

# **CROP PRICE CALCULATOR**

## **- A Producer Price Calculator -**

### **Version 1.3**

**Herbert R. Hinman<sup>1</sup>**

#### **Introduction**

Becoming a “price maker” rather than a “price taker” requires the price maker to determine what price should be charged for his/her product in order to cover all costs of production, including a return on machinery and land investments, plus receiving an adequate return on his/her labor and management. In addition, a certain percentage should be added for “profit” to compensate for the risk taken in undertaking this enterprise. It may also be desired to cover some living expenses such as retirement funds and medical insurance. The following are instructions for using the Crop Price Calculator (CPC) developed for the producers of Shepherd’s Grain to help determine what “price” these producers should be paying themselves for the raw inputs they produce for Shepherd’s Grain and further help determine what price Shepherd’s Grain should be charging for their final product(s).

#### **Calculating a Price to Charge for a Product Produced Under a Crop Share Lease**

The CPC spreadsheet may be used to determine the cost of producing one crop at a time on a portion of one’s overall farm. This spreadsheet is also geared to handle a summer fallow-wheat situation, if necessary. To demonstrate the use of the CPC to calculate prices to be charged for a product produced under a crop share lease, the following example is used.

#### Example

The operator operates 1,000 acres that includes a 200-acre rented tract of wheat ground (every other year this rented tract of ground grows lentils). The value of the land is \$1,500 per acre. The landowner pays the land taxes of \$6.00 per acre and one-third of the fertilizer and crop insurance costs, and receives one-third of the wheat crop. The operator is responsible for supplying all other inputs including machinery, labor and management used on the rented ground. The operator’s machinery complement is valued at \$210,000. The operator pays an average of 9% interest on outstanding machinery loans and, therefore, desires a 9% return (opportunity cost) from the machinery investment. The operator owns \$240,000 worth of buildings and other improvements on which a 10% return (opportunity cost) is desired. The opportunity cost charged by the producer for both machinery and building investments should be a conservative estimate that these investments should return if invested in the next best alternative investment. In addition, the operator supplies 150 hours of labor for which compensation of \$20 per hour is desired along with a return for management of 5% and a 10% profit margin on all operation expenses. The operator also wants output off this land to support its share of an annual retirement fund allocation of \$10,000 per year and annual medical insurance premiums of \$8,000 per year. The production level is 75 bushels per acre. In addition, the producer received \$2,000 worth of government payments from the wheat grown off the 200 acres.

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<sup>1</sup> Farm Management Specialist, Washington State University Extension.

**CROP PRICE CALCULATOR: A Producer Price Calculator**

**Title: Wheat; Crop Share**

**Crop Information:**

Value of Land per Acre:	\$1,500.00	
Crop:	Wheat	SumFal
Number of Acres:	200.00	0.00
Production Units per Acre:	75.00	0.00
Percent Crop Share to Operator:	66.67%	66.67%
Percent Crop Share to Landlord:	33.33%	33.33%

**Machinery Expenses:**

Value of Machine Complement Used on Shepherd's Grain:	33,600.00
Desired Percent Return on Machinery Value:	9.00%

	Total Expense	Landlord Share	Operator Share
Machinery Investment Expense:	3,024.00		3,024.00
Value of the Annual Machine Replacement Cost Assigned to Shepherd's Grain:	3,360.00		3,360.00
Machinery Repair and Maintenance Assigned to Shepherd's Grain:	3,500.00		3,500.00
Insurance and Taxes on Machinery Assigned to Shepherd's Grain:	1,350.00		1,350.00
<b>Total Machinery Expenses:</b>	<b>11,234.00</b>	<b>0.00</b>	<b>11,234.00</b>

**Improvements (buildings, storage, shop, etc.):**

Value of Improvements Used on Shepherd's Grain:	48,000.00
Desired Percent Return on Improvements:	10.00%

	Total Expense	Landlord Share	Operator Share
Return on Improvement Investment:	4,800.00		4,800.00
Value of the Annual Improvement Replacement Cost Assigned to Shepherd's Grain:			
Repair and Maintenance on Improvements Assigned to Shepherd's Grain:	3,500.00		3,500.00
Insurance & Taxes on Improvements Assigned to Shepherd's Grain:	1,350.00		1,350.00
<b>Total Improvements Expense:</b>	<b>9,650.00</b>	<b>0.00</b>	<b>9,650.00</b>

<b>Real Estate Taxes Assigned to Shepherd's Grain:</b>	1,200.00	1,200.00	0.00
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**Land Expenses:**

Total Acres:	200.00	
Value of Land:	300,000.00	
Land Cost:		Land cost covered by crop share.

