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Report of Examination of the Accounts of the

RESIDENCE HALLS

UNIVERSITY OF ARIZONA

July 1, 1957 to June 30, 1958

Report No. 41

REG 23:2 54 R 37 / 1958

Report of Examination of the Accounts of the

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UNIVERSITY OF ARIZONA

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Report No. 41

Office of the General Examiner  
for the Board of Regents of  
the University and State Colleges of Arizona

EXAMINATION OF RESIDENCE HALL ACCOUNTS

UNIVERSITY OF ARIZONA

To the Board of Regents of the  
University and State Colleges of Arizona

The report submitted herewith covers the examination of the accounts of the Residence Halls of the University of Arizona for the fiscal year ended June 30, 1958. The report also includes projections of estimated income and expenses for the fiscal years 1958-59 and 1959-60.

The financial summary at the beginning of the report presents the major figures relating to operation of the dormitory system for 1957-58 and estimates of 1958-59 and 1959-60 operating results.

Respectfully submitted,

*Alfred B. Nettleton*

Alfred B. Nettleton  
General Examiner for  
the Board of Regents

August 27, 1958

UNIVERSITY OF ARIZONA  
RESIDENCE HALLS  
EXAMINATION REPORT  
FOR THE YEAR ENDED JUNE 30, 1958

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UNIVERSITY OF ARIZONA

RESIDENCE HALLS

EXAMINATION REPORT

FOR THE YEAR ENDED JUNE 30, 1958

Financial Summary

Financial Position of All Residence Units at June 30, 1958

The total dormitory surplus (local funds) at June 30, 1958 was \$75,985 compared with a deficit of \$44,457 at June 30, 1957. The gain of \$120,442 represents the net income to local funds for the fiscal year 1957-58. This was made possible by charging operating expenses totaling \$177,707 against appropriated funds in the category of student welfare, as provided in the approved budget for the year 1957-58.

Comparison of 1957-58 and 1956-57 Combined Operating Results

The combined operating results for all residence units in 1957-58 and 1956-57 appear in Exhibit A. These results are summarized as follows:

	<u>1957-58</u>	<u>1956-57</u>	<u>Increase (Decrease)</u>
Gross Income	\$ 525,503	\$ 460,727	\$ 64,776
Operating Expenses	390,882	330,913	59,969
<u>Net Operating Income</u>	<u>\$ 134,621</u>	<u>\$ 129,814</u>	<u>\$ 4,807</u>
Bond Service	191,886	130,588	61,298
<u>Net Income (Loss)</u>	<u>\$( 57,265)</u>	<u>\$( 774)</u>	<u>\$ 56,491</u>
Charged to Budget:			
Dean of Women	\$ 10,000	\$ 7,802	\$ 2,198
Student Housing	167,707	-0-	167,707
<u>Total</u>	<u>\$ 177,707</u>	<u>\$ 7,802</u>	<u>\$ 169,905</u>
<u>Adjusted Net Income</u>	<u>\$ 120,442</u>	<u>\$ 7,028</u>	<u>\$ 113,414</u>

The increase of \$64,776 in gross income was due to an increase in the number of tenants housed in 1957-58. Four new dormitories were opened in the fall of 1957 providing space for an additional 368 women and 364 men students. Total average occupancy decreased from 93.3% in 1956-57 to 76.0% in 1957-58, however. Rental rates in 1957-58 were the same as those in effect in 1956-57.

Operating expenses increased \$59,969 in 1957-58 due to the opening of the four additional dormitories. Material reductions were accomplished in supplies expense and in capital replacements.

Bond service increased \$61,298 because of the first required payment on the bonds for the four new dormitories. This payment was \$60,000, representing half a year's service on the bonds. (Due to lateness of completion, the first payment did not become due until April 1, 1958.)

Estimated 1958-59 and 1959-60 Operating Results

Exhibit B presents a forecast for 1958-59 and 1959-60 prepared from the information presently available. The estimates include the operation of Huachuca and Kaibab Halls, which are to be opened in the fall of 1958.

