

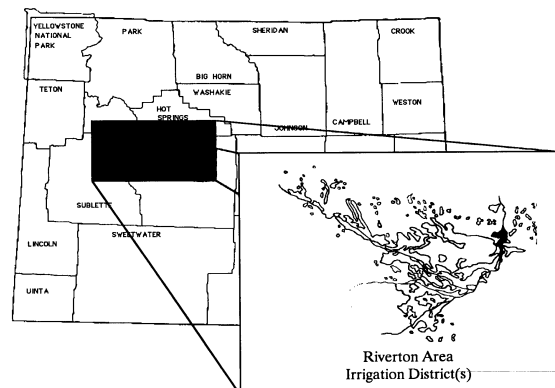
Crop Enterprise Budget

Aftermath Grazing, Riverton Area

John P. Hewlett, Farm/Ranch Management Extension Specialist
Barry R. Munsell, Student Research Assistant
Tom Heald, Extension Educator
Alan Gray, Extension Agronomy Specialist
Ron Cunningham, Extension Educator
Fremont County Producers

MP-88.5

University of Wyoming - August, 1994



This enterprise budget presents estimated typical costs and returns for aftermath grazing in the Riverton area of Wyoming. Data presented are not taken from an actual farm situation. A panel of Fremont County producers assisted in outlining the “representative” farm situation described by the budget. Thus, the budget provides a guide to determining costs and returns for specific operations. Production practices presented in the budget are not necessarily “best” management practices. The major assumptions used in this budget are presented below.

LAND

The budget is based on a 480 acre farm, with 273 head of cattle aftermath grazing each year. Other enterprises included on this farm are: alfalfa establishment, 40 acres; alfalfa hay, 200 acres; dry beans, 40 acres; sugar beets, 120 acres; and feed barley, 50 acres. The remaining 30 acres include roadways, fence lines, and farmsteads. All owned land is valued at \$800 per acre. Leased land is rented on a cash-lease basis for \$75 per acre. The land owner pays for irrigation water, taxes, insurance, long term interest, and depreciation for owned land and improvements.

LABOR

Labor is provided by the operator and one full-time employee. All labor, including operator labor, is valued at \$5 per hour plus 7.65 percent to cover social security and federal withholding taxes. Labor charges for the owner/operator represent an opportunity cost for the time spent in this enterprise.

Some part-time labor may be used on the farm for labor-intensive operations such as harvest.

CAPITAL

The operator provides 50 percent of the long-term capital and 50 percent of the operating capital for this enterprise. Fifty percent of the long-term capital is borrowed at an interest rate of 8.0 percent APR (Annual Percentage Rate). Fifty percent of the operating capital is borrowed at an interest rate of 8.5 percent APR. The interest rates used here are for short-term planning. Real interest rates (interest rates adjusted for expected inflation) should be used for accurate long-term planning.

MACHINERY, EQUIPMENT, AND BUILDINGS

A complete list of the machinery, equipment, and buildings used in this enterprise and the associated values are provided in Table 1. All resources are assumed to be half depreciated. Estimated operating and ownership costs are given in Table 2. Table 2 lists only the resources used in this enterprise. Other resources used on the farm are not included. However, the reader should note that the resources listed in Tables 1 and 2 may also be used in other enterprises on the farm.

OPERATIONS

Operations related to aftermath grazing are listed in chronological order in the enterprise budget. This enterprise assumes the cattle owner delivers the cattle to the farm in early November.

Aftermath Grazing

The cattle are grazed first on leased land and are then moved home to graze on owned land. The crop aftermath supplies forage needed by the cattle for 2 1/2 months.

Access to the crop aftermath is restricted using an electric fence. This fence is moved about every two weeks to expose fresh forage for grazing.

After exhausting the supply of crop aftermath, the cattle are fed a mix of oat/pea/alfalfa hay and straight alfalfa hay for 1 1/2 months. The hay is provided in a ration of 8 pounds of oat/pea/alfalfa hay and 12 pounds of straight alfalfa hay per head per day. The hay is fed on the ground, using farm-owned equipment.

While on the farm the cattle owner is responsible for doctoring sick animals and stands any death losses incurred. The farm owner ensures an adequate supply of water and forage for the cattle.

The cattle are shipped in late February. Aftermath grazing and feeding are charged on a head/month basis. The farm receives \$12/head/month for crop aftermath grazing and \$24/head/month for feeding hay.

ENTERPRISE BUDGET

Economic costs and returns for aftermath grazing are summarized by operation in the enterprise budget. Costs are broken down by stage of production. General overhead and operator management have been calculated at 5 percent and 10 percent of all cash costs, respectively.

