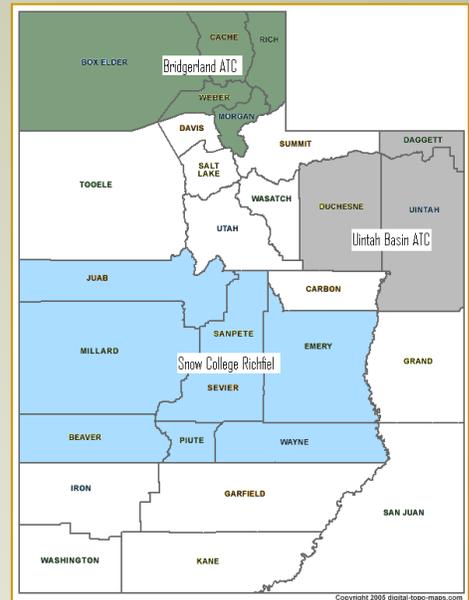


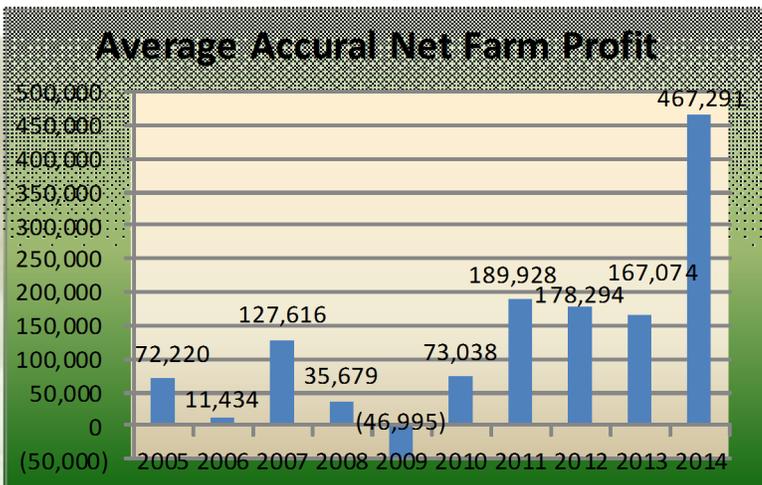


UTAH
CENTER FOR
FARM &
RANCH
MANAGEMENT
SNOW COLLEGE



Utah Farm/Ranch Mgt. education service areas

Highlights from the 2014 Annual Report



Data was obtained from farms and ranches enrolled in Farm/Ranch Management education. Enrolled farms are not representative of all producers in these areas nor are they consistently the same farms through all the years. The data in this report should be used with care and should not be used to make inferences about all farms and ranches in Utah. However it can be considered representative of Utah's production agriculture.

Money Spent Within the Community by the Ave. Farm

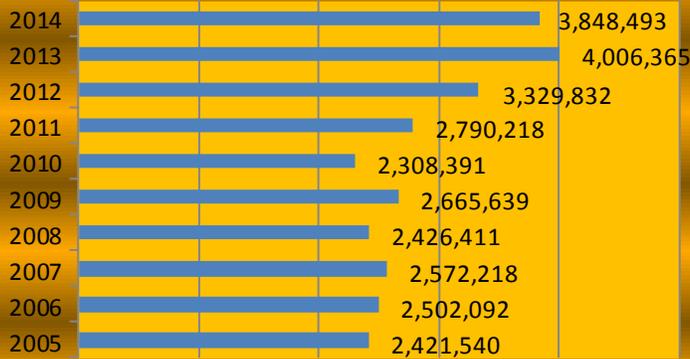
Custom Work & Hire	\$ 16,403
Rent paid	\$ 29,143
Hired Labor	\$ 103,461
Local Utilities	\$ 23,532
Within AG Bus. Community. (supplies, repairs, fuel, etc)	\$ 1,297,546
Lender (interest)	\$ 34,788
Professional (Legal & Acct)	\$ 5,695
Insurance	\$ 12,733
Capital Purchases	\$ 144,905
Local Taxes	\$ 6,251
Family Living	\$ 48,649
Total Money Spent within the Community	\$ 1,723,106

Average accrual adjusted net farm profit for the 48 farms included in this 2014 report was \$467,291 compared to \$167,207 in 2013. 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 2014 dollars spent locally by the average farm in this report is a substantial \$1,726,106. Applying any economic multiplier adds a significant increase to the value of dollars that farming and ranching contribute to a rural economy.

