

TABLE 5. Wheat, dryland, budgeted per acre costs and returns for a 1600 acre farm with above average management, Lea County,
 Actual 2018
 Planting dates: August 15 - September 30
 Harvest dates: June 15 - July 5

ITEM	PRICE	YIELD	BASE	TOTAL
GROSS RETURNS				
WHEAT	\$4.75	35.00 BUSHELS		\$166.25
DIRECT PAYMENT	\$0.00	35.00 BUSHELS	0.85	\$0.00
COUNTER CYCLICAL PAYMENT	\$0.00			\$0.00
TOTAL				\$166.25

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	FIXED COST	TOTAL
SEED	\$0.37	30 LBS	\$11.10		\$11.10
NITROGEN (N)	\$0.42	16 LBS	\$6.72		\$6.72
PHOSPHATE (P205)	\$0.49	20 LBS	\$9.80		\$9.80
INSECTICIDE	\$16.99	1 X/ACRE	\$16.99		\$16.99
CROP INSURANCE	\$0.05		\$0.05		\$0.05
SUBTOTAL			\$44.66		\$44.66

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
CHISEL	225 HP	0.05 HR		\$0.43	\$1.72	\$0.80	\$1.88	\$4.84
DRILL	225 HP	0.05 HR		\$0.43	\$1.72	\$0.57	\$3.14	\$5.86
FERT SPREADER	225 HP	0.05 HR		\$0.43	\$1.72	\$0.39	\$1.35	\$3.88
SUBTOTAL		0.15 HR	\$0.00	\$1.28	\$5.16	\$1.76	\$6.37	\$14.57

HARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
COMBINE		0.14 HR		\$1.20	\$3.57	\$3.56	\$5.91	\$14.23
HAUL	2 TON	0.14 HR		\$1.20	\$2.71	\$0.96	\$3.11	\$7.98
SUBTOTAL		0.28 HR	\$0.00	\$2.39	\$6.28	\$4.52	\$9.02	\$22.21

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						\$0.43	\$0.43
SUPERVISION AND MANAGEMENT			\$14.86				\$14.86
OTHER EXPENSES			\$26.15				\$26.15
SUBTOTAL	0.11 HR	\$26.22	\$16.44			\$0.43	\$43.09

TOTAL OPERATING EXPENSES 0.54 HR \$70.88 \$20.12 \$11.44 \$6.28 \$15.82 \$124.54

NET OPERATING PROFIT \$41.71

INTEREST ON OPERATING CAPITAL (\$24.96 @ 5.75%) \$1.44
 INTEREST ON EQUIPMENT INVESTMENT \$5.52

RETURN TO LAND AND RISK \$34.75

BUDGET SUMMARY

GROSS RETURN		\$166.25	
VARIABLE OPERATING EXPENSES	\$88.60		
RETURN OVER VARIABLE EXPENSES	\$77.65		(GROSS MARGIN)
FIXED EXPENSES	\$15.82		
NET FARM INCOME	\$61.83		(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$20.12		
NET OPERATING PROFIT	\$41.71		(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$6.96		
RETURN TO LAND AND RISK	\$34.75		

TABLE 6. Grain sorghum, dryland, budgeted per acre costs and returns for a 1,600 acre farm with above average management, Lea County,
 Actual 2018
 Planting dates: May 15 - June 10
 Harvest dates: October 15 - November 15

ITEM	PRICE	YIELD	BASE	TOTAL
GROSS RETURNS				
GRAIN SORGHUM	\$6.65	12.00 CWT		\$79.80
COUNTER CYCLICAL PAYMENT	\$0.00	0.00 CWT		\$0.00
DIRECT PAYMENT	\$0.00	12.00 CWT	0.85	\$0.00
TOTAL				\$79.80

PURCHASED INPUTS	PRICE	QUANTITY	PURCHASED INPUTS	FIXED COST	TOTAL
SEED	\$2.25	3 LBS	\$6.75		\$6.75
NITROGEN (N)	\$0.42	16 LBS	\$6.72		\$6.72
PHOSPHATE (P205)	\$0.49	20 LBS	\$9.80		\$9.80
HERBICIDE	\$18.82	1 X/ACRE	\$18.82		\$18.82
CROP INSURANCE	\$0.08		\$0.08		\$0.08
SUBTOTAL			\$42.16		\$42.16

PREHARVEST OPERATIONS	POWER UNIT	ACCOMPLISHMENT RATE	PURCHASED INPUTS	LABOR	FUEL & LUBE	REPAIRS	FIXED COST	TOTAL
FERT SPREADER	225 HP	0.05 HR		\$0.43	\$1.72	\$0.39	\$1.35	\$3.88
CHISEL & SPRAY	225 HP	0.07 HR		\$0.60	\$2.41	\$1.20	\$3.14	\$7.35
PLANTER	225 HP	0.08 HR		\$0.68	\$2.75	\$0.94	\$4.93	\$9.31
CULTIVATOR (2X)	225 HP	0.12 HR		\$1.03	\$4.13	\$1.67	\$4.35	\$11.18
SUBTOTAL		0.32 HR		\$2.74	\$11.00	\$4.20	\$13.78	\$31.72

HARVEST OPERATIONS								
COMBINE		0.14 HR		\$1.20	\$3.57	\$3.89	\$5.91	\$14.56
HAUL	2 TON	0.14 HR		\$1.20	\$2.71	\$1.09	\$3.11	\$8.11
SUBTOTAL		0.28 HR		\$2.39	\$6.28	\$4.98	\$9.02	\$22.67