Costs and returns for the cash lease arrangement are summarized in the budgets for the other farm enterprises. Costs paid/received by the tenant are listed in the tenant column. Items paid/received by the landowner are included in the landowner column. The far right column has been provided to calculate changes from this base budget for your operation.

SUMMARY

Gross income for the aftermath grazing enterprise is estimated at \$66.00 per head. Total variable costs are estimated at \$44.57 per head, with total fixed costs at \$12.51 per head. The total of all costs for aftermath grazing is estimated at \$57.08 per head, leaving a net projected return of \$8.92 per head. The net projected returns for the lease arrangement are (\$9.46) per head for the landowner and \$18.37 per head for the tenant.

Aftermath Grazing
 Enterprise Budget
 Economic Costs and Returns per Head
 Aftermath Grazing - Riverton Area
 273 Head Enterprise

RETURNS SECTION -----				--- Crop-Share ---			
GROSS INCOME Description	Quantity	Unit	\$/Unit	Owner-	Land-	Tenant	Your
				Operator	owner	100%	
				100%	0%	100%	Return
=====				=====			
CATTLE GRAZING	2.50	Hd-Months	12.00	\$30.00	\$0.00	\$30.00	
CATTLE FEEDING	1.50	Hd-Months	24.00	36.00	0.00	36.00	
=====				=====			
Total GROSS Income				\$66.00	\$0.00	\$66.00	

VARIABLE COSTS SECTION -----				----- M a t e r i a l s -----				Materials				--- Crop-Share ---			
VARIABLE COST Description	Dollars per Head		Description	# Units	Unit	\$/unit	Total Cost	Per Head	Operator	Owner-	Land-	Tenant	Your		
	LABOR	MACHINERY												Per Head	Type
=====															
ANNUAL															
METAL SHOP									0.34			0.34			
LOAFING SHED									0.04			0.04			
CORRALS & CHUTE									1.23			1.23			
4-WHEELER	0.54	0.95							1.49			1.49			
1/2 TON PICKUP - 2WD	0.79	0.26							1.05			1.05			
1/2 TON PICKUP - 4WD	0.79	0.26							1.05			1.05			
GENERAL OVERHEAD									1.77			1.77			
OPERATOR MANAGEMENT									3.54			3.54			
Total ANNUAL									\$10.51	\$0.00	\$10.51				
PREGRAZING															
REPAIR FENCE Operation	0.16								0.16			0.16			
BUILD ELEC FENCE Operation	0.16								0.16			0.16			
RECEIVE CATTLE Operation	0.08								0.08			0.08			
Total PREGRAZING									\$0.40	\$0.00	\$0.40				
GRAZING															
MOVE ELEC FENCE Operation	0.24								0.24			0.24			
MOVE CATTLE HOME Operation	0.08								0.08			0.08			
MOVE ELEC FENCE Operation	0.47								0.47			0.47			
PIKUP ELEC FENCE Operation	0.16								0.16			0.16			
Total GRAZING									\$0.95	\$0.00	\$0.95				
JAN-FEEDING															
LOAD HAY Operation	0.16	0.33							0.49			0.49			
FEED HAY Operation	0.30		ALF-MIX HAY	0.06	Ton	65.00	9.97		10.27			10.27			
			ALFALFA HAY	0.09	Ton	67.39									
			0.02 2 TON TRUCK						0.02			0.02			
Total JAN-FEEDING									\$10.78	\$0.00	\$10.78				
FEB-FEEDING															
LOAD HAY Operation	0.33	0.65							0.98			0.98			
FEED HAY Operation	0.59		ALF-MIX HAY	0.12	Ton	65.00	19.93		20.52			20.52			
			ALFALFA HAY	0.18	Ton	67.39									
			0.02 2 TON TRUCK						0.02			0.02			
Total FEB-FEEDING									\$21.52	\$0.00	\$21.52				
SHIPPING															
SHIP FEEDERS Operation	0.07								0.07			0.07			
Total SHIPPING									\$0.07	\$0.00	\$0.07				

Aftermath Grazing

VARIABLE COSTS SECTION -----										
		----- M a t e r i a l s -----				Materials		--- Crop-Share ---		
VARIABLE COST Description	Dollars per Head	LABOR	MACHINERY	Description	# Units	Unit	Total Cost	Owner-	Land-	Your
						Per Head	Per Head	Operator	owner	Tenant
						\$/unit				
										Cost
=====										
OPERATING INTEREST							0.34	0.34	----	0.34
Total VARIABLE COST								\$44.57	\$0.00	\$44.57
GROSS INCOME minus VARIABLE COST								\$21.43	\$0.00	\$21.43