Financial Data

Year End Farm Assets



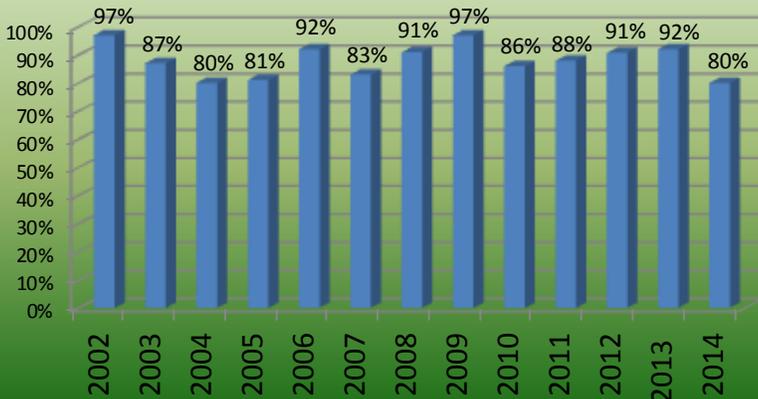
Market value of assets declined slightly but are still strong. The slight decrease reflect operators willingness to liquidate current market livestock assets because of their incredibly high value. A number of cow/calf operators elected to hold fewer calves over for back-grounding.

Cash expenses as a percent of income decreased to 80% as a result of the exceptionally high prices for calves, milk and alfalfa hay and stable or flat input costs. Even with incredibly high prices producers exercised control in their spending and didn't allow the high prices to unnecessarily increase expenses.

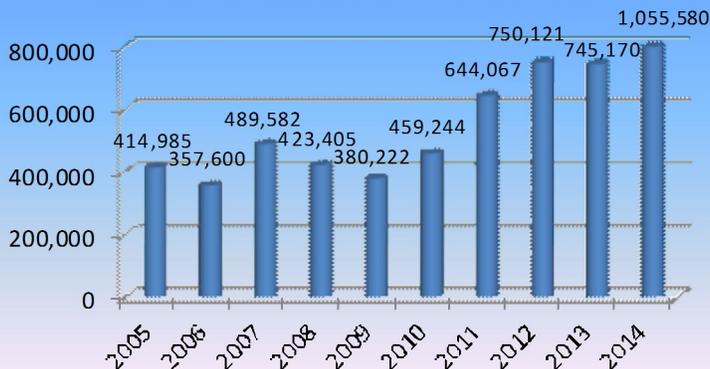
Value of farm production increased \$310,000 from 2013 farm production value.

The rate of return on farm assets (ROA) rose to over 14%, a very strong and healthy return.

