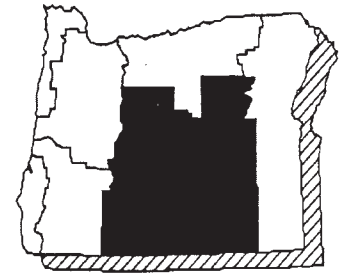




Enterprise Budget

Sheep, South Central Region

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EM 8369, February 1988

This enterprise budget estimates the typical costs and returns of producing lambs in the Klamath Falls area of south central Oregon. It should be used as a guide to estimate actual costs and is not representative of any particular farm. The major assumptions used in constructing this budget are discussed below. Assistance provided by area producers is greatly appreciated.

Livestock

A production flowchart is shown on page 3, summarizing the sheep production cycle. The sheep flock consists of 100 ewes and 4 rams. Of 135 lambs born, 122 survive, resulting in a 122% lamb crop.

Twenty-five replacement ewes are selected from the 58 ewe lambs produced, leaving 38 ewe lambs and 57 wether lambs to be marketed, for a total of 95 lambs. Five ewe lambs are culled and sold as yearling ewes. Ewe death loss during the year is 5% and 15% are culled. Four rams are used and one ram is replaced by purchase each year. Livestock values used are shown in table 1, and ownership costs are shown in table 3.

Feed

Private pasture is used from May 1 until October 31 at a cost of \$1.20/ewe/month. This charge reflects the cost of buying or renting pasture. Hay is fed from November 1 to April 30 at a rate of 5 lbs./ewe/day. A total of 45 tons of hay is fed at a cost of \$60.00/ton. Ewes are flushed with grain for 4 weeks prior to breeding and receive .5 lbs./ewe/day. Grain is also fed at the same rate immediately following lambing for 30 days. Salt and minerals cost \$1.00/head.

Operations

Lambing occurs in the spring, and bedding is provided for protection from cold weather and rain or snow. Lambs are docked, castrated, and vaccinated shortly after birth. Shearing, tagging, and wool bagging is hired at a cost of \$2.35/ewe including the cost of wool bags. Fleeces average 8 lbs./ewe and are sold at a market price of \$0.80/lb. Wool incentive payments of \$1.08/lb. are also received. Market lambs

are not shorn so an incentive payment on unshorn lambs of \$4.53/ewe is included. Incentive payments are based on rates for 1986 payments.

Ewes are vaccinated and wormed in the fall and are treated for parasites. Tagging is done prior to lambing to minimize lambing difficulties and is carried out using hired labor. A miscellaneous charge of \$1.00 per head is included to account for items such as chalk, marking harnesses, hoof trimmers, syringes, needles, and paint.

Machinery and Equipment

A 3/4 ton 4-wheel drive pickup and a 16 foot stock trailer are used to transport sheep. Their values and costs of operation are shown in tables 1 and 2. The pickup is driven 5,000 miles per year in the sheep operation and the stock trailer is used for 100 hours annually in moving sheep.

General farm buildings are used for feed, storing, supplies, and lambing. These buildings are valued at \$5,000 and have a 30-year life. Feed bunks are used to feed grain and hay. Handling facilities include a corral, working chute, loading gate, and foot bath.

Labor

All labor other than shearing and tagging is provided by the owner/operator, and is included as a noncash cost of \$7.00/hour. Labor requirements are estimated to be 600 hours annually.

Capital

Opportunity costs of capital are charged at a rate of 6 percent for current, intermediate, and long-term capital provided by the owner. This represents a real rate of interest after adjusting for inflation.