**Operating Expenses on Land:**

Crop :	Wheat			SumFal		
	Total Expense	Landlord Share	Operator Share	Total Expense	Landlord Share	Operator Share
Hired Labor:	1,500.00		1,500.00			
Operator Labor:	3,000.00		3,000.00			
Fertilizer:	5,283.00	1,760.82	3,522.18			
Seed:	2,350.00		2,350.00			
Fuel and Lubricants:	1,400.00		1,400.00			
Herbicides and Pesticides:	6,554.00		6,554.00			
Crop Insurance:	1,188.00	395.96	792.04			
Machine Work:	3,330.00		3,330.00			
Custom Aerial:						
Overhead:	1,110.00		1,110.00			
Interest on Operating Capital:	1,150.00	100.00	1,050.00			
<b>Total Operating Expenses:</b>	<b>26,865.00</b>	<b>2,256.78</b>	<b>24,608.22</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Other Expenses to be Covered:**

Retirement Expense Assigned to Shepherd's Grain:	2,000.00
Medical Insurance Expense Assigned to Shepherd's Grain:	1,600.00

	Landlord Share	Operator Share
<b>Total Operation Expenses:</b>	<b>52,549.00</b>	<b>49,092.22</b>

% of Total Operation Expenses Desired for Management:	5.00%
\$ Desired for Management:	2,454.61
% of Total Operation Expenses Desired for Profit Margin:	10.00%
\$ Desired Profit Margin:	4,909.22

<b>Total Cost Per Unit:</b>	<b>5.65</b>
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**Government Payments Received:**

Total Gov't Payments Received for Production on this Land:	2,000.00

<b>Total Cost Per Unit - Government Payments:</b>	<b>5.45</b>
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The price calculation using the CPC spreadsheet for the example is shown above. The light cells are for data entries while the darker cells are calculations. Practically all values for the CPC spreadsheet should come directly from the operator's records. Many of the entries in the CPC spreadsheet are self-explanatory, however, the allocation of machinery expenses, improvement expenses, retirement and health insurance expenses, and government payments received needs additional explanation.

It was previously stated that the operator's machine complement was valued at \$210,000. The percent of the machinery complement value used on the leased land during the year needs to be determined and entered into the spreadsheet. Thus, for this example situation, it is assumed that over the 1,000-acre farm there are 500 acres of wheat and 500 acres of lentils. Sixty-percent of the equipment is used on the lentil ground and 40% of the equipment is used on the wheat ground. Therefore, since the leased land represents 40% of the total wheat land (200 acres/500 acres) a value of \$33,600 [ $(\$210,000 \times .40) \times .40$ ] or 16% of the total value is assigned as the value of the machine complement used to grow wheat on the leased land. In like manner, 16% of the total annual machinery replacement, repair, maintenance, insurance, taxes, and housing costs are assigned to the leased land. Annual machinery replacement, the average annual amount of dollars spent replacing older equipment, also serves as a proxy for annual depreciation.

The same concept as allocating machinery expenses to the 200 acres is used for allocating buildings and other improvement expenses. However, in the case of buildings and other improvement expenses, since the 200 acres represents 20% of the productive acres, 20% of the buildings and other improvement expenses are allocated to the 200 acres. The same is true for retirement and medical insurance expenses in that 20% of their expenses are allocated to the 200 acres.