FIXED COSTS SECTION -----										
		--- Crop-Share ---								
FIXED COST Description	Unit	Owner-	Land-	Tenant					Your	
		Operator	owner							
=====										
Machinery and Equipment:										
Taxes	Head	0.07	----	0.07						
Insurance	Head	0.42	----	0.42						
Long Term Interest	Head	0.70	----	0.70						
Depreciation	Head	1.86	----	1.86						
Buildings and Improvements:										
Taxes	Head	0.17	0.17	----						
Insurance	Head	0.08	0.08	----						
Long Term Interest	Head	1.61	1.61	----						
Depreciation	Head	1.31	1.31	----						
Irrigation:										
Taxes	Head	0.00	0.00	----						
Insurance	Head	0.00	0.00	----						
Long Term Interest	Head	0.00	0.00	----						
Depreciation	Head	0.00	0.00	----						
Land:										
Taxes	Head	0.63	0.63	----						
Long Term Interest	Head	5.67	5.67	----						
Total FIXED Cost		\$12.51	\$9.46	\$3.06						
Total of ALL Cost		\$57.08	\$9.46	\$47.63						
NET PROJECTED RETURNS		\$8.92	(\$9.46)	\$18.37						

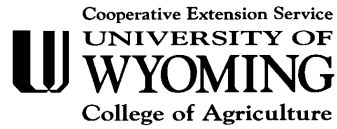
TABLE 1. Machinery, Equipment, and Building Value and Use Assumptions

Resource Name		Current List Price	Current Market Value	Salvage Value	Total Defined Annual Use	Useful Life	Remaining Life
=====							
100 HP TRACTOR	2WD	\$43,409	\$29,279	\$15,149	986 Hours	7,888 Hours	3,944 Hours
4-WHEELER	2WD	\$1,729	\$1,127	\$526	1,000 Hours	5,000 Hours	2,500 Hours
FRONT LOADER	2-TON	\$4,014	\$2,112	\$209	375 Hours	7,500 Hours	3,750 Hours
1/2 TON PICKUP	4WD	\$12,437	\$7,810	\$3,184	10,000 Miles	75,000 Miles	37,500 Miles
2 TON TRUCK		\$10,974	\$6,452	\$1,931	4,730 Miles	50,000 Miles	25,000 Miles
3/4 TON PICKUP	4WD	\$15,315	\$9,618	\$3,921	10,000 Miles	75,000 Miles	37,500 Miles
CORRALS & CHUTE			\$3,000	\$300		30 Years	15 Years
FENCES	3.0 MILES		\$7,207	\$721		30 Years	15 Years
LOAFING SHED	16 x 40		\$5,000	\$500		30 Years	15 Years
METAL SHOP	40 x 80		\$20,000	\$2,000		30 Years	15 Years

Aftermath Grazing

TABLE 2. Machinery, Equipment, and Building Cost Calculations

Machine/Vehicle	Unit	-----Variable-----					-----Fixed-----			----- ENTERPRISE -----			
		Fuel and Lube	Operation Labor & Inputs	Repair and Maint.	Hourly Lease	Deprec. and Interest	Taxes and Insurance	TOTAL COST	Resource Use per Head	-----Resource Costs per Head-----		TOTAL	
										Variable	Fixed		
100 HP TRACTOR	2WD	\$/Hour	\$4.76	\$0.00	\$3.85	\$0.00	\$4.11	\$0.35	\$13.07	0.0824	\$0.71	\$0.37	\$1.08
4-WHEELER	2WD	\$/Hour	2.27	0.00	1.28	0.00	0.19	0.01	3.75	0.4264	1.51	0.09	1.60
FRONT LOADER	2-TON	\$/Hour	0.00	0.00	4.97	0.00	0.67	0.07	5.71	0.0824	0.41	0.06	0.47
1/2 TON PICKUP	4WD	\$/Mile	0.07	0.00	0.00	0.00	0.24	0.05	0.36	3.6630	0.26	1.06	1.32
2 TON TRUCK		\$/Mile	0.23	0.00	0.00	0.00	0.35	0.09	0.67	0.3297	0.08	0.15	0.23
3/4 TON PICKUP	4WD	\$/Mile	0.07	0.00	0.00	0.00	0.30	0.06	0.43	3.6630	0.26	1.32	1.58
CORRALS & CHUTE		\$/Year	0.00	0.00	336.08	0.00	412.80	35.15	784.03	0.0037	1.23	1.64	2.87
FENCES	3.0 MILES	\$/Year	0.00	0.00	0.00	0.00	1,199.24	84.44	1,283.68	0.0003	0.00	0.38	0.38
LOAFING SHED	16 X 40	\$/Year	0.00	0.00	153.80	0.00	688.00	58.58	900.38	0.0003	0.05	0.22	0.27
METAL SHOP	40 X 80	\$/Year	1,000.00	0.00	153.80	0.00	2,752.00	234.33	4,140.13	0.0003	0.34	0.89	1.23



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