In 1958-59 no budgetary assistance is available for dormitory operation, except for the portion of head residents' salaries to be paid from the Dean of Women's budget. The net loss to local funds for the year 1958-59 is projected at \$124,740, which will leave a deficit in local dormitory funds of \$48,755 at June 30, 1959.

The 1959-60 forecast is predicated upon budgetary assistance to dormitory operation in amount of \$113,300 in addition to the portion of head residents' salaries to be paid from the Dean of Women's budget. This assistance is included in the University of Arizona's request budget for 1959-60. Based upon the assumption that the requested dormitory assistance will be granted, a net income to local funds of \$56,082 is projected, which will result in a local fund dormitory surplus of \$7,327 at June 30, 1960.

In preparing these forecasts it has been assumed that the approximately 10% increase in rental rates becoming effective in the fall of 1958 will not materially effect average occupancy, and that occupancy will be comparable with 1957-58 occupancy adjusted for additional facilities to become available in 1958-59 and for an increase in campus residents as enrollment increases. The average academic year occupancy per cents estimated are 75% for 1958-59 and 85% for 1959-60. (The actual in 1957-58 was 76%.)

Comments on 1957-58 Operations

Per Cent of Occupancy in 1957-58 and 1956-57

The following summary compares the listed capacity and per cent of average occupancy for the various dormitories in 1957-58 and 1956-57:

	Listed Capacity		Per Cent of Actual Occupancy	
	1957-58	1956-57	1957-58	1956-57
<u>Women's Dormitories</u>				
Coconino Hall	152	152	91.9%	90.2%
Manzanita Hall	184	---	46.6	----
Mohave Hall	184	---	75.6	----
Gila Hall	150	150	74.9	103.0
Yuma Hall	156	156	76.6	97.2
Maricopa Hall	116	125	87.5	94.9
Yavapai Hall	200	200	92.7	94.4
Pima Hall	33	33	99.2	100.0
<u>Total - Women's Dorms.</u>	<u>1,175</u>	<u>816</u>	<u>77.1%</u>	<u>97.5%</u>
<u>Men's Dormitories</u>				
Graham Hall	170	170	90.0%	87.2%
Greenlee Hall	170	170	94.1	95.1
Apache Hall	182	---	53.3	----
Santa Cruz Hall	182	---	64.2	----
Arizona Hall	58	58	95.9	94.1
Cochise Hall	150	150	84.1	97.3
Navajo Hall	88	88	73.5	92.3
Pinal Hall	78	78	81.7	92.6
Stadium Dorm.	87	87	45.0	73.8
Hopi Lodge	124	124	78.5	94.8
Papago Lodge	124	124	70.4	80.4
<u>Total - Men's Dorms.</u>	<u>1,413</u>	<u>1,049</u>	<u>75.0%</u>	<u>90.1%</u>
<u>Total - All Dorms.</u>	<u>2,588</u>	<u>1,865</u>	<u>76.0%</u>	<u>93.3%</u>

Dormitory capacity was increased by 723 in 1957-58, but the average number of actual residents only increased by 250. Therefore, the average occupancy per cent of all dormitories decreased 17.3.

The average occupancy of the Quonsets, not included in the above summary, was 98.5% in 1957-58 compared with 98.0% in 1956-57.

Five Year Comparison of Dormitory Rental Rates

The following tabulation shows the rental rates becoming effective in 1958-59 compared with the rates charged in the preceding four years:

	Academic Year Rate (Double Room)				
	1958-59	1957-58	1956-57	1955-56	1954-55
<u>Women's Dorms.</u>					
Coconino Hall	\$ 256	\$ 232	\$ 232	\$ 200	\$ 200
Manzanita Hall	256	232	---	---	---
Mohave Hall	256	232	---	---	---
Gila Hall	224	200	200	176	160
Yuma Hall	224	200	200	176	160
Yavapai Hall	204	184	184	160	145
Maricopa Hall	204	184	184	160	135
Pima Hall	196	176	176	152	135