Although it is not necessary, landowner cost on the 200 acres are also entered. Note that in "Land Expenses" no land cost is entered since the land cost is covered by the landowner's crop share. In a cash rental situation, the cost of the cash rent would be entered since under that situation the operator pays the cash rent but receives 100% of the crop.

The results from the CPC spreadsheet for wheat, shown above, reveals that under the given situation the operator needs to receive \$5.65 per bushel in order to cover all input costs including operator labor and machinery used on the rented ground. This price also includes 5% of total operation expenses for management and 10% of total operation expenses for a profit margin, along with covering the 200 acres' share in maintaining a retirement fund of \$10,000 per year along with medical premiums of \$8,000 per year. After the \$2,000 of government payments are deducted out, the total cost per bushel to the producer is \$5.45 per bushel.

### **Calculating a Price to Charge for a Product Produced Under 100% Land Ownership**

The CPC spreadsheet for winter wheat, shown on the following two pages is a similar situation as that for the above crop share situation except the operator owns the 200 acres and wants a 5% return on his land investment as the cost of land rather than one-third the total crop. The results from the 100% owner/operator situation reveals the operator needs to receive \$5.18 per bushel in order to cover all input costs including operator labor and machinery. This price also includes 5% of total operation expenses for management and 10% of total operation expenses for a profit margin, along with covering the 200 acres' share in maintaining a retirement fund of \$10,000 per year along with medical premiums of \$8,000 per year. After \$3,000 of government payments are deducted out, the total cost per bushel to the producer is \$4.98 per bushel. The main reasons for the price difference between the crop share situation and the land ownership situation is that the operator now receives 100% of the crop and requires only a 5% return to the land investment (before appreciation) as the cost of land where under the crop share situation one-third of the crop was required as the cost of land. If an 8% return to the land

investment is required as the cost of land, the “Total Cost per Unit - Government Payments” would equal \$5.67 per bushel.

**CROP PRICE CALCULATOR: A Producer Price Calculator**

**Title: Wheat; 100% Owner/Operator**

**Crop Information:**

Value of Land per Acre:	\$1,500.00	
Crop:	Wheat	SumFal
Number of Acres:	200.00	0.00
Production Units per Acre:	75.00	0.00
Percent Crop Share to Operator:	100.00%	100.00%
Percent Crop Share to Landlord:	0.00%	0.00%

**Machinery Expenses:**

Value of Machine Complement Used on Shepherd's Grain:	33,600.00		
Desired Percent Return on Machinery Value:	9.00%		
	Total Expense	Landlord Share	Operator Share
Machinery Investment Expense:	3,024.00		3,024.00
Value of the Annual Machine Replacement Cost Assigned to Shepherd's Grain:	3,360.00		3,360.00
Machinery Repair and Maintenance Assigned to Shepherd's Grain:	3,500.00		3,500.00
Insurance and Taxes on Machinery Assigned to Shepherd's Grain:	1,350.00		1,350.00
<b>Total Machinery Expenses:</b>	<b>11,234.00</b>	<b>0.00</b>	<b>11,234.00</b>

**Improvements (buildings, storage, shop, etc.):**

Value of Improvements Used on Shepherd's Grain:	48,000.00		
Desired Percent Return on Improvements:	10.00%		
	Total Expense	Landlord Share	Operator Share
Return on Improvement Investment:	4,800.00		4,800.00
Value of the Annual Improvement Replacement Cost Assigned to Shepherd's Grain:			
Repair and Maintenance on Improvements Assigned to Shepherd's Grain:	3,500.00		3,500.00
Insurance & Taxes on Improvements Assigned to Shepherd's Grain:	1,350.00		1,350.00
<b>Total Improvements Expense:</b>	<b>9,650.00</b>	<b>0.00</b>	<b>9,650.00</b>
<b>Real Estate Taxes Assigned to Shepherd's Grain:</b>	<b>1,200.00</b>		<b>1,200.00</b>

**Land Expenses:**

Total Acres:	200.00	
Value of Land:	300,000.00	
Land Cost:	15,000.00	5% of total land value

