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GARAGE

EXAMINATION REPORT

JULY 1, 1967 TO JUNE 30, 1968

Report No. 150

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for the Arizona Board of Regents

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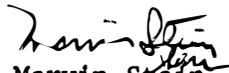
GARAGE

EXAMINATION REPORT

To the Arizona Board of Regents:

The report presented herewith covers the examination of the accounts of the University of Arizona Garage Fund for the fiscal year ended June 30, 1968.

Respectfully submitted,

  
Marvin Stein  
Supervising Examiner

  
E. Q. Scully  
Examiner

February 25, 1969

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UNIVERSITY OF ARIZONA

GARAGE

EXAMINATION REPORT

JULY 1, 1967 TO JUNE 30, 1968

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UNIVERSITY OF ARIZONA

GARAGE

EXAMINATION REPORT

JULY 1, 1967 TO JUNE 30, 1968

FINANCIAL SUMMARY

Using the modified accrual method applied in examination reports for prior years, the garage had a net income of \$39,188 in 1967-68. This compares with net income of \$36,591 in 1966-67, an increase of \$2,597. Income from operations increased \$4,242 and gains on traded vehicles added \$3,349. This was offset however by an increase of \$4,994 in the cost of vehicles transferred to Physical Plant.

During the year four 1961 Ford pickups with a book value of \$983 were transferred to Physical Plant and five 1950 and 1951 pickups from Physical Plant were used as trade-ins for new Garage vehicles. An allowance of \$340 was received for these vehicles.

The traffic patrol fleet, previously owned by Physical Plant, was added to the Garage rental fleet during the year. These three 1964 Ford sedans were used by the Garage as trades on the purchase of five new cars to be rented to the Traffic Department. The trade-in value of the three cars was \$1,514.

The Garage purchased a new D6 Caterpillar with hydraulic dozer for Physical Plant at a net cost of \$6,000.

COMMENTS ON OPERATIONS

Exhibit A shows the income and expenses for the fiscal years ended June 30, 1968 and 1967. Comments relating to Exhibit A appear below.

Gross Income from Vehicle Rentals \$166,040

The Garage fleet consisted of 91 rental vehicles as of June 30, 1967. During the 1967-68 year thirty vehicles were traded for 1968 models and thirty-four vehicles were added to the fleet. The Garage also owns an older vehicle used only for Garage business, making a total fleet of 126 vehicles as of June 30, 1968. Most of the new vehicles were delivered near the end of the fiscal year so the current statements reflect the operation of the older fleet.

The total mileage for all rental vehicles in 1967-68 was 1,468,959 compared with 1,360,927 miles in 1966-67. Gross income from vehicle rental was \$166,040, an increase of \$15,115 over the \$150,925 received in 1966-67.

The following table shows the number of vehicles and total indicated gross rental revenue for each category of rental vehicle in 1967-68 based upon the elapsed mileage determined from beginning and ending odometer readings for the year.

<u>Category</u>	<u>Number of Vehicles</u>	<u>Miles Traveled</u>	<u>Rental Rate</u>	<u>Gross Rental Revenue</u>
Light Passenger Cars	50	933,715	.10	\$ 93,372
Pickup Trucks	33	197,286	.10	19,729
Medium Passenger Cars	1	10,491	.10	1,049
Station Wagons	15	186,363	.12	22,364
4 Wheel Drive Suburbans	7	47,029	.15	7,054
Heavy Trucks	5	39,780	.17	6,763
Heavy Trucks	3	22,002	.20	4,400
Mobile Laboratory	1	-	.25	-
Large Buses	8	32,293	.30	9,688
Cushman Scooters	<u>2</u>	<u>\$40.00 Month</u>		<u>960</u>
	<u>125</u>	<u>1,468,959</u>	<u>-</u>	<u>\$ 165,379</u>

The difference of \$661 between the computed mileage income shown above and the total mileage income shown in Exhibit A represents unadjusted overbillings for the year and adjustments to the prior years billings.

Chauffer Charges \$4,415

The Garage furnishes drivers for the buses and, on occasion, for other vehicles. The total charges for 1967-68 were \$4,415 compared with \$3,055 in 1966-67.

Sales of Supplies, Parts and Services \$33,793

The Garage furnishes gas, oil, tires and parts for vehicles operated by the Physical Plant Department and certain other departments. The amount billed by the Garage in 1967-68 was \$33,793 compared with \$25,148 in 1966-67.

Total Operating Expenses \$163,304

Total operating expenses for 1967-68 were \$163,304 compared with \$142,453 in 1966-67, an increase of \$20,851.

Wages increased \$4,122 due in part to the additional \$1,360 in chauffer wages mentioned above. The balance of the increase is accounted for by normal merit and personnel increases.

Motor vehicle operation expense increased \$11,162 which is largely explained by the increase of \$8,645 in sales of supplies. The cost of these parts and supplies is carried in this account.

