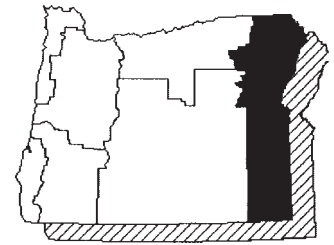


Enterprise Budget

Cow-Calf, LaGrande Area

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EM 8337, June 1987

This enterprise budget estimates the typical costs and returns of producing calves in the LaGrande area of eastern Oregon. It should be used as a guide to estimate actual costs and is not representative of any particular ranch. The major assumptions used in constructing this budget are discussed below. Assistance provided by area producers is greatly appreciated.

Livestock

The herd consists of 300 cows, 15 bulls, and 5 saddle horses. A 95% conception rate is used, and 90% of the pregnant cows give birth. Calf death loss is 5%, while a 1% death loss is assumed for the cows and bulls. Mature cows are culled at the rate of 15% annually, and all replacement heifers are raised. A livestock production flowchart is shown on page 3.

All calves are implanted with growth stimulants in the spring. Calves and cows are treated for internal and external parasites with an injectable. All cows and replacement heifers are pregnancy tested. All cows and calves are vaccinated when they are worked in the spring.

Current market values and years of useful and remaining life for all livestock are shown in the bottom portion of table 1. The calculations for livestock fixed costs are shown in table 3.

Feed

Feed is supplied in the form of hay, private pasture, and public range. Hay is fed for 150 days, at the rate of 30.8 pounds per cow per day. 6.6 AUM's of private pasture are required for 5-1/2 months of grazing, and 2.4 AUM's of range are utilized in July and August. A total of 9 AUM's per cow are fed. These numbers are overstated on a per cow basis to reflect the fact that horses, bulls, calves, and replacements also require feed.

Salt and minerals are fed at the rate of 40 pounds per cow annually, and approximately one third is assumed to be lost to deer, elk, and other game.

Labor

All labor is provided by the owner/ operator, and is included as a noncash cost of \$7.00 per hour. A charge of \$1,020 is included to cover the cost of branding in the fall and other miscellaneous labor costs.

Capital

Opportunity costs of capital are charged at a rate of 6 percent for current, intermediate, and long term capital provided by the owner.

Machinery and Equipment

Machinery and equipment values are based on October, 1986 replacement costs, assuming the assets are half depreciated. The upper portion of table 1 summarizes the values assumed for machinery and equipment, as well as the hours, miles, or years associated with their use.

Machinery and equipment costs are calculated in table 2 for variable and fixed cost components. The fixed costs per cow correspond to the machinery and equipment insurance plus the non-cash machinery and equipment costs shown in the budget.

Other

Five hundred acres of private pasture is owned and valued at \$500 per acre. Opportunity cost of land ownership is 5% per year. Property taxes are \$10 per acre. Annual fence repair is \$1,600 for materials.



