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Examination of Income from Sales of Products of
THE EXPERIMENTAL FARMS OF THE UNIVERSITY OF ARIZONA

July 1, 1960 to June 30, 1961

Report No. 74

Office of the General Examiner
for the Board of Regents of
the Universities and State College of Arizona

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

To the Board of Regents of the
Universities and State College of Arizona

The report presented herewith covers our examination of the records pertaining to sales of products of the University of Arizona Experimental Farms and the Feed Experiment Fund for the fiscal year 1960-61; and for the Commerical Feed, Fertilizer Materials, and Pesticides Funds (State Chemist's Office) for the calendar year 1960.

Respectfully submitted,

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January 31, 1962

EXPERIMENTAL FARMS OF THE UNIVERSITY OF ARIZONA

EXAMINATION OF INCOME FROM PRODUCT SALES

JULY 1, 1960 TO JUNE 30, 1961

CONTENTS

	<u>Page</u>
Hatch Sales and Farm Sales Income Summary	1
Feed Experiment Fund	1
State Chemist's Collections	2
Comments on Accounting Records	2
 Financial Statements:	
Exhibit A: Summary of Collections for Hatch Sales and Farm Sales Accounts for the Years Ended June 30, 1961 and 1960	3
Schedule 1: Experimental Farms, Summary of Product Sales for the Year Ended June 30, 1961	4
Exhibit B: Summary of Feed Experiment Collections and Expenditures for the Years Ended June 30, 1961 and 1960	5
Exhibit C: Summary of State Chemist's Collections and Expenditures for the Year Ended December 31, 1960	6

EXPERIMENTAL FARMS OF THE UNIVERSITY OF ARIZONA

EXAMINATION OF INCOME FROM PRODUCT SALES

JULY 1, 1960 TO JUNE 30, 1961

Hatch Sales and Farm Sales Income Summary

Total income applicable to Hatch Sales and Farm Sales combined in 1960-61, as shown in Exhibit A, was \$244,155. This was an increase of \$32,762 over the combined total income of \$211,393 collected for these two accounts in 1959-60.

The following table shows the allocation of the above total collections between Hatch Sales and Farm Sales in 1960-61 and 1959-60. (Hatch Sales income is credited to local restricted funds, whereas Farm Sales income is credited to State collections - budgeted funds.)

	<u>1960-61</u>	<u>1959-60</u>	<u>Increase</u>
Hatch Sales	\$ 134,950	\$ 117,694	\$ 17,256
Farm Sales	<u>109,205</u>	<u>93,699</u>	<u>15,506</u>
<u>Total Income</u>	<u>\$ 244,155</u>	<u>\$ 211,393</u>	<u>\$ 32,762</u>

Exhibit A shows the total income from product sales of each of the Experimental Farms and other income for 1960-61 and 1959-60. Substantial income increases occurred in 1960-61 for the Department of Dairy Science, the Tucson Farm, and the Poultry Farm.

Schedule 1 gives a breakdown of the income of each farm by categories of products sold in 1960-61. The following table compares total income from major products for all farms in 1960-61 and 1959-60:

	<u>1960-61</u>	<u>1959-60</u>	<u>Increase (Decrease)</u>
Milk and Dairy Products	\$ 94,707	\$ 77,680	\$ 17,027
Cotton	40,511	44,915	(4,404)
Citrus Fruit	28,704	25,431	3,273
Beef Animals	25,318	19,523	5,795
Eggs and Poultry	20,741	9,873	10,868
Other Products & Misc.	<u>5,378</u>	<u>5,221</u>	<u>157</u>
<u>Total Farm Sales</u>	<u>215,359</u>	<u>182,643</u>	<u>32,716</u>
Other Collections (Foundation Seed, Research Projects, etc.)	<u>28,796</u>	<u>28,750</u>	<u>46</u>
<u>Total Income</u>	<u>\$ 244,155</u>	<u>\$ 211,393</u>	<u>\$ 32,762</u>

The above tabulation shows that the total increase in Hatch Sales and Farm Sales income was derived principally from increased sales of milk and dairy products and eggs and poultry.

Feed Experiment Fund

Exhibit B summarizes the fiscal transactions of the Feed Experiment Fund for 1960-61 and 1959-60. (This is a local restricted fund separate from the Hatch Sales account.)