Academic Year Rate (Double Room)  
1958-59 1957-58 1956-57 1955-56 1954-55

<u>Men's Dorms.</u>					
Graham Hall	\$ 256	\$ 232	\$ 232	\$ ---	\$ ---
Greenlee Hall	256	232	232	---	---
Apache Hall	256	232	---	---	---
Santa Cruz Hall	256	232	---	---	---
Huachuca Hall	256	---	---	---	---
Kaibab Hall	256	---	---	---	---
Arizona Hall	196	176	176	152	135
Cochise Hall	196	176	176	152	135
Navajo Hall	196	176	176	152	135
Pinal Hall	196	176	176	152	135
Stadium Dorm.	196	176	176	152	135
Hopi Lodge	196	176	176	152	135
Papago Lodge	196	176	176	152	135
<u>Weighted Average</u>	<u>\$ 232</u>	<u>\$ 206</u>	<u>\$ 197</u>	<u>\$ 163</u>	<u>\$ 148</u>

The above table shows that in 1958-59 rental rates will have increased for the third time in five years, the weighted average rising from \$148 in 1954-55 to \$232 in 1958-59. This is an increase of \$84, or approximately 57%, during the five-year period. Inasmuch as all of the facilities constructed during the past five years have been refrigerated buildings, they have been assigned the highest rental rates. This has caused the weighted average rental rate to increase more than the actual rate increase on the older dormitories. For example, the rental rate for Papago Lodge has increased \$61 since 1954-55, which is an increase of 45% compared with the 57% increase in the weighted average for all spaces.

Gross Income of Individual Dormitories in 1957-58 Compared with 1956-57

The gross income of each dormitory and the Quonsets for 1957-58 is compared with gross income for 1956-57 in the following summary:

	<u>Gross Income</u>		<u>Increase</u>
	<u>1957-58</u>	<u>1956-57</u>	<u>(Decrease)</u>
<u>Women's Dormitories</u>			
Coconino Hall	\$ 38,322	\$ 42,988	\$ ( 4,666)
Manzanita Hall	24,140	-0-	24,140
Mohave Hall	37,615	-0-	37,615
Gila Hall	23,093	33,690	(10,597)
Yuma Hall	24,662	32,008	( 7,346)
Maricopa Hall	19,128	23,131	( 4,003)
Yavapai Hall	34,790	35,711	( 921)
Pima Hall	5,815	5,954	( 139)
<u>Total - Women's Dorms.</u>	<u>\$ 207,565</u>	<u>\$ 173,482</u>	<u>\$ 34,083</u>
<u>Men's Dormitories</u>			
Graham Hall	\$ 42,989	\$ 41,652	\$ 1,337
Greenlee Hall	37,559	38,549	( 990)
Apache Hall	24,337	-0-	24,337
Santa Cruz Hall	27,938	-0-	27,938
Arizona Hall	9,842	10,012	( 170)
Cochise Hall	22,385	27,196	( 4,811)
Navajo Hall	11,467	14,417	( 2,950)
Pinal Hall	11,280	12,922	( 1,642)
Stadium Dorm.	7,455	11,369	( 3,914)
Hopi Lodge	17,282	21,530	( 4,248)
Papago Lodge	15,597	20,061	( 4,464)
<u>Total - Men's Dorms.</u>	<u>\$ 228,131</u>	<u>\$ 197,708</u>	<u>\$ 30,423</u>
<u>Quonsets</u>	<u>\$ 89,807</u>	<u>\$ 89,537</u>	<u>\$ 270</u>
<u>Total - All Residence Units</u>	<u>\$ 525,503</u>	<u>\$ 460,727</u>	<u>\$ 64,776</u>

The above tabulation shows that total dormitory income increased \$64,776 in 1957-58, the increase in income being accounted for mainly by increased total number of tenants at the same rental charges as applied in the previous year.

However, the increase in number of tenants was far below the number of new dormitory spaces which became available in 1957-58. Therefore, with one exception (Graham Hall), the total gross income of all of the dormitories other than the new ones completed in 1957-58 decreased. The decreases in total dollars of gross income correspond approximately with the decreases in average occupancy percentages shown in a previous tabulation in the report.

