

UNIVERSITY OF ARIZONA  
EXPERIMENTAL FARMS  
EXAMINATION OF INCOME FROM SALES OF PRODUCTS  
JULY 1, 1964 TO JUNE 30, 1967

Report No. 138

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for the Arizona Board of Regents

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UNIVERSITY OF ARIZONA  
EXPERIMENTAL FARMS  
EXAMINATION OF INCOME FROM SALES OF PRODUCTS

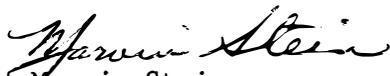
To the Arizona Board of Regents

We present herewith our report covering the examination of the records of income from sales of products of the University of Arizona Experimental Farms for the fiscal years ended June 30, 1965, June 30, 1966, and June 30, 1967.

In addition to the farms, our examination included the Feed Experiment Fund for the same fiscal years, and the Commercial Feed, Fertilizer Materials, and Pesticides Funds (State Chemist's Office) for the calendar years 1964, 1965, and 1966.

Records of the Hatch Sales and Agriculture Revolving Funds were examined for adequacy and propriety of charges. In addition, systems with Poultry Science and Dairy Science were evaluated for accuracy.

Respectfully submitted,

  
Marvin Stein  
Supervising Examiner

  
R.  
Senior Examiner

UNIVERSITY OF ARIZONA  
EXPERIMENTAL FARMS  
EXAMINATION OF INCOME FROM SALES OF PRODUCTS  
JULY 1, 1964 TO JUNE 30, 1967

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UNIVERSITY OF ARIZONA

EXPERIMENTAL FARMS

EXAMINATION OF INCOME FROM SALES OF PRODUCTS

JULY 1, 1964 TO JUNE 30, 1967

INCOME SUMMARY

Total income applicable to Farm Sales, Hatch Sales, and Agricultural Revolving Fund accounts is shown in Exhibit A for the three years 1966-67, 1965-66, and 1964-65. During this time, income has decreased from \$321,724 in 1964-65, to \$312,517 in 1965-66 and to \$292,389 in 1966-67, a total decrease of \$29,335 or 9%.

Exhibit A shows the allocation of the above total collections to the respective accounts in the years examined. (Hatch Sales and Agricultural Revolving Fund are local restricted funds, whereas Farm Sales is a part of State Funds collections.) The increase (decrease) of each year over the preceding year follows:

	<u>1966-67</u>	<u>1965-66</u>	<u>1964-65</u>
Farm Sales	\$ 4,637	\$ (3,819)	\$ 757
Hatch Sales	2,013	(2,001)	(44,045)
Agricultural Revolving Fund	<u>(26,778)</u>	<u>(3,387)</u>	<u>67,013</u>
	<u>\$ (20,128)</u>	<u>\$ (9,207)</u>	<u>\$ 23,725</u>

The income trend since 1961-62 reflected steady growth to the peak of 1964-65, followed by a decline to the 1966-67 level which approximates the year 1962-63.

	<u>Amount</u>	<u>Trend</u>
1961-62	\$ 282,418	100
1962-63	289,064	102
1963-64	297,999	106
1964-65	321,724	114
1965-66	312,517	111
1966-67	292,389	103

Total income from product sales of each of the Experimental Farms as well as other income is shown in Exhibit A for 1964-65, 1965-66, and 1966-67.

Schedules 1, 2, and 3 analyze each farm's income according to product categories in 1966-67, 1965-66, and 1964-65, respectively. The following table compares total income from major products for all farms in the same years:

<u>Product</u>	<u>1966-67</u>	<u>1965-66</u>	<u>1964-65</u>
Milk and Dairy Products	\$ 126,429	\$ 133,436	\$ 107,513
Beef and Other Animals	50,552	35,679	43,593
Cotton	34,007	49,146	57,866
Citrus Fruit	26,861	26,094	47,979
Eggs and Poultry	21,508	20,536	15,109
Other Products and Miscellaneous	<u>3,911</u>	<u>8,024</u>	<u>15,476</u>
<u>Subtotal (Schedule 1)</u>	263,268	272,915	287,536
Other Collections	<u>29,121</u>	<u>39,602</u>	<u>34,188</u>
<u>Total Income (Exhibit A)</u>	<u>\$ 292,389</u>	<u>\$ 312,517</u>	<u>\$ 321,724</u>

Although revenues from Milk and Dairy Products, Beef and Other Animals, and Eggs and Poultry increased \$32,274 from 1964-65 to 1966-67, other products revenue declined \$56,542. This net decrease of \$24,268 and the decrease in Other Collections of \$5,067 total \$29,335.

