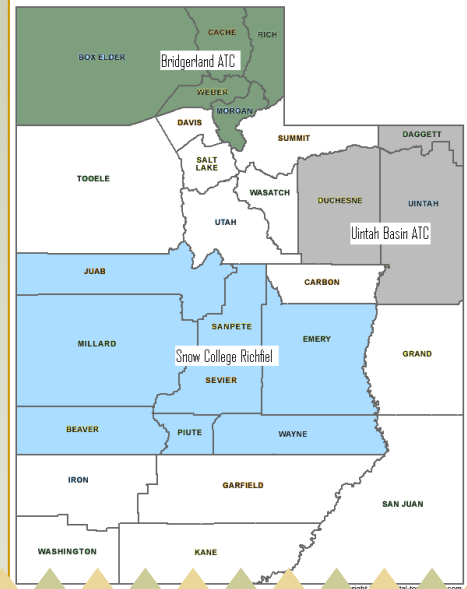




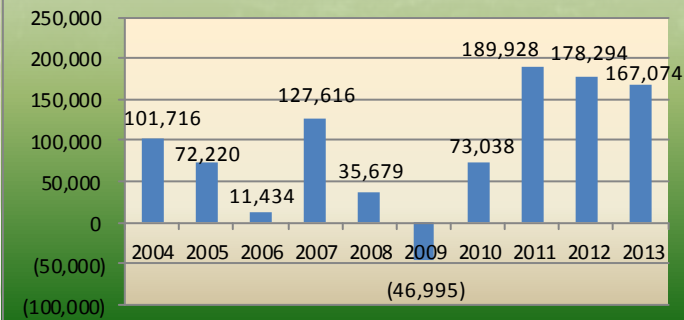
UTAH CENTER FOR FARM & RANCH MANAGEMENT

SNOW COLLEGE



Highlights from the 2013 Annual Report

Average Accrual Net Farm Profit



Data for individual farms and ranches were obtained from farms and ranches enrolled in Farm/Ranch Management education in 3 service areas (see map above). 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 the general trends in production agriculture.

Money Spent Within the Community by the Ave. Farm

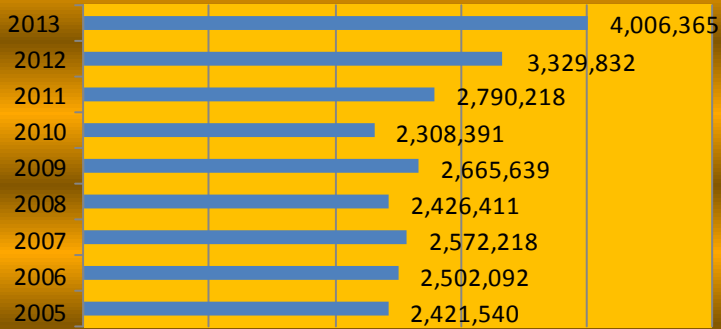
Custom Work & Hire	16,503
Rent paid	37,833
Hired Labor	137,300
Local Utilities	25,823
Within AG Bus. Comm.(supplies, repairs, fuel, etc)	1,738,394
Lender (interest)	43,845
Professional (Legal & Acct)	6,364
Insurance	11,442
Capital Purchases	94,721
Local Taxes	7,028
Family Living	43,514
Total Money Spent within the Community	2,162,767

Average accrual adjusted net farm profit for the 37 farms included in the report was \$167,074 compared to \$178,294 in 2012. 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 2013 dollars spent locally by the average farm in this report is a substantial \$2,162,767. Applying any economic multiplier adds a significant increase to the value of dollars that farming and ranching contribute to a rural economy.

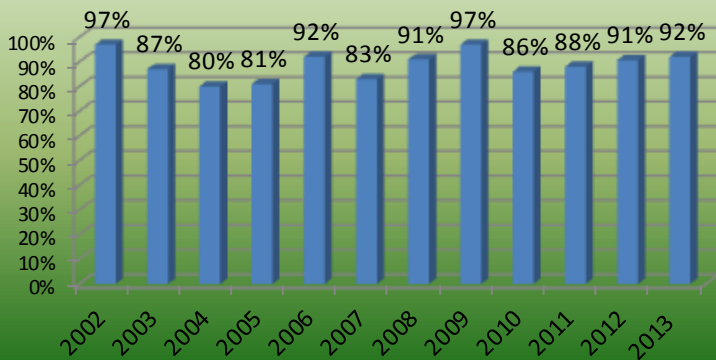
Financial Data

Year End Farm Assets



Market value of assets increased to an all time high. This increase is a result of inventory value increases, (value of crops held in inventory, and value of market livestock) equipment purchase, and significant increase in value of breeding livestock for both beef producers and milk producers.

