \$5.29 |
| INSURANCE | | | \$0.59 | | | | | \$0.59 |
| LAND TAXES | | | | | | | \$2.59 | \$2.59 |
| SUPERVISION AND MANAGEMENT | | | | \$42.34 | | | | \$42.34 |
| OTHER EXPENSES | | | \$106.39 | | | | | \$106.39 |
| SUBTOTAL | | 0.48 HR | | \$106.97 | \$51.23 | | \$2.59 | \$160.79 |
| TOTAL OPERATING EXPENSES | | 4.40 HR | | \$195.48 | \$80.63 | \$5.87 | \$92.46 | \$428.31 |
| NET OPERATING PROFIT | | | | | | | | \$134.19 |
| INTEREST ON OPERATING CAPITAL | | (| \$51.59 | @ | 5.50% |) | | \$2.84 |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$17.15 |
| RETURN TO LAND AND RISK | | | | | | | | \$114.21 |

| BUDGET SUMMARY | | | |
|-------------------------------|----------|----------|---|
| GROSS RETURN | | \$562.50 | |
| VARIABLE OPERATING EXPENSES | \$227.92 | | |
| RETURN OVER VARIABLE EXPENSES | \$334.58 | | (GROSS MARGIN) |
| FIXED EXPENSES | \$92.46 | | |
| NET FARM INCOME | \$242.12 | | (RETURN TO CAPITAL, LABOR, LAND & RISK) |
| LABOR AND MANAGEMENT COST | \$80.63 | | |
| NET OPERATING PROFIT | \$161.49 | | (RETURN TO CAPITAL, LAND & RISK) |
| CAPITAL COSTS | \$19.99 | | |
| RETURN TO LAND AND RISK | | \$141.51 | |

TABLE 8. Sorghum hay, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties
 Actual 2014
 Planting dates: July 1 - July 31
 Harvesting dates: August 10 - September 30

| ITEM | PRICE | YIELD | | | | | | TOTAL | |
|----------------------------------|------------|---|------------------|-----------------|----------------|----------------|----------------|-----------------|----------------|
| GROSS RETURNS | | | | | | | | | |
| SORGHUM HAY | \$210.00 | 2.00 | TONS (STACKED) | | | | | \$420.00 | |
| GRAZING | \$5.00 | 1.00 | ACRE | | | | | \$5.00 | |
| TOTAL | | | | | | | | \$425.00 | |
| PURCHASED INPUTS | | | | | | | | | |
| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | | | | | FIXED COST | TOTAL |
| SEED | \$1.31 | 35 LBS | \$45.85 | | | | | | \$45.85 |
| WIRE | \$0.36 | 17 LBS | \$6.09 | | | | | | \$6.09 |
| CANAL WATER | | 24 AC. IN. | \$28.00 | | | | | | \$28.00 |
| SUBTOTAL | | | \$79.94 | | | | | | \$79.94 |
| PREHARVEST OPERATIONS | | | | | | | | | |
| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL | |
| DISC | 96 HP | 0.17 HR | | \$1.28 | \$2.64 | \$0.63 | \$6.88 | \$11.43 | |
| DRILL | 50 HP | 0.25 HR | | \$1.88 | \$2.38 | \$0.49 | \$14.99 | \$19.74 | |
| IRRIGATE (4X) | | 2.00 HR | | \$15.00 | | | | \$15.00 | |
| SUBTOTAL | | 2.42 HR | | \$18.15 | \$5.02 | \$1.12 | \$21.87 | \$46.17 | |
| HARVEST OPERATIONS | | | | | | | | | |
| SWATHER (2X) | 14 FT. | 0.32 HR | | \$2.40 | \$4.59 | \$0.19 | \$10.23 | \$17.40 | |
| BALER, PTO (2X) | 50 HP | 0.42 HR | | \$3.15 | \$4.01 | \$0.52 | \$7.99 | \$15.66 | |
| BALEWAGON | | | \$23.40 | | | | | \$23.40 | |
| SUBTOTAL | | 0.74 HR | | \$5.55 | \$8.59 | \$0.70 | \$18.22 | \$56.46 | |
| OVERHEAD EXPENSES | | | | | | | | | |
| DOWNTIME | | 0.29 HR | | \$2.18 | | | | \$2.18 | |
| EMPLOYEE BENEFITS | | | | \$4.27 | | | | \$4.27 | |
| INSURANCE | | | \$0.47 | | | | \$0.47 | | |
| LAND TAXES | | | | | | | \$2.59 | | |
| SUPERVISION AND MANAGEMENT | | | | \$32.33 | | | | \$32.33 | |
| OTHER EXPENSES | | | \$106.39 | | | | | | |
| SUBTOTAL | | 0.29 HR | | \$106.86 | \$38.77 | | \$2.59 | \$148.22 | |
| TOTAL OPERATING EXPENSES | | 3.45 HR | | \$186.80 | \$62.47 | \$13.62 | \$1.82 | \$42.68 | |
| NET OPERATING PROFIT | | | | | | | | \$94.21 | |
| INTEREST ON OPERATING CAPITAL | | (\$42.28 @ | 5.50% |) | | | | \$2.33 | |
| INTEREST ON EQUIPMENT INVESTMENT | | | | | | | | \$17.15 | |
| RETURN TO LAND AND RISK | | | | | | | | \$74.74 | |
| BUDGET SUMMARY | | | | | | | | | |
| GROSS RETURN | | \$425.00 | | | | | | | |
| VARIABLE OPERATING EXPENSES | \$202.24 | | | | | | | | |
| RETURN OVER VARIABLE EXPENSES | \$222.76 | (GROSS MARGIN) | | | | | | | |
| FIXED EXPENSES | \$42.68 | | | | | | | | |
| NET FARM INCOME | \$180.08 | (RETURN TO CAPITAL, LABOR, LAND & RISK) | | | | | | | |
| LABOR AND MANAGEMENT COST | \$62.47 | | | | | | | | |
| NET OPERATING PROFIT | \$117.61 | (RETURN TO CAPITAL, LAND & RISK) | | | | | | | |
| CAPITAL COSTS | \$19.48 | | | | | | | | |
| RETURN TO LAND AND RISK | | | | | | | | \$98.14 | |

