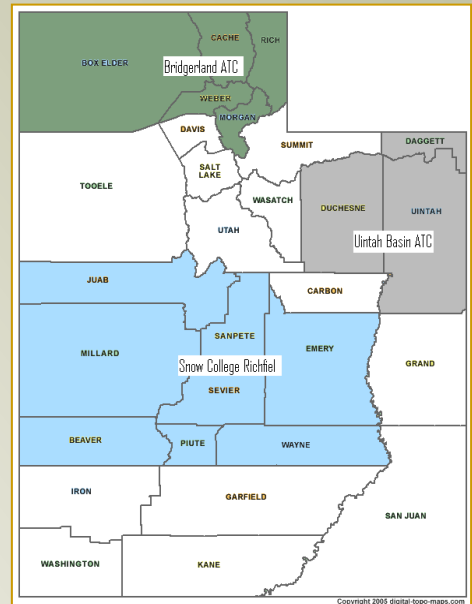




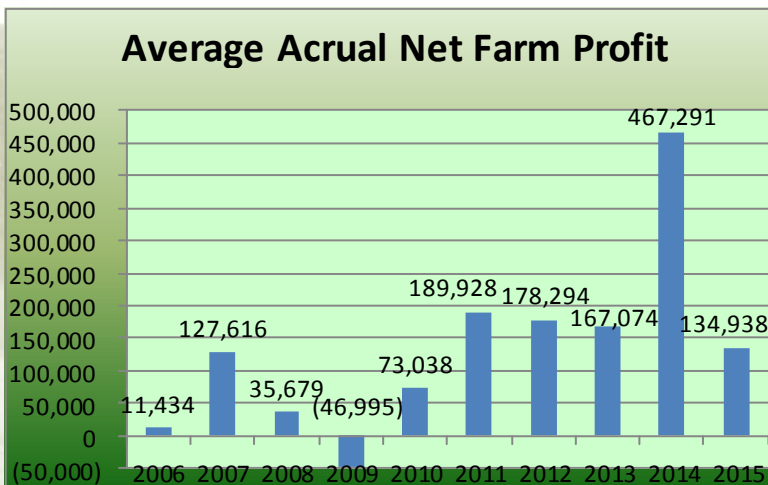
UTAH CENTER FOR FARM & RANCH MANAGEMENT

SNOW COLLEGE



Utah Farm/Ranch Mgt. education service areas

Highlights from the 2015 Annual Report



Data were obtained from farms and ranches enrolled in Farm/Ranch Management education at three colleges in Utah. Enrolled farms are not representative of all producers in these areas nor are they consistently the same farms through all the years. Data in this report should not be used to make inferences about all farms and ranches in Utah. However it can be considered a representation of production agriculture in Utah. Farms and ranches in this report include dairies of 140 up to 800 head of milk-ing cows, cow/calf ranches of 50 up to 1200 head and less than 100 acres of range up to over 50,000 acres of range (both private and public grazing), and farms of 50 acres up to 800 acres.

Average Accrual adjusted farm profite for 37 farms included in this 2015 report was \$134,938 compared to \$467,291 in 2014 a substantial down turn of \$332,353.

Accrual net farm income is arrived at by adjusting net cash income by changes in account payables, receivables and inventory.

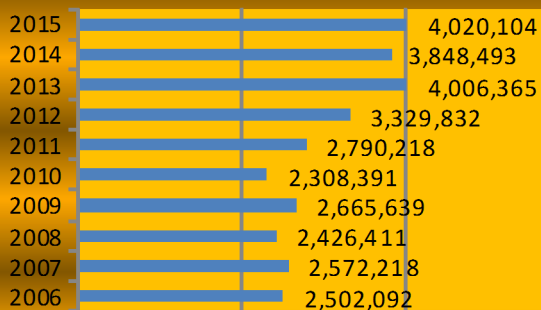
Contrary to the typical public and political perception production agriculture operations provide a stable and significant economic base to local economies. In 2015, dollars spent locally by the average farm in this report is a substantial \$720,919. Applying any economic multiplier adds a significant increase to the value of dollars that farming and ranching contribute to a rural economy.