Cash Expense as a % of Income

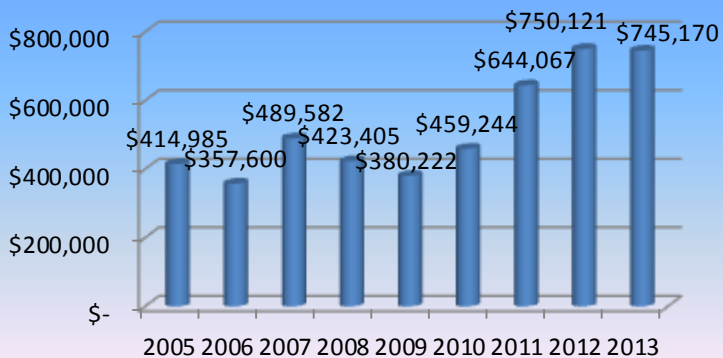


Cash expenses as a percent of income increased slightly. Evidence that cost control provides the greatest opportunity to be profitable.

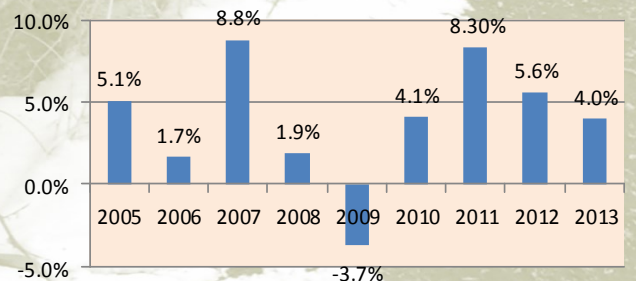
Value of farm production showed a very small decrease from 2013, down \$4,951.

The rate of return on farm assets (ROA) decreased to 4.0% a strong showing considering the significant increase in the value of farm assets.

Value of Farm Production



Rate of Return on Average Farm Assets

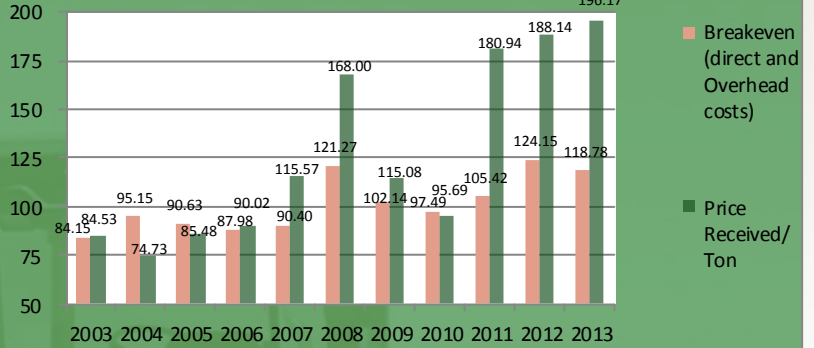


Crop Data

Alfalfa Hay ton/per Acre



Alfalfa Hay Breakeven and Sales Price per Ton of Hay



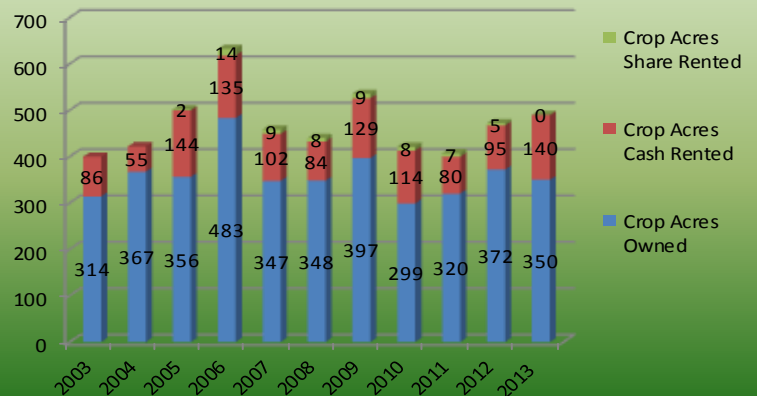
Alfalfa Hay Cash Prices/ton



Alfalfa hay yield decreased to 4.15 tons per acre in 2013, more consistent with previous year yields and reflection of below normal precipitation. With prices up \$8.03/ton over 2012 prices overall farm revenue remained strong. In the last ten years prices for alfalfa hay have varied from \$84 in 2003 to \$196 in 2013. The large swings in price correspond to percent of normal rain and snow and also reflect a regional phenomenon of hay demand that a producer must recognize and budget for. The breakeven costs associated with alfalfa hay show a slight increase but remains fairly flat when compared to the sales price per ton. A very strong profit trend is evident 4 out 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 little 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 share cropped.