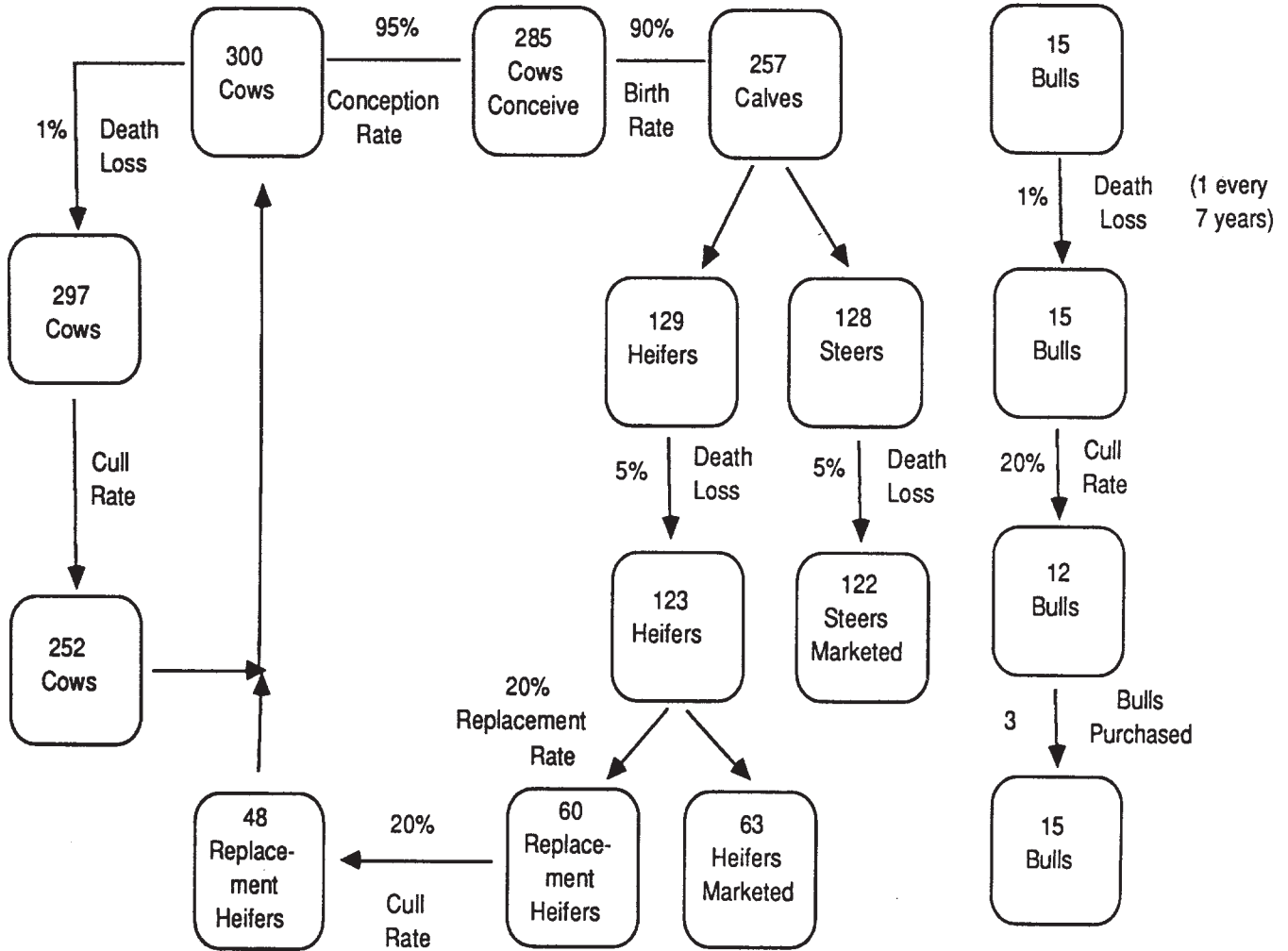
OREGON STATE UNIVERSITY EXTENSION SERVICE

