

# Production Contracts - Feedlot Example

What do we want to record in the contracts table?

The fee the operator receives for raising animals for someone else – How the operator makes his profit.

For Feedlots – The operator charges the owners of the cattle yardage.

- A set amount of Cents per head per day over the animal's lifetime in the lot.

Example: 40 cents per head per day for 150 days = \$60.00 a head

OR

- A lower yardage rate plus a markup on the cost of feed.

Example: 28 cents per head per day plus 7.5% markup on the cost of the feed.

(\$.28 HD/Day for 150 days = \$42.00) + (Cost of Feed for 150 days: \$375 @7.5% =\$28.13)

Total = \$70.13 a head

Items for which the feedlot operator gets reimbursed are not included in the production contract fee. The total amount spent on Feed and Veterinary Services are NOT included because the feedlot operator will bill the owner of the cattle for feed and veterinary services. The feedlot operator will get reimbursed for those items.

When the animal is sold to the slaughter house, it has a value of ~ \$1500 a head.

The cattle owner will receive ~\$1500 a head while the feedlot operator will receive \$60-\$75 a head for raising the animal.

| SECTION 25 MARKETING and PRODUCTION CONTRACTS  |  |            |   |          |  |            |   |           |  |    |           |   |           |      |    |               |     |
|--|--|------------|---|----------|--|------------|---|-----------|--|----|-----------|---|-----------|------|----|---------------|-----|
| 1. Did this operation have <b>marketing</b> or <b>production</b> contracts for any commodities delivered <sup>1</sup> in 2022? (A marketing contract is a verbal or written agreement reached before harvest of a crop or before completion of a livestock production stage, setting a price or pricing formula and market for the commodity. A production contract is an agreement setting terms, conditions, and fees to be paid by the contractor to the operation for the production of crops, livestock, or poultry.)<br>3991 1 <input checked="" type="checkbox"/> <b>Yes</b> - Complete this section      3 <input type="checkbox"/> <b>No</b> - Go to SECTION 26 |  |            |   |          |  |            |   |           |  |    |           |   |           |      |    |               |     |
| 2. Report the commodities delivered in 2022 through <b>marketing</b> or <b>production</b> contract(s). List the quantities delivered and the final price/fee received. (Include the quantity delivered or removed under contract. Exclude money received from contractors as reimbursement for expenses. Exclude landlord shares (report in SECTION 27) and marketing charges (report in SECTION 32, Item 34).)  |  |            |   |          |  |            |   |           |  |    |           |   |           |      |    |               |     |
| 1<br>What commodities did this operation have MARKETING or PRODUCTION contracts for in 2022?<br>[Write in commodities]   | 2<br>Commodity Code<br>Office Use Only<br>(Code) |            | 3<br>Marketing or Production Contract?<br>Marketing=1<br>Production=2 |          | 4<br>Quantity of this commodity delivered through this contract? (Exclude landlord's share.) |            | 5<br>Unit Code<br>(from list below)<br>(Code) |           | 6<br>What was (will be) the FINAL PRICE/FEE RECEIVED per unit by this operation for this commodity delivered under this contract?<br>(Dollars & Cents) |    |           | 7<br>What was the total dollar amount received in 2022 from this contract?<br>(Total Dollars) |           |      |    |               |     |
| Commodity example  | 0000   |            | 0000  | 1        | 0000   | 10000      | 0000  | 04        | 0000   | \$ | 3         | .   | 75        | 0000 | \$ | 37500         | .00 |
| <b>Finished Cattle</b>   | 3927   | <b>818</b> | 3550  | <b>2</b> | 3928   | <b>500</b> | 3929  | <b>11</b> | 3930   | \$ | <b>60</b> | .   | <b>00</b> | 3931 | \$ | <b>30,000</b> | .00 |
| <del>----- OR -----</del>  |  |            |   |          |  |            |   |           |  |    |           |   |           |      |    |               |     |
| <b>Finished Cattle</b>   | 3937   | <b>818</b> | 3552  | <b>2</b> | 3938   | <b>500</b> | 3939  | <b>11</b> | 3940   | \$ | <b>70</b> | .   | <b>13</b> | 3941 | \$ | <b>35,065</b> | .00 |

# Production Contracts - Feedlot

What do we want to record in the contracts table? Yardage.

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Example: 40 cents per head per day for 150 days = \$60.00 a head

OR

- A lower yardage rate plus a markup on the cost of feed.  
Example: 28 cents per head per day plus 7.5% markup on the cost of the feed.  
(\$.28 HD/Day for 150 days = \$42.00) + (Cost of Feed for 150 days: \$375 @7.5% =\$28.13)  
Total = \$70.13 a head

Items for which the feedlot operator gets reimbursed are not included in the production contract fee. Amounts spent on Feed and Veterinary Services are NOT included because the feedlot operator will bill the owner of the cattle for feed and veterinary services. The feedlot operator will get reimbursed for those items.

When the animal is sold to the slaughter house, it has a value of ~ \$1500 a head.

The cattle owner receives ~\$1500/head while the feedlot operator receives \$60-\$75/head for raising the animal.

**Number of NOT OWNED Cattle Fed Out** \_\_\_\_\_ Head

**Average Value Per Head When Placed** \_\_\_\_\_ \$/Head

## Yardage Rate:

\_\_\_\_\_ Cents/Head/Day \_\_\_\_\_ Average Number Of Days In Lot

OR

\_\_\_\_\_ Cents/Head/Day \_\_\_\_\_ Average Number Of Days In Lot \_\_\_\_\_ % Markup On Cost Of Feed

## Items For Which The Feedlot Gets Reimbursed By The Cattle Owners:

Feed \$ \_\_\_\_\_

Veterinary/Medical \$ \_\_\_\_\_

Other - Specify \$ \_\_\_\_\_

Other - Specify \$ \_\_\_\_\_