

**USDA  
NASS  
Minnesota  
Field Office**

E-mail: [nass-mn@nass.usda.gov](mailto:nass-mn@nass.usda.gov)  
<http://www.nass.usda.gov/mn/>

# Agri-View

**ISSUE AV-18-06**

**RELEASED  
SEPTEMBER 28, 2006**

**IN THIS ISSUE:**

**OUR ANNUAL  
FARM INCOME  
ISSUE**



## **MINNESOTA NET FARM INCOME UP 11 PERCENT IN 2005**

**SUMMARY:** Net farm income received by Minnesota farmers in 2005 was up 11 percent from 2004. Farm expenses for Feed and Employee compensation were down 25 percent and 9 percent, respectively, while Pesticides were up 2 percent from 2004 to 2005. Livestock and Poultry purchases decreased 3 percent but Repair and Maintenance of capital items rose 12 percent from 2004.

**TOTAL GROSS INCOME:** Total gross income for Minnesota farms amounted to \$9.30 billion, 3 percent below the revised 2004 level of \$9.56 billion

**CASH RECEIPTS:** The total value of crops sold, at \$4.34 billion, decreased 6 percent from 2004. Corn, the state's largest crop in terms of cash receipts, fell 15 percent. Soybean value was virtually unchanged from the previous year, while all wheat registered a 16 percent drop in cash receipts. Cash receipts from total livestock marketings, at 4.96 billion, were up 1 percent from 2004. This increase was led by a 5 percent increase in hogs. Dairy cash receipts were down 7 percent. Sheep and lamb cash receipts increased 14 percent during 2005. A 5 percent increase was recorded for turkeys.

**GOVERNMENT PAYMENTS:** Government payments to Minnesota farmers in 2005 were up 97 percent from 2004. Payments totaled \$1.39 billion.

**FARM ASSETS:** Total farm equity for 2004 compared with 2003 showed major differences between types of farms. The average "Commercial Farm" had farm equity of \$1.54 million in 2004, an increase of 22 percent from 2003. In comparison, the average farm equity for an "Intermediate Farm" in 2004, at \$760,000, was up only 1 percent. The average farm equity for the "Rural Residence Farm" was \$384,000, a decrease of 1 percent from 2003.

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USDA, NASS  
Minnesota Field Office  
8 E. 4<sup>th</sup> St. Suite 500  
St. Paul, MN 55101  
Phone (651) 296-2230  
in cooperation with the  
Minnesota Department of  
Agriculture

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## FARM INCOME AND EXPENSES: Minnesota, 2001-2005

Item 1/	2001	2002	2003	2004	2005
			<u>Thousand Dollars</u>		
<b>Value of Production</b>	3,180,714	4,354,098	4,306,238	5,037,264	4,668,533
Food grains	252,214	273,598	278,583	320,830	269,210
Feed crops	1,157,851	1,699,756	1,728,796	2,011,023	1,733,188
Oil crops	1,095,993	1,461,017	1,731,244	1,453,646	1,451,486
Fruits and tree nuts	13,565	13,299	15,185	15,305	15,296
Vegetables	239,269	248,882	262,178	238,398	261,595
All other crops	512,994	540,857	657,915	589,242	607,333
Home consumption	10,046	9,523	6,190	3,147	1,071
Value of inventory adjustment 2/	-101,217	107,166	-373,853	405,673	329,354
<b>Value of livestock production</b>	4,300,453	3,615,553	4,074,296	4,937,126	4,936,312
Meat animals	2,357,601	1,913,037	2,269,255	2,722,592	2,875,932
Dairy products	1,297,343	1,011,318	1,044,224	1,336,334	1,246,630
Poultry and eggs	628,775	642,895	705,437	811,627	783,306
Miscellaneous livestock	52,762	60,004	60,788	59,076	56,883
Home consumption	3,696	3,654	4,711	7,053	10,146
Value of inventory adjustment 2/	-39,724	-15,355	-10,119	444	-36,585
<b>Revenues from services and forestry</b>	1,131,573	916,840	1,112,490	1,247,980	1,410,713
Machine hire and customwork	112,940	68,165	106,810	130,695	193,119
Forest products sold	6,610	6,610	6,610	6,610	6,610
Other farm income	452,789	248,816	330,247	392,106	414,349
Gross imputed rental value of farm dwellings	559,234	593,249	668,823	718,569	796,635
<b>Value of agricultural sector production</b>	8,612,741	8,886,491	9,493,024	11,222,371	11,015,559
<b>Purchased inputs</b>	5,743,642	5,471,082	5,643,664	6,010,002	5,991,931
<b>Farm origin</b>	2,215,000	2,085,075	2,334,200	2,393,209	2,070,744
Feed purchased	1,217,769	1,103,459	1,300,000	1,220,000	920,000
Livestock and poultry purchased	431,011	373,396	434,200	493,209	480,744
Seed purchased	566,220	608,220	600,000	680,000	670,000
<b>Manufactured inputs</b>	1,396,734	1,392,736	1,442,573	1,727,131	1,739,214
Fertilizers and lime	483,384	467,812	550,000	640,000	650,000
Pesticides	438,304	435,545	440,000	450,000	460,000
Petroleum fuel and oils	350,599	334,466	312,717	472,291	493,857
Electricity	124,447	154,913	139,856	164,840	135,357
<b>Other purchased inputs</b>	2,131,908	1,993,271	1,866,891	1,889,662	2,181,973
Repair and maintenance of capital items	626,560	493,718	532,714	632,870	708,167
Machine hire and customwork	292,564	181,690	131,953	124,871	165,279
Marketing, storage, and transportation expenses	208,211	273,907	244,429	191,833	186,410
Contract labor	21,782	16,760	15,854	21,642	21,492
Miscellaneous expenses	982,791	1,027,196	941,941	918,446	1,100,625
<b>Net government transactions</b>	855,104	122,774	507,757	402,184	1,027,668
Direct Government payments	1,242,506	476,885	789,475	704,614	1,387,725
Motor vehicle registration and licensing fees	18,093	15,742	21,718	22,430	40,057
Property taxes	369,309	338,369	260,000	280,000	320,000
<b>Gross value added</b>	3,724,202	3,538,183	4,357,117	5,614,553	6,051,296
<b>Capital consumption</b>	980,398	1,002,250	1,035,584	1,124,217	1,176,070
<b>Net value added</b>	2,743,804	2,535,933	3,321,533	4,490,336	4,875,226
<b>Payments to stakeholders</b>	1,714,939	1,727,229	1,586,663	1,732,430	1,816,535
Employee compensation (total hired labor)	529,774	561,047	484,146	528,358	478,508
Net rent received by nonoperator landlords	480,641	500,766	462,487	543,135	572,728
Real estate and nonreal estate interest	704,524	665,416	640,030	660,937	765,299
<b>Net farm income</b>	1,028,865	808,704	1,734,870	2,757,906	3,058,691