TABLE 9. Corn silage, flood-irrigated, budgeted per acre costs and returns for a 100 acre farm with above average management, Valencia and Southern Bernalillo Counties, Actual 2014
 Planting dates: May 1 - June 15
 Harvesting dates: August 15 - September 30

| ITEM | PRICE | YIELD | TOTAL |
|----------------------|---------|-----------------------|-----------------|
| GROSS RETURNS | | | |
| CORN SILAGE | \$48.00 | 20.00 TONS (STANDING) | \$960.00 |
| TOTAL | | | \$960.00 |

| PURCHASED INPUTS | PRICE | QUANTITY | PURCHASED INPUTS | FIXED COST | TOTAL |
|-------------------------|---------|------------|------------------|------------|-----------------|
| SEED | \$3.26 | 30 000 | \$97.88 | | \$97.88 |
| ANHYDROUS AMMONIA (NH3) | \$0.35 | 125 LBS | \$43.94 | | \$43.94 |
| HERBICIDE (GRANULAR) | \$6.85 | 1 ACRE | \$6.85 | | \$6.85 |
| INSECTICIDE (GRANULAR) | \$34.24 | 1 ACRE | \$34.24 | | \$34.24 |
| CANAL WATER | | 42 AC. IN. | \$28.00 | | \$28.00 |
| SUBTOTAL | | | \$210.90 | | \$210.90 |

| PREHARVEST OPERATIONS | POWER UNIT | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FUEL & LUBE | REPAIRS | FIXED COST | TOTAL |
|-----------------------|------------|---------------------|------------------|----------------|----------------|---------------|-----------------|-----------------|
| PLOW | 96 HP | 0.67 HR | | \$5.03 | \$10.40 | \$3.42 | \$24.93 | \$43.78 |
| DISC (2X) | 96 HP | 0.34 HR | | \$2.55 | \$5.28 | \$1.27 | \$13.76 | \$22.86 |
| LAND PLANE | 96 HP | 0.24 HR | | \$1.80 | \$3.73 | \$0.25 | \$21.54 | \$27.31 |
| LISTER/PLANTER | 96 HP | 0.26 HR | | \$1.95 | \$4.04 | \$0.87 | \$109.19 | \$116.04 |
| CULTIVATOR (2X) | 50 HP | 0.42 HR | | \$3.15 | \$4.01 | \$1.23 | \$26.88 | \$35.27 |
| IRRIGATE (8X) | | 4.00 HR | | \$30.00 | | | | \$30.00 |
| SUBTOTAL | | 5.93 HR | | \$44.48 | \$27.45 | \$7.04 | \$196.29 | \$275.26 |

