

Cotton Pickings

Volume 4 Number 2

April, 1985

Cotton Cost of Production Worksheet

Sample costs for producing cotton in 1985 are presented below. As you well know, 1985 is going to be a tough year to make money growing cotton. Only by careful management, high yields, and some good luck can we hope to have a profitable season.

As in the past, these costs do not represent average costs but are hopefully fairly typical prices paid by medium-size farms. The format of this cost worksheet can help growers analyze their financial situation with respect to cotton, and it can be an aid in making production decisions.

This cost data sheet was developed using MULTIPLAN® on an Apple Macintosh™ microcomputer. MULTIPLAN is a spreadsheet program similar to VISICALC, SUPERCALC, LOTUS 123, and others. The format of the spreadsheet can be adapted to the other spreadsheets without difficulty, and anyone desiring a listing of the formulas within the template, or help in adapting the worksheet to their operation, can contact me.

Most of the information in the spreadsheet is self-explanatory. If there are specific questions about any section, again contact me. Included is a diagram which presents the typical percentage of costs which go into various operations. This diagram is concerned with cash costs alone, and therefore does not take into account depreciation or interest on investment. Also included is a diagram which illustrates the effect of different costs and levels of inputs on the per unit cost of production.

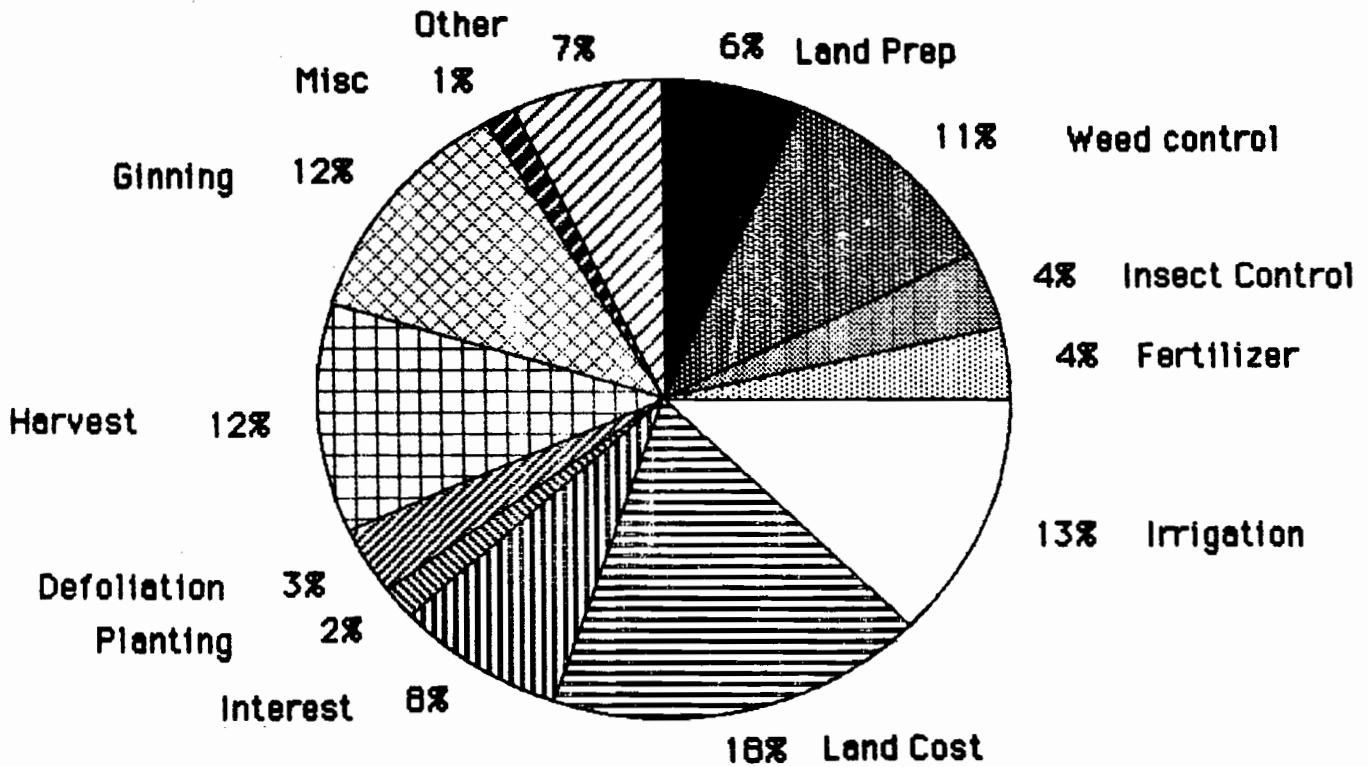
DATA INPUT SECTION

FACTOR	COST	UNIT
Labor		
Field	\$5.50	\$/hr
Equipment Operator	\$6.50	\$/hr
Equipment		
80 HP Tractor	\$10.69	\$/hr
130 HP Tractor	\$15.79	\$/hr
Yield	1000	lbs/ac
Gin Turnout	32	percent
Estimated Price	\$0.65	\$/lbs
Seed to Lint Ratio	1.7	
Interest Rate	12%	

