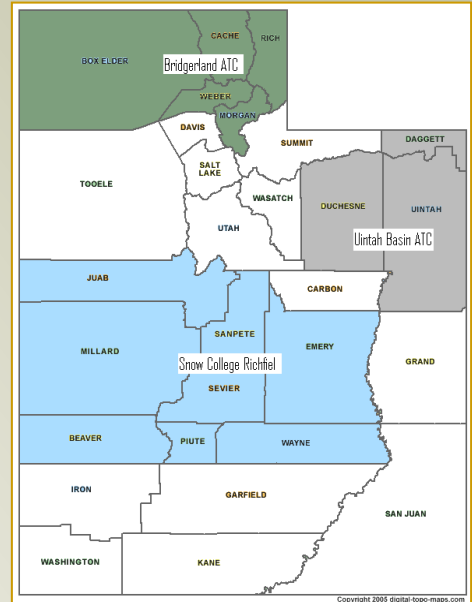




UTAH
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RANCH
MANAGEMENT
SNOW COLLEGE

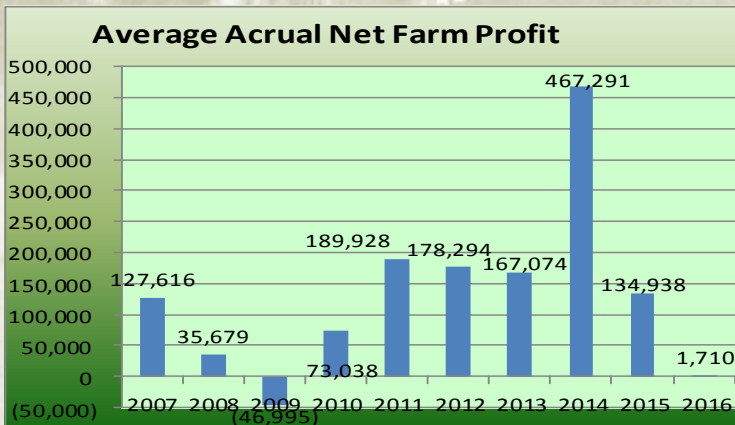


Utah Farm/Ranch Mgt. education service areas

Quick Facts & Trends, 2016 Annual Report

Disclaimer and Caution

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 very small and average size dairies, 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.



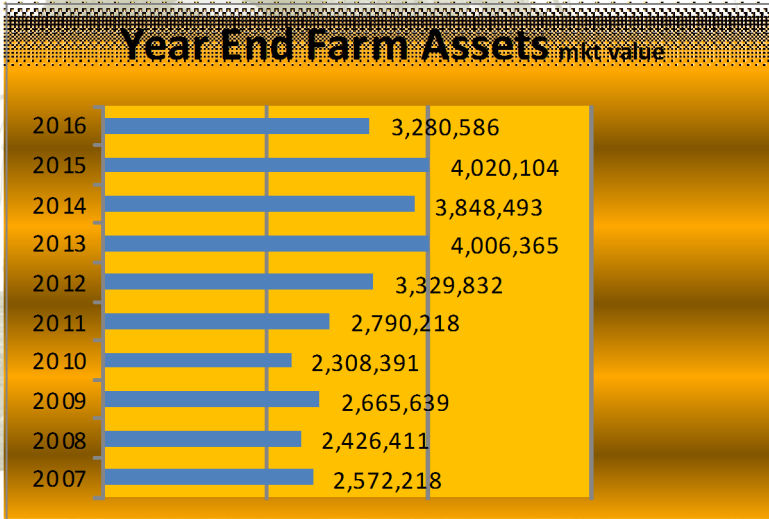
Average accrual adjusted net farm profit for 35 farms included in this 2016 report was \$1,710 compared to \$134,938 in 2015 and \$467,291 in 2014, a devastating 2-year decrease of \$332,353. Accrual net farm income is arrived at by adjusting net cash income by changes in account payables, receivables and inventory.

