

**CENTRAL REGION  
SMALL COW/CALF BUDGET 2016**

BREED HERD SIZE 40 COW to BULL 20 CALF CROP PERCENT<sup>1</sup> 83%  
CULL RATE 15% REPLACEMENT HEIFER'S KEPT 6

VALUE OF PRODUCTION				VALUE PER COW		
	QUANTITY	WEIGHT	PRICE <sup>2</sup>	VALUE	NEW VALUE	
STEER CALVES	17	515	\$2.10	\$17,953	\$448.82	
HEIFER CALVES	11	495	\$2.03	\$10,651	\$266.29	
CULL COWS	6	900	\$0.76	\$4,104	\$102.60	
CULL BULLS	1	1200	\$0.87	\$1,044	\$26.10	
<b>TOTAL</b>	<b>34</b>			<b>\$33,752</b>	<b>\$843.81</b>	

VARIABLE COSTS				VALUE PER COW		
	UNITS	QUANTITY/PERCENT	PRICE	COST	NEW VALUE	
<b>1. FEED COSTS</b>						
HAY	TON	5.00	\$155	\$775	\$19.38	
STATE	AUY	0.0%	\$38.04	\$0	\$0.00	
FEDERAL LEASE	AUY	50.0%	\$20.88	\$835	\$20.88	
PRIVATE(Owned)	AUY	50.0%	\$0.00	\$0	\$0.00	
PRIVATE(Leased Grazing)	AUY	0.0%	\$0.00	\$0	\$0.00	
SALT & MINERAL	TON	3.00	\$710	\$2,130	\$53.25	
PROTEIN SUPP	TON	6.00	\$325	\$1,950	\$48.75	
OTHER		0.00	\$0	\$0	\$0.00	
<b>TOTAL</b>				<b>\$5,690</b>	<b>\$142.26</b>	

<b>2. OTHER VARIABLE COSTS</b>				<b>COST</b>		
VET AND MEDICINE				\$671	\$16.78	
LIVESTOCK HAULING				\$186	\$4.66	
HIRED LABOR				\$1,700	\$42.50	
OPERATING COSTS-EQUIP & MACH				\$766	\$19.15	
OPERATING COSTS-VEHICLE				\$2,500	\$62.50	
RANCH MAINTENANCE				\$3,500	\$87.50	
BEEF CHECKOFF				\$27	\$0.68	
PURCHASED LIVESTOCK				\$6,000	\$150.00	
<b>TOTAL</b>				<b>\$15,350</b>	<b>\$383.76</b>	

<b>3. INTEREST ON VARIABLE COSTS</b>						
SUM OF VARIABLE COSTS X MONTHS BORROWED						
X INTEREST RATE PER MONTH						
ANNUAL INTEREST RATE				7.00%		
NUMBER OF MONTHS BORROWED				6		
						<b>VALUE PER COW</b>
				\$736		\$18.41

**TOTAL** \$21,777 \$544.42 \$11,975 \$299.38

OWNERSHIP COSTS		Annual Capital Recovery <sup>4</sup> (At Replacement Value):	Represents 65% Asset Ownership <sup>5</sup>	VALUE PER COW	NEW VALUE
<b>CASH COSTS</b>					
Taxes & Insurance				\$4,189	\$104.73
Overhead				\$2,500	\$62.50
				<b>\$6,689</b>	<b>\$167.23</b>
<b>NON CASH COSTS</b>					
Purchased Livestock				\$1,971	\$49.29
Machinery & Equipment				\$4,189	\$104.73
Housing & Improvements				\$3,205	\$80.12
Interest on Retained Livestock <sup>6</sup>				\$2,243	\$56.09
Management & Operation Labor ( 6% of gross returns)				\$11,975	\$299.38
				<b>\$23,585</b>	<b>\$589.61</b>
<b>TOTAL FIXED COSTS</b>				<b>\$30,274</b>	<b>\$756.85</b>
<b>TOTAL CASH AND VARIABLE COSTS</b>				<b>\$28,466</b>	<b>\$711.66</b>
<b>TOTAL COSTS</b>				<b>\$52,051</b>	<b>\$1,301.27</b>
<b>RETURN ABOVE TOTAL CASH COSTS</b>				<b>\$5,286</b>	<b>\$132.15</b>

