

TABLE 1. Acreage Summary, Lea County, Projected 2016

BUDGET AREA.....	SOUTHERN HIGH PLAINS, LEA COUNTY
FARM SIZE.....	1600 ACRES
IRRIGATION TYPE.....	DRYLAND
NUMBER OF CROPS.....	2..

ACREAGE SUMMARY:	LAND USE (ACRES)
WHEAT	680.00
ARP	0.00
FLEX IN WHEAT	120.00
GRAIN SORGHUM	646.00
ARP	0.00
FLEX IN WHEAT	114.00
FALLOW	0.00
ROADS, HOMESTEAD	40.00
TOTAL	1,600.00

TABLE 2. Basic cost information for Lea County, Projected 2016

Item			
Labor Wage Rate:			
Equipment operators		\$/hour	\$8.55
General & Irrigators		\$/hour	\$7.50
Purchased Inputs:			
Fertilizer:			
Nitrogen (N)		\$/pound	\$0.48
Phosphate (P205)		\$/pound	\$0.61
Seed:			
Wheat		\$/pound	\$0.30
Grain Sorghum		\$/pound	\$1.70
Fuel:			
Diesel fuel		\$/gallon	\$2.55
Gasoline		\$/gallon	\$2.40
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		\$40.00 /acre (full value)	\$0.40
Personal Property Tax Rate	- NR	\$/ \$1,000 (Assessed Value)	\$29.65
	- R		\$24.47
Supervision Factor		\$/labor hour	\$0.50
Management Rate		percent	7.00%

TABLE 3. Overhead cost information for Lea County, Projected 2016

Item			
Electricity (Domestic & Shop)		\$250.00 per month	\$3,000
Telephone		\$125.00 per month	\$1,500
Accounting & Legal			\$1,825
Misc. Supplies & Hand Tools			\$2,744
Pickup and Auto			
miles	38,750	@ \$0.500 per mile	\$19,375
Insurance			
- general liability (non-employee)			\$1,919
- fire/theft			\$1,519
Property Taxes			
- non-planted land			\$0
- other than land & machinery			\$6,010
Building repairs and maintenance			\$1,456
Dues, fees, publications			\$438
Farmstead Equipment			\$188
		Total	\$39,973
Total per planted acre			\$25.62

TABLE 5. Wheat, dryland, budgeted per acre costs and returns for a 1600 acre farm with above average management, Lea County, Projected 2016
 Planting dates: August 15 - September 30
 Harvest dates: June 15 - July 5

ITEM	PRICE	YIELD	BASE	TOTAL
GROSS RETURNS				
WHEAT	\$5.00	20.00 BUSHELS		\$100.00
DIRECT PAYMENT	\$0.00	20.00 BUSHELS	0.85	\$0.00
COUNTER CYCLICAL PAYMENT	\$0.00			\$0.00
TOTAL				\$100.00

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	FIXED COST	TOTAL
SEED	\$0.30	30 LBS	\$9.00		\$9.00
NITROGEN (N)	\$0.48	16 LBS	\$7.68		\$7.68
PHOSPHATE (P205)	\$0.61	20 LBS	\$12.20		\$12.20
INSECTICIDE	\$16.99	1 X/ACRE	\$16.99		\$16.99
CROP INSURANCE	\$0.05		\$0.05		\$0.05
SUBTOTAL			\$45.92		\$45.92

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
CHISEL	225 HP	0.05 HR		\$0.43	\$1.44	\$0.81	\$1.89	\$4.56
DRILL	225 HP	0.05 HR		\$0.43	\$1.44	\$0.58	\$3.14	\$5.58
FERT SPREADER	225 HP	0.05 HR		\$0.43	\$1.44	\$0.39	\$1.36	\$3.61
SUBTOTAL		0.15 HR	\$0.00	\$1.28	\$4.31	\$1.78	\$6.39	\$13.76

HARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
COMBINE		0.14 HR		\$1.20	\$2.98	\$3.56	\$6.45	\$14.19
HAUL	2 TON	0.14 HR		\$1.20	\$2.27	\$0.96	\$3.09	\$7.52
SUBTOTAL		0.28 HR	\$0.00	\$2.39	\$5.25	\$4.52	\$9.54	\$21.71