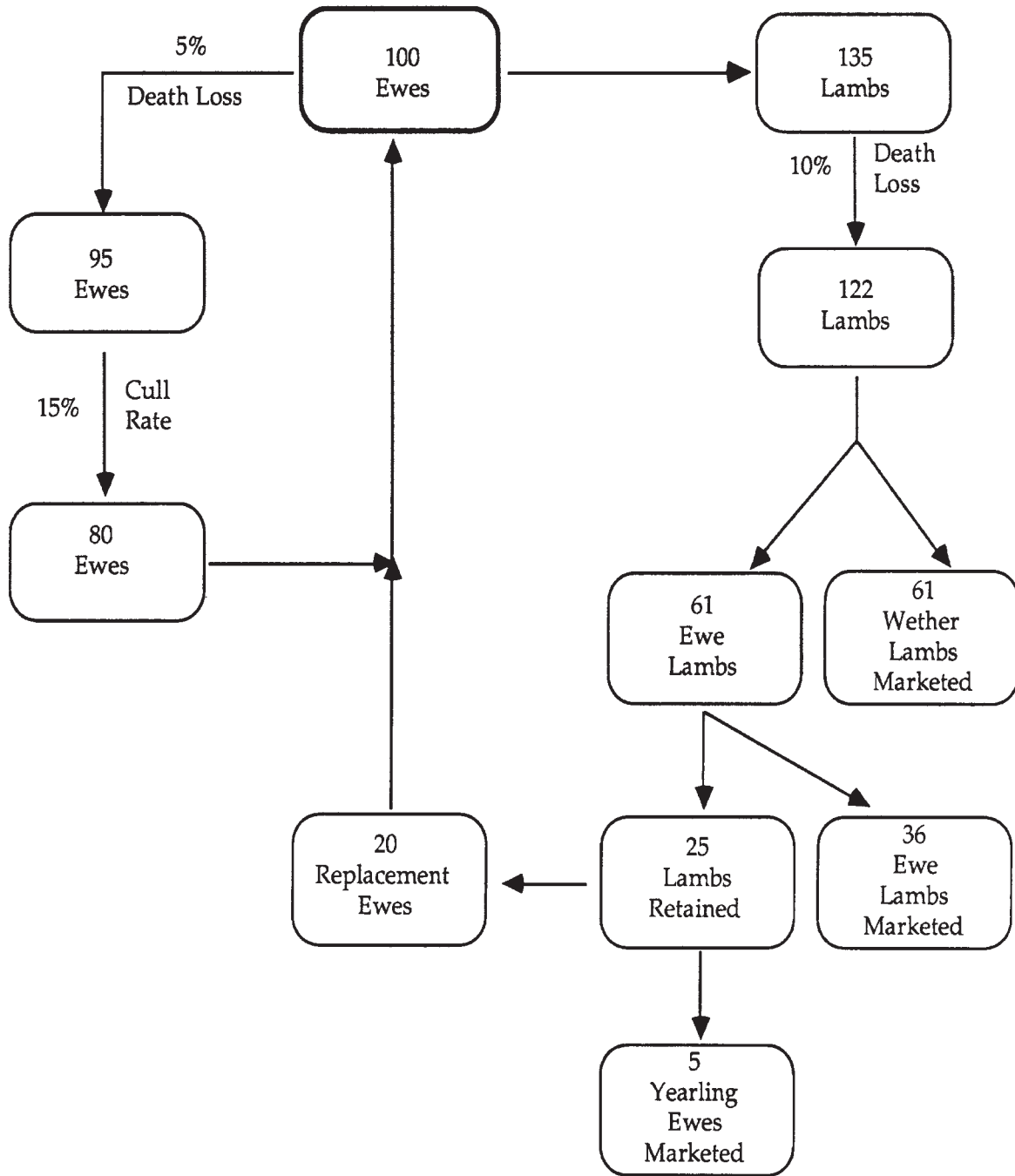
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Whole Farm Cash Non-Cash Cost and Returns SOUTH CENTRAL REGION 100 EWE FARM FLOCK

