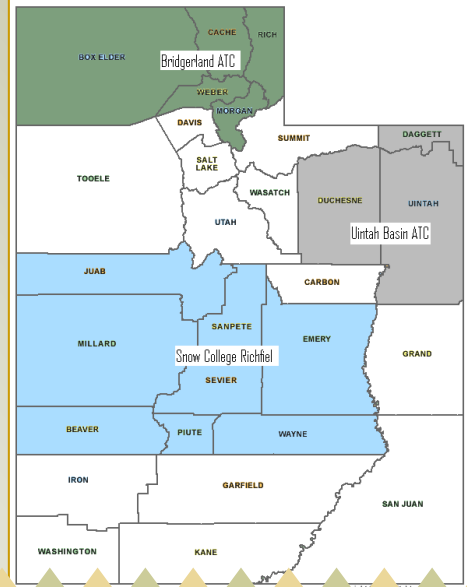




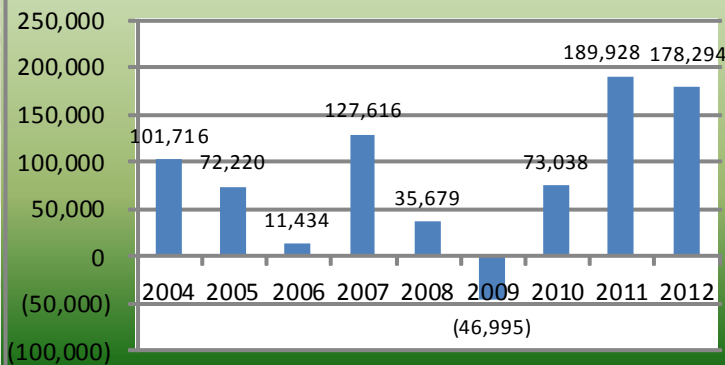
UTAH
CENTER FOR
FARM &
RANCH
MANAGEMENT
SNOW COLLEGE



Utah Farm/Ranch Mgt. education service areas

Highlights from the 2012 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 the 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.

Average accrual adjusted net farm profit for the 49 farms included in the report was \$178,294 compared to \$189,928 in 2011. Accrual net farm income is arrived at by adjusting net cash income by changes in account payables, receivables and inventory.

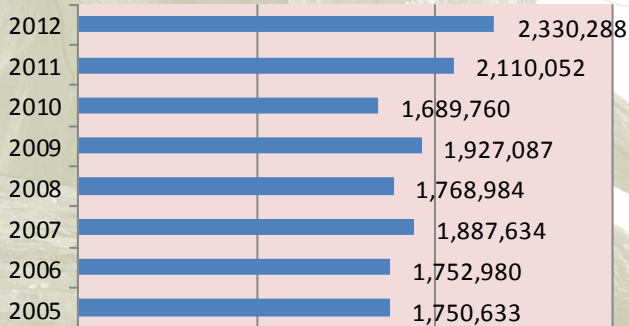
Contrary to the typical public and political perception production agriculture operations provide a stable and significant economic base to local economies. In 2012 dollars spent locally by the average farm in this report is a substantial \$1,343,900 a significant increase over 2011 due in part to two large farms included in the 2012 data that were not in previous years data. Adding an economic multiplier increases the value of agriculture contribution to rural economies.

Money Spent Within the Community by the Ave. Farm

Custom Work & Hire	10,531
Rent paid	24,697
Hired Labor	113,444
Local Utilities	20,446
Within AG Bus. Comm.(supplies, repairs, fuel, etc)	990,389
Lender (interest)	44,270
Professional (Legal & Acct)	3,012
Insurance	11,755
Capital Purchases	81,692
Local Taxes	7,050
Family Living	36,614
Total Money Spent with in the Community	1,343,900

Financial Data

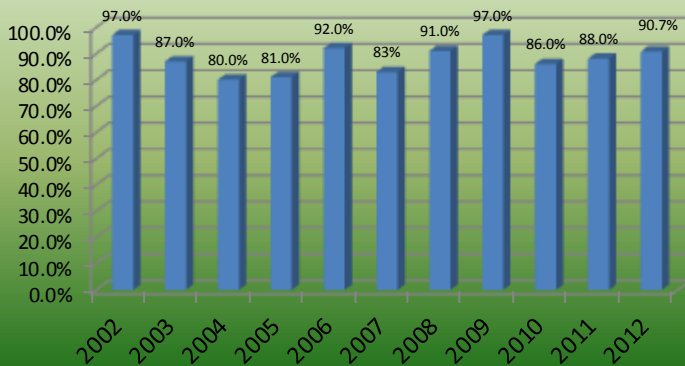
Year End Farm Assets



Market value of assets increased to a ten year high. This increase is a result of inventory value increases, equipment purchase from 2011's crop profits and two large farms included in 2012 data that were not part of previous years data.

