

MAINE STATE LEGISLATURE

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MAINE PUBLIC DOCUMENTS

July 1, 1934 - June 30, 1936

STATE OF MAINE

Sixteenth Report

of the

Department of Audit



**Published pursuant to Chapter 216 Article VI,
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**For Period
July 1, 1934 to June 30, 1935**



STATE OF MAINE
DEPARTMENT OF AUDIT

Augusta, October 1, 1935

The law requires an annual report by the Department of Audit the same to be "in summary form." As stated in previous reports the present force in the office is available for only a small part of the auditing which the law requires. However, in the past year a larger force has been employed and more work has been accomplished than in any like period for four years. It is expected that in the coming fiscal year more will be accomplished than in the past year.

MUNICIPAL ACCOUNTING DIVISION

The year 1934-1935 has been an active one in this division. There have been audits in the following cities and towns:

Belgrade, Brewer, Byron, Canton, Carmel, Dexter, Durham, Dyer Brook, Farmingdale, Hartland, Hallowell, Livermore Falls, Livermore Falls Water District, Mexico, Newport, Owl's Head, Pittsfield, Randolph, Readfield, Rome, Troy, Turner, Westport, Wilton, Windsor, Winslow, Winthrop, and Woolwich, a total of 28 separate towns or agencies of government. At the close of the fiscal year a detailed audit over a three year period was being conducted in the city of Biddeford which was not concluded until well into the current fiscal year.

The State uniform system of accounts has been installed in Brooksville, Columbia Falls, Dyer Brook, Georgetown, Guilford, Hartland, Lincolnville, Merrill, Milbridge, Poland, Rangeley Plantation, Raymond, Roxbury, Somerville, South Bristol, Sumner, Trenton, Unity, Wellington and Weston, a total of 20. A few of the salient points regarding these audits are here selected for comment. The department welcomes specific inquiry in relation to these audits, the great mass of working papers being on file here from which additional information can be gathered.

Belgrade. An annual audit of the books of this town for the fiscal year 1934-35 was completed. The accounts were well kept. The net debt shows a slight decrease from the previous year, or from \$6,051.85 in 1933-34 to \$5,599.57 in 1934-35. This town is especially to be commended for the business-like manner in which its trust funds are cared for. The entire amount of the trust funds, \$19,156.50, is represented by cash deposits. This is in marked contrast to so many of our municipalities, which have borrowed their trust funds and are taxing their citizens for the annual interest on same, thus converting what was meant to be a benefit into a continuing liability, in violation of the spirit, if not the actual letter of the law. (Sect. 93, Chapter 5, R. S.).

Brewer. An annual audit of the books of this city for the fiscal year ending January 14, 1935, has been completed. The accounts are well kept. The ministerial and school fund, also the cemetery trust funds are in cash deposits and amount to \$939.36 and \$26,553.50, respectively. A substantial amount of the city debt is paid each year. The net debt shows a reduction of nearly \$12,000.00 over the previous year, which shows excellent management. Total cash available in the year, \$326,509.31; expenditures, \$317,623.70. Some 22% of the 1934 taxes remain uncollected.

Byron. An annual audit of the books of this town was completed for the fiscal year ending February 14, 1935. Total receipts for the year were \$14,200.24; expenditures, \$14,113.31. The town carries a substantial cash balance which is carefully conserved. The financial affairs of the town are carefully and conservatively managed. Only 2½% of the 1934 taxes remain uncollected.

Canton. An annual audit of the books of this town was completed. The cemetery trust funds of \$2,958.42 are represented by cash deposits, but the town owes a note of \$1,021.23 to the ministerial and school fund. The net town debt or liabilities over assets of \$24,059.90 is large for a town of this size. Nearly 20% of the 1934 taxes remain uncollected.

Dexter. An annual audit of the books of this town was completed. The accounts are well kept and a reduction in the net town debt of \$7,045.66 is commendable. Approximately 11% per cent of the 1934 taxes remained uncollected.

Durham. Annual audit of the books of this town for the year 1934-35. The 1934 commitment of taxes totaled \$21,509.88. Collector turned over to treasurer \$19,716.29; uncollected tax is \$615.36; tax deeds, \$1,092.53; abatements, \$85.70. The net debt was reduced \$1,431.92, or from \$8,400.49 to \$6,968.57.

Hallowell. An audit of the books of the treasurer of Hallowell was made for the calendar year 1934. Due to the severe illness and subsequently the death of the treasurer the accounts were in a good deal of confusion. This was increased by the custom of the treasurer in paying many bills in cash instead of by check and his applying many bills payable on tax accounts, for which incomplete records were made. Total receipts for the year, including \$1,441.35 cash on hand at beginning of year 1934, were \$120,055.60; expenditures, \$119,774.20. The bonded debt of the city is \$63,000.00 and there is a floating debt of \$26,000.00. On January 1, 1935, unpaid 1934 taxes amounted to ~~\$65,809.91~~, and for 1933, ~~\$5,631.78~~.

