

MAINE STATE LEGISLATURE

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STATE OF MAINE

Twenty-fourth Report

of the

Department of Audit



For Period

July 1, 1942 to June 30, 1943

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Twenty-fourth Report
of the
Department of Audit



For Period
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WILLIAM D. HAYES, C. P. A.
STATE AUDITOR



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STATE OF MAINE
State Department of Audit
Augusta

October 30, 1943.

In accordance with Section 4, Article VI of Chapter 216 of the Public Laws of 1931, as amended, the Department of Audit submits herewith its twenty-fourth annual report, covering the fiscal year ended June 30, 1943.

The fact that the summary newspaper report of the State controller published September 3, 1943 was certified by the State Auditor, and that the same certification will probably form a part of the more detailed pamphlet report of the same official, both covering the financial transactions of the State in the fiscal year ended June 30th, 1943, and its standing as of that date, precludes the necessity for any inclusion of detailed figures on the same herein.

The data shown in these reports of the State Controller, coupled with the comments on various matters in this Auditor's report, indicates the sound financial condition of the State of Maine, and its equally sound administration.

William D. Hayes

State Auditor.

CONTENTS

	Page
Letter of Transmittal.....	3
Table of Contents.....	4-5
The Law	6
State Department of Audit.....	7
Departmental Division	9
General	9
Accounts and Control, Bureau of.....	10
Accounts Receivable Charged Off.....	11
Appropriation Accounts and Year-End Balances.....	12
Bonds, Fidelity	13
Bond Liability	14
Budgetary Control	16
Emergency Funds	17
Forestry Department and Forestry District.....	18
Governor's Contingent Fund—Governor's Expense Account	18
Health and Welfare Department.....	19
Highway Department	19
Institutions	20
Lands Reserved for Public Uses Fund.....	21
Laws: Revised Statutes, Session and Maine Reports.....	22
Liquor Commission	22
Maine Maritime Academy.....	22
Normal Schools	23
Port of Portland Authority.....	23
Public Administrators	23
Reports, Delays in Issuing.....	24
Retirement System, Contributory.....	25
Retirement System, Teachers'.....	26
Salaries and Wages.....	27
Secretary of State.....	27
Sinking Fund Reserve—Unappropriated Surplus.....	28
Treasurer of State.....	29
Trust Funds	32
Unemployment Compensation Commission.....	32
Summary Figures	32

	Page
Municipal Division	33
General	33
County Audits	33
Court Audits	34
Municipal Audits	35
Exhibits:	
A State of Maine, Balance Sheet, June 30, 1943.....	37
B State of Maine, Combined Operating Statement*.....	38-39
C Department of Health and Welfare: Summary of Receipts and Expenditures*	40
D Highway Department: Summary of Receipts and Ex- penditures*	41
E State Institutions: Fiscal Year Ended June 30, 1942.....	42
F 1 Counties: Assets and Liabilities, January 1, 1938 and December 31, 1942.....	43
F 2 Counties: Assets and Liabilities, December 31, 1941 and 1942	44-45
F 3 Counties: Receipts and Disbursements, Calendar Year 1942	46-47
G Certain 1943 Changes in Administrative Laws.....	48-49
H Total Bonded Indebtedness of Maine, 1914 to 1943, inclusive	50
I Emergency War Fund*.....	51
J Department of Audit: Income, Expense and Appropriation Accounts*	52

*Fiscal Year Ended June 30, 1943.

THE LAW

ARTICLE VI, CHAPTER 216 OF PUBLIC LAWS OF 1931, as amended by Chapter 27 of Public Laws of 1941 and Chapters 219 and 304 of Public Laws of 1943.