Value of farm production showed a significant increase in 2012 over all previous years increasing to \$750,121.

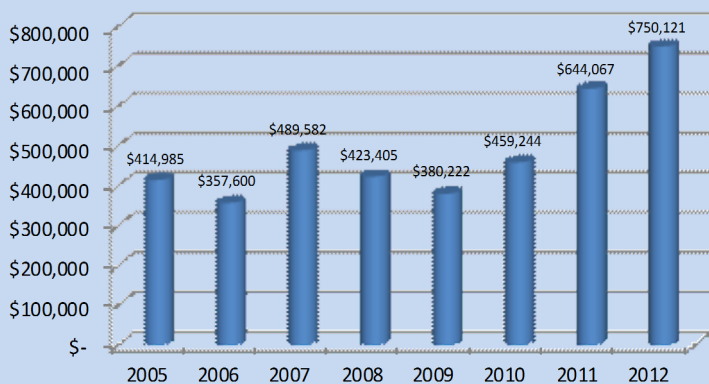
Cash Expense as a % of Income



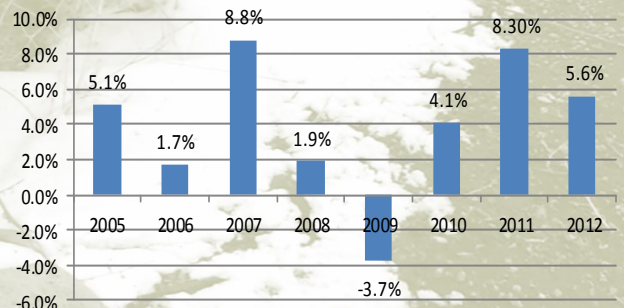
Cash expenses as a percent of income increased slightly. Evidence that cost control provides the greatest opportunity to be profitable.

The rate of return on farm assets (ROA) decreased to 5.6% a strong showing considering the increased value of farm assets.

Value of Farm Production



Rate of Return on Average Farm Assets



Crop Data

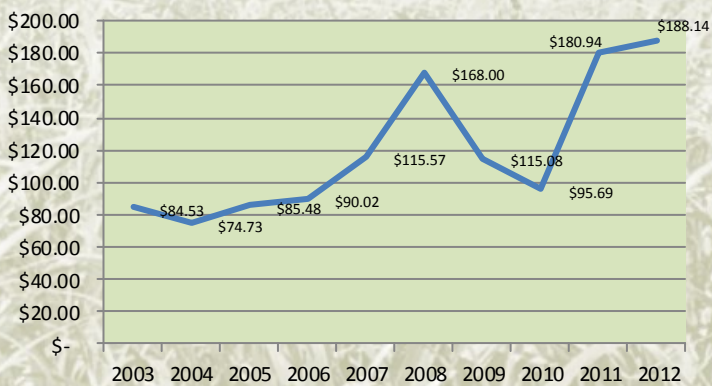
Alfalfa Hay ton/per Acre



Corn Cash Price/bushel



Alfalfa Hay Cash Prices/ton



Alfalfa hay yield decreased to 4.41 tons per acre in 2012, more consistent with previous year yields. With prices up a modest \$7.20 overall farm revenue remained strong. In the last six years prices for alfalfa hay have varied from \$90 in 2006 to \$168 in 2008 down to \$95.69 in 2010 and over \$188 in 2012. These large variations seem to be a regional phenomenon that a producer must recognize and budget for. Corn prices followed the national corn price trend with strong steady upward movement.

The majority of crop acres in Utah continue to be owned by the farm operator. Over the past ten years very 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 more acres share cropped and cash rented.

Crop Acres



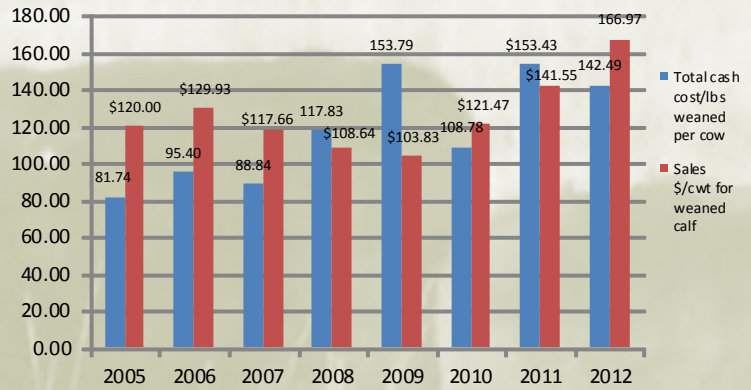
Livestock Data

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 a 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 Background Calves, and Price spread between the two