\$18,146.65

\$21,025.03

Hartland. A detailed audit of the treasurer's and collector's accounts for the years 1933 and 1934, also the excise tax account for the years 1930 to 1934 inclusive, was completed. Many of the records had been mislaid or lost and recourse had to be had to the printed town reports, which gave no date on which payments were made. Likewise no dates were given for payments by the collector of taxes to the treasurer, nor were dates given for payment by the treasurer of selectmen's orders, school orders or school payrolls. There was no evidence that the treasurer's balance was verified or his bank account reconciled or cash on hand counted by anyone prior to July 2, 1934. The treasurer struck no balance of his cash receipts and payments except at the end of each fiscal year. In view of all these omissions and discrepancies in the accounts they were naturally in a good deal of confusion. It was apparent in the first days of the audit that the cash balance as shown was incorrect. It was finally determined after a long and most painstaking analysis of the accounts that in addition to the actual cash on hand, and allowing certain credits to the treasurer, that on February 20, 1930, there should have been in his hands an additional amount aggregating more than he could actually show of \$8,169.69. The treasurer showed that he had paid certain notes at the bank, which in fact had not been paid by him, and the balance of \$3,000.00 on the State tax for 1929 was paid February 25, 1930, from some source other than the town's regular checking account. At the close of the next fiscal year (1931) the required cash balance of the treasurer was \$9,751.49. The treasurer also took credit on February 20, 1931, for having paid a demand note at the bank for \$3,000.00, when as a matter of fact said note was not paid in that fiscal year, but was paid in the following year, a week later. At the close of the following year (1931-1932) there was a required cash balance at the bank of \$8,491.64, and actual cash of only \$2,052.64, or a deficiency in cash of \$6,439.00. February 27, 1933, the treasurer took credit for having paid four demand notes totaling \$8,000.00, when the same were not then paid, but were paid after the bank holiday. At the end of the year 1932-1933 there was a required cash balance of \$16,281.43. At the end of April, 1933, there was a required cash balance of \$10,858.45. At the end of the year 1933-1934 there was a required cash balance of \$13,582.19, more than \$10,000.00 larger than the balance shown by the town report to be in the treasurer's hands. However, instead of there then being a cash balance of \$3,569.62, there was an actual overdraft at the bank of \$1,604.55. In other words, the treasurer was actually accountable for \$15,186.74. In March, April, May and June, 1934, there were introduced through the cash transactions of the treasurer the sum of \$13,129.68 more than the actual receipts of the treasurer from regular sources during that period. In the meantime the treasurer had charged

himself with the \$8,000.00 of notes which he had taken credit for payment of on February 27, 1933, and which had not then been paid, and also took credit for \$1,500.00 for a check issued to the Fidelity Trust Company and likewise took credit for \$200.00 payment to Hartland Academy. These totaled \$9,700.00, and brought his required cash balance by his books that much nearer the true required cash balance. By July 2, 1934 he had his actual cash balance to within \$1,404.29 of being in an amount to cover his cash balance as computed by himself, to which should be added by corrected figures \$652.77 or a total of \$2,057.06 of having enough cash to cover the requirements of his official position. As in a measure explaining the above situation the treasurer states he had another envelope containing cash and checks which for some reason he failed to show to the representative of the State Department of Audit when his cash was counted July 2, 1934. He was later able to pay an interest bearing order of \$1,000.00 from the receipts so later discovered. Before the completion of the audit the entire difference in cash had been made good.

The State accounting system has now been installed in this town. Its careful use will prevent a recurrence of the confusion and inaccuracy that has been a feature in the accounting of this town during the past four or five years.

Livermore Falls. An audit of the accounts of the selectmen, treasurer and collector was made for the year ended February 1, 1935. The result reflects a careful handling of the affairs of the town. The net debt February 1, 1935, was \$71,572.61. The ministerial and school fund is represented by cash and amounts to \$1,378.25. The cemetery trust funds are also represented by cash and total \$2,445.00. Of the tax commitment of \$93,202.82 for 1934, but \$4,044.32 remained uncollected at the close of the year.

Livermore Falls Water District. An audit of the district was completed for the calendar year 1934. There was fixed capital of \$184,319.00, of which \$177,117.82 was general plant. There were current assets of cash \$2,870.74, notes receivable \$6,500.00 and accounts receivable of \$361.80. Of other assets there were \$40,440.13. Of liabilities there were outstanding bonds of \$100,000.00, a sinking fund reserve of \$14,036.92, contributions for extensions, \$1,395.00, and reserve for depreciation, \$47,116.81. Surplus balance January 1, 1934, was \$70,788.55; net profit for the year \$3,154.39; deducted for sinking fund \$2,000.00, making total surplus \$71,942.94.

Mexico. An audit of the accounts of the collector of taxes of this town for the years 1932, 1933 and 1934 was completed. A shortage of \$9,596.04 was found. The bonding company has settled in full with the town for the amount so determined.

Owl's Head. An annual audit of the accounts of this town for the municipal year 1934-1935 was conducted. There was cash on hand of \$628.55 and cash impounded of \$819.78; uncollected taxes, \$2,824.48; tax deeds for 1930-1933, inclusive, \$1,040.16; cemetery trust fund, represented by cash, \$900.00; due account of school repairs and school supplies, \$162.76; total assets, \$6,375.73. Of liabilities there was an unpaid temporary loan of \$1,000.00; Bay View Society note, \$225.00; unexpended school appropriation, \$418.49; accounts payable, \$1,039.54; cemetery trust reserve, \$900.00; net surplus, \$2,792.70.

Randolph. An audit of the books and accounts of this town for the fiscal year ended March 1, 1935, was completed. The detailed audit of the accounts receivable had to be done after the town report was prepared and published. This account had not been correctly kept, in fact, the books had not been posted from the first of June until sometime in October and the opening entries from the balance sheet of the previous year had never been made. It was therefore very difficult to obtain the true standing of the accounts. The net debt of the town increased \$2,110.54 from the previous year or from \$5,824.95 to \$7,935.49. Uncollected taxes for 1934 were \$5,558.45, nearly 22% of the commitment. The town owed the city of Gardiner for tuition in the sum of \$8,583.69. We also completed an audit of the poor accounts receivable to the date of March 1, 1935. The amount due the town from other towns for 1932-1933 on the date given was \$1,019.04, on which we traced credits on account of \$874.89, leaving unpaid \$144.15. For the following year (1933-1934) it was determined that there was so due the sum of \$1,448.97, on which credits were traced of \$488.76, leaving unpaid \$960.21. For the following year 1934-1935 there was so due the sum of \$1,238.99, on which credits were traced of \$350.07, leaving unpaid \$888.92; total amount due from towns March 1, 1935, \$1,993.28.