**Operating Expenses on Land:**

Crop :	Wheat			SumFal		
	Total Expense	Landlord Share	Operator Share	Total Expense	Landlord Share	Operator Share
Hired Labor:	1,500.00		1,500.00			
Operator Labor:	3,000.00		3,000.00			
Fertilizer:	5,283.00		5,283.00			
Seed:	2,350.00		2,350.00			
Fuel and Lubricants:	1,400.00		1,400.00			
Herbicides and Pesticides:	6,554.00		6,554.00			
Crop Insurance:	1,188.00		1,188.00			
Machine Work:	3,330.00		3,330.00			
Custom Aerial:						
Overhead:	1,110.00		1,110.00			
Interest on Operating Capital:	1,150.00		1,150.00			
<b>Total Operating Expenses:</b>	<b>26,865.00</b>	<b>0.00</b>	<b>26,865.00</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>

**Other Expenses to be Covered:**

Retirement Expense Assigned to Shepherd's Grain:	2,000.00
Medical Insurance Expense Assigned to Shepherd's Grain:	1,600.00

	Landlord Share	Operator Share
<b>Total Operation Expenses:</b>	<b>67,549.00</b>	<b>67,549.00</b>

% of Total Operation Expenses Desired for Management:	5.00%
\$ Desired for Management:	3,377.45
% of Total Operation Expenses Desired for Profit Margin:	10.00%
\$ Desired Profit Margin:	6,754.90

<b>Total Cost Per Unit:</b>	<b>5.18</b>
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**Government Payments Received:**

Gov't Payments Received from this Land:	3,000.00

<b>Total Cost Per Unit - Government Payments:</b>	<b>4.98</b>
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## **Calculating a Price to Charge for Wheat Produced Under a Summer Fallow – Winter Wheat Crop Share Situation**

A crop share lease for summer fallow - winter wheat is handled the same as a lease for two annual crops. However, under a summer fallow - wheat rotation the operator summer fallows in one year but does not receive the benefits of the summer fallow costs until the end of harvest the following year. Therefore, an interest cost for a year of non-recovered summer fallow expense must be added to the cost of the winter wheat. Thus, without going into detail as to the specifics of the example, other than that given in the CPC spreadsheet displayed below, since there are no returns for summer fallow, an interest cost for the previous year's summer fallow cost is added to the cost of producing winter wheat. The SFInterest spreadsheet, shown on page 10, is used to obtain a reasonable estimate of the summer fallow interest expense to be added to the cost of producing wheat under a share lease arrangement. In the SFInterest spreadsheet, the percent of the total machinery expenses, building expenses, and real estate taxes to be assigned to summer-fallow, in the summer fallow-wheat rotation, needs to be specified. In the example, it is assumed that 45% of the machinery expense is used for the summer fallow year and that 55% of the machinery expense is used during the production year. The improvement expenses and real estate taxes are divided equally between the summer fallow year and the production year. The summer fallow operating expenses calculated in the CPC spreadsheet are incorporated into the SFInterest spreadsheet and the interest rate to be used is specified. The resulting figure is a reasonable approximation of the summer fallow interest cost to be added to the wheat expenses and of its allocation between the landowner and the operator.

The results from the CPC spreadsheet for summer fallow-winter wheat, shown below, reveals that under the given situation the operator needs to receive \$5.37 per bushel in order to cover all input costs including operator labor and machinery used on the rented ground. This price also includes 5% of total operation expenses for management and 10% of total operation expenses for a profit margin, along with covering the 800 acres' share in maintaining a retirement fund of \$10,000 per year along with medical premiums of \$8,000 per year. After the \$2,000 of government payments are added in, the total cost per bushel to the producer is \$5.23 per bushel.