Money Spent Within the Community by the Ave. Farm

Custom Work & Hire	\$ 17,173
Rent paid	\$ 34,250
Hired Labor	\$ 65,706
Local Utilities	\$ 18,775
Within AG Bus. Community (supplies, repairs, fuel, etc)	\$ 457,393
Lender (interest)	\$ 25,902
Professional (Legal & Acct)	\$ 7,111
Insurance	\$ 15,375
Capital Purchases	\$ 8,955
Local Taxes	\$ 5,860
Family Living	\$ 64,419
Total Money Spent within the Community	\$ 720,919

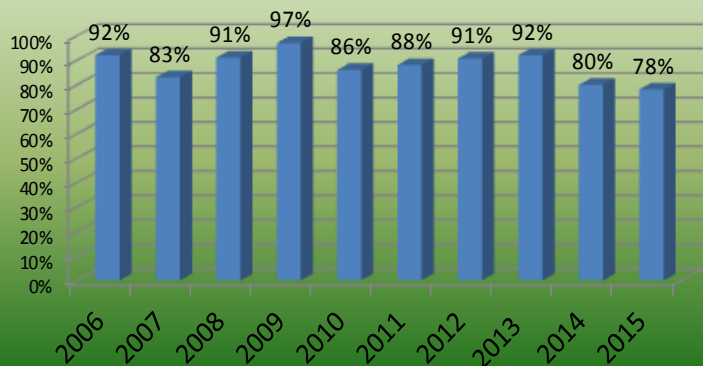
Financial Data

Year End Farm Assets



Market value of assets in this year's annual report increased over 2014 farm values. A number of producers increased the market value of their farm ground at their banker's request. Many cattle men increased the market value of their producing cows after holding the value steady through the previous 3-4 years of increasing value (accounts for about \$109,539 of the increase value).

Cash Expense as a % of Income

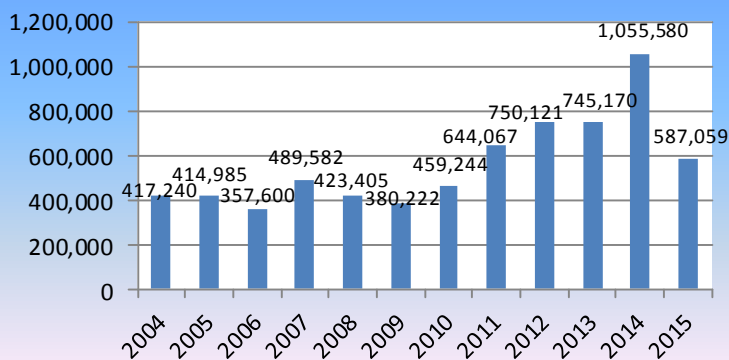


Cash expenses as a percent of income decreased slightly to 78%. As producers began to realize decreasing market prices for crops and market livestock they reduced expenses, particularly in the last half of the production year.

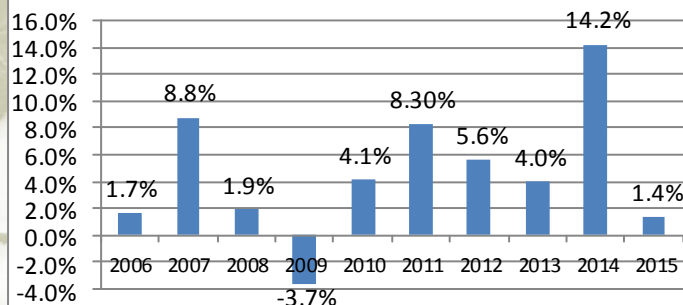
Value of farm production decreased \$468,521 from an all time high of \$1,055,580 in 2014.

The rate of return on farm assets (ROA) dropped almost 13% to a low not seen since 2008 and 2009.