OVERHEAD EXPENSES								
DOWNTIME		0.15 HR		\$1.28				\$1.28
EMPLOYEE BENEFITS				\$0.92				\$0.92
INSURANCE			\$0.10					\$0.10
LAND TAXES							\$0.43	\$0.43
SUPERVISION AND MANAGEMENT				\$10.09				\$10.09
OTHER EXPENSES			\$26.15					\$26.15
SUBTOTAL		0.15 HR		\$26.25	\$12.29		\$0.43	\$38.97

TOTAL OPERATING EXPENSES 0.75 HR \$68.41 \$17.42 \$17.28 \$9.18 \$23.23 \$135.53

NET OPERATING PROFIT (\$55.73)

INTEREST ON OPERATING CAPITAL (\$25.82 @ 5.75%) \$1.48
 INTEREST ON EQUIPMENT INVESTMENT \$8.35

RETURN TO LAND AND RISK (\$65.56)

BUDGET SUMMARY

GROSS RETURN		\$79.80	
VARIABLE OPERATING EXPENSES	\$94.88		
RETURN OVER VARIABLE EXPENSES		(\$15.08)	(GROSS MARGIN)
FIXED EXPENSES	\$23.23		
NET FARM INCOME		(\$38.31)	(RETURN TO CAPITAL, LABOR, LAND & RISK)
LABOR AND MANAGEMENT COST	\$17.42		
NET OPERATING PROFIT		(\$55.73)	(RETURN TO CAPITAL, LAND & RISK)
CAPITAL COSTS	\$9.84		
RETURN TO LAND AND RISK		(\$65.56)	

TABLE 7. Summary of per acre costs and returns for a 1,600 acre farm with above average management, Lea County, Actual 2018

	WHEAT	GRAIN SORGHUM
	BU	CWT
PRIMARY YIELD	35.00	12.00
PRIMARY PRICE	\$4.75	\$6.65
GOVERNMENT PAYMENTS	\$0.00	\$0.00
SECOND INCOME	\$0.00	\$0.00
GROSS RETURN	\$166.25	\$79.80
VARIABLE OPERATING EXPENSES		
SEED	\$11.10	\$6.75
FERTILIZER	\$16.52	\$16.52
CHEMICALS	\$16.99	\$18.82
CROP INSURANCE	\$0.05	\$0.08
OTHER PURCHASED INPUTS		
CANAL WATER		
FUEL, OIL & LUBRICANTS-EQUIPMENT	\$11.44	\$17.28
FUEL-IRRIGATION		
REPAIRS	\$6.28	\$9.18
CUSTOM CHARGES	\$0.00	\$0.00
LAND TAXES	\$0.43	\$0.43
OTHER EXPENSES	\$26.22	\$26.25
TOTAL VARIABLE EXPENSES	\$89.03	\$95.31
RETURN OVER VARIABLE EXPENSES	\$77.22	(\$15.51)
FIXED EXPENSES	\$15.39	\$22.80
TOTAL EXPENSES	\$104.42	\$118.11
RETURNS TO CAPITAL, LABOR, LAND & RISK	\$61.83	(\$38.31)
LABOR AND MANAGEMENT COSTS	\$20.12	\$17.42
RETURNS TO CAPITAL, LAND & RISK	\$41.71	(\$55.73)
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL	\$1.44	\$1.48
INTEREST ON EQUIPMENT INVESTMENT	\$5.52	\$8.35
TOTAL CAPITAL COSTS	\$6.96	\$9.84
RETURN TO LAND AND RISK	\$34.75	(\$65.56)

TABLE 8. Whole farm summary, Lea County,
Actual 2018

GROSS RETURNS		
WHEAT	914.00 ACRES	
CROP		\$151,953
DIRECT PAYMENT		\$0
COUNTER CYCLICAL PAYMENT		\$0
GRAIN SORGHUM	646.00 ACRES	
CROP		\$51,551
DIRECT PAYMENT		\$0
GROSS RETURN		<u>\$203,503</u>
VARIABLE OPERATING EXPENSES		
SEED		\$14,506
FERTILIZER		\$25,771
CHEMICALS		\$27,680
CROP INSURANCE		\$100
OTHER PURCHASED INPUTS		\$0
CANAL WATER		\$0
FUEL, OIL & LUBRICANTS-EQUIPMENT		\$21,618
FUEL-IRRIGATION		\$0
REPAIRS		\$11,676
CUSTOM CHARGES		\$0
LAND TAXES		\$674
OTHER EXPENSES		\$40,921
TOTAL VARIABLE EXPENSES		<u>\$142,946</u>
RETURN OVER VARIABLE EXPENSES		\$60,558
FIXED EXPENSES		\$28,792
TOTAL EXPENSES		\$171,738
NET FARM INCOME		\$31,765
LABOR AND MANAGEMENT COSTS		\$29,644
NET OPERATING PROFIT		\$2,121
CAPITAL COSTS		
INTEREST ON OPERATING CAPITAL		\$2,271
INTEREST ON EQUIPMENT INVESTMENT		\$10,443
TOTAL CAPITAL COSTS		<u>\$12,714</u>
RETURN TO LAND AND RISK		<u>(\$10,592)</u>

LAND VALUE	RETURN TO RISK*	RETURN ON INVESTMENT**
\$150 /ACRE	(\$17,792)	0.51%
\$200 /ACRE	(\$20,192)	0.43%
\$250 /ACRE	(\$22,592)	0.37%
\$300 /ACRE	(\$24,992)	0.32%
\$350 /ACRE	(\$27,392)	0.29%

* 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)