- Sec. 1. DEPARTMENT OF AUDIT.** A department of audit is hereby created and established. The state auditor shall be the head of this department. He shall be a certified public accountant or shall have had satisfactory experience as an auditor of public accounts. He shall be elected by the legislature by a joint ballot of the senators and representatives in convention and shall hold office for a term of four years or until his successor is elected and qualified, provided that the present incumbent of the office of state auditor shall continue in this position until the expiration of his term. He shall exercise such powers and perform such duties as are set forth in the subsequent sections of this act. In case the office of state auditor shall become vacant during a period when the legislature is not in session, the appointment of a person to fill such vacancy shall be made immediately by the president of the senate or if that office be vacant, by the speaker of the house, said person to hold office until such time as the legislature shall meet in regular or special session, and either confirm the appointment of said person or choose another person to fill the office during the unexpired term.
- Sec. 2. ORGANIZATION OF DEPARTMENT.** The department of audit shall be organized in the manner the state auditor may deem best suited to the accomplishment of its functions. It shall have such auditors, assistants, and employees as the state auditor may require, but they shall be subject to the provisions of Chapter 221 of the Public Laws of 1937, as amended.
- Sec. 3. GENERAL POWERS AND DUTIES.** The department of audit shall have authority:
1. To perform a postaudit of all accounts and other financial records of the state government, or any department, or agency thereof, and to report annually on this audit, and at such other times as the legislature may require;
 2. To install uniform accounting systems and perform postaudits of all accounts and other financial records of the several counties, or any departments, or agencies thereof, the expenses of such audits to be paid by the counties and reports of such audits shall accompany the county estimates submitted to the legislature as provided by Section 67 of Chapter 13 of the Revised Statutes, as amended, and shall be published in the county reports next following the completion of such audits;
 3. To install uniform accounting systems and perform audits for cities, towns, and villages as required by Sections 97 to 106, inclusive, of Chapter 5 of the Revised Statutes, as amended;
 4. To install uniform accounting systems and perform postaudits for the clerks of superior courts, judges and recorders of municipal court, trial justices and probation officers, the expenses of such audits to be paid as follows: 50% by the county where the audit is performed, 30% by the state highway department and 20% by the department of inland fisheries and game;
 5. To perform a postaudit of all accounts and other financial records of the state normal schools and the Port of Portland Authority, the expenses of such audits to be paid respectively by the state normal schools and the Port of Portland Authority;
 6. To serve as a staff agency to the legislature, or any of its committees, or to the governor, in making investigations of any phase of the state's finances.
- Sec. 4. DETAILED REQUIREMENTS.** The state auditor shall keep no accounts in the department of audit, but he shall conduct a continuous postaudit of the accounts, books, records, and other evidences of financial transactions kept in the department of finance, or in the other departments and agencies of the state government. He shall prepare and publish a report, setting forth the essential facts of such audit in summary form, within 4 months after the close of each fiscal year. If he shall find in the course of his audit evidences of improper transactions, or of incompetence in keeping accounts or handling funds, or of any other improper practice of financial administration, he shall report the same to the governor immediately; if he shall find evidences of illegal transactions, he shall forthwith report such transactions both to the governor and to the attorney general. All such evidences shall be included in the annual reports of the state auditor, and he may at his discretion make them public at any time during the fiscal year.
- Sec. 5. NO EX OFFICIO DUTIES.** The state auditor shall not serve in an ex officio capacity on any administrative board or commission, except the farm lands loan commission, or have any financial interest in the transactions of any department, institution, or agency of the state government. He shall not be responsible for the collection of any money belonging to the state, or for the handling or custody of any state funds.

STATE DEPARTMENT OF AUDIT

The Department of Audit continued its work in the year ended June 30, 1943, along the same general lines as in the past. Its activities are organized under two separate divisions,—the Departmental Division, which reviews, examines and reports on the financial transactions of the various departments, institutions and agencies of the State of Maine under sub-sections 1, 5 and 6, Section 3, Article VI, Chapter 216 of the Public Laws of 1931, as amended; and the Municipal Division, which handles the audits of municipalities, counties and courts under sub-sections 2, 3 and 4 of the same law.

As with other governmental and business units in these days, complications have been encountered thru changes in personnel, a total of 13 employees having been lost since July 1, 1942,—4 to military service, 7 to take positions with other business or governmental units, 1 by death, and 1 thru retirement. In general, these losses have been numerically made up by new employees, but necessarily those with decreased training and experience in the special requirements of this work. The personnel at the present time numbers 30, aside from the State Auditor and Chief Clerk; of whom 16 are in the Departmental and 14 in the Municipal divisions, which personnel includes 5 typists and 25 auditors. In common with all other departments of State Government, one or two general salary increases were granted during the year, as well as several adjustments to more equitably recompense those to whose hard work and faithfulness is due whatever success has been attained.