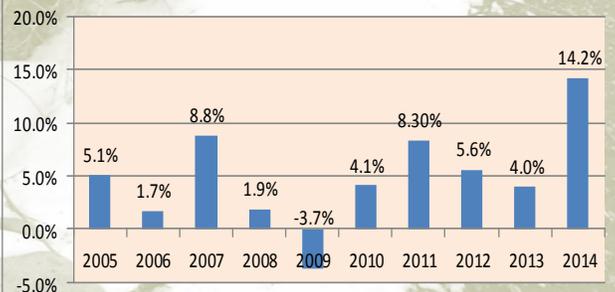
Cash Expense as a % of Income



Value of Farm Production



Rate of Return on Average Farm Assets

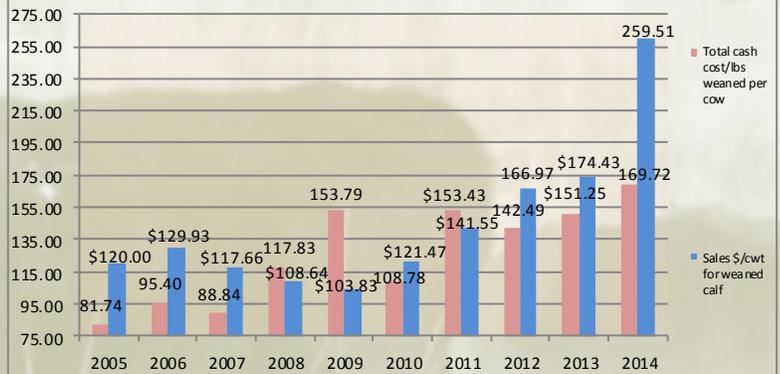


Livestock Data

2014 calf sales per cwt. were substantially above the breakeven price. 2014 saw an unprecedented annual increase in price, a whopping \$0.85 over 2013 prices. The breakeven price increased \$0.18 from 2013. Even with record profits, cattlemen are encouraged to seriously look at price risk management. The historical variability in breakeven costs and sales prices support the premise that risk management may be more important than ever to future profitability.

Producers who choose to background their calves tended to decrease their livestock net income especially when feed costs are valued at opportunity cost. The \$0.82 price spread between weaned and backgrounded calves is unprecedented.

Beef Cow Breakeven and Sales Price per Cwt. of Calf



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

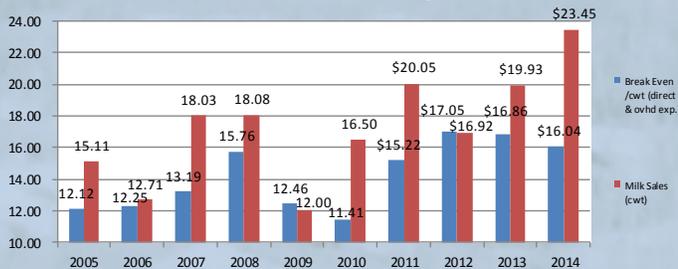
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Sales \$/cwt. for weaned calf	119.52	120.00	129.93	117.66	108.64	103.83	121.47	141.55	166.97	174.43	259.51
Sales \$/cwt. for Background beef	84.34	100.67	99.30	95.17	95.40	89.91	98.10	127.73	132.63	140.81	177.39
Spread between weaned & backgrounded calves	35.18	19.33	30.63	22.49	13.24	13.92	23.37	13.82	34.34	33.62	82.12

Return Over All Listed Costs

Enterprise	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Cow/Calf (\$ return/cow)	169.25	139.31	113.17	122.96	-97.18	110.45	28.57	173.9	114.32	313.1	645.64
Beef Backgrounding (\$ return/head)	-65.48	-16.19	-53.29	-5.48	-17.77	37.2	50.62	67.6	174.69	207.47	360.7
Beef Replacement Heifer Costs (\$/head)	728.38	1066.12	986.52	1022.99	1118.69	998.17	1058.83	1278.54	1331.85	1561.27	1661.64
Dairy Cows (\$ return/cow)	779.26	530.89	-75.72	1258.04	737.13	-287.93	860.81	741.74	-324.8	428.88	1956.32
Dairy, Milk Production (\$ return/cwt)	4.07	3.23	-0.38	5.87	3.5	-1.31	4.23	3.68	-1.52	2.12	8.37

In 2014 weaned and backgrounded calves generated the highest returns ever. Although 2014 presented the highest returns ever, variability will continue in livestock returns over all costs and should be planned and managed for.

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). 2014 dairy profit margins were record setting with the largest profit seen in the past then years, \$7.51/cwt.