Crop Acres

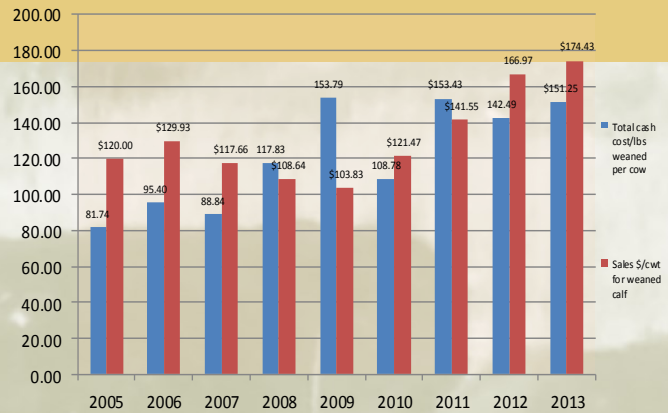


Livestock Data

Cow calf sales per cwt. of calf was above the break even price for 2012. In three out of the previous eight years margins were negative with 2009 showing the greatest negative margin. 2012 shows the largest positive margin since 2005-07. Eight years of variability in breakeven costs and sales prices support the premise that risk management is important to profitability.

Beef producers experienced record prices for calves (\$166.7/ cwt.) especially for producers who sold early on a forward contract or video auction. Overall Return over cost per cow was down significantly from 2011's high of \$173.90. Producers who choose to background their calves tended to decrease their livestock net income when feed cost are valued at opportunity costs. Price spread between weaned calves and background calves is the greatest since 2004.

Beef Cow Breakeven and Sales Price per Cwt. of Calf



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

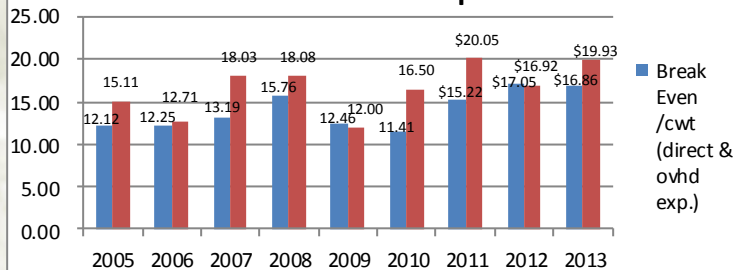
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Sales \$/cwt. for weaned calf	119.52	120.00	129.93	117.66	108.64	103.83	121.47	141.55	166.97	174.43
Sales \$/cwt. for Background beef	84.34	100.67	99.30	95.17	95.40	89.91	98.10	127.73	132.63	140.81
Spread between weaned & bckgrd calves	35.18	19.33	30.63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

Return Over All Listed Costs

Enterprise	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Cow/Calf (\$ return/cow)	169.25	139.31	113.17	122.96	-97.18	110.45	28.57	173.9	114.32	313.1
Beef Backgrounding (\$ return/head)	-65.48	-16.19	-53.29	-5.48	-17.77	37.2	50.62	67.6	174.69	207.47
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
Dairy Cows (\$ return/cow)	779.26	530.89	-75.72	1258.04	737.13	-287.93	860.81	741.74	-324.8	428.88
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

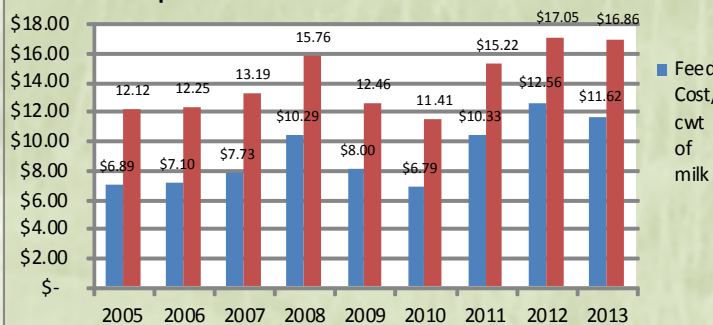
Livestock returns over all costs are consistently highly variable in all livestock enterprises. In 2013 weaned beef and backgrounded beef generated the highest ever returns.