The Feed Experiment Fund had expenditures of \$124,052 in 1960-61 against income of \$99,130. The \$24,922 excess of expenditures over income in 1960-61 increased the cash overdraft of the Fund from \$44,811 at June 30, 1960 to \$69,733 at June 30, 1961.

According to the inventory submitted by the Head of the Animal Science Department at June 30, 1961, the overdraft of \$69,733 was covered by an inventory valuation for animals and feed on hand at that date totaling \$101,352. We verified the number of animals shown on hand according to the inventory with quantities computed by us to be on hand according to project purchases and sales records. However, we did not physically verify the number of animals by count, nor did we verify the valuation of the animals on hand as determined by the estimated weights and selling prices used by the Department.

State Chemist's Collections

We examined the collection accounts and supporting records of the State Chemist for the Commercial Feed, Fertilizer Materials, and Pesticides Funds for the calendar year 1960. Exhibit C summarizes the transactions in these three State Restricted Funds for the registration year ended December 31, 1960.

We found the income records in the State Chemist's Office in very good condition.

Comments on Accounting Records

During and after the close of the fiscal year 1960-61, we visited most of the Experimental Farms, and several related departmental offices, to examine the records of product sales.

In our report on farm sales income for the year 1959-60 we made several detailed recommendations pertaining to the records of dairy production, milk processing, and disposition of dairy animals. We are glad to report that our recommendations concerning the dairy production and milk processing records have been put into effect, and appear to be working out well. With respect to the records of animal dispositions, certain procedural problems were encountered in differentiating between Animal Science Department sales and Dairy sales, but we believe that these difficulties have now been solved.

We suggest at this time that consideration be given to purchasing a small cash register for the Milk Processing Plant for use to record sales of ice cream. In 1960-61 sales of ice cream totaled \$3,574, or an average of approximately \$70 per week. Sales in 1961-62 are running at an increased rate, presumably because of a reduction in price to \$1.25 per gallon of ice cream from the former selling price of \$1.50. We feel that the purchase of a small cash register is justified by the assistance it will afford in accounting for sales and in handling the cash received.

University of ArizonaSummary of Collections for Hatch Sales and Farm Sales Accountsfor the Years Ended June 30, 1961 and 1960

	<u>1960-61</u>	<u>1959-60</u>	<u>Increase (Decrease)</u>
<u>Product Sales</u>			
Dairy Science Department	\$ 99,677	\$ 88,396	\$ 11,281
Tucson Farm	22,502	11,419	11,083
Poultry Farm	20,741	9,873	10,868
Salt River Valley Citrus Research Station	13,674	8,931	4,743
Cotton Research Station	16,919	14,269	2,650
Marana Farm	18,942	22,650	(3,708)
Mesa Farm	969	3,049	(2,080)
Safford Farm	2,201	3,288	(1,087)
Yuma Farm	<u>19,734</u>	<u>20,768</u>	<u>(1,034)</u>
<u>Total Product Sales</u>	<u>\$ 215,359</u>	<u>\$ 182,643</u>	<u>\$ 32,716</u>
<u>Other Collections</u>			
Foundation Seed	8,526	14,047	(5,521)
Publication Sales	214	10	204
Meat Laboratory Service Fee	-0-	392	(392)
Research Projects and Misc. Collections	16,832	13,775	3,057
Agric. Chem. and Soils Lab. (Water and Soil Tests)	<u>3,224</u>	<u>526</u>	<u>2,698</u>
<u>Total Other Collections</u>	<u>28,796</u>	<u>28,750</u>	<u>46</u>
<u>Total Collections per Examination</u>	<u>\$ 244,155</u>	<u>\$ 211,393</u>	<u>\$ 32,762</u>
<u>Reconciliation with Business Office Office Reports:</u>			
<u>Collections per Books</u>			
Hatch Sales	\$ 134,505	\$ 117,694	
Farm Sales	<u>108,734</u>	<u>93,699</u>	
<u>Total Collections per Books</u>	243,239	211,393	
Add: Accts. Receivable End of Yr.	942	-0-	
Deduct: Accts. Payable End of Yr.	<u>26</u>	<u>-0-</u>	
<u>Total Net Collections per Examination Report</u>	<u>\$ 244,155</u>	<u>\$ 211,393</u>	

