

SAMPLE COST STUDY OF COMMERCIAL BEEF PRODUCTION
SAN BENITO COUNTY
MARCH 1976

845 Stocker Steers from November to June

This example is an owner operated 6000 acre ranch with a carrying capacity of 1.6 acres per animal unit month. This equals 19.2 acres per animal unit year. Land value of \$140 per acre is market value based on recent sales of similar type land. All costs, including taxes, are actual. Production is based on a 2% death loss and sufficient supplemental feeding to insure a season's gain of 250 lbs. per head. Stocker steers purchased at \$42 (delivered) and sold at \$38 F.O.B. ranch.

| INVESTMENT | TOTAL VALUE | YOUR EST. |
|--|------------------|-----------|
| LAND: 6000 acres @ \$140 (incl. bldgs., & corrals) | \$840,000 | \$ |
| EQUIP: Pickup, tractor, scales, misc. (½ new cost) | 22,000 | |
| STOCK: 3 horses @ \$300; 2 dogs, 4 cats | 900 | |
| TOTAL INVESTMENT | \$862,900 | |

| DEPRECIATION | COST | YOUR EST. |
|--|-----------------|-----------|
| IMPROVEMENTS: Fences, water sys., bldgs. | \$ 3,000 | \$ |
| EQUIPMENT: Pickup, tractor, scales, etc. | 2,200 | |
| TOTAL DEPRECIATION COSTS | \$ 5,200 | |

| CASH COSTS | COST | YOUR EST. |
|--|-----------------|-----------|
| TAXES: Land & improvements (80¢/acre)* | \$ 4,800 | \$ |
| TAXES: Livestock | 375 | |
| INTEREST ON CATTLE LOAN (6 mo. @ 9%) | | |
| HIRED LABOR: (400 hrs. @ \$3.00) | | |
| FEED PURCHASED: 66 tons hay @ \$85; 12 tons conc. @ \$120; salt | | |
| MISC: Gas, vet, insurance, repairs, telephone @ \$5/hd. | | |
| TOTAL CASH COSTS | \$24,837 | |

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*Add 30¢ per acre if ranch not under a Land Conservation Act Agreement with the County.

| ESTIMATED INCOME | POUNDS | PRICE | NET SALES | YOUR EST. |
|---------------------------------|----------------|---------|---------------|-----------|
| 829 Steers @ 700 lbs. | 580,300 | \$38.00 | \$220,514 | \$ |
| Less cost 845 steers @ 450 lbs. | 380,250 | 42.00 | 159,705 | |
| TOTAL INCOME | 200,050 | | 60,809 | |

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| TOTAL CASH & DEPRECIATION COSTS | \$ 30,037 | |
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|-------------------------|------------------|--|
| NET RANCH INCOME | \$ 30,772 | |
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| RESIDUE AFTER OWNER DRAWS \$10,000 FOR MGMT. & LABOR | \$ 20,772 | |
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UNIVERSITY OF CALIFORNIA AGRICULTURAL EXTENSION

SUMMARY

| | |
|---|---------|
| COST (CASH ONLY) PER CWT GAIN | \$12.41 |
| COST (CASH & DEPRECIATION) PER CWT GAIN | 15.01 |
| COST (CASH, DEPREC., OWNERS SALARY) PER CWT GAIN | 20.38 |
| COST (ALL COSTS PLUS 8% INT. ON INVEST.) PER CWT GAIN | 54.88 |

| PERCENT OF TOTAL CASH COSTS | |
|---------------------------------------|------|
| TAXES | 21% |
| INTEREST | 29% |
| FEED PURCHASED | 28% |
| MISC. (gas, vet, ins., repairs, etc.) | 17% |
| HIRED LABOR | 5% |
| TOTAL | 100% |

| | |
|--------------------------------------|-----------|
| POUNDS OF GAIN PER HEAD SOLD | 241 lbs. |
| POUNDS OF GAIN PER ANIMAL UNIT | 640 lbs. |
| POUNDS OF GAIN PER ACRE | 33.3 lbs. |
| DOLLARS OF MEAT SOLD PER ACRE | \$10.13 |
| TOTAL INVESTMENT PER ANIMAL UNIT | \$2,761 |
| ACTUAL INTEREST EARNED ON INVESTMENT | 2.40% |

"BREAK-EVEN" PRICE STEERS MUST BRING OWNER \$34.42

This is figured by adding cash cost (\$24,837), depreciation costs (\$5,200), owner's salary (\$10,000), purchase price of steers (\$159,705), and dividing by total selling weight (580,300 lbs.)