Milk Breakeven and Sales Price per Cwt. of Milk



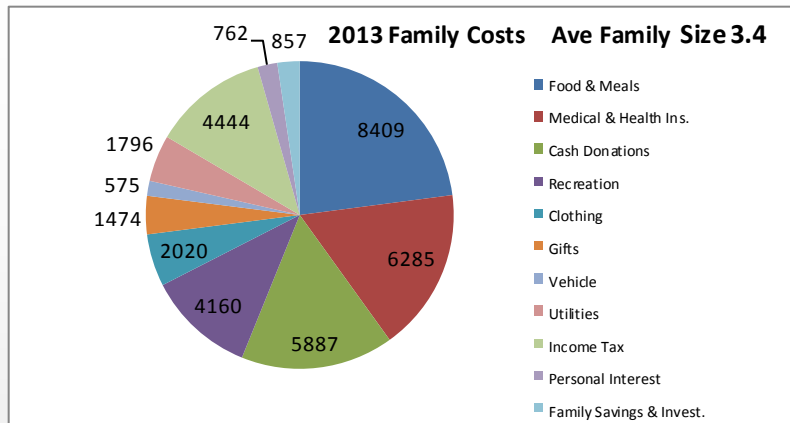
Considerable variation exists between the sales price of a cwt. of milk and the breakeven (all direct and indirect costs). Dairy profit margins are highly variable, with 2013 mirroring 2011 with milk price \$3.07 above the breakeven price.

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. Indicating that a good dairy producer will monitor feed costs, keeping them reasonable, but has the greatest opportunity to manage the economics of the dairy by actively managing the many other direct and indirect costs associated with running the dairy.

Family Living Data



Family living expenses should be looked at with caution because it represents 7 of 37 farm families reporting family living costs. Consistent with previous years expenses for food, meals and medical, including medical care and medical insurance make up the two largest family living costs. With Utah's religious culture cash donations are the third largest outflow of family living dollars for farm families reporting family expenses.

Family living cost categories increased over 2012 due to increased consumer costs (food increased 17%) and increased clothing, recreation and savings and investment. With just a small decrease in net farm income from 2012, farm families continued to monitor family living spending carefully. Spending is still reined in on less essential items such as , gifts, family savings, investment, and non-farm capital purchases.

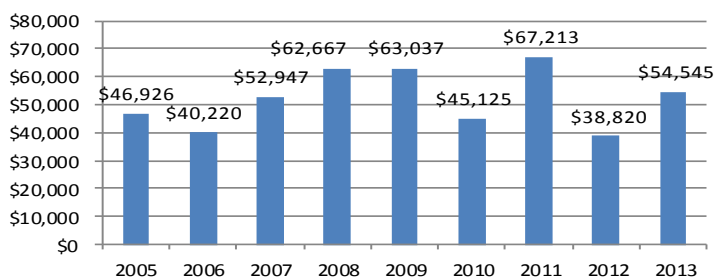
Family living consists of only 3% of the total farm expenses. The farm contributed 76% to family living the remaining 24% come from non-farm business or wage income either by one or both spouses working off the farm. Non-farm income from off farm wages and business account for \$13,246 of the total cash and non-cash living expense of \$54,545. Cash family living is the out-of-pocket cash items and non-farm capital purchases include such things as personal vehicle purchases, non-farm real estate purchases as well as non-farm investments and savings.

It is interesting to note that medical and medical insurance comprise 15% of total cash family living costs followed by food and meals at 21%.

Family Living Expenses

	2008	2009	2010	2011	2012	2013
Average Family Size	3.8	4.4	4	4.6	4.2	3.4
Food & Meals	8063	8753	5870	7179	7213	8409
Medical & Health Ins.	8607	9288	10172	7838	8746	6285
Cash Donations	4331	3926	2274	6602	7785	5887
Recreation	5084	3628	1352	3316	1004	4160
Clothing	2072	2087	1259	2531	57	2020
Gifts	2630	1903	1603	2603	1889	1474
Vehicle	971	1711	1153	1900	104	575
Utilities	3828	2008	2983	3073	1449	1796
Income Tax	5011	3376	1607	9466	1130	4444
Personal Interest	1701	3061	3018	2755	1919	762
Family Savings & Invest.	1083	-147	247	0	0	857
Other Family Living Costs	7818	12063	5201	6683	7524	3208
Total Cash Living exp	51199	51657	36739	53946	38820	39314
Non Farm Capital Purch.	18394	11380	6532	3800	2149	6076
Non Farm Income	24929	19262	19553	17956	15,260	13,246

Cash Family Living Expenses



What is Farm Management Education?

Farm/ranch management education has been helping Utah producers develop their management skills through one-on-one education in financial and production record keeping and analysis of since 1989. Each producer enrolled receives a detailed financial analysis of their business 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 (this report as well as the full Utah Annual Report of Farm/Ranch Management). The program is designed around individualized on-farm instruction based on the producer's needs.

Farm Management Education is Concerned With:

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

Stimulating families to establish goals and set priorities.

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

Develop student 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

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

This program meets FSA borrower training requirements

Complete records to make decisions by
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 - 1989 Farm/Ranch Business Management began in Utah at Davis Applied Technology Center, Utah Valley Applied Technology Center, Uintah Basin Applied Technology Center, Bridgerland Applied Technology Center and Sevier Valley Applied Technology Center and Snow College. It is estimated that over 1500 Utah farm families have benefited from participating in the program. Currently there are approximately 166 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