#### FEED EXPERIMENT FUND

Exhibit B summarizes the fiscal transactions of the Feed Experiment Fund for the fiscal years 1966-67, 1965-66, and 1964-65. This is a local restricted fund, involving cattle feeding experimentation, and is separate from Hatch Sales and the Agricultural Revolving Funds.

For the three years examined, the Feed Experiment Fund had income of \$467,936, mainly from sales of cattle. Against this income, expenditures were made to purchase cattle and feed totaling \$492,564. The \$24,628 excess of expenditures over income has reduced the fund balance from \$2,131 at July 1, 1964 to an overdraft of \$22,497 at June 30, 1967. However, the value (\$110,266) of the inventory of animals and feed on hand at June 30, 1967, as estimated by the Department of Animal Science, was much in excess of the cash overdraft at the same date. We did not verify the inventory count nor the valuations placed upon the animals by the Department of Animal Science.

#### STATE CHEMIST'S COLLECTIONS

Exhibit C summarizes transactions in the Commercial Feed, Fertilizer Materials, and Pesticide Funds for the calendar years 1966, 1965, and 1964, respectively. These funds contain the transactions pertaining to the Office of the State Chemist. All expenditures of these funds are subject to preaudit by the Office of the State Auditor.

#### HATCH SALES FUND

Since the establishment of the Agricultural Revolving Fund in February 1964, the Hatch Sales account has reverted to its intended use as an account for the deposit of its share of the proceeds from farm sales and the expenditure of authorized claims thereon. Exhibit D shows the activity in this fund for 1964-65, 1965-66, and 1966-67. The results of operations are summarized as follows:

	1964-65	1965-66	1966-67
Beginning Fund Balance	\$ 22,716	\$ 21,535	\$ 25,561
Collections	113,722	111,721	113,734
Total Available	136,438	133,256	139,295
Expenditures	114,903	107,695	134,987
Ending Fund Balance	\$ 21,535	\$ 25,561	\$ 4,308

Income remained constant during the three years examined, decreasing 2% (\$2,001) between 1964-65 and 1965-66, but increasing 2% (\$2,013) between 1965-66 and 1966-67. However, this is not true of expenditures. Expenditures decreased 6% (\$7,208) between 1964-65 and 1965-66, then increased 25% (\$27,292) between 1965-66 and 1966-67. (See Exhibit D for details of income and expenditures.) The expenditure categories of general operations, travel, and repairs decreased each year from \$68,000 in 1964-65, to \$65,000 in 1965-66, to \$56,000 in 1966-67. At the same time, capital expenditures decreased from \$47,000 in 1964-65, to \$43,000 in 1965-66, but then almost doubled in 1966-67 to \$79,000. This latter increase was due primarily to \$41,500 paid out of Hatch Sales toward alterations of the Agricultural Sciences Building. The heavy capital expenditures in 1966-67 resulted in an ending fund balance of only \$4,308, almost \$20,000 less than the average ending balance for the preceding four years.

#### COMMENTS ON ACCOUNTING RECORDS

In our examination, we tested and evaluated the systems of quantity control within the Department of Poultry Science for egg production and within the Department of Dairy Science for Milk production. In both departments, the systems utilized and records maintained are adequate for controlling the quantities produced and their ultimate disposition.

EXHIBIT A

UNIVERSITY OF ARIZONA

SUMMARY OF COLLECTIONS FOR FARM SALES, HATCH SALES, AND AGRICULTURAL

REVOLVING FUND ACCOUNTS

FOR THE YEARS ENDED JUNE 30, 1967, 1966, AND 1965

	<u>Year</u> <u>1966-67</u>	<u>Year</u> <u>1965-66</u>	<u>Year</u> <u>1964-65</u>
<b>PRODUCT SALES</b>			
Department of Animal Science	\$ 23,758	\$ 25,349	\$ 36,216
Department of Dairy Science	154,009	145,989	117,406
Department of Poultry Science	21,508	20,536	15,109
Citrus Research Station	18,785	16,934	28,194
Cotton Research Station	14,543	20,946	21,378
Marana Farm	13,746	16,201	22,129
Mesa Farm	1,322	1,158	1,723
Safford Farm	4,300	4,688	3,651
Yuma Farm	<u>11,557</u>	<u>21,114</u>	<u>41,730</u>
Total Product Sales	263,528	272,915	287,536
<b>OTHER COLLECTIONS</b>			
Foundation Seed	-o-	3,190	946
Agricultural Chemistry and Soils Lab.	10,221	10,249	7,979
Grants and Miscellaneous	<u>18,640</u>	<u>26,163</u>	<u>25,263</u>
TOTAL COLLECTIONS PER EXAMINATION	<u>\$ 292,389</u>	<u>\$ 312,517</u>	<u>\$ 321,724</u>
<b><u>RECONCILIATION WITH BUSINESS OFFICE</u></b>			
<b><u>REPORTED COLLECTIONS</u></b>			
<b>COLLECTIONS PER BOOKS:</b>			
Farm Sales	\$ 111,089	\$ 106,820	\$ 110,639
Hatch Sales (See Note)	113,734	111,721	113,722
Agric. Revolving Fund	<u>67,198</u>	<u>93,976</u>	<u>97,363</u>
Total Collections Per Books	292,021	312,517	321,724
Add: Accounts Receivable, End of Year	<u>368</u>	<u>-o-</u>	<u>-o-</u>
TOTAL COLLECTIONS PER EXAMINATION	<u>\$ 292,389</u>	<u>\$ 312,517</u>	<u>\$ 321,724</u>

