

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)

SEVENTY-SIXTH LEGISLATURE

HOUSE

NO. 721

House of Representatives, April 10, 1913.

On motion of Mr. Boman, ordered printed.

W. R. ROIX, Clerk.

STATE OF MAINE

To the Honorable Senate and House of Representatives:

By an order of the legislature adopted in both branches on March twenty-first the Joint Standing Committee on State Prison was directed to investigate the financial condition and management of the Prison and report to the legislature during the present session.

On Saturday, March twenty-second, a majority of the Committee visited the Prison and examined all departments. We found a considerable quantity of carriages and wagons, which we were informed was about the usual number for this time of year and most of which should be sold during the approaching spring and summer season. There are about one hundred sleighs on hand, which is somewhat more than usual at this period of the year. Weather conditions in the past winter have made the sale of sleighs exceedingly difficult. These sleighs cannot be sold until another winter, and in the meantime

will need to be re-varnished. The average price of the sleighs at wholesale is thirty dollars, and this figure should be obtained when they are sold.

The harness department has the usual amount of stock on hand, which is adequate for present requirements. There are few completed harnesses, however, as all of the work of this department is on orders, and the harnesses are sold as fast as made, and none are carried in stock.

The paint and varnish rooms are supplied with a quantity of paints, oils, varnishes, etc., fully equal to the average stock on hand, and sufficient for all requirements.

In the broom department, work was entirely suspended, all of the men standing or sitting idly at the benches. No one was employed. This condition was due to the lack of stock with which to complete the manufacture of brooms which had been commenced.

In the blacksmith shop thirty prisoners are ordinarily employed, but owing to the lack of stock there was work for only ten. Two-thirds of the prisoners in this department were without employment on this account. The enforced idleness of so many prisoners necessarily means a substantial loss in the operation of the Prison. Necessary supplies have been ordered, and as soon as they are received, the condition in these two departments will be improved and remedied. But it must be borne in mind that the bills against the Prison, hereafter referred to, will be increased by the amount of these purchases.

There has been no uniform system of accounting in the

Prison departments and the method of keeping the books and accounts is inaccurate and unsuited to the requirements of the Institution.

The gross assets of the Prison on December 1, 1910, consisted of stock on hand \$81,188.81; cash in bank \$7,506.80; cash in safe \$68.93; accounts receivable \$21,543.52; a total of \$110,308.06. Deducting amount due convicts \$1,191.76; accounts payable \$11,473.96; making the total debt of \$12,665.72 leaves a net balance of \$97,642.34.

The gross assets for the year 1911 are as follows: Stock on hand November 29, 1911, \$64,881.88. Cash in bank \$4,982.59; cash in safe \$598.15; accounts receivable \$21,223.10; a total of \$91,685.72. Deducting from this the amount due convicts \$888.03; accounts payable \$8,899.79; a total debt of \$9,787.82, thus leaves a balance of \$81,897.90.

The gross assets for the year 1912 are as follows: Stock on hand \$69,869.60; cash in bank \$2,451.40; cash in safe \$320.95; accounts receivable \$21,969.71; a total of \$94,611.66. Deducting from this the amount due convicts \$731.20; accounts payable \$16,419.23; a total of \$17,150.43, thus leaves a balance of resources at the Prison of \$77,461.23.

The account of stock lately taken by the officers of the Prison and the Prison Inspectors is as follows:

Stock as per list.....	\$62,412 45
Cash on hand.....	173 83
Bills receivable	17,738 05
	<hr/>
Making the total resources.....	\$80,324 33

Deducting from this the amount due		
convicts (estimated)	\$750	00
Accounts payable, including the two		
notes at bank.....	21,234	54
		21,984 54
Thus leaving a balance above liability.....	\$58,339	79

We understand the difference in the value of stock on hand February 1, 1911, and the stock taken on the same basis December, 1910, showed a deficiency in value of about \$14,000, to this amount should be added that allowed for worthless accounts charged off to profit and loss 1911 and 1912, \$2338.03, also the estimated discount or decline in the price of brooms manufactured and the raw material amounting to \$2700.00.