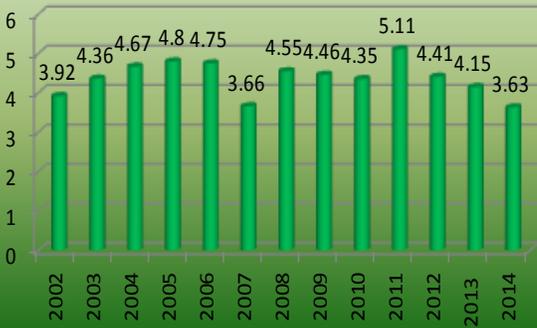
Feed Cost per Cwt. of Milk as a Part of Breakeven Costs



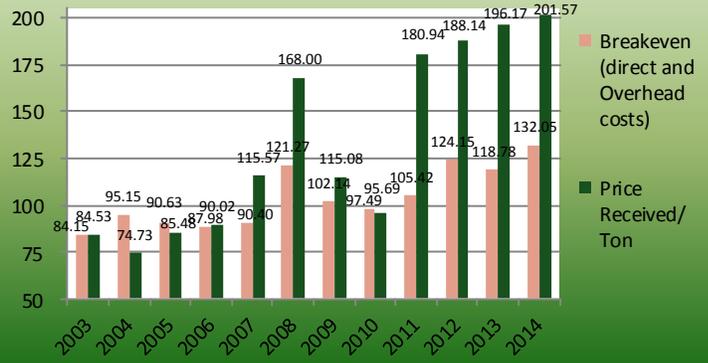
Feed costs, as a percent of breakeven per cwt. of milk, shows very little variation in all years indicating that a good dairy managers will monitor feed costs, keeping them reasonable, as well as many other direct and indirect costs associated with the dairy to be profitable.

Crop Data

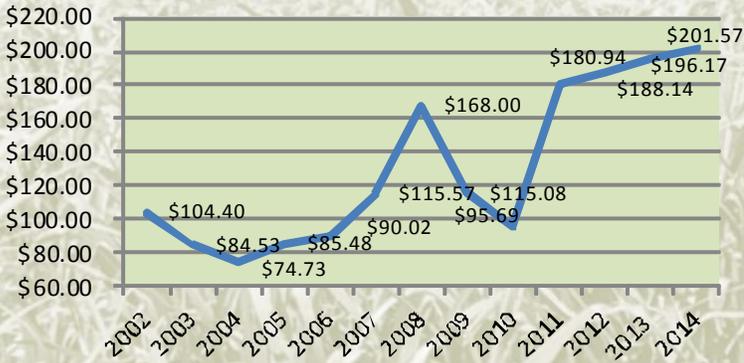
Alfalfa Hay ton/per Acre



Alfalfa Hay Breakeven and Sales Price per Ton of Hay



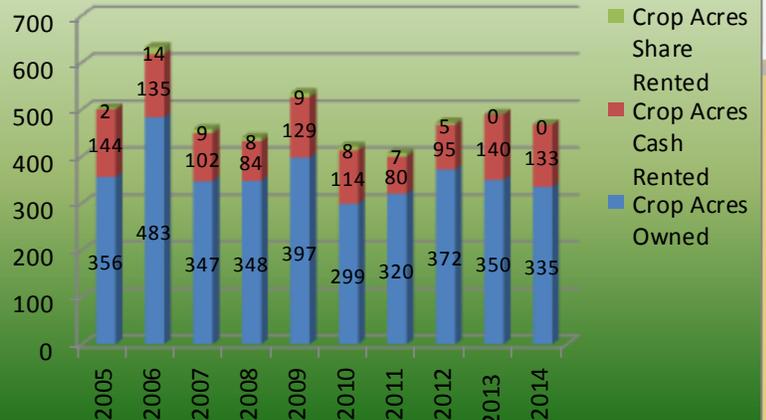
Alfalfa Hay Cash Prices/ton



Alfalfa hay yield decreased to 3.63 tons per acre in 2014, a reflection of continued lower snow pack resulting in significantly less irrigation. With prices up \$5.40/ton over 2013 overall farm revenue remained strong. In the last 10 years prices for alfalfa hay have varied from \$84 in 2003 to \$201 in 2014. The large swings in price correspond to percent of below normal rain and snow. And also reflects a regional phenomenon of hay demand that producers must recognize and budget for. The breakeven costs associated with alfalfa increased with additional production inputs to maximize yield. A very strong profit trend is evident 4 of the last 6 years.

