

THE UNIVERSITY OF ARIZONA
EXAMINATION OF CASH AND SECURITIES
JUNE 30, 1969

Report No. 153

Office of the General Examiner
for the Arizona Board of Regents

THE UNIVERSITY OF ARIZONA
EXAMINATION OF CASH AND SECURITIES

To the Arizona Board of Regents:

The report covering our examination of cash on hand and in banks, student loan funds and securities owned at the University of Arizona as of June 30, 1969 is presented herewith.

Respectfully submitted,


Marvin Stein
Supervising Examiner


S.A. Morey
Senior Examiner

October 23, 1969

THE UNIVERSITY OF ARIZONA
EXAMINATION OF CASH AND SECURITIES

JUNE 30, 1969

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THE UNIVERSITY OF ARIZONA

EXAMINATION OF CASH AND SECURITIES

JUNE 30, 1969

SCOPE OF THE EXAMINATION

As of June 30, 1969 we examined cash in banks, (excluding funds on deposit with the State Treasurer), cash on hand in various departments, student loan funds and securities held for various funds including endowment funds and bond retirement funds.

The auditing procedures used to perform this examination were similar to those employed in our examination of this portion of the accounts in preceding years. The scope of the examination did not include a review of the transactions underlying the collections and disbursements recorded in the cash and bank accounts, except for tests in limited areas such as income from securities and bond sinking fund transactions.

CASH IN BANKS

Bank Deposit Accounts

Total cash in banks per audit as of June 30, 1969, as shown in Exhibit A, amounted to \$5,426,995. This excludes \$25,848 in various Associated Students and Intercollegiate Athletics bank accounts, the Medical College travel advance account and the Archaeological Field School account. These latter accounts are not reflected on the University's general ledger and, therefore, are not shown in Exhibit A.

The allocation of deposit totals to individual banks is shown below. The amounts used for the tabulation are the balances per audit, which reflect transfers in process and outstanding checks at June 30, 1969.

Valley National Bank, University Office	\$1,667,414
Valley National Bank, Downtown Office	11,249
Valley National Bank, Phoenix, Trust Dept.	14,577
Arizona Bank	1,377,839
Great Western Bank	138,187
Union Bank	340,032
Southern Arizona Bank & Trust Co.	1,161,126
Southern Arizona Bank & Trust Co., Trust Dept.	21,721
First National Bank of Arizona, Tucson	681,307
First National Bank of Arizona, Prescott	4,020
Greater Arizona Savings and Loan Association	2,965
Pima Savings and Loan Association	3,025
Tucson Federal Savings and Loan Association	<u>2,968</u>
Total	<u>\$5,426,430</u>

The funds of the Associated Students and Intercollegiate Athletics, Medical College travel account and the Archaeological Field School, which are not included in the above table, are on deposit with branch offices of the Southern Arizona Bank and Trust Company and the Valley National Bank.

All bank balances were confirmed directly with the various banks, and all bank accounts were reconciled by us as of June 30, 1969.

Securities Pledged by Depository Banks

We compared the total balances on deposit in the various banks with the total par value of the securities pledged by the respective depository banks to guarantee such deposits. In connection with this comparison, we obtained written confirmation of the amounts and descriptions of the pledged securities from custodian banks. At June 30, 1969 par value of securities pledged to secure deposits of the various University of Arizona accounts was greater than balances secured in all banks.

CASH ON HAND

The examination included verification by physical count of cash on hand in the Business Office (Imprest Cash Fund), Student Union and Bookstores. Exhibit B shows the composition of the Imprest Cash Fund as of June 30, 1969. (It will be noted in Exhibit B that the change funds of the Student Union and Bookstores are provided through advances from the Imprest Fund.)

STUDENT LOAN FUNDS

The assets and fund balance of the University of Arizona Student Loan Fund at June 30, 1969 are shown in Exhibit C.

The assets and capital of the National Defense Student Loan Fund at June 30, 1969 are shown in Exhibit D. Since the inception of the National Defense Student Loan program, the University of Arizona has received \$3,357,682 in federal funds and has provided \$373,076 in institutional matching funds. Outstanding loans receivable at June 30, 1969 totaled \$3,379,045.

