RUSSELL COUNTY AGRICULTURE AND NATURAL RESOURCES MARCH 2025 NEWSLETTER

Off the Hoof: Placements Below Expectations in January Cattle-on-Feed Report

Dr. Kenny Burdine, University of Kentucky

The January Cattle on Feed report was released on Friday afternoon. Total on-feed inventory to start the year was estimated at a little over 11.8 million head, which is down by just under 1% from January of 2024. Despite the fact that feeder cattle supplies have been lower, feedlot inventories ran above year-ago levels for eight of twelve months in 2024 as lower feed prices encouraged longer feeding times. While I don't want to read too much into it, this was the largest year-over-year decline since May. Placements were once again the headliner of the report as they came in below, and outside the range of pre-report estimates. December 2024 placements were estimated at 1.64 million, which was 3.3% below December 2023. On the surface, this seemed logical as December represented a full month of not receiving live cattle imports from Mexico. This also marked the second month in a row with placement levels being more than 3% below year-ago. Friday's report was also a quarterly cattle-on-feed report, which means it included an estimate of the steer / heifer breakdown. In the absence of a July cattle inventory report, this has been one of the main indicators economists have been tracking for evidence of heifer retention. Heifers accounted for 38.7% of total on-feed inventory on January 1, 2025. While this doesn't speak to retention, it is worth noting that this is about 1% lower than last January and 1% lower than October 2024. So, it does bear watching as we move further into 2025. Again, I think imports from Mexico had some impact here as heifers had represented a higher than usual share of imports prior to the ban in late November. While beef cow slaughter was down sharply for 2024, most are still expecting continued decreases in beef cattle numbers at the national level. It will be interesting to see the state-by-state numbers and specifically to look at areas where heifer retention may have already begun. Given the favorable price outlook for calves, I think heifer retention is very possible in 2025 if weather is cooperative. But I also think this will be a relatively slow cow-herd expansion once retention does begin. Feeder cattle and calf prices were generally higher last week, as were fed cattle prices. Boxed prices were down slightly, but all prices were sharply above year ago levels. Live and feeder cattle futures were up sharply on the week.

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UPCOMING EVENTS:

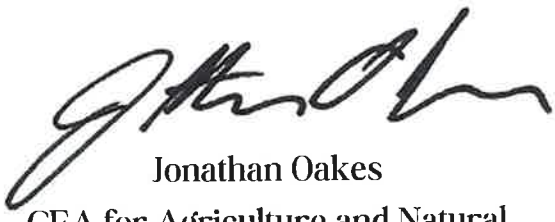
Beekeeper's Meeting
March 6th: 6:00 PM CST
Russell County Extension Office

Pruning and Grafting Class
March 6th: 5:00 PM CST
Russell County Extension Office

Cattleman's Meeting
March 11th: 6:00 PM CST
South Kentucky RECC
2405 N. Main Street
Jamestown, KY 42629

Farmer's Market Meeting
March 13th: 5:00 PM CST
Russell County Extension Office

Sheep and Goat Meeting
March 20th: 6:00 PM CST
Russell County Extension Office



Jonathan Oakes
CEA for Agriculture and Natural Resources

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What Should My CPA Know That I Am Not Telling Them?

Author(s): Laura Powers

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As a new year begins, we cannot fully close out the previous year until income tax returns have been filed and paid. I'm not sure which meeting is looked upon less favorably… a visit to the tax office or a visit to the dentist. No offense to the dental profession intended. However, much like going to the dentist, an open and honest conversation is critical with the tax preparer to make sure the process is done cleanly and accurately and to minimize future discomfort.

If a farm has been in business for a few years, the farmer will have a general understanding of what the conversation will their tax preparer will be like. They will discuss crop and livestock sales, farm business expenses, and the recently purchased tractor or bull. The goal on both sides is to make sure the income tax payment accurately reflects the amount of tax due based on net farm income for the year. However, there may be some items of income or expense that may be inadvertently missed without a thorough conversation. Below are a few items that can easily be missed during the tax preparation process.

I traded equipment without cash down-payment. Rarely does a year go by that a farmer does not purchase or trade equipment. These equipment trades are an important subject to discuss with the tax preparer. Hopefully, the tax preparer has access to the farm's financial information through a system supported by reconciled bank statements, such as computer software, spreadsheets, record books, or just a checkbook register. These systems provide a listing of farm transactions during the year. Most equipment purchases or trade-ins will appear on such statements because there will have been a payment made for either the full purchase price or a downpayment accompanied by a loan for the remainder. However, there are times that the only downpayment made is the piece (or pieces) of equipment traded in. The remainer due is financed. In this scenario, there will be no check to appear on a bank statement, thus nothing to note the transaction in the recordkeeping system. Still, the equipment purchase (and any trade-in) needs to be included in the tax return for the year the transaction occurred, and the new piece of equipment was placed in service.