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.

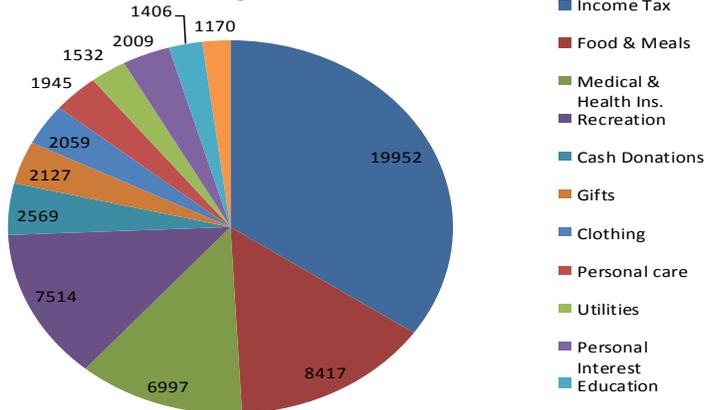
Crop Acres



Family Living Data

2013 Family Costs

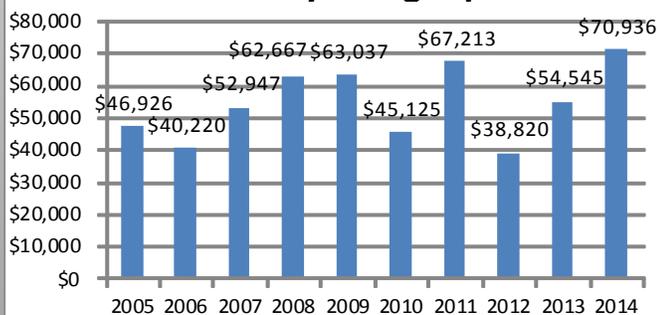
Ave Family Size 3.4



Family Living Expenses

	2008	2009	2010	2011	2012	2013	2014
Average Family Size	3.8	4.4	4	4.6	4.2	3.4	3.4
Food & Meals	8063	8753	5870	7179	7213	8409	8417
Medical & Health Ins.	8607	9288	10172	7838	8746	6285	6997
Cash Donations	4331	3926	2274	6602	7785	5887	2569
Recreation	5084	3628	1352	3316	1004	4160	7514
Clothing	2072	2087	1259	2531	57	2020	2059
Gifts	2630	1903	1603	2603	1889	1474	2127
Vehicle	971	1711	1153	1900	104	575	780
Utilities	3828	2008	2983	3073	1449	1796	1532
Income Tax	5011	3376	1607	9466	1130	4444	19952
Personal Interest	1701	3061	3018	2755	1919	762	2009
Other Family Living Costs	7818	12063	5201	6683	7524	3208	6050
Total Cash Living exp	51199	51657	36739	53946	38820	39314	48649
Non Farm Capital Purch.	18394	11380	6532	3800	2149	6076	25552
Non Farm Income	24929	19262	19553	17956	15,260	13,246	16438

Cash Family Living Expenses



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

Family living expenses should be looked at with caution, only 5 of 48 farm families reporting family living costs. The largest single cost reported for 2014 was income taxes paid. Other costs, consistent with previous years: food and meals, medical, including medical care and medical insurance and recreation make up the next three largest family living expenses.

Family living cost categories increased over 2013 due to increased consumer costs: food (increased 17%) clothing, recreation, and savings and investment. With substantial increase in net farm income, farm families incurred a significant income tax liability and spent more on family recreation/vacation than in past years.

Family living consists of 5.7% of the total farm expenses. The farm contributed 77% to family living the remaining 23% come 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 \$16,438 of the total cash and non-cash living expense of \$70,936.

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.

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 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 You Should 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 began at six applied technology colleges. It is estimated that over 1600 Utah farm families have benefited from participating in the program. Currently there are approximately 145 farm businesses enrolled in three remaining Farm/Ranch Business Management programs at Bridgerland Applied Technology College, Snow College, and Uintah Basin Applied Technology College.

Program Partners