Rome. An audit of the accounts of two collectors of excise taxes of this town from 1930 to August 1, 1935, was completed. The amount found to be due from these collectors was \$47.79 and \$536.76, respectively. Many of the duplicate slips which should have been deposited with the town records had been destroyed, the duplicate filed in the office of the Secretary of State being the only copy available to compare with.

Turner. An annual audit of the books and accounts of this town was completed. Tax deeds and liens February 4, 1935, amounted to \$8,136.70, an increase of \$2,745.80 over the amount for the previous year. Uncollected taxes 1928-1935 amounted to \$3,216.58 or \$523.76 more than the previous year. Trust funds, represented by cash deposits, total \$3,821.60. The town owes individual and bank loans of \$38,266.43, and owes the ministerial and school fund \$10,000.00. The town also owes railroad bonds of \$6,000.00.

Winslow. An audit of the books and accounts of this town for the fiscal year 1934-1935 was completed. Commitment and amount to be accounted for by collector, \$174,094.39; appropriations, \$148,856.00. In addition there was raised, but not appropriated, \$23,474.91 for State tax, for county tax \$3,883.93, for overlay \$1,872.02. From these amounts the automobile excise tax of \$3,979.04 was deducted, and error of \$12.98 in commitment, bringing out \$174,094.38 to be accounted for by the collector, of which he collected \$165,872.44. The total receipts of the treasurer during the year including cash on hand to start, February 10, 1934, of \$4,879.15, and \$100,000.00 in temporary loans and special loan, were \$304,572.35. Town warrants paid were \$301,943.01, leaving cash on hand at close of year \$7,508.49. The bonded debt of the town February 10, 1935, was \$100,000.00, this being less by \$10,000.00 than at the close of the previous year. There were notes payable of \$20,000.00 and the State tax for 1934, in the amount of \$12,477.51, was unpaid at the close of the town's fiscal year. The net debt at end of year was \$115,158.46, being less by \$17,248.52 than at close of last preceding fiscal year. The books of the town are well kept and the progress the town is making in paying indebtedness and constantly improving in its financial condition is due in no small part to its strict adherence to the State accounting set-up now used with such satisfaction in about one-third of the municipalities of the State.

Winthrop. An audit of the tax collector for the years 1928 to 1933, inclusive, was completed. There was found to be due from the collector on tax accounts \$359.16; on tax deeds \$620.41 and on excise tax \$2,393.75, a total of \$3,373.32. The collector has settled in full for this amount with the town.

Woolwich. An audit of the accounts for the municipal year ended February 15, 1935, was completed for this town. The shortage in the accounts of the former treasurer and collector and as determined last year by this department to be \$7,020.68, had been reduced to \$2,090.52, or \$4,930.16. A good showing had been made on tax deed account, as there was due on tax deeds February 15, 1932, \$1,827.40, the figure at the close of the last fiscal year being \$3,583.68. In spite of the unfavorable showing of last year on account of the shortage referred to the town only increased its net debt in the year ended February 15, 1935, by \$1,890.29. The notes payable account in the year had been reduced by \$3,350.00. Uncollected taxes for 1934 at the close of the year were \$2,675.77.

PROPOSED LEGISLATION 1935

At the last session of the legislature a bill was introduced providing for a compulsory audit each year in every city, town and plantation in the State. It proposed that such audit be conducted by qualified public accountants or by the State Department of Audit. The bill came out of the Committee on Legal Affairs with a majority report in its favor and in due time passed the Senate by a decisive vote. In the House of Representatives, however, it encountered strong opposition and was finally defeated. Until some such measure is enacted there is little hope of improvement in government in our municipalities, some fifty of which are now practically bankrupt. A few of these have been unfortunate by the withdrawal of industries, but probably the greater number of them owe their present plight to carelessness and irregularities of the officials who are administering them.

Under our present law, which is optional with the municipalities, some 158 cities and towns, or 37% of our municipalities, have had audits by this department, or have had installed the State uniform system of accounts. These municipalities are as follows:

**Cities and Towns in which Audits Have Been Conducted by
Authority of Chap. 5, Secs. 97-106, Revised Statutes 1930**

Androscoggin County.

Durham, Leeds, Lewiston, Livermore Falls, Turner.—5

Aroostook County.

Allagash Plantation, Ashland, Caribou, Dyer Brook, Eagle Lake, Fort Fairfield, Fort Kent, Madawaska, St. Francis Plantation, Van Buren, Wallagrass, Westfield.—12

Cumberland County.

Bridgton, Harpswell, Pownal, Standish.—4

Franklin County.

Avon, Jay, New Sharon, Rangeley, Wilton.—5

Hancock County.

Eastbrook, Franklin, Mt. Desert, No. 33 Plantation, Stonington.—5

Kennebec County.

Belgrade, Benton, Clinton, Farmingdale, Fayette, Hallowell, Litchfield, Manchester, Oakland, Pittston, Randolph, Readfield, Rome, Wayne, Windsor, Winslow, Winthrop.—17

Knox County.

Camden, Owl's Head, Rockland, St. George, Thomaston, Washington.—6

Lincoln County.

Boothbay Harbor (water district), Dresden, Waldoboro, Westport—

Oxford County.

Byron, Canton, Denmark, Lincoln Plantation, Magalloway Plantation, Mexico, Oxford, Rumford.—8

Penobscot County.

Bangor, Brewer, Carmel, Corinna, Dexter, Etna, Glenburn, Greenbush, Kingman, Medway, Newport, Orono, Patten, Prentiss.—14

Piscataquis County.

Chesuncook Plantation (since deorganized), Parkman.—2

Sagadahoc County.

Phippsburg, Topsham.—2

Somerset County.

Anson, Bingham, Fairfield, Hartland, Moose River Plantation, Ripley, Solon, West Forks Plantation.—8

Waldo County.