I bought land with depreciable assets. Although land itself is not a depreciable asset, there could be assets included in a land purchase that could be depreciated. Barns, grain bins, ground tile, fencing, perhaps even lime or fertilizer applied in the previous year, could all have a basis assigned to them and thus depreciated and expensed over their appropriate life. Care must be given as to the allocation among the assets purchased. If an appraisal was completed at the time of sale, it should list all the assets purchased and can be used as a guide in allocating basis.

My neighbor did custom work for me, and I gave her leftover soybean seed. Bartering transactions are common on farms. A neighboring farm may help you bale hay, and you may return the favor by giving them some remaining bags of soybean seed. Even though both parties agree that it is an even trade, there still should be a transaction in the farm records (and then on the tax return), reporting the Fair

Market Value of the income and expense associated with the trade. In this example, there would be an added expense for the custom work done (hay baling) and a reduced seed expense (seed paid for but given to someone else). Such a transaction also helps on the farm management side of the business. If, in the above scenario, the farm gave away seed that they had purchased without also showing a reduction of the expense, then the total seed expense would be overstated.

My farm income will be higher (or lower) than normal next year. Most farmers pay taxes on a cash basis; meaning, within some parameters, they record income in the year it is collected and expenses in the year they are paid. Being a cash-based taxpayer allows farmers to try to balance taxable income from one year to the next, while not distorting taxable income. While there is an inclination to want to defer as much income as possible to the following year, it may not always be best to do so. If there is a known (or at least a well-educated guess) that net income in the next year will differ substantially from net income in the current year, the tax preparer can employ certain tactics to help smooth net farm income between years. The tax preparer may discuss options such as depreciation choices, deferment of crop insurance, net operating loss elections, or treatment of CCC loans, for example that will not only impact the current tax year but can assist in planning for the future tax years.

I collected crop insurance last year that was deferred to this year. If a farmer receives a crop insurance payment because of yield loss and they normally defer the sale of that crop to the following year, they will have an option to also defer reporting that crop insurance income to the next year. If you have the same tax preparer as the previous year, then it is likely that deferment will be recorded in the software. However, if you have switched tax preparers for the year of deferment, then they need to be made aware of the crop insurance deferment. The IRS will know that it was deferred as it was reported as such on the previous year's return. Not reporting the income in the following year will likely result in receiving a letter from the IRS asking why you underreported income and asking for payment of not only additional tax, but penalties and interest as well.

I am retiring next year. As previously mentioned, farmers have the option to file taxes on a cash basis. Over the course of time, many farmers end up deferring income and prepaying expenses to manage their tax liability. Most of the time, that plan works reasonably well. That is until the farmer is ready to retire. Farmers that have deferred income and have prepaid expenses (and fully depreciated equipment purchases) for several consecutive years can potentially create a substantial tax issue for the first year of retirement. Without planning, a farmer could find themselves having a full years' worth of income (or more), but very few expenses to offset that income. Not to mention that they may also be selling equipment the year after retirement, further increasing taxable income. Talking with your tax preparer at least three to four years before retirement can aid in managing the tax issues that may arise when closing out the farm business.

There is a well-known adage the reminds us that one of the two certainties of life is paying taxes. Paying taxes can be a good thing, especially when you consider that taxes are only owed when there is positive income, and farming is supposed to be a for-profit venture. Farmers are fortunate in the fact that they have many options available to manage their tax liability, within reason. The tax preparer should be considered a member of the farm advisory team. Having an open dialog with their tax preparer both before year end and at preparation time will allow both parties the ability to consider all options and make the process flow smoothly from one year to the next.

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The Top Ten New Years' Resolutions for Cow/Calf Producers

Dr. Michelle Arnold, DVM – Ruminant Extension Veterinarian (UKVDL)

The Top Ten New Years' Resolutions, first published in January 2022, serves as a good reminder of the management practices that almost always need fine-tuning in cow/calf operations. As winter gives way to spring, try to incorporate one or more of the following resolutions, updated for 2025.
In 2025, I resolve to...