EM 8337 Enterprise Budget

WHOLE RANCH COSTS AND RETURNS EASTERN REGION 300 COW HERD

| <u>GROSS INCOME Description</u> | <u>Quantity</u> | <u>Unit</u> | <u>\$/Unit</u> | <u>Total</u> | <u>Per Cow</u> | <u>Your Cost</u> |
|---|------------------------|--------------------|-----------------------|---------------------|-----------------------|-------------------------|
| CASH Income | | | | | | |
| Cull Bulls | 3 hd | 13.0 | cwt | 38.00 | 1482 | 4.94 |
| Cull Cows | 45 hd | 9.5 | cwt | 37.00 | 15818 | 52.73 |
| Heifer Calves | 63 hd | 4.5 | cwt | 57.00 | 16159 | 53.87 |
| Open 1st Yr Heifers | 12 hd | 7.1 | cwt | 55.00 | 4686 | 15.62 |
| Steer Calves | 122 hd | 4.85 | cwt | 65.00 | 38464 | 128.21 |
| Total GROSS Income | | | | 76609 | 255.36 | |
| <u>VARIABLE COST Description</u> | <u>Quantity</u> | <u>Unit</u> | <u>\$/Unit</u> | <u>Total</u> | <u>Per Cow</u> | <u>Your Cost</u> |
| CASH Cost | | | | | | |
| Branding Labor | 300 | hd | 3.40 | 1020 | 3.40 | |
| Bull Purchase | 3 | hd | 2000.00 | 6000 | 20.00 | |
| Fence Repair | 300 | dol | 5.33 | 1600 | 5.33 | |
| Fuel | | | | 1559 | 5.20 | |
| Hay Purchase | 624 | ton | 65.00 | 40541 | 135.14 | |
| Implants (non-breeding only) | 250 | hd | 0.90 | 225 | 0.75 | |
| Lube | | | | 78 | 0.26 | |
| Miscellaneous | 300 | hd | 0.50 | 150 | 0.50 | |
| Parasite Control - Calves | 245 | hd | 2.50 | 613 | 2.04 | |
| Parasite Control - Cows | 363 | hd | 5.00 | 1815 | 6.05 | |
| Pasture fee | 1980 | aum | 5.00 | 9900 | 33.00 | |
| Range fee | 720 | aum | 1.35 | 972 | 3.24 | |
| Repair & Maint. - Hired Labor | | | | 20 | 0.07 | |
| Repair & Maint. - Off-Farm | | | | 1317 | 4.39 | |
| Salt & Mineral | 12000 | lbs | 0.08 | 960 | 3.20 | |
| Vaccine - Calves | 250 | hd | 0.60 | 150 | 0.50 | |
| Vaccine - Cows | 300 | hd | 2.81 | 843 | 2.81 | |
| Vet & Preg. Test | 348 | hd | 3.75 | 1305 | 4.35 | |
| Total CASH Cost | | | | 69067 | 230.22 | |
| NON-CASH Cost | | | | | | |
| Interest - Operating Capital | | | | 3471 | 11.57 | |
| Owner Labor | | | | 16856 | 56.19 | |
| Repair & Maintenance - Owner Labor | | | | 537 | 1.79 | |
| Total NON-CASH Cost | | | | 20864 | 69.54 | |
| GROSS INCOME minus VARIABLE COST | | | | -13322 | -44.40 | |
| <u>FIXED COST Description</u> | | | | <u>Total</u> | <u>Per Cow</u> | <u>Your Cost</u> |
| CASH Cost | | | | | | |
| Machinery & Equipment Insurance | | | | 1293 | 4.31 | |
| Livestock Insurance | | | | 1866 | 6.22 | |
| Property Taxes | | | | 5001 | 16.67 | |
| Total CASH Cost | | | | 8160 | 27.19 | |
| NON-CASH Cost | | | | | | |
| Interest & Depreciation - Livestock | | | | 13263 | 44.21 | |
| Interest & Depreciation - Machinery & Equipment | | | | 13701 | 45.67 | |
| Land Interest Charge (500 ac. @ \$500 @ 5%) | | | | 12504 | 41.68 | |
| Total NON-CASH Cost | | | | 39468 | 131.56 | |
| NET PROJECTED RETURNS | | | | -60948 | -203.16 | |