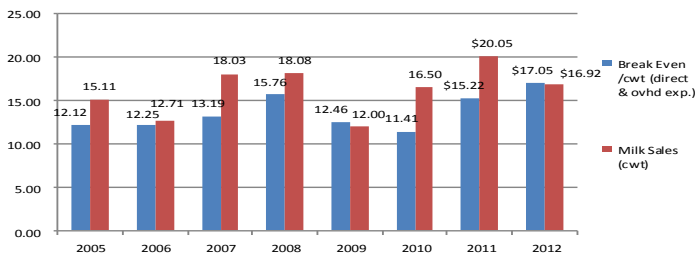
	2004	2005	2006	2007	2008	2009	2010	2011	2012
Sales \$/cwt. for weaned calf	119.52	120.00	129.93	117.66	108.64	103.83	121.47	141.55	166.97
Sales \$/cwt. for Background calves	84.34	100.67	99.30	95.17	95.40	89.91	98.10	127.73	132.63
Spread between weaned & bckgrd calves	35.18	19.33	30.63	22.49	13.24	13.92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

Return Over All Listed Costs

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

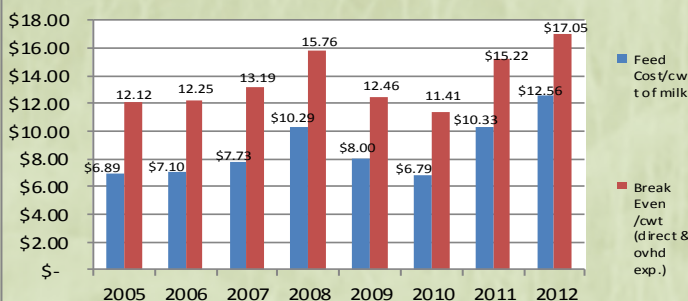
Livestock returns over all costs are consistently highly variable in all livestock enterprises.

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 2012 mirroring 2009 with milk price below the breakeven price, a negative profit margin, and some years experiencing a very narrow margin.

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

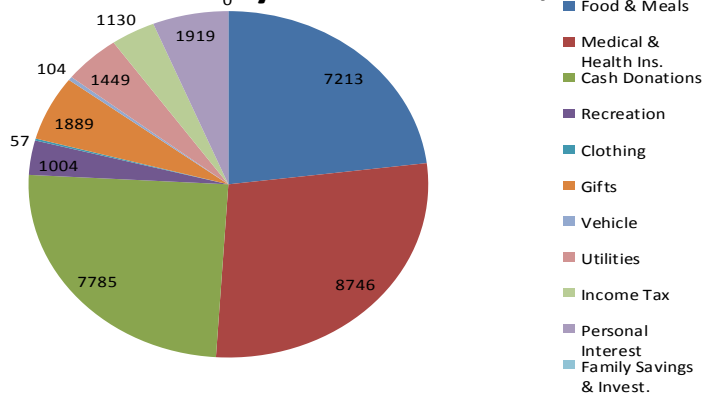


Feed costs as a percent of breakeven per cwt. of milk shows very little variation. Indicating that a good dairy producer will monitor feed costs, keeping them reasonable, but has the greatest opportunity to manage the economics of the dairy by actively managing the many other direct and indirect costs associated with running the dairy.

Family Living Data

2012 Family Costs

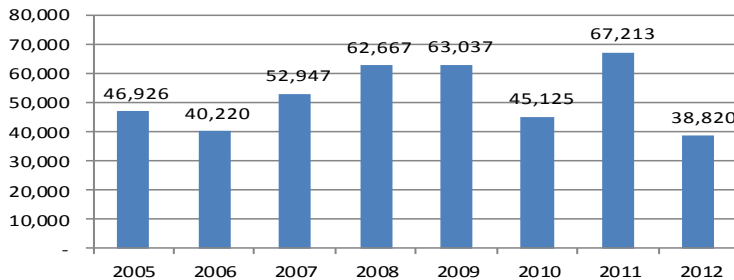
Ave Family Size 4.2



Family Living Expenses

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

Cash Family Living Expenses



Expenditures 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 decreased in 2012 significantly due to decreased net farm income, \$38,820 down from last years high of \$67,213, the lowest in the past eight years. Farm families tend to rein in spending when farm expenses increase and they anticipate crop production to be down due to dismal winter snow pack reports. Spending is reined in on less essential items such as recreation, clothing, gifts, family savings, investment, and non-farm capital purchases. With less family draw from the farm, personal taxes decreased.

While family living consists of only 3% of the total farm expenses, the farm contributes 39% to family living the remaining 61% comes 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 \$15,260 of the total cash and non-cash living expense of \$38,820. Cash family living is the out-of-pocket cash items and non-farm capital purchases such as personal vehicle purchases and non-farm real estate purchases as well as non-farm investments and savings.

It is interesting to note that medical and medical insurance comprise 22.5% of total family living costs followed by food and meals at almost 18.5% of family living costs.

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 Kip Larsen
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