**CROP PRICE CALCULATOR: A Producer Price Calculator**

**Title: Summer Fallow-Wheat; Crop Share**

**Crop Information:**

Value of Land per Acre:	\$650.00	
Crop:	Wheat	SumFal
Number of Acres:	400.00	400.00
Production Units per Acre:	52.00	0.00
Percent Crop Share to Operator:	66.67%	66.67%
Percent Crop Share to Landlord:	33.33%	33.33%

**Machinery Expenses:**

Value of Machine Complement Used on Shepherd's Grain:	82,000.00
Desired Percent Return on Machinery Value:	9.00%

	Total Expense	Landlord Share	Operator Share
Machinery Investment Expense:	7,380.00		7,380.00
Value of the Annual Machine Replacement Cost Assigned to Shepherd's Grain:	8,200.00		8,200.00
Machinery Repair and Maintenance Assigned to Shepherd's Grain:	7,100.00		7,100.00
Insurance and Taxes on Machinery Assigned to Shepherd's Grain:	1,925.00		1,925.00
<b>Total Machinery Expenses:</b>	<b>24,605.00</b>	<b>0.00</b>	<b>24,605.00</b>

**Improvements (buildings, storage, shop, etc.):**

Value of Improvements Used on Shepherd's Grain:	48,000.00
Desired Percent Return on Improvements:	10.00%

	Total Expense	Landlord Share	Operator Share
Return on Improvement Investment:	4,800.00		4,800.00
Value of the Annual Improvement Replacement Cost Assigned to Shepherd's Grain:			
Repair and Maintenance on Improvements Assigned to Shepherd's Grain:	3,500.00		3,500.00
Insurance & Taxes on Improvements Assigned to Shepherd's Grain:	1,350.00		1,350.00
<b>Total Improvements Expense:</b>	<b>9,650.00</b>	<b>0.00</b>	<b>9,650.00</b>

<b>Real Estate Taxes Assigned to Shepherd's Grain:</b>	<b>3,000.00</b>	<b>3,000.00</b>	<b>0.00</b>
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**Land Expenses:**

Total Acres:	800.00	
Value of Land:	520,000.00	
Land Cost:		Land cost covered by crop share.

**Operating Expenses on Land:**

Crop :	Wheat			SumFal		
	Total Expense	Landlord Share	Operator Share	Total Expense	Landlord Share	Operator Share
Hired Labor:	1,186.00		1,186.00	1,770.00		1,770.00
Operator Labor:	1,200.00		1,200.00	1,500.00		1,500.00
Fertilizer:	1,040.00	346.63	693.37	7,536.00	2,511.75	5,024.25
Seed:	3,744.00		3,744.00			
Fuel and Lubricants:	704.00		704.00	1,645.00		1,645.00
Herbicides and Pesticides:	960.00		960.00			
Crop Insurance:	676.00	225.31	450.69			
Machine Work:	1,872.00		1,872.00			
Custom Aerial:	1,320.00		1,320.00			
Perennial Weed Control	160.00	160.00		160.00	160.00	
Interest on SumFal Cost	2,811.00	392.00	2,419.00			
Overhead:	740.00		740.00	736.00		736.00
Interest on Operating Capital:	670.00		670.00	484.00	188.00	296.00
<b>Total Operating Expenses:</b>	<b>17,083.00</b>	<b>1,123.94</b>	<b>15,959.06</b>	<b>13,831.00</b>	<b>2,859.75</b>	<b>10,971.25</b>

**Other Expenses to be Covered:**

Retirement Expense Assigned to Shepherd's Grain:	2,000.00
Medical Insurance Expense Assigned to Shepherd's Grain:	1,600.00

	Landlord Share	Operator Share
<b>Total Operation Expenses:</b>	<b>71,769.00</b>	<b>64,785.31</b>

% of Total Operation Expenses Desired for Management:	5.00%
\$ Desired for Management:	3,239.27
% of Total Operating Expense Desired for Profit Margin:	10.00%
\$ Desired Profit Margin:	6,478.53

<b>Total Cost Per Unit:</b>	<b>5.37</b>
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**Government Payments Received:**

Total Gov't Payments Received	2,000.00

<b>Total Cost Per Unit - Government Payments:</b>	<b>5.23</b>
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**SFInterest: Estimates Total Summer Fallow Cost to be Added to Winter Wheat Cost in a Summer Fallow - Winter Wheat Rotation.**