1/ Value of agricultural sector production is the gross value of the commodities and services produced within a year. Net value-added is the sector's contribution to the national economy and is the sum of the income from production earned by all factors-of-production, regardless of ownership. Net farm income is the farm operators' share of income from the sector's production activities. The concept presented is consistent with that employed by the Organization for Economic Cooperation and Development.

2/ A positive value of inventory change represents current-year production not sold by December 31. A negative value is an offset to production from prior years included in current-year sales.

## CASH RECEIPTS FROM FARM MARKETINGS: Minnesota, 2003-2005 1/

Commodity	2003		2004		2005	
	Dollars	Percent of Total	Dollars	Percent of Total	Dollars	Percent of Total
	1,000	Percent	1,000	Percent	1,000	Percent
<b>CROPS 2/</b>						
<b>Feed Crops</b>						
Corn	1,624,400	18.6	1,926,894	20.2	1,634,820	17.6
Oats	9,211	0.1	8,584	0.1	7,389	0.1
Barley	18,896	0.2	8,077	0.1	6,703	0.1
Hay	76,289	0.9	67,468	0.7	84,276	0.9
<b>Food Grains</b>						
Wheat	277,579	3.2	319,439	3.3	268,194	2.9
<b>Oil Crops</b>						
Soybeans	1,709,471	19.5	1,428,773	14.9	1,428,120	15.4
Sunflowers	12,071	0.1	17,116	0.2	19,152	0.2
<b>Vegetable Crops</b>						
Potatoes	99,394	1.1	98,825	1.0	93,032	1.0
Sweet Corn (processed)	60,563	0.7	64,887	0.7	69,945	0.8
Green Peas (processed)	45,524	0.5	30,579	0.3	40,325	0.4
<b>Other Crops</b>						
Sugarbeets	443,414	5.1	371,309	3.9	371,309	4.0
Dry Beans	40,471	0.5	30,503	0.3	41,317	0.4
Apples	8,885	0.1	9,005	0.1	8,996	0.1
Floriculture	89,737	1.0	87,784	0.9	103,626	1.1
Other Greenhouse	96,500	1.1	102,600	1.1	104,600	1.1
Other Crops, Fruits & Vegetables 3/	61,498	0.7	56,602	0.6	56,303	0.6
<b>Total Crops</b>	4,673,903	53.4	4,628,445	48.4	4,338,107	46.6
<b>LIVESTOCK AND PRODUCTS</b>						
<b>Meat Animals</b>						
Cattle & Calves	989,430	11.3	978,693	10.2	1,040,408	11.2
Hogs	1,266,668	14.5	1,730,583	18.1	1,820,313	19.6
Sheep & Lambs	13,157	0.2	13,316	0.1	15,211	0.2
<b>Dairy Products</b>						
Milk, Wholesale	1,044,224	11.9	1,336,334	14.0	1,246,630	13.4
<b>Poultry &amp; Eggs</b>						
Turkeys	425,250	4.9	515,592	5.4	540,675	5.8
Broilers	77,690	0.9	101,860	1.1	98,814	1.1
Chicken Eggs	149,381	1.7	142,183	1.5	90,899	1.0
<b>Other Livestock Products</b>						
Honey	14,342	0.2	10,530	0.1	7,370	0.1
Miscellaneous Livestock & Products 4/	99,562	1.1	100,538	1.1	102,431	1.1
<b>Total Livestock</b>	4,079,704	46.6	4,929,629	51.6	4,962,751	53.4
<b>TOTAL ALL CROPS AND LIVESTOCK</b>	8,753,606	100.0	9,558,075	100.0	9,300,858	100.0

1/ The years 2002 and 2003 were revised on August 2, 2005.