Value of Farm Production



Rate of Return on Average Farm Assets

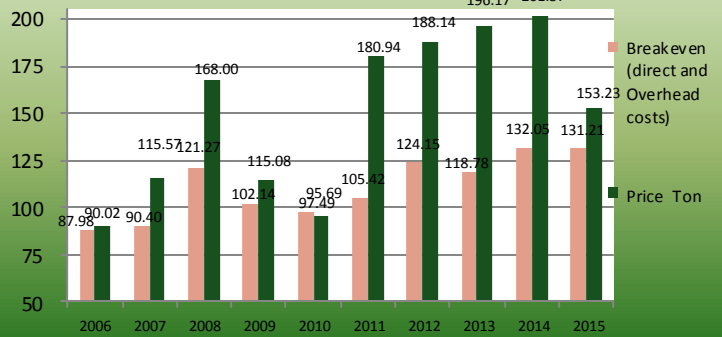


Crop Data

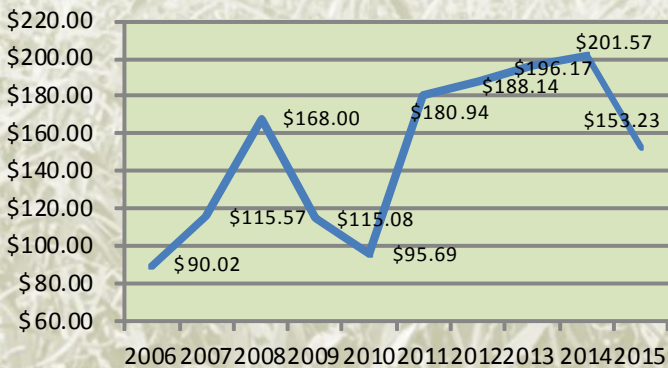
Alfalfa Hay ton/per Acre



Alfalfa Hay Breakeven and Sales Price per Ton of Hay



Alfalfa Hay Cash Prices/ton



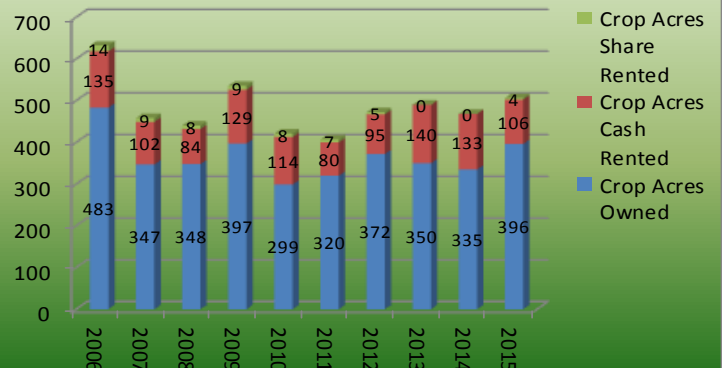
Alfalfa hay yield rose slightly due to timely rains through the summer that mitigated an extremely poor water supply and irrigation season. The yield still has not risen to historical yields, a reflection of a number of years of continued lower snow pack and reservoir storage.

Alfalfa hay prices took a dramatic downturn as the first crop of alfalfa was coming off the field and continued to decline the remainder of the year. In the last 10 years prices for alfalfa hay have varied from \$90 in 2006 to \$201 in 2014 and in 2015 decreased to a more reasonable value. 2015 reported prices tended to be significantly higher (\$30-\$40) for farmers who sold their hay early for high compression processing for the export market than for other hay growers.

The breakeven cost price spread narrowed to more typical range associated with alfalfa. The data shows that hay farmers maintained input costs at the level seen in 2014 before the downturn in market price was seen or expected.

The majority of crop acres in Utah continue to be owned by the farm operator. Over the past ten years some change in the number of acres cash rented has been observed. Share rented acres are minimal and have no real effect on overall crop or farm profitability. However, in certain locations, where absentee ownership of small acreages is more common we see a trend to more acres being cash rented and at times share cropped.

Crop Acres

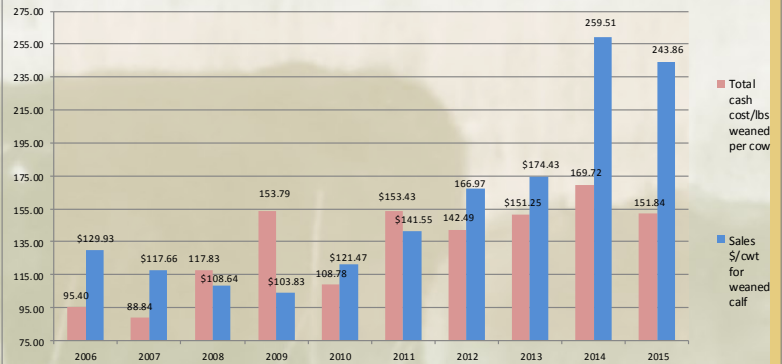


Livestock Data

2015 calf sales for a second year were substantially above the break-even price. Mid year 2015 saw a decrease in price that continued well into the fall weaning season, but remained well above the historical average. The breakeven price decreased from 2014. Even with record profits, cattlemen are encouraged to seriously look at price risk management as well as cost reduction management strategies. The historical variability in breakeven costs and sales prices support the premise that cost management and price risk management are more important than ever to future profitability.

Producers who chose to background their calves saw reduced net revenue per head but were still profitable due to lower opportunity costs of their fed feed. The \$0.2861 price spread per lbs. approached a more typical weaned calf to backgrounded price spread.