BREAKEVEN CALCULATIONS		
	VARIABLE COSTS	TOTAL COSTS
REQUIRED AVG. CALF PRICES CASH COST (cwt)	\$129.89	\$169.79
REQUIRED AVG. CALF PRICES TOTAL COSTS(cwt)	\$129.89	\$310.45

1) Calf crop is defined as the actual number of calves sold divided, by the total number of cows (assuming all cows were exposed).  
 2) Prices represent 2016 price projections from Cattle Fax, Doanes reports for New Mexico feeder cattle cash prices.  
 3) Market prices include commissions, brand inspections, beef council, yardage, feed, and insurance  
 4) Annual capital recovery is the method of calculating depreciation and interest recommended by the National Task Force on Commodity Costs and Returns Measurement Methods.  
 5) The 35% reduction in asset values which represent a mix of new and used machinery.  
 6) Interest on average investment.

**CENTRAL MOUNTAIN REGION  
SMALL RANCH INVESTMENTS**

<b>Number</b>	<b>Land Values</b>	<b>Price Per Unit</b>	<b>10 Yr Avg Rate of Return</b>	<b>Purchase Price</b>	<b>Salvage/Cull Value</b>	<b>Useful Life</b>	<b>Livestock Share</b>	<b>Annual Capital Recovery</b>
100	Acres of private land	\$900	3.9%	\$90,000	\$90,000			
34	AU Values <sup>1</sup>	\$3,000	3.9%	\$101,250	\$101,250			
<b>Sub Totals</b>				\$191,250				
<b>Number</b>	<b>Buildings, Improvements</b>	<b>Price Per Unit</b>						
0.5	Miles of pipeline	\$2,000	3.9%	\$1,000	\$100	25	100	\$61
1	Wells	\$13,000	3.9%	\$13,000	\$1,300	25	100	\$792
10	Miles of Fence	\$2,500	3.9%	\$25,000	\$2,500	25	100	\$1,523
1	Corrals/Working Facilities	\$5,000	3.9%	\$5,000	\$500	30	100	\$277
1	Barns & Shop	\$10,000	3.9%	\$10,000	\$1,000	30	100	\$553
<b>Sub Totals</b>				\$54,000				\$3,205
<b>Number</b>	<b>Machinery &amp; Vehicles</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
1	3/4 ton pickup 4WD	\$40,000	4.0%	\$40,000	\$8,000	7	50	\$2,826
0	3/4 ton pickup 4WD	\$42,000	4.0%	\$0	\$0	7	50	\$0
0	Tractor	\$7,000	4.0%	\$0	\$0	7	100	\$0
1	Gooseneck trailer	\$5,500	4.0%	\$5,500	\$1,100	7	100	\$777
1	Horse tack	\$3,500	4.0%	\$3,500	\$700	10	100	\$373
1	Misc. equipment	\$2,000	4.0%	\$2,000	\$400	10	100	\$213
<b>Sub Total</b>				\$51,000				\$4,189
<b>Head</b>	<b>Purchased Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate<sup>3</sup></b>	<b>Price</b>	<b>Salvage/Cull</b>			
3	Horses	\$1,200	4.0%	\$3,600	\$1,368	10	100	\$330
1	Bulls	\$4,000	4.0%	\$5,000	\$1,900	4	100	\$930
<b>5</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$8,600				\$1,260
<b>Head</b>	<b>Retained Livestock</b>	<b>Price Per Unit</b>	<b>Interest Rate</b>	<b>Price</b>	<b>Salvage/Cull</b>			<b>Interest on Investment</b>
25	Cows	\$2,500	4.0%	\$62,500	\$23,750			\$1,971
4	Replacement Heifers	\$2,300	4.0%	\$8,625	\$3,278			\$272
<b>28</b>	<b>Total AUUs</b>							
<b>Sub Total</b>				\$71,125	\$27,028			\$2,243
<b>Total</b>				<u>\$375,975</u>				<u>\$9,638</u>

1) The interest rate of 3.9% used to calculate the capital recovery cost is the USDA-ERS's ten year average long-run rate of return to production assets for New Mexico.