2/ Includes Commodity Credit loans (calculated by crop open market sales plus net CCC loans).

3/ Includes flaxseed, other oil crops, Kentucky bluegrass, red clover, timothy, and other seeds; asparagus, green lima beans, snap beans, cabbage, onions, carrots, cucumbers, miscellaneous vegetables, mushrooms, other fruits, other berries, Christmas trees, and other field crops.

4/ Wool, mink, goats, ducks, geese, beeswax, turkey eggs, farm chickens, and other livestock and poultry.

Note: Dollars and percent may not add to totals due to rounding.

Source: Economic Research Service, United States Department of Agriculture, Washington, D.C.

Internet Web Site ([www.ers.usda.gov/data/](http://www.ers.usda.gov/data/))

**AVERAGE FARM BUSINESS BALANCE SHEET**  
**By Farm Type, Minnesota, 2003-2004 1/**

Item	Rural Residence Farms		Intermediate Farms		Commercial Farms	
	2003	2004	2003	2004	2003	2004
	Dollars					
<b>Farm Assets</b>	422,739	419,230	840,861	853,907	1,634,949	1,915,892
Current Assets	21,785	17,747	83,152	98,199	287,899	303,358
Livestock Inventory	6,281	2,994	13,616	16,692	44,700	60,559
Crop Inventory	5,302	4,494	32,469	39,141	119,049	121,449
Purchased Inputs	643	608	4,838	7,868	25,141	21,658
Cash invested in growing crops	2/	3/	616	2/	6,235	6,362
Prepaid Insurance	348	322	915	1,150	3,407	3,745
Other Assets 4/	6,748	9,224	30,697	30,574	89,367	89,586
Non-current Assets	400,953	401,483	757,709	755,708	1,347,050	1,612,534
Investment in Cooperatives	819	1,099	6,960	2/	40,759	52,007
Land and Buildings 5/	354,952	358,427	607,896	543,169	993,165	1,233,276
Operators' Dwelling	103,619	86,463	100,743	87,549	92,309	103,354
Farm Equipment	37,577	37,237	116,058	120,695	263,192	278,252
Breeding Animals	7,605	4,720	26,795	17,956	49,934	49,000
<b>Farm Liabilities</b>	35,354	35,353	87,003	94,050	374,398	371,795
Current Liabilities	6,248	7,500	26,430	26,610	145,271	132,169
Notes payable within one year	1,550	2,761	12,289	9,092	87,664	74,574
Current portion of term debt	3,010	3,002	8,586	10,789	33,319	32,716
Accrued Interest	1,010	1,009	2,443	2,620	10,503	10,408
Accounts Payable	677	728	3,111	4,109	13,784	14,470
Noncurrent Liabilities	29,107	27,853	60,573	67,440	229,127	239,626
Non Real Estate	2,534	2,926	14,824	21,560	59,528	53,497
Real Estate	26,572	24,927	45,748	45,880	169,599	186,129
<b>Farm Equity</b>	387,384	383,877	753,859	759,857	1,260,551	1,544,097

1/ ERS Farm Typology is defined at [www.ers.usda.gov/DATA/ARMS/GlobalHelp.htm](http://www.ers.usda.gov/DATA/ARMS/GlobalHelp.htm).

Source: Agricultural Resource Management Survey (ARMS), USDA, Internet Web Site ([www.ers.usda.gov/DATA/ARMS/](http://www.ers.usda.gov/DATA/ARMS/)).

Last updated: April 2006.

2/ Estimate does not comply with ERS disclosure limitation practices, is not available, or is not applicable.

3/ The estimate is statistically unreliable due to the combination of a low sample size and high sampling error.

4/ Includes accounts receivable, certificates of deposit, checking and saving balances, and any other financial assets of the farm business.

5/ The value of the operators' dwelling and any associated liabilities were included if the dwelling was owned by the farm business.

**AGRI-VIEW**(USPS-413810) is published monthly in March, June, November and December; semi-monthly in February, April, May, August, September and October; and three times/month in January and July. Subscription rates are \$12.00 per year for non-reporters, and free for survey respondents by the Minnesota Agricultural Statistics Service, PO Box 7068, St. Paul, MN 55107. Periodicals class postage paid at St. Paul, Minnesota and other mailing offices. POSTMASTER: Send change of address to **AGRI-VIEW**, PO Box 7068, St. Paul, MN 55107.

Douglas A. Hartwig  
 Director

Dan Lofthus  
 Deputy Director