1. Improve the water the cattle drink: Water is exceptionally important, relatively inexpensive, and readily available but it is often the most ignored nutrient. Water consumption varies depending on age, breed, stage of pregnancy or lactation, and outdoor temperature and humidity, but it can reach as high as 25-30 gallons per day during hot weather. Water-related health problems are seldom due to what is in the water but rather the decrease in water intake because of the poor quality, bad taste and offensive odor. Decreased consumption is just as harmful as not having enough water available. When cattle do not drink enough, feed intake and milk production drop, heat stress worsens, and overall immunity suffers. If cattle are allowed to stand in their water sources such as in ponds, fecal and urine contamination will decrease water quality and certain diseases (for example, leptospirosis) can easily spread through contaminated water. If the water quality is good but the tanks are dirty, the message is the same-clean the tanks to improve water intake.
2. Know how much mineral my cattle consume: Having good quality trace mineral out for cattle is only half the battle; knowing it is being consumed at the expected rate is equally important. Check the mineral feeders regularly and always keep trace mineral in front of the cattle but also keep track of the number of bags you feed over a 1–2-week period of time. Check the mineral label for expected consumption, typically 3-4 ounces per head per day. Next question-how many head of cattle have access to the mineral? If the cows have calves that also eat minerals, they must be included because calves consume roughly half the amount allotted to an adult cow. Then do the math! If I have 20 cows that should be consuming 4 oz per head per day (80 oz daily) and a 50-pound bag is equal to 800 ounces, then a bag of mineral should last roughly 10 days. If cattle are consuming too much mineral, try moving the feeder farther from the water source or mixing in loose salt to slow the consumption rate. However, mineral feeders should not be allowed to stand empty, or cattle will overeat salt or mineral when it is offered again, which can be deadly. If cattle are not consuming enough mineral, make sure to provide adequate access for cows and calves, for example 1 mineral feeder per 15 cow/calf pairs. Do not offer additional loose salt, salt blocks, or alternate sources of salt because it will reduce trace mineral intake. Trace minerals, especially copper and selenium, are often found to be far below acceptable levels in KY cattle without daily supplementation. The absence of these vital nutrients is a major factor in

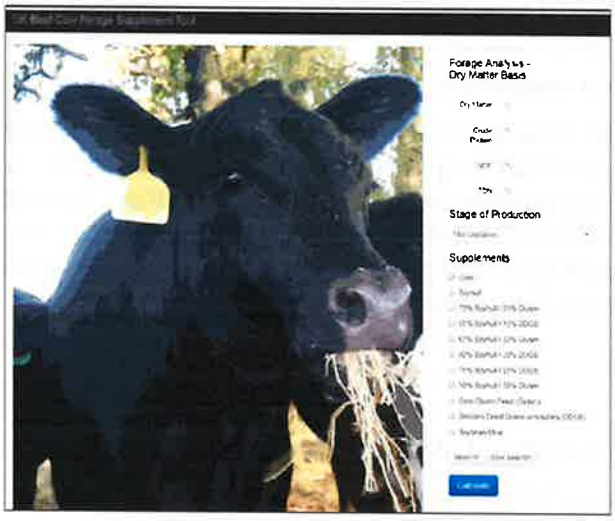

Figure 1: The UK Beef Cow Forage Supplement Tool can be found at http://forage-supplement-tool.ca.uky.edu/

disease development. The keys to using a free-choice trace mineral product are to ensure cattle have access to mineral 100% of the time, use a palatable, quality product and make sure they are consuming it at the expected level.

3. Know my hay quality and feed it out according to my animals' need: Forage testing takes the guesswork out of meeting the nutrient requirements in cattle. Once the forage quality is known, a supplemental feed can be chosen to meet deficiencies if needed, especially for cows in early lactation and for young, growing cattle with high energy needs (see Figure 1). Nutritional requirements are influenced by body size, production/pregnancy status, level of milk production, growth rate, as well as the environmental conditions.

   If hay quality is poor, for example if cut very ripe (late stage of maturity), rained on while curing, and/or baled with enough moisture to support mold growth, supplementing cattle with adequate energy and protein sources will likely be required to meet their basic metabolic needs until grass if available again. Many cows and calves presented for necropsy (an animal "autopsy") in late winter reveal a complete absence of fat and death is due to starvation. It is often difficult for producers to realize that cattle can starve while consuming all the hay they can eat – especially if the forage has crude protein levels in the 3-4% range, and TDN (energy) is <40% – as is common in some late-cut, overmature, rained-on hay. Many producers purchase "protein tubs" varying from 16-30% protein to make up for any potential protein deficiencies but fail to address the severe lack of energy in the diet. Both are critical components.

