

SHEEP OPERATION IN KERN COUNTY

Cost Analysis - February 1982

by

Ralph L. Phillips, Farm Advisor and Edward A. Yeary, Farm Advisor Statewide

Sample costs to produce finished lamb for market. The operator must buy all feed for ewe flock. Costs are based on 1,000 ewes, 110% lamb crop and 2% death loss for lambs. All lambs are sold and replacement ewes are purchased. Ewes and rams will be replaced at 15% per year.

	<u>Investment Costs</u>		
	<u>Item</u> \$	<u>Interest on Investment</u> \$	<u>Depreciation</u> \$
Stock:			
Ewes @ \$40/hd	40,000	5,600	
Rams 25 hd @ \$250/hd	6,250	875	
Temporary Fence for winter grazing, 4 mi. new \$810/mile; present depreciated value of \$410/mile	1,640	115	160
Water troughs 5 @ \$120 each	550	39	110
Equipment:			
Water Truck	20,000	1,400	2,000
Pickup	9,600	672	640
Goose neck trailer	6,400	448	640
Camp trailer	15,000	105	1,500
Misc. tools & equipment	2,000	168	240
TOTALS	101,440	9,422	5,290

<u>Estimated Income</u>		
Lambs: 1,078 hd 120 lb. @ 55¢/lb	71,148	
Wool 10 lb/ewe @ 1.05 lb	10,500	
Wool incentive	3,515	
Cull ewes 147 hd @ \$14/hd	2,058	
Cull rams 4 hd @ \$15/hd	60	
TOTAL	87,281	\$87/ewe

ANNUAL OPERATING COSTS

Items	Sample Cost/ 1,000 ewes
Labor	\$10,000
Camp supplies	1,375
Groceries	2,700
Utilities	450
Feed 1/	
Alfalfa pasture	13,300
Range feed	3,600
Land pasture lease	650
Hay	1,250
Shearing and tagging	2,500
Gas, oil, tires	3,600
Repair & maintenance	2,550
Trucking 2/	1,850
Veterinary expense 3/	350
Taxes (payroll & Personal property)	2,000
Insurance	3,000
Rams 5 hd @ \$250/hd	1,250
Replacement ewes 150 hd @ \$60/hd	9,000
Office & business cost, dues, fees, etc.	2,500
Interest on short term loan \$20,000 @ 16% interest	3,200
TOTAL	\$65,125 \$65/ewe

1/ Feed costs may change depending on availability of range feed.

2/ Trucking costs vary drastically between operations.

3/ This is a very low veterinary cost; a more realistic cost would be \$1.25/ewe.

Non-Cash costs:

Depreciation	5,290
Interest on investment	9,422

TOTAL NON CASH COSTS	14,712
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Gross Income	87,281
Cash costs	65,125

Gross income less cash costs	22,156 \$22/ewe
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Gross income less cash, depreciation and interest on investment	\$ 7,444 \$ 7/ewe
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