| OVERHEAD EXPENSES | ACCOMPLISHMENT RATE | PURCHASED INPUTS | LABOR | FIXED COST | TOTAL |
|----------------------------|---------------------|------------------|----------------|---------------|-----------------|
| DOWNTIME | 0.48 HR | | \$3.62 | | \$3.62 |
| EMPLOYEE BENEFITS | | | \$8.01 | | \$8.01 |
| INSURANCE | | \$0.89 | | | \$0.89 |
| LAND TAXES | | | | \$5.18 | \$5.18 |
| SUPERVISION AND MANAGEMENT | | | \$72.17 | | \$72.17 |
| OTHER EXPENSES | | \$212.77 | | | \$212.77 |
| SUBTOTAL | 0.48 HR | \$213.66 | \$83.79 | \$5.18 | \$302.63 |

TOTAL OPERATING EXPENSES 6.41 HR \$424.56 \$128.26 \$27.45 \$7.04 \$201.47 \$788.80

NET OPERATING PROFIT \$171.20

INTEREST ON OPERATING CAPITAL (\$114.07 @ 5.50%) \$6.27
 INTEREST ON EQUIPMENT INVESTMENT \$70.12

RETURN TO LAND AND RISK \$94.81

| BUDGET SUMMARY | | | |
|-------------------------------|----------|---|--|
| GROSS RETURN | | \$960.00 | |
| VARIABLE OPERATING EXPENSES | \$459.06 | | |
| RETURN OVER VARIABLE EXPENSES | \$500.94 | (GROSS MARGIN) | |
| FIXED EXPENSES | \$201.47 | | |
| NET FARM INCOME | \$299.47 | (RETURN TO CAPITAL, LABOR, LAND & RISK) | |
| LABOR AND MANAGEMENT COST | \$128.26 | | |
| NET OPERATING PROFIT | \$171.20 | (RETURN TO CAPITAL, LAND & RISK) | |
| CAPITAL COSTS | \$76.40 | | |
| RETURN TO LAND AND RISK | | \$94.81 | |

TABLE 10. Summary of per acre costs and returns for a 100 acre farm with above average average management,
Actual 2014

| | ALFALFA ESTABLISHMENT | ALFALFA HAY | SMALL GRAIN HAY | SORGHUM HAY | CORN FOR SILAGE |
|----------------------------------|--------------------------|----------------|--------------------|----------------|--------------------|
| | | TONS | TONS | TONS | TONS |
| PRIMARY YIELD | | 5.00 | 2.50 | 2.00 | 20.00 |
| PRIMARY PRICE | | \$245.00 | \$225.00 | \$210.00 | \$48.00 |
| GOVERNMENT PAYMENTS | | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| SECOND INCOME | | \$10.00 | \$0.00 | \$5.00 | \$0.00 |
| GROSS RETURN | | \$1,235.00 | \$562.50 | \$425.00 | \$960.00 |
| CASH OPERATING EXPENSES | | | | | |
| SEED | \$120.00 | | \$51.20 | \$45.85 | \$97.88 |
| FERTILIZER | \$53.50 | \$36.00 | | | \$43.94 |
| CHEMICALS | | \$21.71 | | | \$41.09 |
| CROP INSURANCE | | | | | |
| OTHER PURCHASED INPUTS | | \$15.39 | \$9.31 | \$6.09 | |
| CANAL WATER | | \$28.00 | \$28.00 | \$28.00 | \$28.00 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | \$18.54 | \$17.19 | \$26.57 | \$13.62 | \$27.45 |
| FUEL-IRRIGATION | | | | | |
| REPAIRS | \$5.27 | \$1.41 | \$5.87 | \$1.82 | \$7.04 |
| CUSTOM CHARGES | \$70.71 | \$23.40 | | | |
| LAND TAXES | | \$5.18 | \$2.59 | \$2.59 | \$5.18 |
| OTHER EXPENSES | \$0.35 | \$213.60 | \$106.97 | \$106.86 | \$213.66 |
| TOTAL CASH EXPENSES | \$268.37 | \$361.87 | \$230.52 | \$204.83 | \$464.24 |
| RETURN OVER CASH EXPENSES | (\$268.37) | \$873.13 | \$331.98 | \$220.17 | \$495.76 |
| FIXED EXPENSES | \$59.22 | \$109.77 | \$89.87 | \$40.09 | \$196.29 |
| TOTAL EXPENSES | \$327.59 | \$471.64 | \$320.38 | \$244.92 | \$660.53 |
| NET FARM INCOME | (\$327.59) | \$763.36 | \$242.12 | \$180.08 | \$299.47 |
| LABOR AND MANAGEMENT COSTS | \$48.67 | \$142.46 | \$80.63 | \$62.47 | \$128.26 |
| NET OPERATING PROFIT | (\$376.27) | \$620.89 | \$161.49 | \$117.61 | \$171.20 |
| CAPITAL COSTS | | | | | |
| INTEREST ON OPERATING CAPITAL | | \$2.97 | \$2.84 | \$2.33 | \$6.27 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$18.10 | \$17.15 | \$17.15 | \$70.12 |
| TOTAL CAPITAL COSTS | \$0.00 | \$21.07 | \$19.99 | \$19.48 | \$76.40 |
| RETURN TO LAND AND RISK | (\$376.27) | \$599.82 | \$141.51 | \$98.14 | \$94.81 |