Note: 1966-67 amount is net after transfer of \$290 to Research Grants and Gifts.

SCHEDULE 1.

UNIVERSITY OF ARIZONA

EXPERIMENTAL FARMS

SUMMARY OF PRODUCT SALES

JULY 1, 1966 TO JUNE 30, 1967

-5-

PRODUCT SALES

	<u>Department of</u>			<u>Citrus</u>	<u>Cotton</u>					
	<u>Animal</u>	<u>Dairy</u>	<u>Poultry</u>	<u>Research</u>	<u>Research</u>	<u>Marana</u>	<u>Mesa</u>	<u>Safford</u>	<u>Yuma</u>	<u>Total</u>
	<u>Science</u>	<u>Science</u>	<u>Science</u>	<u>Station</u>	<u>Station</u>	<u>Farm</u>	<u>Farm</u>	<u>Farm</u>	<u>Farm</u>	
Beef and Other Animals	\$ 22,972	\$ 27,580								\$ 50,552
Milk and Milk Products		126,429								126,429
Eggs and Poultry			\$ 21,508							21,508
Citrus Fruit				\$ 18,785					\$ 8,076	26,861
Cotton					\$ 14,543	\$ 13,746		\$ 3,232	2,776	34,297
Grain, Etc.							\$ 528	338		866
Hay							65	353		418
Safflower							543			543
Vegetables							186		280	466
Pecans								338		338
Wool	222									222
Miscellaneous	564							39	425	1,028
Gross Product Sales	<u>\$ 23,758</u>	<u>\$ 154,009</u>	<u>\$ 21,508</u>	<u>\$ 18,785</u>	<u>\$ 14,543</u>	<u>\$ 13,746</u>	<u>\$ 1,322</u>	<u>\$ 4,300</u>	<u>\$ 11,557</u>	<u>\$ 263,528</u>

UNIVERSITY OF ARIZONA

EXPERIMENTAL FARMS

SUMMARY OF PRODUCT SALES

JULY 1, 1964 TO JUNE 30, 1965

	Department of			Citrus Research Station	Cotton Research Station	Marana Farm	Mesa Farm	Safford Farm	Yuma Farm	Total
	Animal Science	Dairy Science	Poultry Science							
PRODUCT SALES										
Beef and Other Animals	\$ 23,686	\$ 11,993								\$ 35,679
Milk and Milk Products		133,436								133,436
Eggs and Poultry			\$ 20,536							20,536
Citrus Fruit				\$ 16,924				\$ 9,170		26,094
Cotton					\$ 20,946	\$ 15,836	\$ 632	\$ 3,376	8,356	49,146
Dates				10					138	148
Grain, Etc.							109	782		891
Hay							98	204		302
Safflower						365	272			637
Vegetables							47			47
Pecans								86		86
Wool	316									316
Miscellaneous	1,347	560						240	3,450(a)	5,597
Total Product Sales	<u>\$ 25,349</u>	<u>\$ 145,989</u>	<u>\$ 20,536</u>	<u>\$ 16,934</u>	<u>\$ 20,946</u>	<u>\$ 16,201</u>	<u>\$ 1,158</u>	<u>\$ 4,688</u>	<u>\$ 21,114</u>	<u>\$ 272,915</u>

(a) Includes the following:

Fruit pruning and harvesting (farm personnel) wages reimbursed from product sales	\$ 2,777
Cotton harvesting (farm personnel) wages reimbursed from sales	563
Miscellaneous refunds	110
	<u>\$ 3,450</u>

