

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 E MARKETING and PRODUCTION CONTRACTS and DIRECT SALES																	
1. Did this operation have marketing or production contracts for any commodities delivered ¹ in 2021? (A <i>marketing contract</i> 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 <i>production contract</i> 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.) 3991 1 <input checked="" type="checkbox"/> Yes - Continue 3 <input type="checkbox"/> No - Go to Item 3																	
2. Report the commodities delivered in 2021 through marketing or production contract(s). List the quantities delivered and the final price/fee received. (<i>Include</i> the quantity delivered or removed under contract. <i>Exclude</i> money received from contractors as reimbursement for expenses. <i>Exclude</i> landlord shares (report in SECTION A) and marketing charges (report in SECTION H, Item 34).)																	
1 What commodities did this operation have MARKETING or PRODUCTION contracts for in 2021? [Write in commodities]	2 Commodity Code Office Use Only (Code)	3 Marketing or Production Contract? Marketing=1 Production=2	4 Quantity of this commodity delivered through this contract? (<i>Exclude</i> landlord's share.)	5 Unit Code (from list below) (Code)	6 What was (will be) the FINAL PRICE/FEE RECEIVED per unit by this operation for this commodity delivered under this contract? (Dollars & Cents)	7 What was the total dollar amount received in 2021 from this contract? (Total Dollars)											
Commodity example	0000	0000	1	0000	10000	0000	04	0000	\$	3	.	75	0000	\$	37500	.00	
Finished Cattle	3927	818	3550	2	3928	500	3929	11	3930	\$	60	.	00	3931	\$	30,000	.00
<div style="border-top: 1px dashed red; border-bottom: 1px dashed red; padding: 2px 0;"> 3932 3551 3933 OR 3934 3935 \$. 3936 \$. 3937 \$.00 </div>																	
Finished Cattle	3937	818	3552	2	3938	500	3939	11	3940	\$	70	.	13	3941	\$	35,065	.00

Production Contracts - Feedlot

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

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.

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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.
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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 \$ _____