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

July 1, 1962 to June 30, 1963

Report No. 97

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 of the Feed Experiment Fund for the fiscal year
ended June 30, 1963; and of the collections records of
the Commercial Feed, Fertilizer Materials, and Pesticides
Funds (State Chemist's Office) for the calendar year
1962.

Respectfully submitted,


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General Examiner


Sylvester A. Morey
Examiner

February 21, 1964

EXPERIMENTAL FARMS OF THE UNIVERSITY OF ARIZONA

EXAMINATION OF INCOME FROM PRODUCT SALES

JULY 1, 1962 TO JUNE 30, 1963

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EXPERIMENTAL FARMS OF THE UNIVERSITY OF ARIZONA

EXAMINATION OF INCOME FROM PRODUCT SALES

JULY 1, 1962 TO JUNE 30, 1963

Hatch Sales and Farm Sales Income Summary

Total income applicable to Hatch Sales and Farm Sales combined in 1962-63, as shown in Exhibit A, was \$289,064. This was an increase of \$6,646 over the combined total income of \$282,418 collected for these two accounts in 1961-62.

The following table shows the allocation of the above total collections between Hatch Sales and Farm Sales in 1962-63 and 1961-62. (Hatch Sales income is credited to local restricted funds, whereas Farm Sales income is credited to State collections - budgeted funds.)

	<u>1962-63</u>	<u>1961-62</u>	<u>Increase (Decrease)</u>
Hatch Sales	\$176,244	\$163,456	\$12,788
Farm Sales	<u>112,820</u>	<u>118,962</u>	<u>(6,142)</u>
<u>Total Income</u>	<u>\$289,064</u>	<u>\$282,418</u>	<u>\$ 6,646</u>

Exhibit A shows the total income from product sales of each of the Experimental Farms and other income for 1962-63 and 1961-62.

Schedule 1 analyzes each farm's income according to product categories in 1962-63. The following table compares total income from major products for all farms in 1962-63 and 1961-62:

	<u>1962-63</u>	<u>1961-62</u>	<u>Increase (Decrease)</u>
Milk and Dairy Products	\$ 88,178	\$ 105,887	\$ (17,709)
Cotton	54,271	54,533	(262)
Beef and other Animals	38,422	26,541	11,881
Citrus Fruits	35,120	28,756	6,364
Eggs and Poultry	16,284	18,724	(2,440)
Other Products and Misc.	7,064	6,970	94
<u>Sub-total (Schedule 1)</u>	<u>239,339</u>	<u>241,411</u>	<u>(2,072)</u>
Other Collections (Foundation Seed, Research Projects, etc.)	<u>49,725</u>	<u>41,007</u>	<u>8,718</u>
<u>Total Income (Exhibit A)</u>	<u>\$ 289,064</u>	<u>\$ 282,418</u>	<u>\$ 6,646</u>

It will be seen from the above tabulation that the increase of \$6,646 in total income is attributable to collections in areas other than direct sales of farm products.

Feed Experiment Fund

Exhibit B summarizes the fiscal transactions of the Feed Experiment Fund for the fiscal years 1962-63 and 1961-62. This is a local restricted fund, involving cattle feeding experimentation, which is separate from the Hatch Sales Fund.

The Feed Experiment Fund had income of \$162,490, mainly from sales of cattle. Against this income, expenditures of \$151,755 were made to purchase cattle and

feed. The excess of income over expenditures, amounting to \$10,735 in 1962-63, reduced the cash overdraft of the Fund from \$26,436 at July 1, 1962 to \$15,701 at June 30, 1963. The value of the inventory of animals and feed on hand at June 30, 1963, as estimated by the Department of Animal Science, was much in excess of the cash overdraft at that date.

Our verification of the inventory of animals on hand at June 30, 1963 was limited to reconciliation of the number of animals shown on the inventory to be on hand with the number computed by us to be on hand based upon project purchases and sales records. We did not verify the quantities by actual count, nor did we verify the valuations placed upon the animals as determined by the estimated weights and selling prices used by the Department of Animal Science.

State Chemist's Collections

Exhibit C summarizes the calendar year 1962 transactions in the Commercial Feed, Fertilizer Materials, and Pesticides Funds, in which funds are recorded the transactions pertaining to the Office of the State Chemist. We examined the collections transactions and supporting records in detail, but we did not examine expenditure transactions, inasmuch as all expenditures of these funds are subject to pre-audit by the Office of the State Auditor.

We found the collections records in the Office of the State Chemist in very good condition.

Comments on Accounting Records

During and after the close of the fiscal year 1962-63, we visited most of the Experimental Farms, and several related departmental offices, to examine the records of product sales.

We found the records to be generally in satisfactory condition. All suggestions made were minor, and procedural in nature, and so do not require mention in this report.