Money Spent Within the Community by the Ave. Farm

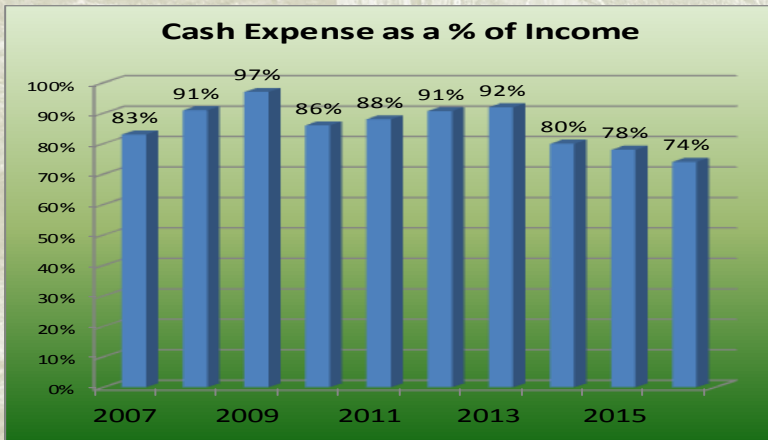
Custom Work & Hire	\$ 20,231
Rent paid	\$ 23,075
Hired Labor	\$ 79,072
Local Utilities	\$ 18,775
Within AG Bus. Community (supplies, repairs, fuel, etc)	\$ 264,679
Lender (interest)	\$ 28,990
Professional (Legal & Acct)	\$ 4,708
Insurance	\$ 9,821
Capital Purchases	\$ 2,241
Local Taxes	\$ 5,564
Family Living	\$ 56,926
Total Money Spent within the Community	\$ 514,082

Contrary to the typical public and political perception production agriculture operations provide a stable and significant economic base to local economies. In 2016, dollars spent locally by the average farm in this report was \$514,082. Applying any economic multiplier adds a significant increase to the value of dollars that farming and ranching contribute to the flow of money in rural economies.

Financial Data



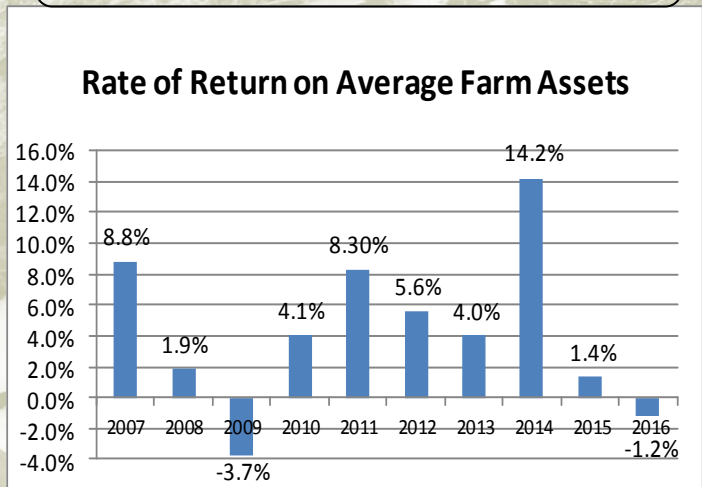
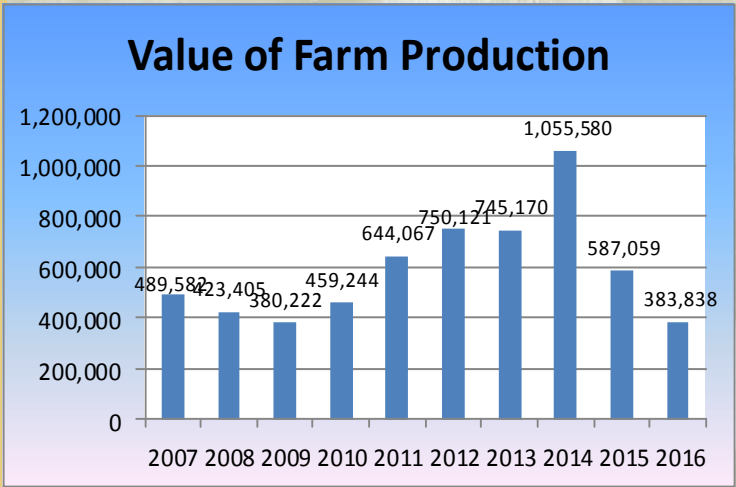
Market value of assets in this year's annual report decreased from 2015. This decrease is largely attributed to current inventory (crops and market livestock) values being significantly lower along with lower market value of breeding livestock.