The loss in running the prison for Dec. 1, 1911 to Dec. 1, 1912 as per the report of Warden Wiggin amounted to \$4381.27. These discounts in taking account of stock Feb., 1911, added to the poor bills and deficiency in values amount to \$23,419.30. You will notice that the total net resources Nov. 30, 1910, at the time Warden Wiggin took charge were \$97,642.34. The last net balance Mar., 1913, \$58,339.79 thus showing a deficiency of \$39,302.55, from this we should deduct the amount of \$23,419.30 stated above which still leaves a deficiency of \$15,883.25. We do not approve the method of taking account of stock at the institution. The parties in charge stated to us that there was no way of ascertaining the cost of the several articles manufactured, that the usual system of taking account was to take them at the selling price instead of at

what it cost to manufacture, thereby allowing the full value and making no allowance for the expense of selling. You can readily see that any warden who takes charge of this institution, by manufacturing large quantities of wagons, sleighs, brooms, furniture, etc., can show that the institution is run at a profit regardless of the fact that no goods of any quantity are sold, that his successor will be obliged to work a year to sell this old stock and have to make discounts amounting probably to thousands of dollars besides the expense of selling. We consider this method is wrong, there should be a way of figuring the cost of each article and when stock is taken, it should be figured at cost and not the selling price. Then any warden would receive credit for what had been sold. We were notified April fifth that the firm of Lewis A. Brown & Co., of Boston, who owed the state \$2574.65 had failed and settled up as a bankrupt and that not one dollar of this is available, thereby cutting the bills receivable down to \$15,163.40 and the total net resources to \$55,765.14. We see but one way to explain this shortage of \$22,964.52. It has cost part of this amount to run the Prison more than the prisoners have earned and the difference in value between that fixed by the officials that have taken this stock Mar. 7, 1913, and those who made the value at the time Warden Wiggin took charge Feb., 1911. Your committee has no way of ascertaining this fact as there seems to be no record of the values set at that time, Feb., 1911. We can not state that these differences will cover this amount. Warden Wiggin stated to us that he had a sales book at the Prison, that he kept a full

account of everything sold. The parties at the Prison when we were there stated there was no sales book found. We recommend that the same be examined if found and ascertain if the goods sold from Dec. 1, 1912, to Mar. 17, 1913, added to the stock taken on the later date will agree after adding the sales less the purchases.

The members of the committee feel certain that it will be impossible to conduct the Prison profitably or economically without an appropriation for the payment of the outstanding bills. Many of these accounts are long overdue and for the credit of the state they should be paid at once. The warden is writing letters of apology to creditors who are asking for their money. The manufactured goods on hand can not be sold at present for enough to meet them and all of the current income will be needed for the current expenses. To get the best results from the operation of the Prison, the warden should have sufficient funds constantly on hand to buy all supplies and stock for cash thus securing the trade discounts allowed on cash purchases. He should also be able to take advantage of the market and to buy in sufficient quantities to obtain the lowest prices. In the harness department alone purchases amounting to \$14,000.00 have been made in two months and a discount of two per cent. for cash on all purchases in all departments would effect a saving equal to the salaries of two or more of the subordinate officials of the Prison. But cash purchases can not properly be made until overdue accounts are paid. With less than \$200.00 on hand and nearly \$22,000.00 of unpaid bills out-

standing, on part of which interest at the rate of six per cent. is being paid, it is evident that the warden can not possibly purchase supplies for cash and at the same time extinguish this indebtedness, from current income.

It has apparently never been the policy of the state to insure its Prison property and no insurance is carried on any of the buildings or contents.

RECOMMENDATIONS.

We approve of the employment of an expert accountant to provide an improved and comprehensive system of accounting for the Prison.

We advise the purchase of a safe for the Prison office, to provide proper protection for the books and papers of the institution.

We recommend the appropriation of \$20,000.00 by a deficiency resolve to provide for payment of the outstanding debts of the prison, which should be passed as an emergency measure so that the amount will be immediately available.

We believe that the term of the warden should expire on a definite date, when the assets of the Prison should be delivered to his successor and receipted for.

We suggest to the Governor and Council that they consider the expediency of insuring the Prison workshops and contents especially the harness shop and contents, and of installing the

sprinkler system in these buildings to obtain the advantage of lowest rates of insurance.

April 9, A. D. 1913.

Respectfully submitted,

P. W. BENTON,

C. DOHERTY,

CHAS J. CHASE,

ALEX. C. HAGERTHY,

G. F. MANSFIELD,

BENJ. F. STURGIS,

H. D. MAXWELL,

THOMAS W. SKELTON,

Committee on State Prison.