   Keep cows from losing weight, especially in late pregnancy and early lactation. Learn to body condition score cows so you will know where on the cow to look for signs of early weight loss. Inadequate nutrition severely affects the developing immune system of the fetus in a pregnant cow. A weak cow may experience dystocia (a slow, difficult birth) resulting in lack of oxygen to the calf during delivery, leading to a dead or weak calf. Calves born to deficient dams have less "brown fat", so they are less able to generate body heat and are slower to stand and nurse. Poor colostrum quality and quantity from protein and energy-deficient dams will not support calf vitality, survival and performance. Thin cows will be the last ones to rebreed.

4. Have a daylight relationship with my veterinarian: Work with a veterinarian during regular business hours to establish a valid veterinary-client-patient relationship (VCPR). Cattle herds are unique entities with different risks for disease on every farm so working routinely with a veterinarian is your best bet to improve herd health. Examples include asking your vet to pregnancy check the cows, to vaccinate and deworm the cattle, to perform breeding soundness exams on the bulls, or to design a vaccination program for your cattle and then purchase the vaccines from the vet. Large animal veterinarians can make a lot more money in much more comfortable places doing small animal practice (dogs and cats) so appreciate these individuals for the services they provide. Don't wait until "the sky is falling" to give them a call.
5. Think twice before delivering an antibiotic to an animal that appears to be sick: Antibiotics are effective against bacterial infections, period. Disease may be due to viruses, parasites, metabolic disorders, cancer, and many other causes, none of which respond to antibiotic treatment. Giving an antibiotic when it is not needed only leads to antibiotic resistance and treatment failure when you need it the most. See point #4-a good physical exam by a veterinarian goes a long way when it comes to selection of the right treatment regimen. At minimum, check the sick animal's temperature before initiating antibiotic therapy; if the animal does not have a fever of 104°F or above, put the antibiotics away.

6. Improve my understanding of biosecurity and figure out where I am failing: Purchasing bulls, cows, or calves, and bringing them home to the farm is likely the single most dangerous time for introduction of new diseases into a herd. Even show animals returning to the farm from events should be isolated to prevent introduction of disease when they re-enter the herd. Any newly purchased animals should be isolated either off the farm or in a well-segregated area for at least 2 weeks (3-4 weeks is better) and observed for any signs of illness. During the period of isolation, a veterinarian should be consulted to appropriately test and vaccinate new arrivals. The best practice is to purchase animals from herds of known health status that will provide a vaccination and health history. The introduction of an animal with an untreatable disease such as Johne's or a BVD persistently infected (PI) animal could have devastating, expensive, long-term effects on the health of the cow/calf herd. Understand the risks and make decisions accordingly.
7. Be better prepared to handle labor and delivery problems: Checking on cows and, more importantly, on heifers close to calving allows early detection of difficulty and intervention if needed during calving. If a cow or heifer is in active labor for an hour and making no progress, calving intervention is indicated. Assist or call for assistance with calving as early as possible, especially with heifers. Make sure calves start nursing after calving, keeping in mind that calves should stand within 30 minutes of delivery and nurse within 30 minutes of standing.If in doubt that the calf will be able to stand and nurse within an hour, make sure the calf is warm and then feed a good quality colostrum (from the dam or replacer), at least 1-2 quarts, within an hour of birth and again before 6 hours old. Familiarize yourself with how to use an esophageal feeder; an excellent video "How to Feed Newborn Calves (esophageal feeding)" is available on the Beef Cattle Research Council website at https://www.beefresearch.ca/blog/image-video-library/#calving along with many other educational videos.
8. Improve my forage base: If you graze cattle, think of yourself as a grass farmer because you sell pounds of calf produced by a cow that eats grass and makes milk. The UK Forages website: http://forages.ca.uky.edu/ is full of easy-to-find, useful information to make pastures more productive. On the website, sign up for the monthly UK forage newsletter that is full of timely tips to improve pastures and forages. Check out their instructional videos at https://www.youtube.com/c/KYForages
9. Keep better records in a standardized fashion: It is hard to make well-informed decisions without information. At the very least, every animal should have a readable ID tag and calving dates should be recorded. Other parameters such as calf birth and weaning weights, sex, and dam information help differentiate the poor performing cows from the great ones. Vaccination records should include date administered, vaccine name, lot and serial numbers and expiration dates at a minimum. Computerized records are preferred but one of the pitfalls to any computerized record keeping system is what is known as a "free text field" where the producer types in a piece of information in a provided space. For example, a producer may want to track the calves that developed diarrhea so in the disease column, the producer types "scours" in the free text field. However, "scours" has multiple names and someone else may type in "diarrhea", "loose stool", or "enteric disease" in the free text field. Later, when it is time to search the records for how many calves developed scours, those calves with diarrhea but with disease names other than "scours" will be missed. Other problems such as misspelled words, too many pieces of information in the same field, and vague information make analysis of free text nearly impossible.
10. Find a trusted source for information and stop believing everything on Dr. Google or see posted on social media: This is true in much more than beef cattle production. There is plenty of

misinformation available and discernment is becoming a lost art. Veterinarians, Extension agents, and University Extension specialists, among others, can help answer or point you in the right direction when it comes to questions about the health and care of cattle. Just ask!