Cash expenses as a percent of income decreased 4% to 74%. As producers realized that market prices for crops and livestock were decreasing they reduced their operating expenses.

Value of farm production decreased \$203,221 from 2015 production values. The decreased value is a reflection of significant decreased market value of all farm commodities.

The rate of return on farm assets (ROA) dropped to below zero $-1.2%$ to a low not seen since 2009.



Crop Data

Alfalfa hay yield rose significantly due to timely rains throughout the summer that mitigated a below average water supply for the irrigation season.

Alfalfa Hay ton/per Acre

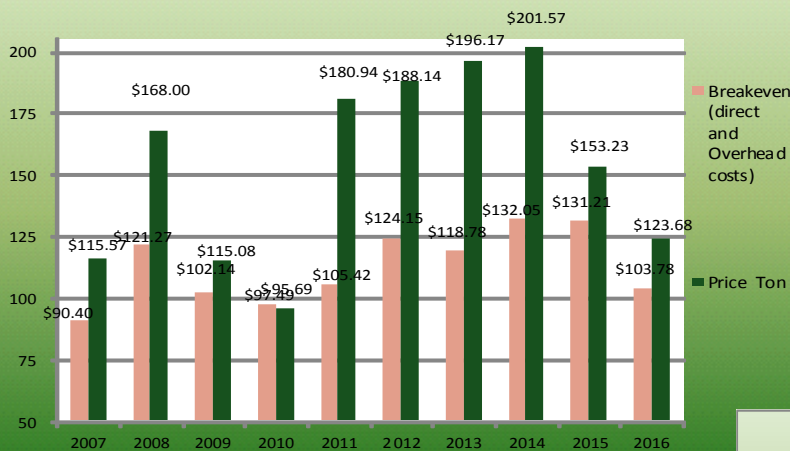


Alfalfa hay prices continued a dramatic downturn. In the last 10 years prices for alfalfa hay have varied from \$96 in 2010 to \$201 in 2014.

Alfalfa Hay Cash Prices/ton



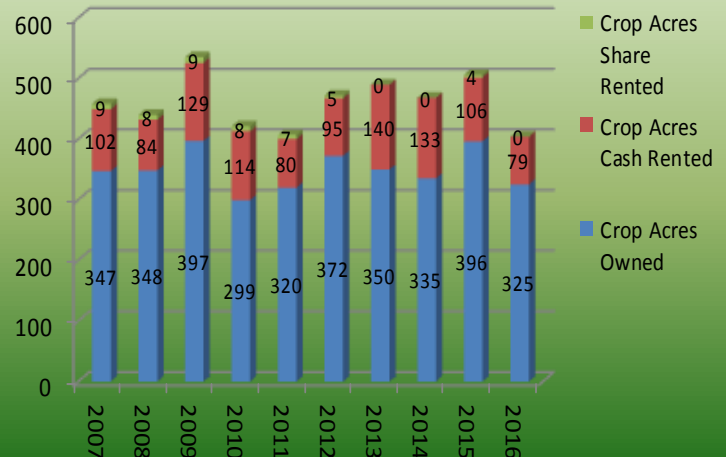
Alfalfa Hay Breakeven and Sales Price per Ton of Hay



The breakeven cost/price spread remained at \$20/ton, a positive net income. Alfalfa growers managed to reduce production expenses to a point where they could achieve a positive net income per ton.

The majority of crop acres in Utah continue to be owned by the farm operator. Over the past ten years the number of acres cash rented has varied between 80 and 130 acres on average per farm. Share rented acres are minimal and have no real effect on overall crop or farm profitability. 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