Palermo, Searsmont, Winterport.—3

Washington County.

Calais, Crawford, Eastport, Edmunds, No. 14 Plantation, Princeton, Robbinston.—7

York County.

Biddeford, Kittery, Lyman.—3
Total, 106.

**Towns which Have Adopted the State Uniform System of
Accounts, but in which no Audit has been
conducted by the State**

Androscoggin County.

Livermore, Poland.—2

Aroostook County.

Castle Hill, Dyer Brook, Hamlin Plantation, Houlton, Island Falls, Mapleton, Mars Hill, Merrill, Monticello, Oakfield, Presque Isle, St. John Plantation, Washburn, Weston.—14

Cumberland County.

Raymond.—1

Franklin County.

Rangeley Plantation, Wilton.—2

Hancock County.

Brooksville, Sedgwick, Trenton.—3

Kennebec County.

Wayne, Windsor.—2

Lincoln County.

Jefferson, Somerville, South Bristol.—3

Oxford County.

Oxford, Roxbury, Sumner.—3

Penobscot County.

Lagrange, Mattawamkeag, Stacyville Plantation, Stetson, Winn.—5

Piscataquis County.

Barnard Plantation, Guilford, Sebec, Wellington.—4

Sagadahoc County.

Georgetown.—1

Somerset County.

Norridgewock, Pittsfield.—2

Waldo County.

Brooks, Liberty, Lincolnville, Montville, Troy, Unity.—6

Washington County.

Columbia Falls, Dennysville, Milbridge.—3

York County.

South Berwick.—1

Total, 52.

GENERAL RECOMMENDATIONS

Legislative provision should be made for the expenditure of the income of the Isaac Sanford legacy for the indigent deaf, dumb and blind. This legacy, amounting to \$600.00 was left to the State seventy-five years ago. The Legislature has previously been asked to pass enabling legislation in order that the income of this fund might be applied, but the matter has evidently been overlooked.

In the case of three sinking funds heretofore established, to retire Kennebec bridge loan bonds, State pier loan bonds and war loan bonds, deposits have been made to their credit, but maturing bonds, which these funds were provided to care for, have continued to be paid from the general fund of the State and the sinking funds are permitted to remain intact. At the next date of bond maturities it is recommended that these sinking funds should be used to carry out the objects for which they were set aside. These funds aggregate \$232,080.30.

By the terms of Chapter 162, Public Laws of 1927 (now Revised Statutes Chapter 160, Sec. 9, Clause Sixth), it is provided that beginning with the year ending June 30, 1933, there shall be set aside in each of the succeeding years thereafter for a period of five years the sum of \$100,000.00, the same to be used to pay the war loan bonds maturing May 1, 1937. This statute has not been complied with, except to the extent that \$86,000.00 of these bonds were called and the debt to that extent extinguished; also \$7,269.26 has been placed in a sinking fund against the retirement of these bonds. No part of the amount required to be set aside for 1934 or 1935 has been set aside. This sinking fund should without delay be placed at its true figure by transfer of the necessary amount to the sinking fund heretofore set up. If not attended to the Legislature of 1937 will be confronted with the necessity of providing in that year for maturing bonds in that year amounting to over \$400,000.00.

GENERAL AUDITING

The books of the following departments, boards and commissions have been audited in the fiscal year covered by this report and the accounts in each case were found to be in proper order:

- Commissioner of Agriculture
 - Dairy inspector
 - Division of inspections
 - Division of markets
- Commissioner of Education
 - Maine Teachers' Retirement Association
- Commissioner of Finance
 - Departmental stationery
- Directors of the Port of Portland

Examining Boards

Board of bar examiners

Board of registration of medicine

Board of registration of nurses

Board of dental examiners

Forest Commissioner

Maine forestry district

Insurance Commissioner

The various courts which impose fines for violations of motor vehicle laws, fish and game laws and the laws relative to sea and shore fisheries, have been audited. The accounts show constant improvement and there is better cooperation with the State on the part of the judicial officers. The fines and costs so accruing to the State from the enforcement of these laws average some \$25,000.00 per year.

TRUST FUNDS

The State trust funds, the investment of which was completed under the terms of Chapter 189, Public Laws of 1929, amounted on June 30, 1935, to \$2,233,759.45. This department has verified the bonds and savings books by actual examination and count.

These trust funds are invested as follows:

<i>Department, Institution or Fund</i>	<i>Time Deposits</i>	<i>Bonds</i>
	<i>and/or Savings Accounts</i>	
(1) Augusta State Hospital	\$3,773.44	\$51,000.00
(2) University of Maine	99,756.57	80,000.00
Central Maine Sanatorium	1,012.02	1,000.00
(3) Western Maine Sanatorium	12,809.54	71,000.00
(4) State Military and Naval Children's Home	5,253.27	10,250.00
(5) State School for Girls	11,183.37	
(6) Pownal State School	2,447.23	
State School for Boys	700.00	
Sanford Legacy—Deaf, Dumb and Blind	600.00	
Jordan Forestry Fund	1,053.40	
School District No. 2, Madison	1,000.00	
Houlton Academy (Ricker Classical Institute)	2,000.00	
Foxcroft Academy	1,000.00	
Hebron Academy	1,000.00	
(7) Madawaska Territory School Fund	2,500.00	
(8) Maine School for the Deaf	5,836.14	
(9) Penobscot Indian Fund	30,624.10	8,000.00
(10) Passamaquoddy Indian Fund	68,240.25	65,000.00
(11) Permanent School Fund	44,882.48	509,000.00
(12) Sinking Fund to Retire Kennebec Bridge Loan Bonds	196,038.51	
Sinking Fund to Retire State Pier Loan Bonds	28,772.53	
Sinking Fund to Retire War Loan Bonds	7,269.26	
Carleton Bridge Fund	32,022.74	

(13) Farm Lands Loan Commission		
From Fund: Lands Reserved for Public		
Uses.....	106,751.39	145,000.00
Maine Teachers' Retirement Association...	6,999.19	205,000.00
	<hr/>	<hr/>
	\$673,525.43	\$1,145,250.00

SUMMARY

Deposits.....	\$673,525.43
Bonds.....	1,145,250.00
Farm Mortgages (Reserved Land Fund).....	414,984.02
	<hr/>
	\$2,233,759.45
Hands of Conservators.....	\$248,717.41
In Securities (probably of small value or of no value).....	21,200.00
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	\$269,917.41

NOTES:

(1). The Augusta State Hospital also holds in its trust funds \$4,000.00 in bank stock, the present value of which is unknown.