Remember the old phrase, often attributed to Albert Einstein, "insanity is doing the same thing over and over and expecting different results." Adopt a few new practices or improve some old ones this year and see what happens in your cattle herd. Hope you have a prosperous 2025.

Kentucky Farmers Market Prices - 3 Year Trends and Insights

By Blake Jackson

The University of Kentucky Center for Crop Diversification has released a new report (CCD-FS-32) analyzing 3-year average prices at Kentucky Farmers Markets.

This report categorizes markets as rural and urban, providing average price tables and graphs for each crop.

Key findings include:

2024 vs. 2023:

Prices increased 2.2% in urban markets and 6.4% in rural markets.
Greens, beans, and carrots saw significant price increases.
Cucumbers, cabbage, and strawberries experienced price decreases.

2024 vs. 2022:

Overall prices increased by 5.1%, with 3.5% in urban and 5.3% in rural markets.
Cucumber, broccoli, and radish prices saw the most substantial increases over three years.
Carrots, greens, and beans experienced price decreases.

Urban vs. Rural:

Urban prices consistently exceeded rural prices, with a 31.0% difference in 2024.
The report highlights a 20% increase in prices since 2021, exceeding inflation rates. This suggests a potential correction for previously underpriced products.

This information is crucial for farmers and markets in setting competitive and profitable prices, especially considering the rising costs of inputs and labor.

Source: kentuckyagconnection.com
https://kentuckyagconnection.com/news/kentucky-farmers-market-prices-3-year-trends-and-insights

Cheesy Broccoli Potatoes

5 slices turkey bacon
1 tablespoon olive oil
1 clove garlic, minced
2 tablespoons chopped chives
Salt and pepper to taste
4 large potatoes, cubed
2 cups fresh broccoli florets
1 cup fat-free, shredded cheese

Preheat oven to 425° F. **Cook** bacon until crispy, crumble and set aside. **Spray** 9x13-inch baking dish with non-stick cooking spray. In a small bowl, **combine** olive oil, garlic, chives, salt and pepper; **stir** to blend. In a large bowl, **toss** together potatoes and broccoli. **Pour** olive oil blend over potato mixture; **stir** to coat. **Pour** into baking dish and **cover** with foil. **Bake** for 35 minutes or until potatoes are tender; **remove** from oven. **Sprinkle** cheese and bacon on top and place back in oven until cheese melts.

Yield: 8, ½ cup servings.

Nutritional Analysis: 140 calories, 5 g fat, 1 g saturated fat, 20 mg cholesterol, 470 mg sodium, 15 g carbohydrate, 2 g fiber, 2 g sugar, 10 g protein.

Buying Kentucky Proud is easy. Look for the label at your grocery store, farmers' market, or roadside stand.

Kentucky Potatoes

SEASON: Late June-October.

NUTRITION FACTS: Potatoes are a good source of vitamins B and C, potassium and complex carbohydrates. They do not contain fat, cholesterol or sodium. There is only 70 calories in a ½ cup serving of cooked potato. Most nutrients are located just below the skin, so avoid peeling whenever possible.

SELECTION: Select firm potatoes free from wrinkles, green spots or bruises. New potatoes are immature potatoes of any variety. They are creamy, thin-skinned, and small enough to serve whole. New potatoes are best in dishes that call for boiled potatoes as they will hold their shape. For baking, frying and mashing, choose drier varieties.

Source: www.fruitsandveggiesmatter.gov

STORAGE: Potatoes should be kept in a cool, humid, dark, well ventilated place. Do not store in the refrigerator.

PREPARATION: Potatoes should be thoroughly washed and scrubbed before cooking. Any sprouts or eyes growing should be cut out. Common methods of preparation include boiling, baking, microwaving, mashing, frying and grilling.

KENTUCKY POTATOES
Kentucky Proud Project
County Extension Agents for Family and Consumer Sciences
University of Kentucky, Dietetics and Human Nutrition students
October 2013

COOPERATIVE EXTENSION SERVICE
UK
UNIVERSITY OF KENTUCKY
College of Agriculture, Food and Environment