Beef Cow Breakeven and Sales Price per Cwt. of Calf



Price Received for Weaned and Background Calves, and Price spread between the two

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Sales \$/cwt. for weaned calf	129.93	117.66	108.64	103.83	121.47	141.55	166.97	174.43	259.51	243.86
Sales \$/cwt. for Background beef	99.30	95.17	95.40	89.91	98.10	127.73	132.63	140.81	177.39	215.25
Spread between weaned & bckgrd calves	30.63	22.49	13.24	13.92	23.37	13.82	34.34	33.62	82.12	28.61

Return Over All Listed Costs

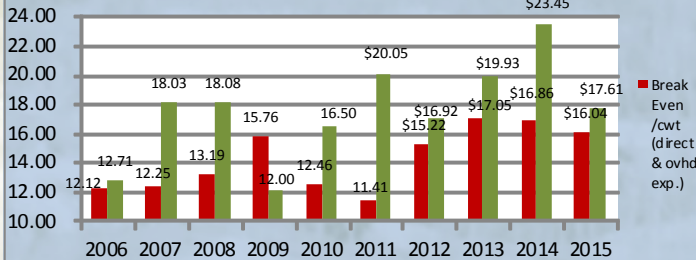
Enterprise	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Cow/Calf (\$ return/cow)	113.17	122.96	-97.18	110.45	28.57	173.9	114.32	313.1	645.64	223.85
Beef Backgrounding (\$ return/head)	-53.29	-5.48	-17.77	37.2	50.62	67.6	174.69	207.47	360.7	46.47
Beef Replacement Heifer Costs (\$/head)	986.52	1022.99	1118.69	998.17	1058.83	1278.54	1331.85	1561.27	1661.64	1977.59
Dairy Cows (\$ return/cow)	-75.72	1258.04	737.13	-287.93	860.81	741.74	-324.8	428.88	1956.32	442.51
Dairy, Milk Production (\$ return/cwt)	-0.38	5.87	3.5	-1.31	4.23	3.68	-1.52	2.12	8.37	2.07

2015 brought lower more typical per cow returns to the cow/calf operator.

Backgrounded calves decreased a whopping \$314.23 per head evidence that variability will continue in livestock returns over all costs and cost should be carefully planned and managed for.

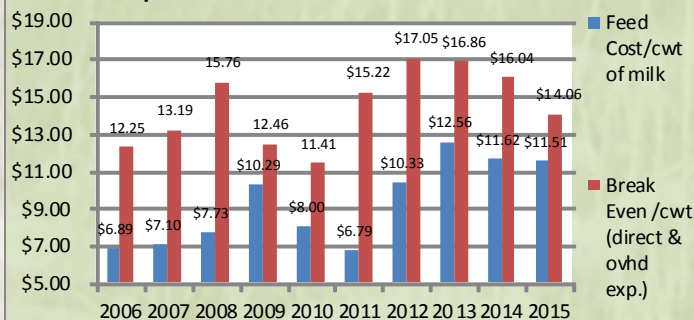
Return on the dairy cow spiraled down to \$442,51 from \$1956,32 in 2014, correspond ling return per cwt of milk dropped from \$8.37 to \$2.07.

Milk Breakeven and Sales Price per Cwt. of Milk



Considerable variation exists between the sales price of a cwt. of milk and the breakeven (all direct and indirect costs). 2015 dairy profit margins shrunk to 2012 levels, evidence that dairy is a volatile agriculture business.

Feed Cost per Cwt. of Milk as a Part of Breakeven Costs

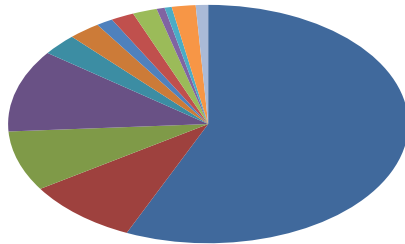


2015 feed costs, as a percent of all breakeven costs, narrowed to an amount not seen since 2009, \$2.55 in 2015 and \$2.17 in 2009. The difference between feed costs and all other costs indicate that for dairies to survive there must be intensive management of all other direct and indirect costs and that attention to feed costs and ration development provide the greatest opportunities for dairy managers to succeed.

Family Living Data

2015 Family Costs

Ave Family Size 3.7



Cash family living is the out-of-pocket cash items and non-farm capital purchases which includes such things as personal vehicle purchases, non-farm real estate purchases, non-farm investments and savings, and income taxes.

Family living expenses should be looked at with caution, only 7 of 37 farm families reported family living costs. By far the largest single cost reported for 2015 was income taxes paid on 2014 farm profits. Other family living costs vary but are within or slightly up over the past seven years of data. Food and meals, medical (including medical care and medical insurance) and recreation make up the three largest family living expenses.