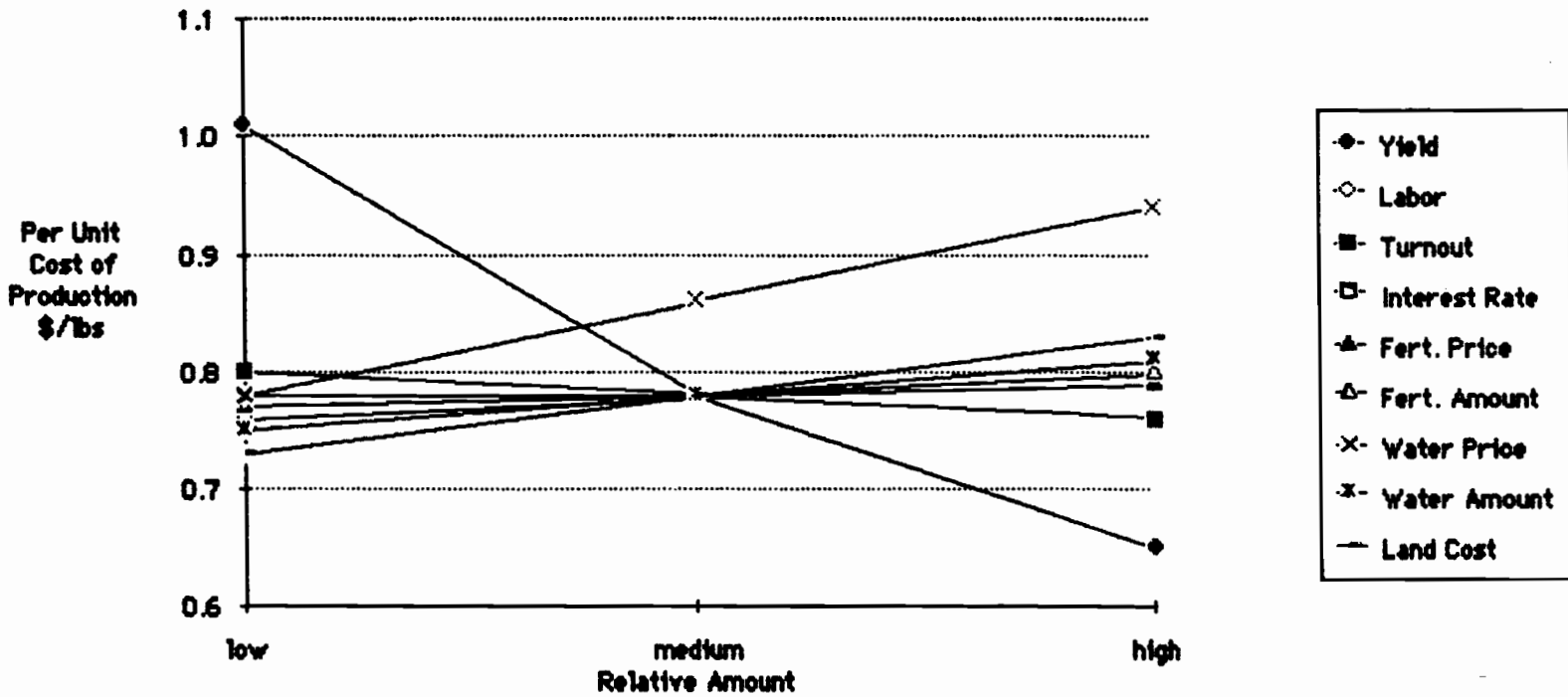
1985 Cotton Cost of Production Worksheet