The federally sponsored Health Services Student Loan Funds are shown in Exhibit E. The federal contribution to the various loan funds is as follows: Nursing \$109,999; Pharmacy \$86,000; and Medical \$46,271. The University of Arizona has provided \$26,919 in institutional matching funds for these three federally sponsored loan funds. Total loans receivable in these three funds at June 30, 1969 were \$244,103.

The examination of the University of Arizona Loan Fund and the National Defense Student Loan Fund included direct confirmation of loan balances outstanding on a test basis. The percentage of response on the

University Loan Fund was approximately 50 percent and on the National Defense Loan Fund it was 82 percent. No unreconciled differences were noted by any respondent.

SECURITIES OWNED

Exhibit F presents a summary of securities owned at June 30, 1969, including securities held by corporate trustees for bond sinking funds. Our verification procedures with respect to securities consisted of physical inspection of the securities in the safe deposit box and Business Office vault and obtaining written confirmation of securities in bank custody. In addition, we verified the income received from interest, dividends, etc.

BONDS PAYABLE

Exhibit G presents a summary of the sinking funds for the various bond issues as of June 30, 1969 and the related bonds outstanding at that date.

THE UNIVERSITY OF ARIZONA

EXHIBIT A

CASH IN BANKS (EXCLUSIVE OF STATE TREASURER DEPOSITS)

JUNE 30, 1969

	<u>Balance Per Bank</u>	<u>Add Deposits in Transit</u>	<u>Transfers in Process</u>	<u>Add Adjust.</u>	<u>Deduct Outstanding Checks</u>	<u>Balance Per Audit</u>
Comptrollers - Checking Account	\$3,160,723	\$909,281	\$(2,750,834)		\$ 272,739	\$1,046,431
Savings Accounts & Time Deposits	31,149					31,149
Treasurer, Board of Regents - Local Funds	1,540,712		2,562,631	\$563(1)	2,066,541	2,037,365
Time Deposits	1,700,000					1,700,000
Treasurer, Board of Regents - Federal Funds	87,487		103,283		143,821	46,949
Imprest Cash	44,980				34,158	10,822
Student Loan Funds	107,539		9,598		150	116,987
National Defense Student Loan Funds	78,584		59,470		100	137,954
Stadium Addition Construction Fund	6,380					6,380
1960 - Regents Surplus Revenue Reserve Fund	3,041					3,041
1960 - Student Housing Bonds Revenue Fund	43,524		15,852			59,376
1966 - Construction Fund	83,550				3,169	80,381
1967 - Construction Fund	61,260					61,260
1967 - Housing Revenue Bond - Married Stud. Hsg.	35,440					35,440
Student Union Construction Account	1,328					1,328
Sinking Fund Cash	<u>51,567</u>					<u>51,567</u>
Totals	<u>\$7,037,264</u>	<u>\$909,281</u>	<u>\$ -</u>	<u>\$563</u>	<u>\$2,520,678</u>	<u>\$5,426,430</u>

(1) Bank errors corrected in July

EXHIBIT B

THE UNIVERSITY OF ARIZONA

IMPREST CASH FUND

JUNE 30, 1969

FUNDS PROVIDED BY:

Advance from Comptroller's Bank Account	\$140,000
Old unpaid checks written off	<u>7,025</u>
TOTAL TO BE ACCOUNTED FOR	147,025

ACCOUNTED FOR BY:

Cash in Bank (Exhibit A)	\$10,822
Returned Checks in Transit from Bank	565
Cash and Equivalent on Hand	26,999
Reimbursement due from:	
State Treasurer Funds	50,142
Treasurer, Board of Regents Funds	10,998
Outstanding Advances (Note 1)	<u>45,160</u>
TOTAL ACCOUNTED FOR	<u>144,686</u>
FUND SHORT (NET CUMULATIVE OVER & SHORTS)	<u>\$(2,339)</u>