**In the CPCalculator Worksheet Summer Fallow Costs Represent:**

Percent of Total Machinery Expenses:	45.00%
Percent of Total Improvement Expenses:	50.00%
Percent of Real Estate Taxes:	50.00%

**Estimated Total Summer Fallow Costs:**

	Total Expenses	Landowner Share	Lessee Share
Summer Fallow Machinery Expenses:	11,072.25	0.00	11,072.25
Summer Fallow Improvement Expenses:	4,825.00	0.00	4,825.00
Summer Fallow Real Estate Taxes:	1,500.00	1,500.00	0.00
Summer Fallow Operation Expenses:	13,831.00	2,859.75	10,971.25
<b>Total Summer Fallow Costs:</b>	<b>31,228.25</b>	<b>4,359.75</b>	<b>26,868.50</b>

Percent Interest Rate:	9.00%
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<b>Total Summer Fallow Interest Cost:</b> (Add to Winter Wheat Cost in a SF - WW Rotation:)	2,810.54	392.38	2,418.17
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**Calculating a Price to Charge for Wheat Produced Under a Summer Fallow – Winter Wheat Land Owner/Operator Situation**

The CPC spreadsheet for summer fallow-winter wheat, shown on the following three pages is the same situation as that for the above crop share situation except the operator owns the 800 acres and wants a 5% return on his land investment. The results from the 100% owner/operator situation reveals the operator needs to receive \$5.41 per bushel in order to cover all his input costs including operator labor and machinery. This price also includes 5% of total operation expenses for management and 10% of total operation expenses for a profit margin, along with covering the 800 acres' share in maintaining a retirement fund of \$10,000 per year along with medical premiums of \$8,000 per year. After the \$3,000 of government payments are added in, the total cost per bushel to the producer is \$5.26 per bushel.

**Final Word**

On the disk provided are five spreadsheets; four are those of the examples shown above and one is a blank copy of the CPC spreadsheet. You need to download these spreadsheets to a folder on your computer's hard drive if you desire to use them. The blank CPC spreadsheet (CPCalculator3.xls) needs to be a read-only spreadsheet. This is the basic spreadsheet used in analyzing a completely new crop cost situation. Once this analysis is completed, the spreadsheet must be saved under a different name (as were the four examples shown above) so as not to destroy the original blank spreadsheet. Designating a spreadsheet as "Read-Only" prevents any unwanted overwrites. The blank CPC spreadsheet should already be "Read-Only" when downloaded, however if it isn't, to make it a read-only spreadsheet go to the folder on your hard drive where the CPC is stored. Move the cursor to the spreadsheet name (CPCalculator3.xls) and click the right mouse button; left click on "Properties;" go to "Attributes" and put a  $\checkmark$  in the "Read-Only" box and click OK.

**CROP PRICE CALCULATOR: A Producer Price Calculator**

**Title: Summer Fallow-Wheat; 100% Land Ownership**

**Crop Information:**

Value of Land per Acre:	\$650.00	
Crop:	Wheat	SumFal
Number of Acres:	400.00	400.00
Production Units per Acre:	52.00	0.00
Percent Crop Share to Operator:	100.00%	100.00%
Percent Crop Share to Landlord:	0.00%	0.00%

**Machinery Expenses:**

Value of Machine Complement Used on Shepherd's Grain:	82,000.00
Desired Percent Return on Machinery Value:	9.00%

	Total Expense	Landlord Share	Operator Share
Machinery Investment Expense:	7,380.00		7,380.00
Value of the Annual Machine Replacement Cost Assigned to Shepherd's Grain:	8,200.00		8,200.00
Machinery Repair and Maintenance Assigned to Shepherd's Grain:	7,100.00		7,100.00
Insurance and Taxes on Machinery Assigned to Shepherd's Grain:	1,925.00		1,925.00
<b>Total Machinery Expenses:</b>	<b>24,605.00</b>	<b>0.00</b>	<b>24,605.00</b>

**Improvements (buildings, storage, shop, etc.):**

Value of Improvements Used on Shepherd's Grain:	48,000.00
Desired Percent Return on Improvements:	10.00%

