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+ ESTIMATED COSTS AND INCOME +
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+ FOR A COW-CALF BEEF OPERATION +
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+ IN SAN MATEO COUNTY +
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ESTIMATED COSTS AND INCOME FOR A COW-CALF
BEEF OPERATION IN SAN MATEO COUNTY

Included in the following study are production expenses of which cattlemen should be aware. Costs such as depreciation, taxes, interest and labor may be easily overlooked, but are important, especially when the profit margin is narrow.

100 cows with 90% calf crop^{1/}
on 700 acres of range

| Expenses | Cost for herd, 12 months |
|---------------------------------------------------------------------------------------------------------------|-----------------------------|
| Oat or grass hay for 3 to 4 months, 100 tons @\$20.00 per ton | \$2,000.00 |
| Concentrate, 75 lbs./cow X 100 cows X \$0.03/lb. | 225.00 |
| Salt and minerals | 40.00 |
| *Labor, 650 hrs. X \$1.50 per hour | 975.00 |
| Bull replacement | 500.00 |
| Taxes on land: \$500/A X 0.22 assessment X 0.08 tax rate X 700 acres | 6,160.00 |
| **Taxes on livestock, 214 head | 488.80 |
| Taxes on equipment (horse, pickup, calf table, squeeze): \$3000 value X 0.22 assessment X 0.08 tax rate | 52.80 |
| Veterinary | 100.00 |
| Depreciation on equipment: \$3000 value | 300.00 |
| Depreciation on fence, \$0.25 /A per year X 700 A + depreciation on hay storage, \$150.00 per year | 325.00 |
| Miscellaneous: gas, horse feed, spray, insurance, etc. | 450.00 |
| ***Interest: land, equipment and cattle | 22,236.00 |
| TOTAL EXPENSES | <u>\$33,852.60</u> |

^{1/} 90 calves = 44 heifers (20 replacements, 24 heifers to sell); 2 deaths; 44 steers to sell.

| INCOME: | | Average | Total | Price/ | |
|--------------|--------|---------|--------|--------|-------------|
| Kind | Number | weight | weight | pound | Total |
| Steer | 44 | 550 | 24,200 | \$0.23 | \$5,566.00 |
| Heifer | 24 | 475 | 11,400 | 0.21 | 2,394.00 |
| Cow | 18 | 1000 | 18,000 | 0.15 | 2,700.00 |
| Bull | 1 | 1500 | 1,500 | 0.17 | 255.00 |
| Total income | | | | | \$10,915.00 |

| | Herd | Per Cow |
|------------------------------------------------|--------------|------------|
| Total expenses, annual | \$33,852.60 | \$338.53 |
| Total income, annual | 10,915.00 | 109.15 |
| Management income (loss) | (22,937.80) | (229.38) |
| Total interest | 22,236.00 | 222.36 |
| Returns to management and investment (loss) | (- \$701.60) | (- \$7.02) |

*LABOR:

| | |
|-----------------------------------|-----------|
| Winter feeding for 3 to 4 months | 120 hours |
| Spring and summer | 384 hours |
| Vaccinate, castrate, dehorn, etc. | 48 hours |
| Shipping calves | 32 hours |
| Fall season | 66 hours |
| Total labor | 650 hours |

**TAXES ON LIVESTOCK

| <u>Kind</u> | <u>Number</u> | | <u>Assessment</u> | | <u>Rate</u> | <u>Tax</u> |
|-----------------|---------------|---|-------------------|---|-------------|-----------------|
| Cow | 100 | X | \$40.00 | X | 0.08 = | \$320.00 |
| Yearling heifer | 20 | X | 30.00 | X | 0.08 = | 48.00 |
| Calf | 90 | X | 15.00 | X | 0.08 = | 108.00 |
| Bull | 4 | X | 40.00 | X | 0.08 = | 12.80 |
| Total, 214 head | | | | | | <u>\$488.80</u> |

***INTEREST

| | <u>Number</u> | | <u>Unit Value</u> | | <u>Rate</u> | <u>Interest</u> |
|------------------------|---------------|---|-------------------|---|-------------|--------------------|
| Land (acres) | 700 | X | \$500.00 | X | 0.06 = | \$21,000.00 |
| Cows | 100 | X | 175.00 | X | 0.06 = | 1,050.00 |
| Bulls | 4 | X | 400.00 | X | 0.06 = | 96.00 |
| Equipment (ave. value) | | | 1500.00 | X | 0.06 = | 90.00 |
| Total interest | | | | | | <u>\$22,236.00</u> |

HOW MUCH IN TAXES DOES EACH COW PAY?

Although this sample cow-calf operation is losing money, the cattle are paying for a large share of the land taxes. If the cattle or another source of income were not on the ranch, the returns to management and investment would be a loss of \$6,160.00 (land taxes) instead of a loss of \$701.60. In other words, each cow on this ranch is paying \$54.58 of the land taxes per year.