ACTIVITY	COST	UNIT	RATE	UNIT	COST/ACRE	COST/LBS
PREHARVEST COST						
Land Preparation						
Labor	\$6.50	\$/hr	3	hr	\$19.50	
130 HP Tractor	\$15.79	\$/hr	1	hr	\$15.79	
80 HP Tractor	\$10.69	\$/hr	2	hr	\$21.38	
Nematode Control						
(if needed)	\$66.00	\$/ac	0	ac	\$0.00	
Preplant Herbicide						
Material	\$6.75	\$/ac	1	ac	\$6.75	
Application	\$8.00	\$/ac	1	ac	\$8.00	
Incorporation						
Labor	\$6.50	\$/hr	0.5	hr	\$3.25	
80 HP Tractor	\$10.69	\$/hr	0.5	hr	\$5.35	
Planting						
Seed	\$0.55	\$/lb	15	lbs	\$8.25	
Labor	\$6.50	\$/hr	0.3	hr	\$1.95	
80 HP Tractor	\$10.69	\$/hr	0.3	hr	\$3.21	
Fertilize						
Material (NH ₃)	\$0.19	\$/lb	125	lbs	\$23.75	
Application (Custom)	\$7.00	\$/ac	1	ac	\$7.00	
Irrigation						
Water Charge	\$25.00	\$/acft	3	acft	\$75.00	
Labor (1 pre & 5 post)	\$5.50	\$/hr	6	hr	\$33.00	
Postplant Weed Control						
Hand Weeding	\$5.50	\$/hr	4	hr	\$22.00	
Cultivation						
Labor	\$6.50	\$/hr	1.5	hr	\$9.75	
80 HP Tractor	\$10.69	\$/hr	1.5	hr	\$16.04	
Material	\$15.00	\$/ac	1	ac	\$15.00	
Application	\$8.00	\$/ac	1	ac	\$8.00	
Mite Control						
Material	\$11.00	\$/ac	1	ac	\$11.00	
Application	\$5.00	\$/ac	1	ac	\$5.00	
Insect Control						
Material	\$10.00	\$/ac	1	ac	\$10.00	
Application	\$5.00	\$/ac	1	ac	\$5.00	
Defoliation						
Material	\$10.00	\$/ac	1	ac	\$10.00	
Application	\$5.00	\$/ac	1	ac	\$5.00	
Land Rent	\$150.00	\$/ac	1	ac	\$150.00	
Non-tractor Repair	\$20.00	\$/ac	1	ac	\$20.00	
Misc. Labor						
Labor	\$6.50	\$/hr	1	hr	\$6.50	
80 HP Tractor	\$10.69	\$/hr	1	hr	\$10.69	
Office Expense	\$20.00	\$/ac	1	ac	\$20.00	
Interest on Prod. Loan (Prod. Cost/2) * I.R.	\$556.15	%/\$	12	\$/ac	\$66.74	
TOTAL PREHARVEST COST					\$603.38	\$0.60

Proportion of Cash Cost for Various Cultural Operations



Effect of Various Costs and Levels of Input on Per Unit Cost of Production



Cotton 1985

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ACTIVITY	COST	UNIT	RATE	UNIT	COST/ACRE	COST/LBS
HARVEST COST						
Picking & Hauling						
1st Pick (90%)	\$3.20	\$/cwt	28.13	cwt SC	\$90.00	
2nd Pick (10%)	\$3.35	\$/cwt	3.13	cwt SC	\$10.47	
Ginning: (bags,ties,etc)	\$3.20	\$/cwt	31.25	cwt SC	\$100.00	
TOTAL HARVEST COST					\$200.47	\$0.20
MISCELLANEOUS COST						
CI Promotion \$1/bale & .4% of value	\$1.00	\$/bale	2.08	bale	\$2.08	
	\$650.00	\$/ac	0.4	%	\$2.60	
Pink Bollworm Fund	\$1.75	\$/bale	2.08	bale	\$3.65	
National Cotton Council	\$0.45	\$/bale	2.08	bale	\$0.94	
Western Cotton Growers	\$0.06	\$/bale	2.08	bale	\$0.13	
Classing Cost	\$1.10	\$/bale	2.08	bale	\$2.29	
TOTAL MISCELLANEOUS COST					\$11.68	\$0.01
TOTAL CASH COST					\$815.54	\$0.82
DEPRECIATION						
Irrigation System	\$300.00	\$/ac	16	years	\$18.75	
80 HP Tractor	\$2.58	\$/hr	5.25	hr/ac	\$13.55	
130 HP Tractor	\$4.75	\$/hr	1	hr/ac	\$4.75	
Other Equipment	\$100.00	\$/ac	10	years	\$10.00	
INTEREST ON INVESTMENT						
Irrigation System	\$160.00	\$/ac	12	%/\$	\$19.20	
80 HP Tractor	\$1.94	\$/hr	5.25	hr/ac	\$10.19	
130 HP Tractor	\$3.56	\$/hr	1	hr/ac	\$3.56	
Other Equipment	\$50.00	\$/ac	12	%/\$	\$6.00	
TOTAL NON-CASH COST					\$85.99	\$0.09
TOTAL COST OF PRODUCTION					\$901.53	\$0.90
SEED CREDIT	\$125.00	\$/ton	0.85	ton/ac	\$106.25	\$0.11
NET COST OF PRODUCTION					\$795.28	\$0.80
PROFIT OR LOSS					-\$145.28	-\$0.15

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IN THIS ISSUE

COST OF PRODUCTION
WORKSHEET
1985

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