Total Expenses of Individual Dormitories in 1957-58

It is not practical to present a comparison of the total expenses of individual dormitories for 1957-58 and 1956-57. In 1957-58 expenses totaling \$167,707 for all dormitories were charged to the Student Housing budget, and expenses totaling \$405,061 were charged to local dormitory funds. Those expenses charged to the Student Housing budget were not allocated completely to individual dormitories on the University's books. The time required to compile an accurate and complete analysis for individual dormitories would be more than the results would justify, in the examiner's opinion.

Expenditures for Bond Service

Bond service cost for all bonded dormitories in operation in 1957-58 totaled \$191,886, allocated to individual dormitories as follows:

	<u>Interest and Service Fees</u>	<u>Principal</u>	<u>Sinking Fund</u>	<u>Total</u>
<u>Women's Dorms.</u>				
Coconino Hall	\$ 11,929	\$ 6,000	\$ 6,081	\$ 24,010
Manzanita Hall	7,563	-0-	7,437	15,000
Mohave Hall	7,562	-0-	7,438	15,000
Gila Hall	2,105	5,000	-0-	7,105
Yuma Hall	2,105	5,000	-0-	7,105
Yavapai Hall	4,766	8,000	-0-	12,766
Pima Hall	1,011	1,500	-0-	2,511
<u>Total - Women's Dorms.</u>	<u>\$ 37,041</u>	<u>\$ 25,500</u>	<u>\$ 20,956</u>	<u>\$ 83,497</u>
<u>Men's Dorms.</u>				
Graham Hall	\$ 16,386	\$ 7,000	\$ 5,864	\$ 29,250
Greenlee Hall	16,386	7,000	5,864	29,250
Apache Hall	7,563	-0-	7,437	15,000
Santa Cruz Hall	7,562	-0-	7,438	15,000
Stadium Dorm.	970	3,000	-0-	3,970
Hopi Lodge	1,960	6,000	-0-	7,960
Papago Lodge	1,959	6,000	-0-	7,959
<u>Total - Men's Dorms.</u>	<u>\$ 52,786</u>	<u>\$ 29,000</u>	<u>\$ 26,603</u>	<u>\$ 108,389</u>
<u>Total - All Dorms.</u>	<u>\$ 89,827</u>	<u>\$ 54,500</u>	<u>\$ 47,559</u>	<u>\$ 191,886</u>

In 1958-59 total bond service cost will approximate \$319,680, an increase of \$127,794 over 1957-58. The increase reflects a full year's service on the bonds for Apache, Manzanita, Mohave and Santa Cruz Hall bonds instead of a half year's service on these bonds in 1957-58 (increased cost \$60,000), plus a full year's service on the bonds for Huachuca and Kaibab Halls (cost \$68,000).

The following table shows the estimated cost of total bond service for each bonded dormitory in terms of academic year tenant for 1957-58 and 1958-59 compared with academic year rental rates. The number of tenants used to determine bond service cost per tenant is the listed capacity of each dormitory.

	<u>1957-58</u>		<u>1958-59</u>	
	<u>Rent</u>	<u>Bond Service</u>	<u>Rent</u>	<u>Bond Service</u>
Coconino Hall	\$ 232	\$ 158	\$ 256	\$ 156
Graham Hall	232	172	256	171
Greenlee Hall	232	172	256	171
Apache Hall	232	82 (1/2 Yr.)	256	164
Santa Cruz Hall	232	82 " "	256	164
Manzanita Hall	232	82 " "	256	164
Mohave Hall	232	82 " "	256	164
Huachuca Hall	---	---	256	191
Kaibab Hall	---	---	256	191

	1957-58		1958-59	
	Per Tenant		Per Tenant	
	Rent	Bond Service	Rent	Bond Service
Gila Hall	\$ 200	\$ 47	\$ 224	\$ 46
Yuma Hall	200	46	224	44
Yavapai Hall	184	64	204	67
Pima Hall	176	77	196	74
Stadium Dorm.	176	46	196	68
Hopi Lodge	176	64	196	62
Papago Lodge	<u>176</u>	<u>64</u>	<u>196</u>	<u>62</u>
<u>Average Per Tenant -</u>				
<u>All Dorms.</u>	<u>\$ 206</u>	<u>\$ 74</u>	<u>\$ 232</u>	<u>\$ 110</u>

The foregoing tabulation shows that average per tenant bond service in 1958-59 will be \$36 higher than in 1957-58, while average per tenant rental income will increase \$26. Therefore, per tenant, the dormitory system will have to absorb \$10 more net outlay for bond service than in 1957-58. Inasmuch as the above figures are based upon full occupancy of all dormitories, and bond service is a fixed cost, whatever vacancy factor occurs will cause a more unfavorable result per actual average tenant than appears in the table.