COW/CALF PRODUCTION FLOWCHART
EASTERN REGION
300 COW HERD



EM 8337 Enterprise Budget

Table 1. Machinery and Livestock Cost Assumptions

| Item | Size | List Price | Current Market Value | Salvage Life | Useful Life | Remaining Use | Annual Use |
|------------------------------|---------|------------|----------------------|--------------|-------------|---------------|------------|
| MACH. & EQUIPMENT | | | | | | | |
| Loader Tractor | 60 hp | \$14,000 | \$ 7,700 | \$ 1,400 | 10,000 hr | 5,000 hr | 180 hr |
| Hay Wagon | | 3,500 | 2,013 | 350 | 3,600 hr | 1,800 hr | 180 hr |
| Branding Iron | | 200 | 110 | 20 | 120 hr | 60 hr | 12 hr |
| Corrals | | 4,000 | 2,200 | 400 | 8,400 hr | 4,200 hr | 414 hr |
| Stock Trailer | | 10,000 | 5,500 | 1,000 | 525 hr | 263 hr | 32 hr |
| Pickup | .75 ton | 11,000 | 5,000 | 1,100 | 100,000 mi | 50,000 mi | 13200 mi |
| Barn | | | 100,000 | 10,000 | 30 yr | | |
| Shed | | | 10,000 | 1,000 | 30 yr | | |
| LIVESTOCK | | | | | | | |
| Bulls | | 1,200 | 850 | 500 | 6 yr | 3 yr | |
| Cows | | | 500 | 400 | 6 yr | 4 yr | |
| Horses | | 1,000 | 650 | 300 | 10 yr | 5 yr | |
| Replacement Heifers | | | 428 | 385 | 7 yr | 5 yr | |

Table 2. Machinery and Equipment Cost Calculations

| Machine | Size | Costs per Hour | | | | Hours or Miles per head | Cost per Cow | | |
|------------------------------|---------|----------------------|-----------------|------------------------|-----------|-------------------------|----------------|----------------|----------------|
| | | Variable Fuel & Lube | Repair & Maint. | Fixed Depr. & Interest | Insurance | | Variable | Fixed | Total |
| MACH. & EQUIPMENT | | | | | | | | | |
| Loader Tractor | 60 hp | \$3.00 | \$1.37 | \$ 4.03 | \$0.43 | 0.60 hr | \$ 2.62 | \$ 2.67 | \$ 5.30 |
| Hay Wagon | | 0.00 | 0.71 | 1.65 | 0.11 | 0.60 hr | 0.43 | 1.06 | 1.48 |
| Branding Iron | | 0.68 | 0.00 | 2.15 | 0.09 | 0.04 hr | 0.03 | 0.09 | 0.12 |
| Corrals | | 0.00 | 1.84 | 0.77 | 0.05 | 1.38 hr | 2.54 | 1.14 | 3.68 |
| Stock Trailer | | 0.00 | 1.18 | 27.69 | 1.57 | 0.11 hr | 0.13 | 3.12 | 3.25 |
| Pickup | .75 ton | 0.06 | 0.04 | 0.11 | 0.00 | 44.00 mi | 4.31 | 4.84 | 9.15 |
| Barn | | | | | | | 0.38 | 33.69 | 34.07 |
| Shed | | | | | | | 0.38 | 3.30 | 3.68 |
| TOTAL | | | | | | | \$10.81 | \$49.91 | \$60.72 |

Table 3. Livestock Fixed Cost Calculations

| Livestock | Cost per Head | | | # Head | Cost per Cow | | | |
|-------------------|---------------|----------|-----------|--------|---------------|----------------|---------------|----------------|
| | Depr. | Interest | Insurance | | Depr. | Interest | Insurance | Total |
| Bulls | \$119.00 | \$47.43 | \$ 8.50 | 15 | \$5.95 | \$ 2.37 | \$0.43 | \$ 8.75 |
| Cows | 0.00 | 30.00 | 5.00 | 300 | 0.00 | 30.00 | 5.00 | 35.00 |
| Horses | 69.94 | 36.90 | 6.50 | 5 | 1.17 | 0.62 | 0.11 | 1.89 |
| Replacement Hfrs. | 0.00 | 25.68 | 4.28 | 48 | 0.00 | 4.11 | 0.68 | 4.79 |
| TOTAL | | | | | \$7.12 | \$37.10 | \$6.22 | \$50.43 |



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