Note 1: Advances consist of:

Change and Working Funds:

Student Union	\$23,880	
Bookstore - Campus	2,000	
- Park	1,000	
- Medical School	300	
Experimental Farms	234	
Other advances for Petty Cash and Change	680	\$ 28,094
Travel Advances		<u>17,066</u>
TOTAL ADVANCES		<u>\$ 45,160</u>

THE UNIVERSITY OF ARIZONA
STUDENT LOAN FUNDS
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1969

ASSETS

Cash in Bank	\$ 90,491
Cash in Custody of Dean of Men	150
Notes Receivable	31,696
Investments	91,524
Advance to National Defense Student Loan Fund	28,180
Advance to United Student Aid Fund	<u>28,150</u>
TOTAL ASSETS	<u>\$270,191</u>

FUND BALANCE

FUND BALANCE	<u>\$270,191</u>
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THE UNIVERSITY OF ARIZONA
NATIONAL DEFENSE STUDENT LOAN FUND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1969

EXHIBIT D.

	<u>ASSETS</u>	
Cash in Bank		\$ 137,954
Total Loans Advanced		\$4,246,879
Less: Principal Collected	\$595,975	
Principal Cancelled, Teaching	246,179	
Principal Cancelled, Death & Disability	16,359	
Principal Cancelled, Bankruptcy	<u>9,321</u>	
		<u>867,834</u>
Loans Outstanding		3,379,045
Accounts Receivable		
Teacher Cancellation Principal (Reim. from Fed. Funds for	2,288	
Teacher Cancellation Interest Inst. portion of cancelled amt.)	309	
Collection Agency	<u>950</u>	
		<u>3,547</u>
TOTAL ASSETS		<u>\$3,520,546</u>
 <u>FUND BALANCES</u> 		
Federal Contribution to Date		\$3,357,682
Institutional Matching Funds Contributed		<u>373,076</u>
Total Capital Contributed to Date		3,730,758
Teacher Cancellation for Matching Funds when Received		6,334
Interest Collected	\$ 111,374	
Recovery of Bad Debt	154	
Interest Cancelled (Teaching, Death & Disability)	<u>40,435</u>	
		<u>151,963</u>
Total Capital before Cancellation of Principal and Interest		3,889,055
Deduct: Cancellation of Principal and Interest		
Teaching, Death and Disability	302,973	
Bankruptcy	<u>9,321</u>	
Total Cancellation of Principal and Interest	312,294	
Administrative Expense	50,929	
Collection Costs (Collection Agency Fees)	<u>5,286</u>	
		<u>368,509</u>
TOTAL FUND		<u>\$3,520,546</u>

THE UNIVERSITY OF ARIZONA
HEALTH SERVICES STUDENT LOAN FUND
STATEMENT OF FINANCIAL POSITION
JUNE 30, 1969

EXHIBIT E

ASSETS

Cash in Bank		\$ 22,229
Loans Outstanding		
Nursing Loans		
Total Loans Advanced	\$ 121,485	
Less: Principal Collected	\$ 4,814	
Employment Cancellation	1,703	
Death Cancellation	<u>1,550</u>	
	<u>8,067</u>	\$ 113,418
Pharmacy Loans		
Total Loans Advanced	92,350	
Less: Principal Collected	<u>425</u>	91,925
Medical Loans		
Total Loans Advanced		<u>38,760</u>
Total Loans Outstanding		<u>244,103</u>
TOTAL ASSETS		<u>\$266,332</u>

FUND BALANCES

Federal Contribution to Date		\$242,270
Institutional Matching Funds Contributed		<u>26,919</u>
Total Capital Contributed to Date		269,189
Interest Collected - Nursing Loans	\$ 396	
Interest Cancelled - Nursing Loans	<u>240</u>	<u>636</u>
Total Capital before Cancellation of Principal and Interest		269,825
Deduct: Cancellation of Principal Nursing Loans (Employment)	1,703	
Cancellation of Principal Nursing Loans (Death)	1,550	
Cancellation of Interest Nursing Loans	<u>240</u>	<u>3,493</u>
TOTAL FUND		<u>\$266,332</u>