(2). The University of Maine has deposits in hands of conservators totaling \$40,538.39; also one bond of \$1,000.00, probably of no value.

(3). The Western Maine Sanatorium holds securities of \$6,200.00, on which interest is in default; probably of small value.

(4). The State Military and Naval Children's Home has \$2,317.26 in the hands of conservators.

(5). The State School for Girls has \$546.34 in the hands of conservators.

(6). The Pownall State School has \$3,670.84 in the hands of conservators.

(7). The Madawaska Territory School Fund has \$2,712.70 in restricted deposits in a savings bank.

(8). The Maine School for the Deaf has \$670.17 in the hands of conservators.

(9). The Penobscot Indian Fund has \$50,027.49 in the hands of conservators.

(10). The Passamaquoddy Indian Fund has \$4,090.38 in the hands of conservators and \$10,000.00 in bonds on which the interest has been defaulted.

(11). The Permanent School Fund has \$6,064.34 in the hands of conservators.

(12). The sinking fund to retire Kennebec Bridge loan bonds has \$57,177.58 in the hands of conservators.

(13). The reserved land fund has \$80,901.92 in the hands of conservators. In addition to its investments in bank deposits and bonds it has \$414,984.02 invested in farm land mortgage notes.

MAINE STATE PIER

Herewith appears a financial statement showing the result of the recent audit of the accounts of the Maine State Pier for the year 1934-1935 and a comparison of same for the previous year:

<i>Assets</i>	1933-1934	1934-1935
Cash	\$30,096.12	\$35,603.78
Cash Impounded	27,401.92	27,401.92
Accounts Receivable	2,450.43	2,532.74
Inventory of Supplies and Equipment ...	15,751.55	15,621.33
Wharf Structures and Buildings	1,691,950.34	1,695,384.41
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	\$1,767,650.36	\$1,776,544.18
 <i>Liabilities and Surplus</i> 		
Accounts Payable	\$276.87	\$ 59.74
Plant Investment	1,707,701.89	1,711,005.74
Surplus	59,671.60	65,478.70
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	\$1,767,650.36	\$1,776,544.18

NOTE. The accounts as kept at the State Pier have never considered the outstanding bonds, the original issue of which, March 1, 1922, was \$1,150,000.00, nor have they ever considered the interest on such bonds. If these items appeared in the balance sheet there would, of course, be no surplus, but the figures would show from the beginning a loss in operation. While it is probably true that at the inception of the plan for a Pier it was hardly within the range of probability that such an undertaking would be immediately a paying investment; still after the lapse of more than ten years since its completion, it is natural that there should now be inquiries as to whether the Pier is paying, or if not paying, how much it is falling short. A number of such inquiries have reached the Department of Audit and below is a tabulation based on the investment as it stood June 30, 1935, showing the bonds payable, those heretofore paid by the State and interest on same from the time that construction began.

Bonds payable	\$805,000.00	
Bonds paid by the State:	345,000.00	
Interest heretofore paid by State	588,200.00	
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	\$1,738,200.00	
Less Sinking Fund Deposit	\$25,000.00	
Interest earned on same	3,772.53	
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	28,772.53	
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Total investment to date by State in Maine State Pier		\$1,709,427.47

The Pier bond issue will finally be paid in full March 1, 1942, at which time the State will also have paid interest on same in the sum of \$717,000.00.

Income

	1933-1934	1934-1935
Wharfage.....	\$21,128.60	\$20,389.88
Handling.....	12,010.46	14,001.21
Side Wharfage.....	5,836.90	5,282.24
Water.....	794.07	1,289.33
Storage.....	2,849.07	4,641.42
Rentals.....	17,303.71	18,357.04
Rental Equipment.....	12.00	12.00
Interest.....	116.64	
Miscellaneous.....	257.79	942.28
Decrease Plant Investment.....	2,407.00	
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	\$62,716.24	\$64,915.40

Expenses

	1933-1934	1934-1935
Personal Services.....	\$30,162.38	\$29,291.65
Officers.....	\$2,500.00	\$2,500.00
Manager and Clerks.....	5,414.98	5,375.00
Superintendent and Regular Men.....	10,064.18	9,041.50
Repair Men.....	5,747.77	6,212.75
Freight Handlers.....	6,360.45	5,691.65
Unclassified.....	75.00	470.75
General Office.....	6,298.41	6,009.24
Advertising.....	215.42	301.14
Office Supplies.....	205.04	207.05
Communication.....	628.69	546.92
Travel Rep.....	305.38	187.62
Travel Directors.....	46.56	39.88
Insurance, etc.....	4,728.48	4,553.01
Unclassified.....	120.75	170.96
Equipment.....	27.14	1.00
Decrease in Inventory.....	20.95	1.66
Operating.....	4,260.30	4,029.55
Heating.....	1,527.24	1,404.97
Water.....	797.06	612.66
Light and Power.....	1,853.48	1,797.40
Gasoline and Oil.....	82.52	214.52
Repairs and Equipment.....	5,430.88	2,042.00
Repairs to Property.....	2,769.48	1,545.03
Engineer.....	257.00	47.90
Janitor.....	9.40	7.53
Carpenter.....	1.45	
Trackman.....	18.07	46.74
Painter.....	45.63	
Unclassified.....	2.50	
Equipment.....	48.53	266.24
Decrease in Inventory.....	2,278.82	128.56