SCHEDULE 3

UNIVERSITY OF ARIZONA

EXPERIMENTAL FARMS

SUMMARY OF PRODUCT SALES

JULY 1, 1964 TO JUNE 30, 1965

	<u>Department of</u>			<u>Citrus Research Station</u>	<u>Cotton Research Station</u>	<u>Marana Farm</u>	<u>Mesa Farm</u>	<u>Safford Farm</u>	<u>Yuma Farm</u>	<u>Total</u>
	<u>Animal Science</u>	<u>Dairy Science</u>	<u>Poultry Science</u>							
PRODUCT SALES										
Beef and Other Animals	\$ 34,543	\$ 9,050								\$ 43,593
Milk and Milk Products		\$ 107,513								107,513
Eggs and Poultry			\$ 15,109							15,109
Citrus Fruit				\$ 28,124					\$ 19,855	47,979
Cotton					\$ 21,378	\$ 17,494	\$ 840	\$ 2,933	15,221	57,866
Dates				70			5		336	411
Grain, Etc.								15		15
Hay							62	417		479
Safflower						4,635	252			4,887
Vegetables							564			564
Pecans								153		153
Wool	263									263
Miscellaneous	<u>1,410</u>	<u>843</u>						<u>133</u>	<u>6,318 (a)</u>	<u>8,704</u>
Total Product Sales	<u>\$ 36,216</u>	<u>\$ 117,406</u>	<u>\$ 15,109</u>	<u>\$ 28,194</u>	<u>\$ 21,378</u>	<u>\$ 22,129</u>	<u>\$ 1,723</u>	<u>\$ 3,651</u>	<u>\$ 41,730</u>	<u>\$ 287,536</u>

(a) Includes the following:

Wage reimbursements	\$ 3,790
Commodity Credit Corp. for ditch lining	2,500
Reimbursement for research supplies	23
Miscellaneous reimbursements	<u>5</u>
	<u>\$ 6,318</u>

EXHIBIT B

UNIVERSITY OF ARIZONA

SUMMARY OF FEED EXPERIMENT FUND COLLECTIONS AND EXPENDITURES

FOR THE YEARS ENDED JUNE 30, 1967, 1966, 1965

	Year		
	<u>1966-67</u>	<u>1965-66</u>	<u>1964-65</u>
COLLECTIONS FROM SALES OF ANIMALS, ETC.	<u>\$ 162,998</u>	<u>\$ 151,675</u>	<u>\$ 153,263</u>
EXPENDITURES			
Freight	1,624	696	593
Purchases of Animals	37,775	79,678	78,573
Feed and Supplies	<u>127,078</u>	<u>90,995</u>	<u>75,552</u>
Total Expenditures	<u>166,477</u>	<u>171,369</u>	<u>154,718</u>
NET COLLECTIONS	( 3,479)	( 19,694)	( 1,455)
Cash Balance (Overdraft), Beginning of Year	<u>( 19,018)</u>	<u>676</u>	<u>2,131</u>
CASH BALANCE (OVERDRAFT), END OF YEAR (NOTE 1)	<u><u>\$( 22,497)</u></u>	<u><u>\$( 19,018)</u></u>	<u><u>\$ 676</u></u>

Note 1: Valuation of June 30th Inventory  
of Animals and Feed Per  
Department's Estimate, as  
Adjusted by Examiner

	<u><u>\$ 110,266</u></u>	<u><u>\$ 96,777</u></u>	<u><u>\$ 86,287</u></u>
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EXHIBIT C