	Total Expense	Landlord Share	Operator Share
Return on Improvement Investment:	4,800.00		4,800.00
Value of the Annual Improvement Replacement Cost Assigned to Shepherd's Grain:			
Repair and Maintenance on Improvements Assigned to Shepherd's Grain:	3,500.00		3,500.00
Insurance & Taxes on Improvements Assigned to Shepherd's Grain:	1,350.00		1,350.00
<b>Total Improvements Expense:</b>	<b>9,650.00</b>	<b>0.00</b>	<b>9,650.00</b>

<b>Real Estate Taxes Assigned to Shepherd's Grain:</b>	<b>3,000.00</b>		<b>3,000.00</b>
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**Land Expenses:**

Total Acres:	800.00	
Value of Land:	520,000.00	
Land Cost:	26,000.00	5% of land value.

**Operating Expenses on Land:**

Crop :	Wheat			SumFal		
	Total Expense	Landlord Share	Operator Share	Total Expense	Landlord Share	Operator Share
Hired Labor:	1,186.00		1,186.00	1,770.00		1,770.00
Operator Labor:	1,200.00		1,200.00	1,500.00		1,500.00
Fertilizer:	1,040.00		1,040.00	7,536.00		7,536.00
Seed:	3,744.00		3,744.00			
Fuel and Lubricants:	704.00		704.00	1,645.00		1,645.00
Herbicides and Pesticides:	960.00		960.00			
Crop Insurance:	676.00		676.00			
Machine Work:	1,872.00		1,872.00			
Custom Aerial:	1,320.00		1,320.00			
Perennial Weed Control	160.00		160.00	160.00		160.00
Interest on SumFal Cost	2,811.00		2,811.00			
Overhead:	740.00		740.00	736.00		736.00
Interest on Operating Capital:	670.00		670.00	484.00		484.00
<b>Total Operating Expenses:</b>	<b>17,083.00</b>	<b>0.00</b>	<b>17,083.00</b>	<b>13,831.00</b>	<b>0.00</b>	<b>13,831.00</b>

**Other Expenses to be Covered:**

Retirement Expense Assigned to Shepherd's Grain:	2,000.00
Medical Insurance Expense Assigned to Shepherd's Grain:	1,600.00

	Landlord Share	Operator Share
<b>Total Operation Expenses:</b>	<b>97,769.00</b>	<b>97,769.00</b>

% of Total Operation Expenses Desired for Management:	5.00%
\$ Desired for Management:	4,888.45
% of Total Operating Expense Desired for Profit Margin:	10.00%
\$ Desired Profit Margin:	9,776.90

<b>Total Cost Per Unit:</b>	<b>5.41</b>
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**Government Payments Received:**

Total Gov't Payments Received	3,000.00

<b>Total Cost Per Unit - Government Payments:</b>	<b>5.26</b>
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**SFInterest: Estimates Total Summer Fallow Cost to be Added to Winter Wheat Cost in a Summer Fallow - Winter Wheat Rotation.**

**In the CPCalculator Worksheet Summer Fallow Costs Represent:**

Percent of Total Machinery Expenses:	45.00%
Percent of Total Improvement Expenses:	50.00%
Percent of Real Estate Taxes:	50.00%

**Estimated Total Summer Fallow Costs:**

	Total Expenses	Landowner Share	Lessee Share
Summer Fallow Machinery Expenses:	11,072.25	0.00	11,072.25
Summer Fallow Improvement Expenses:	4,825.00	0.00	4,825.00
Summer Fallow Real Estate Taxes:	1,500.00	0.00	1,500.00
Summer Fallow Operation Expenses:	13,831.00	0.00	13,831.00

<b>Total Summer Fallow Costs:</b>	<b>31,228.25</b>	<b>0.00</b>	<b>31,228.25</b>
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Percent Interest Rate:	9.00%
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<b>Total Summer Fallow Interest Cost:</b>	<b>2,810.54</b>	<b>0.00</b>	<b>2,810.54</b>
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**(Add to Winter Wheat Cost in a SF - WW Rotation:)**