OVERHEAD EXPENSES	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
DOWNTIME	0.11 HR		\$0.92				\$0.92
EMPLOYEE BENEFITS			\$0.66				\$0.66
INSURANCE		\$0.07					\$0.07
LAND TAXES						\$0.40	\$0.40
SUPERVISION AND MANAGEMENT			\$10.23				\$10.23
OTHER EXPENSES		\$25.62					\$25.62
SUBTOTAL	0.11 HR	\$25.70	\$11.81			\$0.40	\$37.90

TOTAL OPERATING EXPENSES 0.54 HR \$71.62 \$15.48 \$9.56 \$6.30 \$16.32 \$119.28

NET OPERATING PROFIT (\$19.28)

INTEREST ON OPERATING CAPITAL (\$25.30 @ 5.50%) \$1.39
 INTEREST ON EQUIPMENT INVESTMENT \$5.52

RETURN TO LAND AND RISK (\$26.20)

BUDGET SUMMARY

GROSS RETURN		\$100.00	
VARIABLE OPERATING EXPENSES	\$87.48		
RETURN OVER VARIABLE EXPENSES		\$12.52	(GROSS MARGIN)
FIXED EXPENSES	\$16.32		
NET FARM INCOME		(\$3.80)	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$15.48		
NET OPERATING PROFIT		(\$19.28)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$6.91		
RETURN TO LAND AND RISK		(\$26.20)	

TABLE 6. Grain sorghum, dryland, budgeted per acre costs and returns for a 1,600 acre farm with above average management, Lea County,
 Projected 2016
 Planting dates: May 15 - June 10
 Harvest dates: October 15 - November 15

ITEM	PRICE	YIELD	BASE						TOTAL	
GROSS RETURNS										
GRAIN SORGHUM	\$5.91	12.00 CWT							\$70.97	
COUNTER CYCLICAL PAYMENT	\$0.00	0.00 CWT							\$0.00	
DIRECT PAYMENT	\$0.00	12.00 CWT	0.85						\$0.00	
TOTAL									\$70.97	
PURCHASED INPUTS										
PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS						FIXED COST	TOTAL
SEED	\$1.70	3 LBS	\$5.10						\$5.10	
NITROGEN (N)	\$0.48	16 LBS	\$7.68						\$7.68	
PHOSPHATE (P205)	\$0.61	20 LBS	\$12.20						\$12.20	
HERBICIDE	\$18.82	1 X/ACRE	\$18.82						\$18.82	
CROP INSURANCE	\$0.08		\$0.08						\$0.08	
SUBTOTAL			\$43.87						\$43.87	
PREHARVEST OPERATIONS										
PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL		
FERT SPREADER	225 HP	0.05 HR		\$0.43	\$1.44	\$0.39	\$1.36	\$3.61		
CHISEL & SPRAY	225 HP	0.07 HR		\$0.60	\$2.01	\$1.21	\$3.14	\$6.96		
PLANTER	225 HP	0.08 HR		\$0.68	\$2.30	\$0.95	\$4.93	\$8.87		
CULTIVATOR (2X)	225 HP	0.12 HR		\$1.03	\$3.45	\$1.68	\$4.37	\$10.53		
SUBTOTAL		0.32 HR		\$2.74	\$9.20	\$4.24	\$13.81	\$29.98		
HARVEST OPERATIONS										
COMBINE		0.14 HR		\$1.20	\$2.98	\$3.89	\$6.45	\$14.52		
HAUL	2 TON	0.14 HR		\$1.20	\$2.27	\$1.09	\$3.09	\$7.65		
SUBTOTAL		0.28 HR		\$2.39	\$5.25	\$4.98	\$9.54	\$22.17		
OVERHEAD EXPENSES										
DOWNTIME		0.15 HR		\$1.28				\$1.28		
EMPLOYEE BENEFITS				\$0.92				\$0.92		
INSURANCE			\$0.10					\$0.10		
LAND TAXES							\$0.40	\$0.40		
SUPERVISION AND MANAGEMENT				\$9.47				\$9.47		
OTHER EXPENSES			\$25.62					\$25.62		
SUBTOTAL		0.15 HR	\$25.73	\$11.67			\$0.40	\$37.80		
TOTAL OPERATING EXPENSES		0.75 HR	\$69.60	\$16.80	\$14.45	\$9.22	\$23.74	\$133.81		
NET OPERATING PROFIT								(\$62.84)		
INTEREST ON OPERATING CAPITAL		(\$26.15 @	5.50%)				\$1.44		
INTEREST ON EQUIPMENT INVESTMENT								\$8.25		
RETURN TO LAND AND RISK								(\$72.53)		