#### Comments On Accounting Procedures

The Manager of Student Housing has redesigned the major forms used by that department so that the room payment record card, dormitory assignment card, refund authorization card, and linen card will all be created simultaneously for each tenant. This change is highly desirable for saving time and gives every indication of being well planned.

As previously mentioned, the Business Office did not maintain a complete breakdown, by individual dormitories, of expenses paid from budgeted funds in 1957-58. It is strongly recommended that such a breakdown be maintained in 1959-60, if budgeted funds are available for dormitory assistance in that year.

Exhibit A

University of Arizona

Residence Halls

Statement of Income and Expenses (Local and Budgeted Funds)

for the Years Ended June 30, 1958 and 1957

		<u>1957-58</u>			
	<u>Local Funds</u>	<u>Budgeted Funds</u>	<u>Total</u>	<u>1956-57 Total</u>	<u>Increase (Decrease)</u>
<u>Income</u>					
Acad. Yr. Rentals (1)	\$ 495,093	\$	\$ 495,093	\$ 433,427	\$ 61,666
Summer Rentals	18,617		18,617	16,301	2,316
Miscellaneous Income	<u>11,793</u>		<u>11,793</u>	<u>10,999</u>	<u>794</u>
<b>TOTAL INCOME</b>	<u>525,503</u>	<u>-0-</u>	<u>525,503</u>	<u>460,727</u>	<u>64,776</u>
 <u>Operating Expenses</u>					
Salaries	4,400	40,500	44,900	35,461	9,439
Wages	77,088	22,554	99,642	71,903	27,739
Student Wages	45,644	-0-	45,644	34,566	11,078
Off. Supplies & Postage	508	87	595	328	267
Telephone	8,690	749	9,439	6,943	2,496
Operating Supplies	12,064	3,611	15,675	22,016	(6,341)
Utilities	30,914	28,118	59,032	46,689	12,343
Laundry	9,696	-0-	9,696	9,170	526
Insurance	568	6,710	7,278	2,516	4,762
Payroll Taxes	5,608	-0-	5,608	8,479	(2,871)
Repairs	11,702	74,397	86,099	75,545	10,554
Capital Expend.	2,949	542	3,491	12,664	(9,173)
Other Expenses	<u>3,344</u>	<u>439</u>	<u>3,783</u>	<u>4,633</u>	<u>( 850)</u>
<b>TOTAL OPER. EXPENSES</b>	<u>213,175</u>	<u>177,707</u>	<u>390,882</u>	<u>330,913</u>	<u>59,969</u>
<u>Net Oper. Income (Loss)</u>	312,328	(177,707)	134,621	129,814	4,807
<u>Bond Service</u>	<u>191,886</u>	<u>-0-</u>	<u>191,886</u>	<u>130,588</u>	<u>61,298</u>
<u>Net Income (Loss)</u>	<u>120,442</u>	<u>(177,707)</u>	<u>( 57,265)</u>	<u>( 774)</u>	<u>56,491</u>
 <u>Charged to Budget</u>					
Dean of Women		10,000	10,000	7,802	2,198
Student Housing		<u>167,707</u>	<u>167,707</u>		<u>167,707</u>
<b>TOTAL</b>	<u>-0-</u>	<u>177,707</u>	<u>177,707</u>	<u>7,802</u>	<u>169,905</u>
<u>Net Income (Loss)</u>					
<u>Local Funds</u>	<u>\$ 120,442</u>	<u>\$ -0-</u>	120,442	7,028	<u>\$ 113,414</u>
<u>Surplus (Deficit) Beginning</u>			( 44,457)	( 51,485)	
<u>Surplus (Deficit) Ending</u>			<u>\$ 75,985</u>	<u>( \$ 44,457)</u>	