TABLE 11. Whole farm summary, Valencia and Southern Bernalillo Counties,
Actual 2014

| | | |
|----------------------------------|-------------|------------------|
| GROSS RETURNS | | |
| ALFALFA HAY | 71.00 ACRES | |
| CROP | | \$86,975 |
| GRAZING | | \$710 |
| SMALL GRAIN HAY | 10.00 ACRES | |
| CROP | | \$5,625 |
| SORGHUM HAY | 10.00 ACRES | |
| CROP | | \$4,200 |
| GRAZING | | \$50 |
| CORN FOR SILAGE | 10.00 ACRES | |
| CROP | | \$9,600 |
| GROSS RETURN | | <u>\$107,160</u> |
| CASH OPERATING EXPENSES | | |
| SEED | | \$3,389 |
| FERTILIZER | | \$3,637 |
| CHEMICALS | | \$1,952 |
| CROP INSURANCE | | \$0 |
| OTHER PURCHASED INPUTS | | \$1,247 |
| CANAL WATER | | \$2,828 |
| FUEL, OIL & LUBRICANTS-EQUIPMENT | | \$2,119 |
| FUEL-IRRIGATION | | \$0 |
| REPAIRS | | \$310 |
| CUSTOM CHARGES | | \$2,510 |
| LAND TAXES | | \$471 |
| OTHER EXPENSES | | \$19,444 |
| TOTAL CASH EXPENSES | | <u>\$37,909</u> |
| RETURN OVER CASH EXPENSES | | \$69,251 |
| FIXED EXPENSES | | \$7,314 |
| TOTAL EXPENSES | | <u>\$45,224</u> |
| NET FARM INCOME | | \$61,936 |
| LABOR AND MANAGEMENT COSTS | | \$13,413 |
| NET OPERATING PROFIT | | \$48,524 |
| CAPITAL COSTS | | |
| INTEREST ON OPERATING CAPITAL | | \$325 |
| INTEREST ON EQUIPMENT INVESTMENT | | \$2,329 |
| TOTAL CAPITAL COSTS | | <u>\$2,655</u> |
| RETURN TO LAND AND RISK | | <u>\$45,869</u> |

| LAND VALUE | RETURN TO RISK* | RETURN ON INVESTMENT** |
|----------------|-----------------|------------------------|
| \$5,000 /ACRE | \$30,869 | 8.87% |
| \$6,500 /ACRE | \$26,369 | 6.96% |
| \$8,000 /ACRE | \$21,869 | 5.73% |
| \$9,500 /ACRE | \$17,369 | 4.87% |
| \$11,000 /ACRE | \$12,869 | 4.23% |
| \$12,500 /ACRE | \$8,369 | 3.74% |

* 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)