<u>GROSS INCOME Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Per Ewe</u>	<u>Your Cost</u>
CASH Income						
Cull Ewes	15	hd	25.00	375	3.75	_____
Cull Ram	1	hd	50.00	50	0.50	_____
Lamb Incentive Pmt.	97	hd	0.045	453	4.53	_____
Lambs	97	hd	0.75	7639	76.39	_____
Wool	100	hd	0.80	640	6.40	_____
Wool Incentive Pmt.	100	hd	1.08	864	8.64	_____
Yearling Ewes	5	hd	75.00	375	3.75	_____
Total GROSS Income				10396	103.96	_____
VARIABLE COST Description						
<u>VARIABLE COST Description</u>	<u>Quantity</u>	<u>Unit</u>	<u>\$/Unit</u>	<u>Total</u>	<u>Per Ewe</u>	<u>Your Cost</u>
CASH Cost						
Bedding	100	hd	0.50	50	0.50	_____
Grain	2	ton	120.00	180	1.80	_____
Hay	45	ton	60.00	2700	27.00	_____
Miscellaneous	100	hd	1.00	100	1.00	_____
Pasture Rent (6 mo. @ \$1.20/mo.)	100	hd	1.20	720	7.20	_____
Ram	1	hd	250.00	250	2.50	_____
Salt & Minerals	100	hd	1.00	100	1.00	_____
Vaccine, Ewes	100	hd	2.00	200	2.00	_____
Vaccine, Lambs	100	hd	1.00	100	1.00	_____
Vet-Med. Expenses	100	hd	2.00	200	2.00	_____
Wormer/Parasites	100	hd	2.50	250	2.50	_____
Shear, Bag, and Tag	100	hd	2.35	235	2.35	_____
Fuel				300	3.00	_____
Lube				15	0.15	_____
Repairs & Maintenance				345	3.45	_____
Total CASH Cost				5745	57.45	_____
NON-CASH Cost						
Owner Labor				4312	43.12	_____
Total NON-CASH Cost				4312	43.12	_____
GROSS INCOME minus VARIABLE COST				339	3.39	_____
FIXED COST Description						
<u>FIXED COST Description</u>				<u>Total</u>	<u>Per Ewe</u>	<u>Your Cost</u>
CASH Cost						
Annual Taxes				75	0.75	_____
Livestock Insurance				97	0.97	_____
Machinery & Equipment Insurance				186	1.86	_____
Total CASH Cost				358	3.58	_____
NON-CASH Cost						
Livestock Interest & Depreciation				737	7.37	_____
Machinery & Equipment Interest & Depreciation				2262	22.62	_____
Total NON-CASH Cost				2999	29.99	_____
NET PROJECTED RETURNS				-3018	-30.18	_____

Lamb Production Flowchart
South Central Region
100 Ewe Flock



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Table 1. Machinery and Livestock Cost Assumptions

Item	Size	List Price	Current Market Value	Salvage Value	Useful Life	Remaining Life	Annual Use
MACH. & EQUIPMENT							
Stock Trailer		7,500	4,125	750	1,500 hr	750 hr	100 hr
Pickup 4WD	.75 ton	15,000	9,000	3,000	100,000 mi	50,000 mi	5,000 mi
Buildings			5,000	1,000	30 yr		
Feed Bunks			500	50	5 yr		
Handling Facilities			1500	300	15 yr		
LIVESTOCK							
Ewes			75	25	5 yr	3 yr	
Rams			150	50	6 yr	3 yr	
Replacement Ewes			80	25	7 yr	4 yr	

Table 2. Machinery and Equipment Cost Calculations

Machine	Size	Costs per Hour				Total Cost	Hours or Miles per head	Costs per Ewe		
		Variable Fuel & Lube	Repair & Maint.	Depr. & Interest	Fixed Insurance			Variable	Fixed	Total
MACH. & EQUIPMENT										
Stock Trailer		\$0.00	\$1.14	\$5.79	\$0.17	\$7.10	1.00 hr	\$ 1.14	\$ 5.96	\$7.10
Pickup 4WD	.75 ton	0.06	0.03	0.19	0.02	\$0.30	50.00 mi	4.45	10.75	15.20
Buildings								1.10	5.29	6.39
Feed Bunks								0.34	1.22	1.56
Handling Facilities								0.71	1.98	2.69
TOTAL								\$7.74	\$25.20	\$32.94

Table 3. Livestock Fixed Cost Calculations

Livestock	Cost per Head			# Head	Cost per Ewe			Total
	Depr.	Interest	Insurance		Depr.	Interest	Insurance	
Ewes	\$ 0.00	\$4.50	\$0.75	100	\$0.00	\$4.50	\$0.75	\$5.25
Rams	40.00	7.80	1.50	4	1.60	0.31	0.06	1.97
Replacement Ewes		4.80	0.80	20	0.00	0.96	0.16	1.12
TOTAL					\$1.60	\$5.77	\$0.97	\$8.34

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