

SAMPLE COSTS TO PRODUCE LEMONS
 San Diego County

Based on: Yield of 800 Field Boxes per Acre, 10-Acre Owner Operation, 100 Trees Per Acre, 15 years old. Frost Free, Permanent Sprinkler Irrigation, Non-Tillage, Gentle Slope.

CULTURAL OPERATIONS

Sample Costs Per Acre

Mat'l &

Equip. Labor Total

Fertilize - 3 x, Commercial, 3# N per Tree - - - - -	\$ 45.00	5.00	50.00
Irrigate - 12 x, District Water, 2½ Acre Feet - - - - -	125.00	24.00	149.00
Pest Control Contract - 3 x/2 yrs. includes Minor Elements - - - - -	45.00		45.00
Other Pest Control - Gophers, Snails, Ants- - - - -	16.00	9.00	25.00
Weed Control - Mow, Oil Spray - - - - -	17.00	8.00	25.00
Pruning and Brush Disposal - Contract - - - - -	30.00		30.00
Remove and Plant Trees- - - - -	1.00	3.00	4.00
Misc., Disease Control, and Other - - - - -	<u>3.00</u>	<u>12.00</u>	<u>15.00</u>
TOTAL CULTURAL COSTS - - - - -	\$282.00	61.00	343.00

HARVESTING

Picking - 800 Boxes at 63 cents - - - - -			504.00
Hauling - 800 Boxes at 10 cents - - - - -			<u>80.00</u>
TOTAL HARVESTING COSTS - - - - -			\$584.00

OPERATING OVERHEAD

Taxes - - - - -			50.00
Insurance - - - - -			7.00
Maintenance and Repair - - - - -			10.00
General Expense - - - - -			50.00
Depreciation - - - - -			<u>142.83</u>
TOTAL OPERATING OVERHEAD COSTS - - - - -			\$259.83

TOTAL OPERATING COSTS (\$1.48 per box) **\$1186.83**

CAPITAL

Interest on Investment- - - - - **\$169.00**

TOTAL ALL COSTS (\$1.69 per box) **\$1355.83**

CAPITAL INVESTMENT COSTS

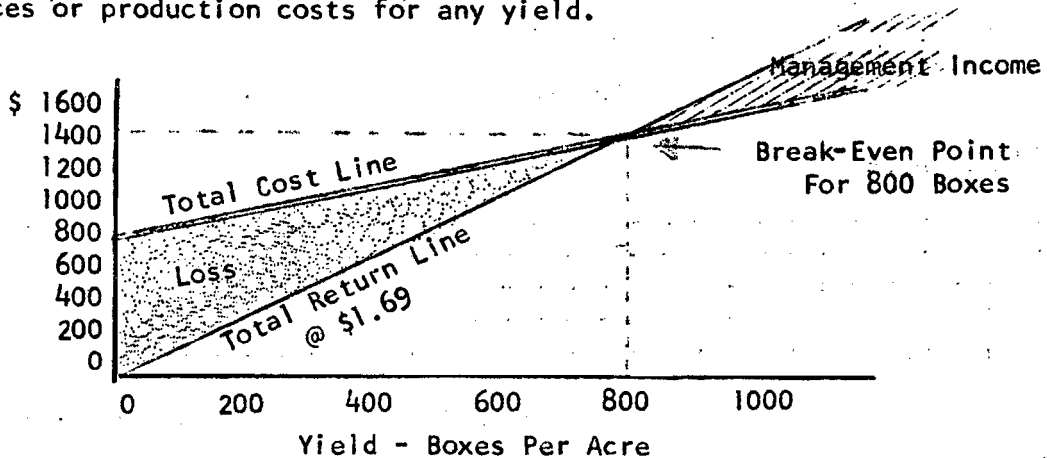
The owner's Investment and other contributions should be charged against returns for comparison of income earned with income available from alternate use of resources. The cost of using your labor, land, and other assets should not be ignored in measuring orchard income. For management analysis these should be included as costs since all items contributing to production have a value even when provided by the owner. These are not, however, commonly considered as business expenses in accounting practice. For this reason, these cost figures will differ from those used in accounting for income tax purposes.

INVESTMENT SCHEDULE

	Investment	Per Acre	
		Depreciation	Interest
Land	\$ 2000.00		\$ 100.00
Trees	1500.00	60.00	37.50
Sprinkler System	700.00	35.00	17.50
Equipment	300.00	30.00	7.50
Pickup	100.00	12.50	2.50
Buildings	160.00	5.33	4.00
TOTALS	\$ 4760.00	142.83	169.00

BREAK-EVEN CHART

Break-even charts describe graphically the interrelations of cost, price, and volume. Yield is on the horizontal axis and returns or costs are on the vertical axis. The lowest cost of \$771.83 is incurred regardless of yield and includes all but harvesting costs. At the assumed volume of 800 boxes per acre, the break-even price is \$1.69 per box. The chart shows the spread between total income and total cost per acre at any yield level above or below the break-even point. By the addition of other return and/or cost lines, the chart will show the comparative results of different prices or production costs for any yield.



This break-even chart illustrates all cost items included in this report, and the return necessary to cover these costs. For a comparison with farm financial records, a similar chart including your cost and yield figures can be substituted as suggested above.

=Prepared with the assistance of:

CIT-LEMONS-Econ-Costs
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