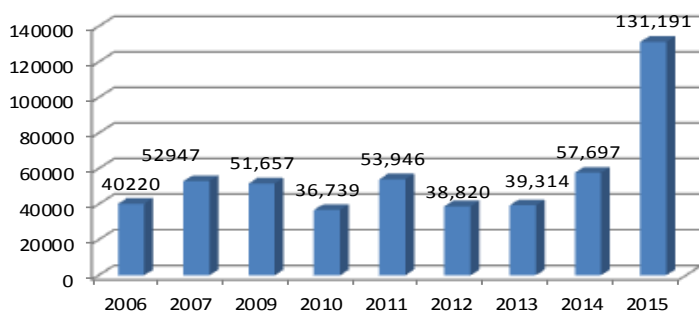
The record setting farm profits of 2014 and resulting record net farm income in 2014 resulted in farm families incurring a large income tax liability (\$63,371). Approximately half of the total family living expenses were income tax liabilities. Families also spent more on family recreation/vacation than in past years.

Family living accounted for 21% of the total farm expenses. The farm contributed 96% to family living the remaining 4% came from non-farm business or wage income either by one or both spouses working off the farm. Non-farm, income from off-farm wages and business account for a meager \$4,614 of the total cash and non-cash living expense of \$131,191.

Family Living Expenses

	2009	2010	2011	2012	2013	2014	2015
Average Family Size	4.4	4	4.6	4.2	3.4	3.4	3.7
Food & Meals	8753	5870	7179	7213	8409	19952	10308
Medical & Health Ins.	9288	10172	7838	8746	6285	8417	12540
Cash Donations	3926	2274	6602	7785	5887	7514	3268
Recreation	3628	1352	3316	1004	4160	6997	9164
Clothing	2087	1259	2531	57	2020	2569	1518
Gifts	1903	1603	2603	1889	1474	2127	2906
Vehicle	1711	1153	1900	104	575	2059	3095
Utilities	2008	2983	3073	1449	1796	1945	2215
Income Tax	3376	1607	9466	1130	4444	1532	63371
Personal Interest	3061	3018	2755	1919	762	2009	731
Family Savings & Invest.	-147	247	0	0	857	1406	6429
Other (home supply&repair, personal care, misc&fam living from farm)	12063	5201	6683	7524	3208	1170	15646
Total Cash Living exp	51657	36739	53946	38820	39314	57697	131191
Non Farm Capital Purch	11380	6532	3800	2149	6076	25552	1451
Non Farm Income	19262	19553	17956	15,260	13,246	16,438	4614

Cash Family Living Expenses



What is Farm Management Education?

Farm/ranch management education has been helping Utah producers develop management skills through one-on-one education in financial and production record keeping and analysis of since 1988. Each producer enrolled receives a detailed business financial analysis based on their complete fiscal year financial and production records as well as comparative data from the averages of all enrolled Utah producers who have complete data. Participating producers are also guided to the National Database of Farm Management data (www.finbin.umn.edu) for national benchmarking opportunities.

Farm Management Education is Concerned With:

Creating an awareness of the need for accurate financial & production enterprise records.

Individualized on-farm instruction based on the producer's needs.

Stimulating families to establish goals and set priorities.

Developing the farm/ranch operator's understanding of the function of management.

Develop skills in analyzing and interpreting farm/ranch business records and make informed management decisions based on analysis and benchmarking of the business.

Contact the instructor in your area for more information:

Bridgerland ATC: Al Dustin or Kathryn Rawson
Bridgerland ATC, 1301 N. 600 W. Logan, UT 84321
(435) 757-8732 or (435) 757-8120

Snow College: Jay Olsen or Kendra Sagers
Snow College 150 E. College Ave. Ephraim, UT 84627
(435) 283-7335 or (435) 283-7336

Uintah Basin ATC: David Gillman
Uintah Basin ATC, 1100 E Lagoon St, Roosevelt, UT 84066
(435) 722-6956

Reasons Why Producers Enroll

- Meets FSA borrower training requirements
- Complete financial/production records to make management decisions
- Increase knowledge of business strengths and weaknesses
- Ability to determine exact financial and production progress in a year
- Opportunity to “Benchmark” your business against data from other farms & ranches

Program Information

In 1988 Utah Farm/Ranch Business Management program began at six applied technology colleges. It is estimated that over 1650 Utah farm families have benefited from participating in the program. Currently there are approximately 140 farm businesses enrolled in three remaining Farm/Ranch Business Management programs at Snow College, Bridgerland Applied Technology College and Uintah Basin Applied Technology College.

Program Partners



United States Department of Agriculture
National Institute of Food and Agriculture