

## Monthly Stocker and Custom Fed Beef Cattle Inventory – Head Day Calculator

### Objectives

There are three versions of this spreadsheet one for a **Breeding Cattle Herd** the other for a **Stocker and Custom Fed Cattle**. To have accurate financial statements and production performance the business must have accurate cattle inventories. Number of cattle need to be maintained through use of a monthly-reconciled inventory as provided for in the spreadsheet. Before using this spreadsheet, it is good to recall the basic inventory equation and review definitions.

### Basic Inventory Equation for Stocker and Fed Cattle

The basic formulas for reconciliation of cattle numbers are as follows:

1. Ending Inventory = (Total In – Total Out)
2. Total In = (Beginning Inventory + Purchases + Transfers In + Change in Category + Longs in Count)
3. Total Out = (Sales + Transfers Out + Change in Category + Death + Shorts in Count)

### Definitions

**Raised or Purchased** – defines the source of cattle and also data required for IRS compliance with IRS requirements.

**Location** - indicate the ranch or feedyard where the cattle are located.

**Change in Category** is when an animal changes category. For example, mixing steers with heifers or separate cattle on lots. Groups of cattle are used to identify similar cattle.

**Transfers** are used to keep cattle moved between lots or business divisions that do not really generate sales revenue. Examples include weaned calves that are transferred into stocker or the feedyard.

**Shorts in Count** is normally used to reconcile inventories. One-way to think of shorts is that they are cattle that cannot be accounted for through one of the normal decreases in inventory (i.e., deaths, sales/transfers out). These are cattle that are missing at the time of counting inventory and are not assumed dead or permanently lost.

**Longs in Count** is used in larger operations when cattle are rounded up and inventory numbers do not match. An example of longs in count is cattle that get mixed when a fence is broken. Information on longs is useful in identifying extra cattle in the wrong inventory group. Longs are cattle in the inventory that cannot be accounted for through one of the normal increases in inventory (i.e. purchases or transfers in).

---

Prepared by Jim McGrann, Professor Emeritus, Texas A&M University, 5-30-2022

A summary sheet records shorts and longs by month this should be monitored closely. If shorts and longs are similar then losses are not occurring. If shorts exceed longs this would indicate errors in counts or losses of cattle.

For Stockers the animal unit months **equivalents (AUM)** is input (see line 49 in the **January sheet for the** graph of AUM is presented. The spreadsheet also calculates the **head days by category** of cattle based on the average of the beginning and ending inventories by month. End of year head days are a good base for allocation of production costs between categories of cattle.

According to the IRS tax inventory data requirements that are used to comply with the IRS data requirements, the inventory of purchased cattle must be kept separate from raised retained calves.

The end of year summary report can be used to record inventory valuation information to assist in preparation of the business balance sheet.

Months are linked but the shorts and longs must be monitored.

The graph of AUM and head shows the inventory throughout the year. The AUM per head is defined in the inventory first sheet of the year (see line 49).

Head days are calculated each month **based on the average inventory** by category. In the summary **the months to include in the report need to be specified**. Head day is a very good number to use to allocate fixed costs between production categories of cattle.

The graph shows a monthly inventory by month. The **user identifies the months** to include in these graphs in the summary page. The graph is not meaningful for months.

The reason months must be selected for reporting is that ending and beginning months are connected across all months. Defining the report month in the summary sheet (head day and Inventory value sheet) will give the correct months to include in summary head day, head of cattle and AUM reports in Graphs for stocker cattle.

The stocker cattle in addition to death loss records the number of **Chronics** and Persistent Infected or **PI** cattle as these cattle are costly to treat and often are culled and sold at a lower price. This is valuable data to track on purchased cattle to “avoid” future purchases from the source of cattle.

### **Inventory Data Worksheet**

The monthly spreadsheets can be used as a worksheet and report for data collectors to assist in keeping inventories and help to ensure that all ins and outs are accounted for.

#### **Execution**

Essential to effective use of this spreadsheet is to provide the monthly report to the personnel that collect the cattle inventory data.