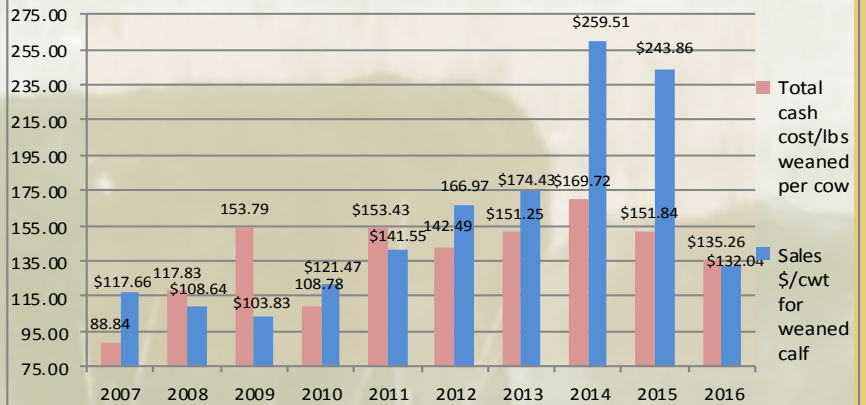


Livestock Data

2016 calf sales fell slightly below break-even price. Due to lower hay costs ranchers fortuitously reduced feed cost per cow from \$383.60 in 2015 to \$313.93, equating to a decrease in overall breakeven cost per cwt. of \$19.80 (\$151.84 to \$132.04). The historical variability in breakeven costs and sales prices support the premise that cost management is more important than ever to profitability.

BEING LOW COST = BEING PROFITABLE

Beef Cow Breakeven and Sales Price per Cwt. of Calf



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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales \$/cwt. for weaned calf	117.66	108.64	103.83	121.47	141.55	166.97	174.43	259.51	243.86	132.04
Sales \$/cwt. for Background beef	95.17	95.40	89.91	98.10	127.73	132.63	140.81	177.39	215.25	137.64
Spread between weaned & bckgrd calves	22.49	13.24	13.92	23.37	13.82	34.34	33.62	82.12	28.61	(5.60)

The unusual -\$5.60/cwt price spread between weaned calves and backgrounded calves per lbs. is not common and only occurred because the backgrounded calves tended to be sold early in 2016 (spring) before prices dropped to the fall weaned calf price.

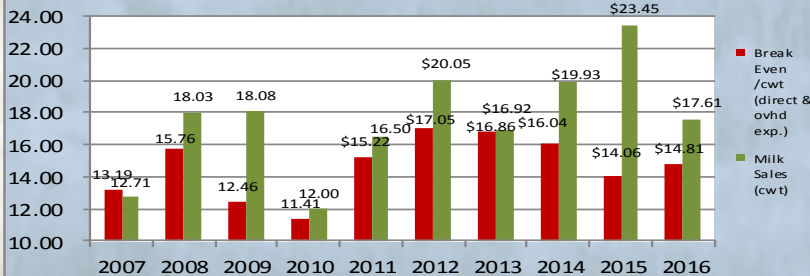
Return Over All Listed Costs

Enterprise	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cow/Calf (\$ return/cow)	122.96	-97.18	110.45	28.57	173.9	114.32	313.1	645.64	223.85	-22.71
Beef Backgrounding (\$ return/head)	-5.48	-17.77	37.2	50.62	67.6	174.69	207.47	360.7	46.47	8.09
Beef Rep. Heifer Costs (\$/head)	1022.99	1118.69	998.17	1058.83	1278.54	1331.85	1561.27	1661.64	1977.59	1492.06
Dairy Cows (\$ return/cow)	1258.04	737.13	-287.93	860.81	741.74	-324.8	428.88	1956.32	442.51	382.82
Dairy, Milk Production (\$ return/cwt)	5.87	3.5	-1.31	4.23	3.68	-1.52	2.12	8.37	2.07	2.24

Producers who chose to background their 2015 calves saw a very poor net revenue per head (\$8.09).

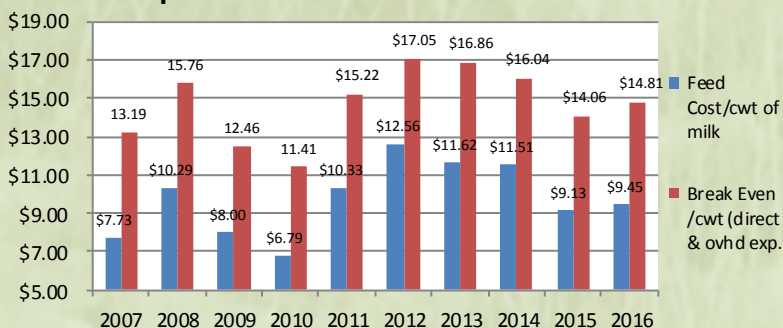
Return on the dairy cow fell to \$382.82 from a high of \$1956,32 in 2014, corresponding to the return per cwt of milk dropped from \$8.37 in 2014 to \$2.24 in 2016 which was slightly above the 2015 return per/cwt of \$2.07.

