

# ARMS phase III 2007 -- Cattle on Feed Worksheet

## Ownership of cattle on operation:

Screening	Yes/No	
100% of cattle are owned by the operation (retained ownership):	<input type="text"/>	<u>If Yes, Go to Section 1</u>
100% of cattle on hand are owned by an outside operation (custom fed):	<input type="text"/>	<u>If Yes, Go to Section 2</u>
Ownership of cattle is divided between operation and outside operations (divided interest):	<input type="text"/>	<u>If Yes, Go to Section 3</u>

**Sec 1: 100% "Retained ownership"**

No production contract is recorded in Section D, all expenses related to feeder cattle are to be recorded in Section 26 under operator & partners for livestock purchases, feed purchases, medical supplies, hauling, bedding & litter, etc. The estimated market value needs to be recorded an asset for feeder cattle in Section 28, item 6c. **(Form Complete)**

**Sec 2: 100% "Custom fed"**

**Record a production contract completed in Section 19** for each instance of cattle fed, or just one contract for the entire year's worth of cattle fed. Expenses for cattle on feed need to be recorded in Section 26 under "Contractor" for livestock purchases, feed purchases, medical supplies, hauling, bedding & litter, etc. all related to the cattle fed on the operation for others. No assets should be recorded in Section 28, item 6c for the cattle on feed, since they are not owned by the operator.

**What was the value of weight gain on the animals in the feedlot?**

This is a sunk cost (asset) that should be recorded. **(Go to Sec 3)**

**Sec 3: "Divided interest"**

Percent

What percentage does the operator own? +

What percentage do outside operators own? +

= 100%

**Record a production contract completed in Section 19** for the outside owner's (contractor's) percentage of the cattle, each instance of cattle fed, or just one contract for the entire year's worth of cattle fed. Expenses for cattle on feed need to be recorded in Section 26 in both "Operator & Partners" and "Contractor" columns, record the appropriate *percentage* for each lineitem related to the cattle fed on the operation for others (livestock purchases, feed purchases, medical supplies, hauling, bedding & litter, etc.). [For example, if the operator owns 20% of the cattle, and the other 80% are owned by an outside operation, and the total feed purchased was \$50,000, then the operation's feed expense would be \$10,000, whereas the expense for the "Contractor" would be \$40,000.] **Assets need to be recorded** in Section G, item 5c for the operation's percentage share of the cattle on feed. Do not forget to ask and record for an estimate of the value of weight gain on the animals in the feedlot. That is a sunk cost (asset) that should be recorded.

**What was the value of weight gain on the animals in the feedlot?**

This is a sunk cost (asset) that should be recorded. **(Go to Back)**

--over

## Computation Final Fee Received

Operators may report several expenses hidden in the fee for production contracts. Use the table below to record the various parts of the fee as reported. The intent is to avoid upsetting the respondent. This chart allows you to accurately collect the hidden expenses that can be distributed after the interview.

**Of the final fee received per animal (record in Sec 19 COL 5), how much was for the following:** (Alternative: Can you tell me what makes up the fee you charge contractors?)

	Dollars	Percent	
Total		100%	
Yardage/Labor			record in COL 5
Feed			record in ic636
Hauling			record in ic788
Vet/Meds			record in ic642
Bedding & litter			record in ic639
Other _____			
Other _____			
Other _____			

Feed, hauling etc. are reimbursable items and should not be included in the total fee for COL 5. Production fees are expected to be between \$35-\$200.

## Contract Loss - Capture expenses that can't be passed to Contractor.

**Because of weather related delays, etc., what are the expenses that were absorbed by the operator because they could not be passed to the contractor because of a fixed contract fee.** In turn, you should leave record these expenses in the operator column. These should be in addition to any fees recorded above.

	Dollars	Percent	
Total		100%	
Feed			record in ic636
Vet/Meds			record in ic642
Bedding & litter			record in ic639
Hauling			record in ic788
Other _____			
Other _____			
Other _____			

## Hauling Comments - What should be recorded?

We want to distinguish the farm sector from the manufacturing sector, and record in ARMS III only those expenses incurred in the farm sector. The principle for distinguishing the two is ownership. For cattle sold on a liveweight basis at the feedlot, that principle says that the transportation expense falls in the manufacturing sector, because the packer takes possession at the feedlot.

**LIVE WEIGHT** - For cattle sold on a liveweight basis (60-70% of feedlot cattle), the price is usually set f.o.b. feedlot. The packer arranges and pays for transportation, and the packer takes possession at the feedlot. **HAULING SHOULD NOT BE RECORDED.**

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What do we do about cattle priced on a dressed weight basis? We want the feedlot to report the transportation expense on the ARMS III. Often it is a deduction from the gross payment.

**DRESSED WEIGHT** - For cattle sold on a carcass weight basis, the cattle are priced at the packing plant. Usually, the packer arranges and pays for transportation, and deducts the hauling expense from the payment made to the feedlot. **HAULING SHOULD BE RECORDED.**