General Expense.....	11,626.38	13,974.69
Handling Freight.....	11,325.60	13,974.69
Unclassified.....	300.78	
Specials.....	101.83	457.32
Unclassified.....	101.83	118.08
Refunds.....		284.51
Claims.....		54.73
	<hr/>	<hr/>
	\$57,880.18	\$55,804.45
Increase Surplus.....	4,636.06	5,807.10
Increase Plant.....	200.00	3,434.07
	<hr/>	<hr/>
	\$62,716.24	\$65,045.62

UNIVERSITY OF MAINE

The trustees of the University of Maine have had an audit of the books of account and record of the University by Millett, Fish & Dresser, public accountants and auditors, of Portland. This report shows that the audit consisted of the verification of the financial condition of the institution as at June 30, 1935, a general review of the operations of the year, an ascertainment that all income from investments of trust and reserve funds had been properly accounted for and the income distributed in accordance with the provisions of the various funds, test checks of the income from other sources, also test checks of vouchers and disbursements. Appended hereto are the comparative balance sheets as of June 30, 1934 and June 30, 1935.

<i>Assets</i>	June 30, 1935	June 30, 1934
Current Funds:		
Cash.....	\$50,874.66	\$157,665.52
Notes Receivable.....	22,700.00	23,700.00
Accounts Receivable.....	16,979.89	14,269.02
Material and Supplies.....	40,990.25	39,304.27
Deferred Charges.....	14,218.98	9,628.97
Restricted Fund Investments.....	2,933.06	1,294.97
Reserve Fund Investments.....	31,352.14	33,448.70
	<hr/>	<hr/>
	\$180,048.98	\$279,311.45
Loan Fund Investments.....	20,785.18	15,399.13
	<hr/>	<hr/>
Endowment and Other Non-expendable Fund Investments.....	\$919,593.29	\$898,736.83
	<hr/>	<hr/>
Plant Funds:		
Educational Plant and Auxiliary Enterprises....	\$2,779,911.60	\$2,799,268.76
Agricultural Experiment Station.....	267,857.07	263,824.68
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	\$3,047,768.67	\$3,063,093.44
	<hr/>	<hr/>
Agency Fund Investments.....	3,952.52	3,914.59
	<hr/>	<hr/>
	\$4,172,148.64	\$4,260,455.44

Liabilities and Surplus

Current Funds:

Accrued Instruction Salaries payable in July and August	\$52,600.60	\$53,962.16
Accounts Payable	971.89	1,656.05
Student Tuition and Other Deposits and Sundry Credits	9,677.45	9,466.71
Deferred Income Credits	63.98	114.40
Restricted Funds	9,063.30	9,163.35
Reserve Funds	31,377.38	33,934.15
Reserve for Construction and Repairs	50,000.00	150,000.00
Surplus	26,294.38	21,014.63
	<hr/>	<hr/>
	\$180,048.98	\$279,311.45
Loan Funds	20,785.18	15,399.13
Endowment and Other Non-expendable Funds	919,593.29	898,736.83
Plant Funds	3,047,768.67	3,063,093.44
Agency Funds	3,952.52	3,914.59
	<hr/>	<hr/>
	\$4,172,148.64	\$4,260,455.44
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STATEMENT OF THE CONDITION OF THE
FARM LANDS LOAN FUND AS OF JUNE 30, 1935

Number of Current Loans	171
Number of Foreclosures (Title Perfected)	20
Number of Foreclosures (Title not Perfected)	12
	<hr/>
	203
Principal Amount of Current Loans	\$339,538.86
Principal Amount of Foreclosures (Title Perfected)	48,864.59
Principal Amount of Foreclosures (Title not Perfected)	30,350.00
	<hr/>
	\$418,753.45
Past Due Interest on Current Loans	\$11,475.38
Past Due Interest on Foreclosed Loans (Title Perfected)	6,038.05
Past Due Interest on Foreclosed Loans (Title not Perfected)	4,260.00
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	\$21,773.43
Taxes, Insurance, etc., advanced on Current Loans	\$2,640.27
Taxes, Insurance, etc., advanced on Foreclosed Loans (Title Perfected)	9,479.81
Taxes, Insurance, etc., advanced on Foreclosed Loans (Title not Perfected)	2,321.14
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	\$14,441.22

AUDIT OF ACADEMIES AND INSTITUTES

For the fiscal year ended June 30, 1935, this department audited the accounts of twenty-two academies in the State, while the remainder, twenty-three in number, produced satisfactory proof that their books and financial documents for that period had been audited by others. The total aid to academies furnished by the State averaged to be a little less than 13% of their current receipts. It is therefore cause for congratulation that these institutions have been able, notwithstanding depressed conditions, to furnish approximately 87% of their receipts and to continue to function. A tabulation of these receipts and expenditures of the various academies and institutes, with the amount of their trust funds, follows:

RECEIPTS AND EXPENDITURES OF ACADEMIES AND INSTITUTES FOR THE 1935 FISCAL YEAR

	Received from State	Received from Other Sources	Total Receipts	Total Expenditures	Trust Funds (Par Value)	Interest on Trust Funds
Anson Academy	\$3,745.96	\$5,742.01	\$9,487.97	\$8,479.28	\$5,300.00	\$ 127.74
Aroostook Central Institute	1,920.00	7,360.58	9,280.58	9,674.73		
Berwick Academy	1,835.00	12,223.89	14,058.89	15,179.67	69,584.10*	2,073.19
Bluehill-George Stevens Academy	2,198.00	3,967.50	6,165.50	6,013.89		
Bridgewater Classical Institute	1,203.00	1,618.60	2,821.60	3,485.49		
Bridgton Academy	2,176.00	16,990.25	19,166.25	23,726.15	31,056.03	1,628.49
Calais Academy	1,400.00	1,570.16	2,970.16	2,191.48	3,301.25	96.94
Cherryfield Academy	1,532.00	2,142.33	3,674.33	3,849.89	9,000.00	58.41
Coburn Classical Institute	500.00	20,523.78	21,023.78	20,987.95	39,738.72	1,463.86
Corinna Union Academy	2,250.00	1,839.06	4,089.06	4,036.26	7,200.00	217.66
East Corinth Academy	1,977.50	5,497.33	7,474.83	7,244.31	12,545.83	433.70
Eastern Maine Institute	1,609.00	3,246.68	4,855.68	4,933.93		
Erskine Academy	2,469.67	3,757.11	6,226.78	6,371.35	17,806.46	1.06†
Foxcroft Academy††	1,060.00	18,566.44	19,626.44	18,211.54		
Freedom Academy	2,136.00	2,778.56	4,914.56	5,677.69		
Fryeburg Academy	2,275.00	37,231.41	39,506.41	39,624.57	13,240.20	107.50
Gould Academy	600.00	33,445.94	34,045.94	30,046.99	62,617.07	5,685.28
Greeley Institute	1,325.06	9,628.15	10,953.21	10,990.48	27,385.00	1,888.17
Hampden Academy	2,716.85	5,397.48	8,114.33	9,497.31	12,259.76**	461.00
Hartland Academy	1,693.00	7,173.77	8,866.77	8,826.13	7,000.00	325.00
Hebron Academy		87,384.15	87,384.15	97,567.86	256,050.76*	9,343.22
Higgins Classical Institute	2,620.00	27,966.37	30,586.37	31,961.72	18,500.00	724.00
Leavitt Institute	2,294.77	27,948.83	30,243.60	31,331.83	79,143.54†	3,595.97
Lebanon Academy	810.00	3,277.14	4,087.14	4,155.54	3,100.00	101.48
Lee Academy	4,674.33	12,170.87	16,845.20	16,878.43	11,688.09	269.87
Limington Academy	1,370.00	2,760.00	4,130.00	4,250.11	4,923.36*	269.74
Lincoln Academy	2,315.00	18,363.43	20,678.43	20,589.00	24,031.87	847.50
Litchfield Academy	1,090.00	976.67	2,066.67	2,276.86	7,645.77	310.00
Maine Central Institute	4,086.67	25,473.52	29,560.19	29,128.86	48,740.33	1,584.53
Maine Wesleyan Seminary		10,881.81	10,881.81	8,866.65	229,845.65	10,413.95
Monmouth Academy	2,321.59	7,449.97	9,771.56	9,793.78	7,256.16	239.13
Monson Academy	1,072.00	4,787.00	5,859.00	4,349.89	9,925.00	457.00
Nasson Institute	3,840.00	11,020.90	14,860.90	15,452.90	20,197.58	45.00
Oak Grove Seminary	3,450.00	68,288.90	71,738.90	62,167.55	78,512.24	3,577.10
Parsonsfield Seminary	400.00	6,970.23	7,370.23	8,747.48	116,899.59*	4,883.90
Patten Academy	2,161.87	6,686.00	8,847.87	7,497.22	7,300.00	365.00
Pennell Institute	1,572.46	5,000.24	6,572.70	6,425.91	29,169.41	1,399.00
Ricker Classical Institute	2,803.00	36,868.62	39,671.62	38,231.40	35,042.00	1,583.83
Robert W. Traip Academy	1,230.00	13,837.67	15,067.67	16,448.77	36,170.00*	1,637.67
St. Joseph's Academy	1,719.00	14,189.50	15,908.50	15,486.54		
Somerset Academy	1,535.71	2,610.83	4,146.54	5,580.79	21,119.44	790.54
Washington Academy	2,192.00	11,149.91	13,341.91	13,439.62	40,446.38	1,635.50
Westbrook Academy	2,696.00	49,501.47	52,197.47	57,378.07	24,530.00*	1,155.50
Wilton Academy	2,364.67	16,355.85	18,720.52	19,262.79	21,575.00†	945.45
Wiscasset Academy	1,524.00	3,429.96	4,953.96	4,842.68		
	\$86,765.11	\$676,050.87	\$762,815.98	\$771,161.34	\$1,449,846.59	\$60,742.88

DEPARTMENT OF AUDIT

*Book Value
†Also 100 Shares Massachusetts Investors Trust No Par Value Stock
‡Also owns Grand Trunk Pacific Railway Bonds in pound sterling £500
**Also owns 2 Shares Massachusetts Utilities Associates No Par Value Stock
††Trust Fund Income not required for use of Academy deposited in separate Savings Account
†††No Trust Funds Statement Filed

CASH RECEIPTS—STATE OF MAINE

	Year Ending June 30, 1935
Corporation Changes	\$5,122.50
Foreign Corporations	4,400.00
New Corporations	4,850.00
Dog License Deficiencies	12,316.24
Farm Lands Loan Commission—Interest	27,932.80
Fees of Office	58,381.40
Fines and Licenses, Inland Fish and Game Commissioner	8,600.55
Fines and Licenses, Sea and Shore Fisheries	5,396.00
Interest on General Fund	1,938.84
Miscellaneous Items	16,220.74
Tax on Collateral Inheritance and Estate	744,906.34
Tax on Express Companies	18,833.39
Tax on Insurance Companies	449,593.19
Tax on Loan and Building Associations	3,215.15
Tax on Parlor and Sleeping Car Companies	844.22
Tax on Personal Property	6,316.61
Tax on Railroad Companies	990,451.47
Tax on Savings Banks and Trust Companies	294,726.62
Tax on Telephone and Telegraph Companies	312,202.23
Tax on Corporations	231,501.00
Duties on Commissions	3,820.00
State Institutions	85,590.29
Board and Care of Neglected Children	190,306.00
State Tax, including Unincorporated Lands	5,006,685.68
State Tax on Wild Lands (suspense)	68,526.88
Automobile Fees	3,155,967.19
Gasoline Taxes	5,056,405.25
State Highway Commission, Highway Loan Fund	723,102.04
To Highway Appropriations—All Other	2,493,375.93
Income Credited to Appropriations	1,117,118.02
Tax on Bank Stock	128,647.33
Tax on Maine Forestry District	128,403.35
Federal Government—Vocational Education and Rehabilitation	76,128.67
Temporary Loan	798,000.00
County Taxes	110,513.64
Departmental Supplies	58,250.38
Dog Licenses	47,215.81
Special Tax on Cities and Towns	240.00