EXHIBIT F

THE UNIVERSITY OF ARIZONA
SUMMARY OF SECURITIES OWNED
JUNE 30, 1969

		<u>Book</u>	<u>Value</u>
ENDOWMENT AND GIFT FUNDS			
U.S. Government Bonds & Treasury Bills	\$ 100,001		
Other Bonds	831,150		
Corporate Securities	1,455,405		
Participation in Trust Fund	25,008		
Savings Accounts	<u>93,140</u>	\$ 2,504,704	
STUDENT LOAN FUNDS			
U.S. Government Bonds	10,000		
Corporate Securities	<u>81,524</u>	91,524	
AUXILIARY ENTERPRISES			
Investment Income			
Corporate Securities	15,042		
Student Union			
Corporate Securities	<u>250</u>	15,292	
REGENTS RESERVE FOR SMALL GROUP HOUSING			
U.S. Treasury Bills		82,344	
EDUCATIONAL FACILITIES CONSTRUCTION FUNDS			
U.S. Treasury Bills		7,336,136	
STUDENT UNION CONSTRUCTION FUND			
U.S. Treasury Bills		2,600,594	
BOND SINKING FUND INVESTMENTS (Exhibit G)			
U.S. Government Securities	2,589,963		
Other Bonds	4,000		
Time Deposits	<u>10,000</u>	2,603,963	
TREASURER BOARD OF REGENTS LOCAL FUNDS			
U.S. Treasury Bills		<u>970,224</u>	
TOTAL SECURITIES OWNED		<u>\$16,204,781</u>	

THE UNIVERSITY OF ARIZONA
SINKING FUND CASH AND INVESTMENTS, AND BONDS PAYABLE
JUNE 30, 1969

EXHIBIT G

Series of	For Construction of	Sinking Fund Cash	Sinking Fund Investments	Sinking Fund Total	Bonds Outstanding	Bond Interest Rates	Date of Final Maturity
1940	Pima Hall	\$ 4,020	\$ -	\$ 4,020	\$ 3,000	4%	1-1-1970
1941	Yavapai Hall	11,249	28,500	39,749	41,000	2-1/2, 3%	8-1-1971
1953	Coconino Hall	14,577	35,313	49,890	301,000	3.01%	7-1-1993
1955	Graham and Greenlee Halls	12,977	101,496	114,473	751,000	3-1/4%	1-1-1995
1956	Apache, Santa Cruz, Mohave and Manzanita Halls	1,068	410,413	411,481	1,819,000	2-3/4%	10-1-1996
1957	Huachuca and Kaibab Halls	1,865	262,483	264,348	938,000	2-7/8%	10-1-1997
1960	Small Group Housing	874	339,669	340,543	2,251,000	3-1/8%	9-1-2000
1962	Sonora Hall	781	110,219	111,000	1,391,000	3-3/8%	4-1-2002
1963	Arizona Hall	511	119,008	119,519	1,353,000	3, 3-1/4, 3.4, 3-1/2%	4-1-2003
1964	Stadium Addition	349	142,589	142,938	1,620,000	4-1/2, 3.7, 1.1%	12-1-1994
1965	Coronado Hall	528	158,038	158,566	2,751,000	3%	10-1-2005
1966	Educational Facility Series A)	499	580,532	581,031	12,375,000	5, 4.8%	6-1-1996
1967	Educational Facility Series B)				5,255,000	5, 4-1/2, 4-1/4, 4.3, 4.4%	6-1-1996
1966-67	Educational Facility Revenue Fund	929	285,098	286,027			
1967	Married Student Housing	346	-	346	2,500,000	3-3/4%	10-1-2007
1968	Student Union Memorial Building Addition	994	30,605	31,599	2,950,000	6, 5-1/2, 5.4, 5-1/4%	6-1-1998
TOTALS		<u>\$ 51,567</u>	<u>\$2,603,963</u>	<u>\$2,655,530</u>	<u>\$36,299,000</u>		