(1) Listed capacity of dormitories:  
 1957-58 = 2588  
 1956-57 = 1865

Exhibit B

University of Arizona

Residence Halls

Statement of Estimated Income and Expenses  
for the Years Ending June 30, 1959 and 1960

	1958-59			1959-60 <u>Total</u>
	<u>Present Facilities</u>	<u>Huachuca- Kaibab</u>	<u>Total</u>	
<u>Listed Capacity (Dorms.)</u>	<u>2,558</u>	<u>358</u>	<u>2,916</u>	<u>2,916</u>
<u>Income</u>				
Acad. Yr. Rentals at 100% (1)	\$ 676,603	\$ 91,648	\$ 768,251	\$ 768,251
Summer Session Rentals (2)	18,000		18,000	18,000
Miscellaneous Income (3)	11,500	500	12,000	12,000
Vacancy Provision (4)	(150,249)	(22,912)	(173,161)	(105,409)
<u>TOTAL GROSS INCOME</u>	<u>555,854</u>	<u>69,236</u>	<u>625,090</u>	<u>692,842</u>
<u>Operating Expenses</u>				
Salaries (5)	49,550		49,550	51,725
Wages	152,000	13,500	165,500	167,000
Office Expense & Telephone	10,000	1,000	11,000	11,000
Operating Supplies	20,000	2,500	22,500	22,500
Utilities (6)	60,000	6,000	66,000	68,000
Laundry	10,000	1,500	11,500	12,500
Insurance	7,500	2,500	10,000	10,000
Payroll Taxes	7,000	200	7,200	7,200
Repairs	86,000	1,500	87,500	87,500
Capital Expend.	5,000	1,500	6,500	6,500
Other Expenses	4,000	300	4,300	4,500
<u>TOTAL OPERATING EXPENSES</u>	<u>411,050</u>	<u>30,500</u>	<u>441,550</u>	<u>448,425</u>
<u>Net Operating Income</u>	<u>144,804</u>	<u>38,736</u>	<u>183,540</u>	<u>244,417</u>
<u>Bond Service</u>	<u>251,430</u>	<u>68,250</u>	<u>319,680</u>	<u>313,260</u>
<u>Net Income (Loss)</u>	<u>\$(106,626)</u>	<u>\$(29,514)</u>	<u>(136,140)</u>	<u>(68,843)</u>
<u>Charged to Budget</u>				
Dean of Women			11,400	11,625
Student Housing				113,300
<u>TOTAL</u>			<u>11,400</u>	<u>124,925</u>
<u>Net Income (Loss) Local Funds</u>			(124,740)	56,082
<u>Surplus (Deficit) Beginning</u>			<u>75,985</u>	<u>(48,755)</u>
<u>Surplus (Deficit) Ending</u>			<u>\$ (48,755)</u>	<u>\$ 7,327</u>

Notes to Exhibit B

- (1) Academic year rental income for dormitories and fiscal year rental income for Quonsets.
- (2) Summer Session rental income in 1958-59 and 1959-60 is estimated at slightly more than the 1957-58 actual.
- (3) Miscellaneous income is estimated at approximately the same total amount as 1957-58.
- (4) Vacancy provision for 1958-59 represents 25% of total academic year dormitory rental and 4.167% of fiscal year rental for Quonsets. For 1959-60 the vacancy provision is 15% of total academic year dormitory rentals and 4.167% of Quonset rentals.
- (5) Salaries consist of:
- |                                    | <u>1958-59</u>   | <u>1959-60</u>   |
|------------------------------------|------------------|------------------|
| Head Residents                     | \$ 29,050        | \$ 29,925        |
| Housing Office                     | 12,000           | 12,650           |
| Supervisor of Quonsets             | 4,600            | 4,800            |
| Asst. Div. of Physical Plant (1/2) | <u>3,900</u>     | <u>4,350</u>     |
| <u>Total</u>                       | <u>\$ 49,550</u> | <u>\$ 51,725</u> |
- (6) Utilities expense includes heating costs.