	Year Ending June 30, 1935
Lands Reserved for Public Uses, Trust Fund	13,914.50
Farm Lands Loan Commission—Repayment of Loans . . .	32,056.42
Aeronautical Fund	3,497.89
State Trust Fund	107,150.00
Maine Teachers' Retirement Association	79,731.87
Passamaquoddy Indian Fund	6,945.69
Interest on State Trust Funds	46,353.59
Federal Government Funds	12,029,594.09
Dividends from Closed Banks	19,919.38
Interest on State Taxes	12,930.00
Maine State Liquor Commission	1,535,226.92
Maine State Licensing Bureau (Beer)	281,236.08
	<hr/>
	\$36,614,602.18

CASH EXPENDITURES—STATE OF MAINE

	Year Ending June 30, 1935
Adjutant General	\$138,153.96
Attorney General	32,035.81
Bank Commissioner	53,844.61
Bureau of Taxation	30,726.99
Bureau of Budget	8,181.80
Bureau of Accounts and Control	127,591.76
*Bureau of Purchases	59,728.49
Bureau of Institutional Service	39,629.03
Bonds and Interest	2,332,068.98
Commissioner of Agriculture	300,220.62
Commissioner of Uniform Legislature	199.50
County Attorneys	21,236.80
Department of Health and Welfare	1,233,378.12
Department of Labor and Industry	14,258.29
Examining Boards	18,440.31
Executive Department	54,955.94
Federal Government Funds	11,566,166.12
Forest Commissioner	257,923.12
Gas Tax—Rebates and Administration	169,746.09
Industrial Accident Commission	30,819.16
Inland Fish and Game Commissioner	416,914.52
Insurance Commissioner	12,596.41
Legislative Department	223,106.80
Maine Development Commission	71,735.99
Maine State Library	41,289.99
Maine State Liquor Commission	1,346,376.65
Maine State Licensing Board	42,599.47
Maine State Planning Board	8,844.82
Miscellaneous	227,826.72
Public Utilities Commission	94,120.76
Passamaquoddy and Penobscot Indians	90,160.87
Sea and Shore Fisheries	63,215.40
Secretary of State	149,658.58
State Auditor	16,960.14
Soldiers' Bonus Fund	300.00
†State Commissioner of Education	2,515,341.48
State Department of Health	157,631.88
State Department of Public Welfare	1,068,840.79

	Year Ending June 30, 1935
State Highway Police	172,422.41
State Park Commission	6,159.84
Superintendent of Public Buildings	103,700.67
Supreme, Judicial and Superior Courts	171,987.30
Treasurer of State	18,252.85
University of Maine	522,466.00
Augusta State Hospital	387,224.01
Bangor State Hospital	290,082.67
Central Maine Sanatorium	223,485.63
Maine School for the Deaf	44,331.54
Maine State Prison	182,881.81
Northern Maine Sanatorium	104,923.43
Pownal State School	260,656.08
State Military and Naval Children's Home	32,591.76
State Reformatory for Men	52,220.37
State Reformatory for Women	55,113.01
State School for Boys	67,759.54
State School for Girls	78,240.38
Western Maine Sanatorium	137,141.41
State Highway Commission	9,148,841.26

Miscellaneous Revenue Accounts:

Temporary Loans	800,000.00
Tax on Bank Stock	73,567.61
County Taxes	110,513.64
‡Check Clearing Account	3,765.11
Maine Teachers' Retirement Association	79,731.87
State Trust Fund	118,390.37
Farm Lands Loan Commission—Loans	500.00
Farm Lands Loan Commission—Expenses	9,764.70
Lands Reserved for Public Uses—Fund	33,087.25
Passamaquoddy Indian Fund	2,583.33
State Tax on Wild Lands	9.84
State Tax on Wild Lands—Suspense	58,875.72
Departmental Supplies	76,443.93
All Other Revenue Accounts	5,529.40

\$36,470,071.51

NET RECEIPTS—STATE OF MAINE
YEARS 1933-1934, 1934-1935

	Year Ending June 30, 1934	Year Ending June 30, 1935	Increase
Grand Total Cash Receipts	\$26,677,076.23	\$36,614,602.18	
Less Federal Relief Moneys	4,402,264.06	12,029,594.09	
	<hr/>	<hr/>	
Net State Income	\$22,274,812.17	\$24,585,008.09	\$2,310,195.92

NET EXPENDITURES—STATE OF MAINE

Grand Total Cash Expenditures	\$25,135,635.68	\$36,470,071.51	
Less Federal Relief Moneys	4,612,710.59	11,566,166.12	
	<hr/>	<hr/>	
	\$20,522,925.09	\$24,903,905.39	\$4,380,980.30

*Includes Expenditures for Departmental Garage.

†Includes Expenditures of Federal Vocational and Rehabilitation Funds.

‡In 1934 all checks which had to be corrected were handled as cash items through the Check Clearing Account, while in 1935 they were voided and new checks written to replace.