Schedule 1

Experimental Farms of the University of Arizona

Summary of Product Sales

for the Year Ended June 30, 1961

<u>Products</u>	<u>Dept. of Dairy Science</u>	<u>Tucson Farm</u>	<u>Poultry Farm</u>	<u>S.R.V. Citrus Res. Stat.</u>	<u>Cotton Research Station</u>	<u>Marana Farm</u>	<u>Mesa Farm</u>	<u>Safford Farm</u>	<u>Yuma Farm</u>	<u>Total Product Sales</u>
Milk & Milk Prods.	\$ 94,707	\$	\$	\$	\$	\$	\$	\$	\$	\$ 94,707
Beef Animals	4,798	20,520								25,318
Wool		223								223
Sheep		597								597
Cotton		500			16,919	18,942	802	1,595	1,753	40,511
Eggs & Poultry			20,741							20,741
Hay							70	326	1,470	1,866
Grain, etc.							67	207		274
Citrus Fruit				13,424					15,280	28,704
Dates and Palm Offshoots				250			10		244	504
Expense Refunds								42	937	979
Premiums on Animals		606								606
Miscellaneous	172	56					20	31	50	329
<u>Total Collections</u>	<u>\$ 99,677</u>	<u>\$ 22,502</u>	<u>\$ 20,741</u>	<u>\$ 13,674</u>	<u>\$ 16,919</u>	<u>\$ 18,942</u>	<u>\$ 969</u>	<u>\$ 2,201</u>	<u>\$ 19,734</u>	<u>\$ 215,359</u>

University of Arizona

Summary of Feed Experiment Collections and Expenditures
for the Years Ended June 30, 1961 and 1960

	<u>1960-61</u>	<u>1959-60</u>	<u>Increase (Decrease)</u>
<u>Collections from Sales of Animals, etc.</u>	\$ <u>99,130</u>	\$ <u>133,933</u>	<u>\$(34,803)</u>
<u>Expenditures</u>			
Freight	1,811	515	1,296
Purchase of Animals	91,158	86,949	4,209
Feed and Supplies	31,083	38,079	(6,996)
Miscellaneous	<u>-0-</u>	<u>26</u>	<u>(26)</u>
<u>Total Expenditures</u>	<u>124,052</u>	<u>125,569</u>	<u>(1,517)</u>
<u>Net Collections (Expenditures)</u>	<u>(24,922)</u>	<u>8,364</u>	<u>(33,286)</u>
Cash Balance (Overdraft), Beginning of Year	<u>(44,811)</u>	<u>(53,175)</u>	
<u>Cash Balance (Overdraft), End of Year (Notes 1 and 2)</u>	<u>\$(69,733)</u>	<u>\$(44,811)</u>	

Note 1: Valuation of June 30 inventory of Animals and Feed per Departments' estimate as adjusted by Examiner

\$ 101,352	\$ 57,988
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Note 2: Cash balance reflects \$759 in collections and \$13,624 in payments recorded by Business Office in July 1960 but applicable to 1959-60 fiscal year's operation; also \$18,392 expenditures recorded by the Business Office in July, 1961, but applicable to the 1960-61 fiscal year's operation.

Exhibit C

University of Arizona
Summary of State Chemist's Collections and Expenditures
for the Year Ended December 31, 1960

	<u>Comm'l. Feed</u>	<u>Fertilizer Materials</u>	<u>Pesticides</u>	<u>Total</u>
<u>Fund Cash Balances,</u> <u>Jan. 1, 1960</u>	\$ <u>8,398</u>	\$ <u>19,986</u>	\$ <u>17,330</u>	\$ <u>45,714</u>
<u>Collections Jan. 1, 1960-</u> <u>Dec. 31, 1960</u>	24,670	27,919	31,689	84,278
<u>Less 10% to State General</u> <u>Fund</u>	<u>2,467</u>	<u>2,792</u>	<u>3,169</u>	<u>8,428</u>
<u>Net Collections</u>	<u>22,203</u>	<u>25,127</u>	<u>28,520</u>	<u>75,850</u>
<u>Total Available</u>	30,601	45,113	45,850	121,564
<u>Expenditures, Jan. 1, 1960-</u> <u>Dec. 31, 1960</u>	<u>25,019</u>	<u>25,290</u>	<u>23,451</u>	<u>73,760</u>
<u>Fund Cash Balances,</u> <u>Dec. 31, 1960</u>	\$ <u>5,582</u>	\$ <u>19,823</u>	\$ <u>22,399</u>	\$ <u>47,804</u>