UNIVERSITY OF ARIZONA

SUMMARY OF STATE CHEMIST'S COLLECTIONS AND EXPENDITURES

FOR THE CALENDAR YEARS 1966, 1965, AND 1964

	<u>Commercial Feed</u>	<u>Fertilizer Materials</u>	<u>Pesticides</u>	<u>Total</u>
FUND CASH BALANCE, JAN. 1, 1964	<u>\$ 14,210</u>	<u>\$ 26,113</u>	<u>\$ 22,874</u>	<u>\$ 63,197</u>
Collections	35,949	34,902	34,595	105,446
10% to State General Fund	<u>( 3,595)</u>	<u>( 3,490)</u>	<u>( 3,460)</u>	<u>( 10,545)</u>
Net Collections in 1964	<u>32,354</u>	<u>31,412</u>	<u>31,135</u>	<u>94,901</u>
Total Available	46,564	57,525	54,009	158,098
Expenditures in 1964	<u>33,896</u>	<u>38,741</u>	<u>33,087</u>	<u>105,724</u>
FUND CASH BALANCE, DEC. 31, 1964	<u>12,668</u>	<u>18,784</u>	<u>20,922</u>	<u>52,374</u>
Collections	38,507	35,837	35,873	110,222
10% to State General Fund	<u>( 3,850)</u>	<u>( 3,584)</u>	<u>( 3,588)</u>	<u>( 11,022)</u>
Net Collections in 1965	<u>34,657</u>	<u>32,253</u>	<u>32,290</u>	<u>99,200</u>
Total Available	47,325	51,037	53,212	151,574
Expenditures in 1965	<u>30,756</u>	<u>34,762</u>	<u>40,315</u>	<u>105,833</u>
FUND CASH BALANCE, DEC. 31, 1965	<u>16,569</u>	<u>16,275</u>	<u>12,897</u>	<u>45,741</u>
Collections	36,983	36,400	31,083	104,471
10% to State General Fund	<u>( 3,699)</u>	<u>( 3,638)</u>	<u>( 3,108)</u>	<u>( 10,445)</u>
Net Collections in 1966	<u>33,289</u>	<u>32,762</u>	<u>27,975</u>	<u>94,026</u>
Total Available	49,858	49,037	40,872	139,767
Expenditures in 1966	<u>44,319</u>	<u>42,310</u>	<u>28,443</u>	<u>115,072</u>
FUND CASH BALANCE, DEC. 31, 1966	<u>\$ 5,539</u>	<u>\$ 6,727</u>	<u>\$ 12,429</u>	<u>\$ 24,695</u>

EXHIBIT D

UNIVERSITY OF ARIZONA  
COMPARATIVE STATEMENTS OF INCOME AND EXPENSES FOR HATCH SALES  
FOR THE YEARS 1964-65, 1965-66, AND 1966-67

		Incr. (Decr.) 1965-66 Over		Incr. (Decr.) 1966-67 Over	
	<u>1964-65</u>	<u>1964-65</u>	<u>1965-66</u>	<u>1965-66</u>	<u>1966-67</u> <del>Total</del>
<b>INCOME</b>					
Dept. of Animal Science	\$ 15,393	\$( 3,091)	\$ 12,307	\$ 540	\$ 12,847
Dept. of Dairy Science	45,182	11,888	57,070	8,733	65,803
Dept. of Poultry Science	7,554	2,714	10,268	486	10,754
Citrus Research Station	14,097	( 5,630)	8,467	925	9,392
Cotton Research Station	9,266	( 500)	8,766	( 3,271)	5,495
Marana Farm	9,735	( 1,634)	8,101	( 1,196)	6,905
Mesa Farm	862	( 283)	579	82	661
Safford Farm	1,825	422	2,247	( 97)	2,150
Yuma Farm	6,720	( 6,720)	-o-	-o-	-o-
Miscellaneous	3,083	833	3,916	( 4,139)	( 273)
<b>Total Income</b>	<u>113,722</u>	<u>( 2,001)</u>	<u>111,721</u>	<u>2,013</u>	<u>113,734</u>
<b>EXPENDITURES</b>					
Wages	11,328	(10,205)	1,123	( 1,123)	-o-
Professional Fees	3,010	1,072	4,082	( 1,407)	2,675
Office Sup. & Expense	452	791	1,243	( 355)	888
Freight	542	78	620	1,159	1,779
Operating Sup. & Expense	22,691	( 7,315)	15,376	3,590	18,966
Fuel, Power & Lights	4,906	3,085	7,991	( 2,099)	5,892
Water & Irrigation	891	1,347	2,238	( 884)	1,354
Dues & Subscriptions	-o-	967	967	( 967)	-o-
Insurance & Taxes	32	658	690	( 2)	688
Publicity	91	( 91)	-o-	2,570	2,570
Publications	2,736	5,556	8,292	970	9,262
Motor Vehicle Expense	2,811	( 1,029)	1,782	( 622)	1,160
Misc. Operating Exp.	2,221	948	3,169	( 2,581)	588
Repairs	2,211	3,419	5,630	( 4,112)	1,518
Travel	14,095	( 2,382)	11,713	( 3,197)	8,516
Furniture, Fixtures, Etc.	20,375	( 7,407)	12,968	2,943	15,911
Building Alterations	20,539	1,377	21,916	34,047	55,963
Pipe & Power Lines	-o-	-o-	-o-	2,430	2,430
Grounds	3,321	190	3,511	( 3,511)	-o-
Machinery & Farm Equipment	1,284	( 1,284)	-o-	-o-	-o-
Livestock	-o-	2,500	2,500	( 2,068)	432
Motor Vehicles	1,367	517	1,884	2,511	4,395
<b>Total Expenditures</b>	<u>\$ 114,903</u>	<u>\$( 7,208)</u>	<u>\$ 107,695</u>	<u>\$ 27,292</u>	<u>\$ 134,987</u>