Depreciation increased \$4,025 due to the increase in mileage traveled. Depreciation is based on the estimated mileage-life for each vehicle.

The service charge assessed by the Business Office increased \$792 over 1966-67 expense in this category. The charge is based on 1/2% of operating and capital expenditures. The Garage spent \$149,015 for new vehicles in 1967-68 whereas the 1966-67 year had no fleet purchases.

COMMENTS ON BALANCE SHEET (EXHIBIT B)

Cash on Deposit with Business Office \$150,178

Cash on deposit with the Business Office as of June 30, 1968 was \$150,178, a decrease of \$68,910 compared with the \$219,088 balance at June 30, 1967.

<u>Investment in Motor Vehicles</u>	<u>\$287,526</u>
<u>Less: Accumulated Depreciation</u>	<u>\$100,544</u>

The Garage fleet had an estimated undepreciated value of \$186,982 as of June 30, 1968 compared with \$77,527 as of June 30, 1967. Changes made in the fleet during the 1967-68 year, as mentioned above, left the fleet with 64 rental vehicles less than one year old and 61 older vehicles.

<u>Fund Balance</u>	<u>\$348,727</u>
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The Garage fund balance as of June 30, 1968 was \$348,727, an increase of \$39,188 over the balance as of June 30, 1967. The increase represents the net income for the year.

EXHIBIT AUNIVERSITY OF ARIZONAGARAGESTATEMENT OF INCOME AND EXPENSESFOR THE YEARS ENDED JUNE 30, 1968 AND 1967.

	<u>Year</u> <u>1967-68</u>	<u>Year</u> <u>1966-67</u>	<u>Increase</u> <u>(Decrease)</u>
<b>INCOME</b>			
Rental of Motor Vehicles	\$ 166,040	\$ 150,925	\$ 15,115
Chauffer Charges	4,415	3,055	1,360
Sales of Supplies, Parts and Services	33,793	25,148	8,645
Miscellaneous Income	<u>24</u>	<u>51</u>	<u>( 27)</u>
Total Income	<u>204,272</u>	<u>179,179</u>	<u>25,093</u>
<b>EXPENSES</b>			
Wages	39,032	34,910	4,122
Office Expenses	275	120	155
Telephone	218	200	18
Operating Supplies	330	810	( 480)
Laundry	495	364	131
Insurance	4,473	4,468	5
Payroll Taxes and Insurance	3,520	2,416	1,104
Motor Vehicle Operations	76,492	65,330	11,162
Motor Vehicle Depreciation	36,792	32,767	4,025
Repairs to Equipment and Buildings	164	60	104
Equipment	-	310	( 310)
Travel	143	120	23
Business Office Service Charge	<u>1,370</u>	<u>578</u>	<u>792</u>
Total Operating Expenses	<u>163,304</u>	<u>142,453</u>	<u>20,851</u>
NET OPERATING INCOME	40,968	36,726	4,242
Deduct: Vehicles Transferred to Physical Plant	<u>5,129</u>	<u>135</u>	<u>4,994</u>
	35,839	36,591	( 752)
Add: Gain on Vehicles Traded	<u>3,349</u>	<u>-</u>	<u>3,349</u>
NET INCOME	<u>\$ 39,188</u>	<u>\$ 36,591</u>	<u>\$ 2,597</u>

EXHIBIT B

UNIVERSITY OF ARIZONA

GARAGE

BALANCE SHEET

JUNE 30, 1968 AND 1967

	<u>June 30,</u> <u>1968</u>	<u>June 30,</u> <u>1967</u>	<u>Increase</u> <u>(Decrease)</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash on Deposit with Business Office	\$ 150,178	\$ 219,088	\$ ( 68,910)
Accounts Receivable	<u>18,573</u>	<u>16,225</u>	<u>2,348</u>
Total Current Assets	<u>168,751</u>	<u>235,313</u>	<u>( 66,562)</u>
FIXED ASSETS			
Investment in Motor Vehicles	287,526	193,008	94,518
Less: Accumulated Depreciation	<u>100,544</u>	<u>115,481</u>	<u>( 14,937)</u>
Net Investment in Motor Vehicles	<u>186,982</u>	<u>77,527</u>	<u>109,455</u>
Total Assets	<u>\$ 355,733</u>	<u>\$ 312,840</u>	<u>\$ 42,893</u>
<u>LIABILITIES AND FUND BALANCE</u>			
CURRENT LIABILITIES			
Accounts Payable	\$ 7,006	\$ 3,301	\$ 3,705
FUND BALANCE	<u>348,727</u>	<u>309,539</u>	<u>39,188</u>
Total Liabilities and Fund Balance	<u>\$ 355,733</u>	<u>\$ 312,840</u>	<u>\$ 42,893</u>