Exhibit A

University of Arizona

Summary of Collections for Hatch Sales and Farm Sales Accounts

for the Years Ended June 30, 1963 and 1962

	<u>Year</u> <u>1962-63</u>	<u>Year</u> <u>1961-62</u>	<u>Increase</u> <u>(Decrease)</u>
<u>Product Sales</u>			
Dairy Science Department	\$ 102,774	\$ 112,906	\$ (10,132)
Animal Science Department	15,988	- 0 -	15,988
Poultry Science Department	16,284	18,724	(2,440)
Citrus Research Station	17,785	18,089	(304)
Cotton Research Station	25,321	26,286	(965)
Marana Farm	21,097	17,376	3,721
Mesa Farm	1,553	1,442	111
Safford Farm	1,884	2,682	(798)
Tucson Farm	7,838	22,401	(14,563)
Yuma Farm	28,815	21,505	7,310
<u>Total Product Sales</u>	<u>239,339</u>	<u>241,411</u>	<u>(2,072)</u>
<u>Other Collections</u>			
Foundation Seed	12,864	9,867	2,997
Agric. Chem. and Soils Lab.	4,627	3,935	692
Ariz. Beef Cattle Improvement Station	10,425	13,188	(2,763)
Research Projects and Misc. Collections	21,809	14,017	7,792
<u>Total Collections per Examination</u>	<u>\$ 289,064</u>	<u>\$ 282,418</u>	<u>\$ 6,646</u>
<u>Reconciliation with Business Office Reports:</u>			
<u>Collections per Books</u>			
Hatch Sales	\$ 176,244	\$ 163,901	
Farm Sales	<u>112,820</u>	<u>119,433</u>	
<u>Total Collections</u>	289,064	283,334	
Deduct: Net Accounts Receivable, Beginning of Year	<u>- 0 -</u>	<u>916</u>	
<u>Total Collections per Examination</u>	<u>\$ 289,064</u>	<u>\$ 282,418</u>	

Schedule 1

Experimental Farms of the University of Arizona

Summary of Product Sales

for the Year Ended June 30, 1963

<u>Products</u>	<u>Dept. of Dairy Science</u>	<u>Dept. of Animal Science</u>	<u>Dept. of Poultry Science</u>	<u>Citrus Research Station</u>	<u>Cotton Research Station</u>	<u>Marana Farm</u>	<u>Mesa Farm</u>	<u>Safford Farm</u>	<u>Tucson Farm</u>	<u>Yuma Farm</u>	<u>Total</u>
Milk & Milk Products	\$ 88,178										\$ 88,178
Beef & Other Animals	14,596	\$ 15,988							\$ 7,838		38,422
Citrus Fruit				\$ 17,685						\$ 17,435	35,120
Cotton					\$ 25,321	\$ 21,062	\$ 295	\$ 1,024		6,569	54,271
Eggs & Poultry			\$ 16,284								16,284
Dates				100							100
Grain, etc.							792	107		245	1,144
Hay							67	482		214	763
Safflower							323	59			382
Vegetables							76				76
Pecans								187			187
Miscellaneous						35		25		4,352	4,412
Total	<u>\$ 102,774</u>	<u>\$ 15,988</u>	<u>\$ 16,284</u>	<u>\$ 17,785</u>	<u>\$ 25,321</u>	<u>\$ 21,097</u>	<u>\$ 1,553</u>	<u>\$ 1,884</u>	<u>\$ 7,838</u>	<u>\$ 28,815</u>	<u>\$ 239,339</u>

Exhibit B

University of Arizona

Summary of Feed Experiment Fund Collections and Expenditures
for the Years Ended June 30, 1963 and 1962

	<u>Year</u> <u>1962-63</u>	<u>Year</u> <u>1961-62</u>	<u>Increase</u> <u>(Decrease)</u>
<u>Collections from Sales of Animals, etc.</u>	<u>\$ 162,490</u>	<u>\$ 180,705</u>	<u>\$ (18,215)</u>
<u>Expenditures</u>			
Freight	325	4,544	(4,219)
Purchase of Animals	102,972	91,344	11,628
Feed and Supplies	<u>48,458</u>	<u>41,520</u>	<u>6,938</u>
<u>Total Expenditures</u>	<u>151,755</u>	<u>137,408</u>	<u>14,347</u>
<u>Net Collections</u>	<u>10,735</u>	<u>43,297</u>	<u>\$ (32,562)</u>
Cash Balance (Overdraft), Beginning of Year	<u>(26,436)</u>	<u>(69,733)</u>	
<u>Cash Balance (Overdraft), End of Year (Note 1)</u>	<u>\$(15,701)</u>	<u>\$(26,436)</u>	
Note 1: Valuation of June 30 Inventory of Animals and Feed per Department's Estimate as Adjusted by Examiner	\$ 94,341	\$ 94,159	

Exhibit C

University of Arizona
Summary of State Chemist's Collections and Expenditures
for the Year Ended December 31, 1962

	<u>Commercial Feed</u>	<u>Fertilizer Materials</u>	<u>Pesticides</u>	<u>Total</u>
<u>Fund Cash Balance, Jan. 1, 1962</u>	<u>\$ 9,044</u>	<u>\$ 18,753</u>	<u>\$ 17,657</u>	<u>\$ 45,454</u>
Collections, Jan. 1, 1962 to Dec. 31, 1962	33,676	31,657	31,481	96,814
Less 10% to State General Fund	<u>3,367</u>	<u>3,166</u>	<u>3,148</u>	<u>9,681</u>
<u>Net Collections</u>	<u>30,309</u>	<u>28,491</u>	<u>28,333</u>	<u>87,133</u>
<u>Total Available</u>	39,353	47,244	45,990	132,587
Expenditures, Jan. 1, 1962 to Dec. 31, 1962	<u>24,567</u>	<u>28,892</u>	<u>28, 157</u>	<u>81,616</u>
<u>Fund Cash Balance, Dec. 31, 1962</u>	<u>\$ 14,786</u>	<u>\$ 18,352</u>	<u>\$ 17,833</u>	<u>\$ 50,971</u>