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), evidence that dairy is a volatile agriculture business.

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



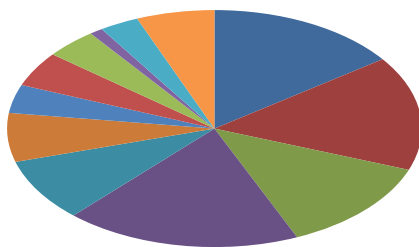
The difference between feed costs and milk price remains at approximately \$5.00 indicating that the high correlation that exists between feed and milk price. For dairies to survive there must be intensive management of all direct and indirect costs.

Family Living Data

Family Living Expenses

	2010	2011	2012	2013	2014	2015	2016
Average Family Size	4	4.6	4.2	3.4	3.4	3.7	3.4
Food & Meals	5870	7179	7213	8409	19952	10308	8442
Medical & Health Ins.	10172	7838	8746	6285	8417	12540	9957
Cash Donations	2274	6602	7785	5887	7514	3268	4628
Recreation	1352	3316	1004	4160	6997	9164	6921
Clothing	1259	2531	57	2020	2569	1518	2096
Gifts	1603	2603	1889	1474	2127	2906	3598
Vehicle	1153	1900	104	575	2059	3095	1797
Utilities	2983	3073	1449	1796	1945	2215	2195
Income Tax	1607	9466	1130	4444	1532	63371	8133
Personal Interest	3018	2755	1919	762	2009	731	556
Family Savings & Invest.	247	0	0	857	1406	6429	333
Other (home supply&repair, personal care, misc.&fam living from farm)	5201	6683	7524	3208	1170	15646	8174
Total Cash Living exp	36739	53946	38820	39314	57697	131191	57248
Non Farm Capital Purch	6532	3800	2149	6076	25552	1451	728
Non Farm Income	19553	17956	15,260	13,246	16,438	4614	8802

2016 Family Costs Ave Family Size 3.4

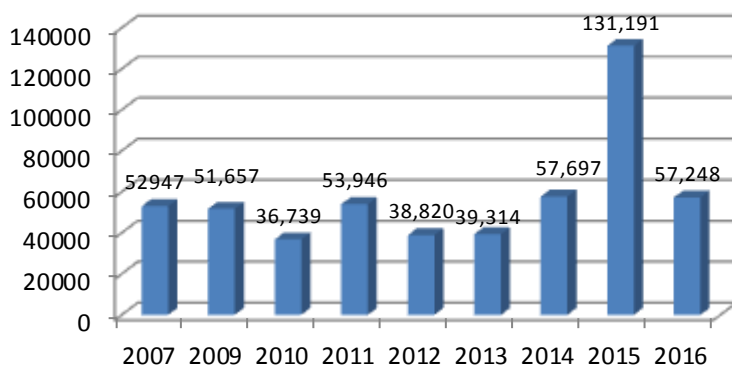


- Income Tax
- Food & Meals
- Recreation
- Medical & Health Ins.
- Cash Donations
- Gifts
- Clothing
- Personal care
- Utilities
- Personal Interest
- Education
- Life Insurance

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 35 farm families reported family living costs. Income Tax, food and meals, recreation and medical (including medical care and medical insurance) make up the four largest family living expenses.

Cash Family Living Expenses



Family living accounted for 13.6% of the total farm expenses. The farm contributed 85% to family living the remaining 15% 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 \$8,802 of the total cash and non-cash living expense of \$57,248.

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. Enrolled producers receive 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: Kathryn Rawson

Bridgerland ATC, 1301 N. 600 W. Logan, UT 84321
(435) 757-8120

Snow College: Jay Olsen ,Kendra Sagers, Matt Goble
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

- **SIGNIFICANTLY INCREASES PROFITABILITY**
- **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**
- **Meets FSA borrower training requirements**

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 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