BUDGET SUMMARY

GROSS RETURN		\$70.97	
VARIABLE OPERATING EXPENSES	\$93.26		
RETURN OVER VARIABLE EXPENSES		(\$22.29)	(GROSS MARGIN)
FIXED EXPENSES	\$23.74		
NET FARM INCOME		(\$46.04)	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$16.80		
NET OPERATING PROFIT		(\$62.84)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$9.69		
RETURN TO LAND AND RISK		(\$72.53)	

TABLE 7. Summary of per acre costs and returns for a 1,600 acre farm with above average management, Lea County, Projected 2016

	WHEAT	GRAIN SORGHUM
	BU	CWT
PRIMARY YIELD	20.00	12.00
PRIMARY PRICE	\$5.00	\$5.91
GOVERNMENT PAYMENTS	\$0.00	\$0.00
SECOND INCOME	\$0.00	\$0.00
GROSS RETURN	\$100.00	\$70.97
VARIABLE OPERATING EXPENSES		
SEED	\$9.00	\$5.10
FERTILIZER	\$19.88	\$19.88
CHEMICALS	\$16.99	\$18.82
CROP INSURANCE	\$0.05	\$0.08
OTHER PURCHASED INPUTS		
CANAL WATER		
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$9.56	\$14.45
FUEL-IRRIGATION		
REPAIRS	\$6.30	\$9.22
CUSTOM CHARGES	\$0.00	\$0.00
LAND TAXES	\$0.40	\$0.40
OTHER EXPENSES	\$25.70	\$25.73
TOTAL VARIABLE EXPENSES	\$87.87	\$93.66
RETURN OVER VARIABLE EXPENSES	\$12.13	(\$22.69)
FIXED EXPENSES	\$15.93	\$23.35
TOTAL EXPENSES	\$103.80	\$117.01
RETURNS TO CAPITAL, LABOR, LAND & RISK	(\$3.80)	(\$46.04)
LABOR AND MANAGEMENT COSTS	\$15.48	\$16.80
RETURNS TO CAPITAL, LAND & RISK	(\$19.28)	(\$62.84)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL	\$1.39	\$1.44
INTEREST ON EQUIPMENT INVESTMENT	\$5.52	\$8.25
TOTAL CAPITAL COSTS	\$6.91	\$9.69
RETURN TO LAND AND RISK	(\$26.20)	(\$72.53)

TABLE 8. Whole farm summary, Lea County,
Projected 2016

GROSS RETURNS		
WHEAT	914.00 ACRES	
CROP		\$91,400
DIRECT PAYMENT		\$0
COUNTER CYCLICAL PAYMENT		\$0
GRAIN SORGHUM	646.00 ACRES	
CROP		\$45,848
DIRECT PAYMENT		\$0
GROSS RETURN		<u>\$137,248</u>
VARIABLE OPERATING EXPENSES		
SEED		\$11,521
FERTILIZER		\$31,013
CHEMICALS		\$27,680
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$0
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$18,074
FUEL-IRRIGATION		\$0
REPAIRS		\$11,710
CUSTOM CHARGES		\$0
LAND TAXES		\$617
OTHER EXPENSES		\$40,106
TOTAL VARIABLE EXPENSES		<u>\$140,820</u>
RETURN OVER VARIABLE EXPENSES		(\$3,573)
FIXED EXPENSES		\$29,641
TOTAL EXPENSES		\$170,461
NET FARM INCOME		(\$33,214)
LABOR AND MANAGEMENT COSTS		\$25,006
NET OPERATING PROFIT		(\$58,220)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$2,201
INTEREST ON EQUIPMENT INVESTMENT		\$10,378
TOTAL CAPITAL COSTS		<u>\$12,579</u>
RETURN TO LAND AND RISK		<u>(\$70,799)</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$150 /ACRE	(\$77,999)	-14.20%
\$200 /ACRE	(\$80,399)	-11.88%
\$250 /ACRE	(\$82,799)	-10.22%
\$300 /ACRE	(\$85,199)	-8.96%
\$350 /ACRE	(\$87,599)	-7.98%

* 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)