The Municipal Division is supported by charges to the various outside agencies for whom it performs work, without appropriation from the State; while for general overhead, and for expense of the Departmental Division, an appropriation of \$37,500 was made for the fiscal year ended June 30, 1943, of which there was turned back an unexpended balance of \$1,507.03, as shown in summary in Exhibit J.

A somewhat detailed discussion follows of the work done and the data developed during the year ended June 30, 1943, arranged under the two divisions mentioned above.

The following employees of the Department of Audit are in "Military Service":

Lloyd A. Koonz
Albert L. Connors
Frederic A. Reichel
Raymond J. Crosby
Roscoe M. Parsons
David F. White
Garland C. Lewis
William G. Blodgett

DEPARTMENTAL DIVISION

General

The work of the Departmental Division centers around the financial transactions of the State, as handled in the Treasury Department and preaudited and recorded in the Bureau of Accounts and Controls, but with subsidiary detail records in the various individual departments, institutions and agencies. The personnel of this division is organized on what might be termed the "resident auditor" basis, certain men being permanently assigned to the Treasurer's and Controller's offices, and others to the other departments, institutions and agencies. These auditors familiarize themselves with the special activities, problems, and legal background of the department or departments to which they are assigned and follow through their detail transactions to the Treasurer's and Controller's summary records.

All receipts and disbursements of money, together with resulting balances of appropriations, etc., are reviewed in detail, with particular reference to their legal sanction and business efficiency; while the records of all such transactions, both the details in the various departments and the final records in the Controller's books, are closely scrutinized at all times, including particularly the various funds, appropriations, etc., into which they are divided.

This work, continued throughout the year, and the very close and detailed review of the year-end adjusting and closing entries and the summation of the figures shown thereby in the report of the Controller as of June 30, 1943, justify our certification to the general accuracy of the same. The publication of these figures by the Controller in summary form in the newspapers of September 3rd, which carried our certification, and in greater detail in pamphlet form in November, would seemingly eliminate the necessity of inclusion in this report of any detailed figures on the State as a whole.

Laws effective July 9, 1943, specify the date "on or before September 5th" for the publication of the newspaper summary report of the Controller; "as soon as possible after the close of each fiscal year" for the publication of his pamphlet report; and not later than October 31st for the publication of the report of the State Auditor; which change to later dates in each

case has allowed of more carefully worked out arrangement and audit of all data included therein.

The Department of Audit prepares typed reports covering the financial transactions of each department, institution and agency of the State Government, in which are set forth various data regarding financial transactions of that department in certain detail and with a consistent arrangement; which reports are available for any necessary administrative use. Many of these departmental reports are now completed for the year ended June 30, 1943, and serve to further substantiate our certification of the summary data shown by the Controller's report, and as well, to analyze and arrange the same in a somewhat different manner.

No evidence has developed during the year indicating any material dishonesty of any official or employee of the State; the indications of "improper transactions or of incompetence in keeping accounts or handling funds, or of any other improper practice of financial administration" have been materially reduced from previous years, with usually the fullest cooperation of the department heads and personnel involved; such instances as have come to light have, in most cases, been quickly corrected. The Department of Audit has had ever increasingly the support of the various other officials and employees in its work looking towards a sound and efficient administration of the financial transactions of the State of Maine.

In this report is discussed certain more important points developed in connection with our work, in which no attempt is made to be all inclusive.

Accounts and Control, Bureau of

Since all accounting work of the State is by law under the State Controller, and all financial records of the State are maintained in, or controlled by, records of his office, a high proportion of the work of the Departmental Division is centralized in records and reports of the Controller and their correlation with records kept in the various departments. For this reason, the Department of Audit has assigned one of its men constantly to the Controller's office, with material supervisory and other assistance as indicated; while all records kept in the various departments, institutions and agencies of the State have been reconciled with the Controller's books.

Changes in the personnel of both the Controller's office and the Department of Audit have handicapped somewhat the results attained, but the present personnel in both departments augurs well for the future. In all its work our department has had the heartiest cooperation not only of the personnel of the Controller's office, but of that of the Finance Commissioner.

The material changes in accounting and reporting principals initiated by the Controller as of July 1, 1942 have proved their worth in the results attained; while open to minor further improvements as time goes on, it is hoped further major changes can be at least delayed. The fact that the Department of Audit has always been keen for simplicity in accounting and reporting leads to the repetition of the previously expressed hope that any further changes which may be made in the arrangement and handling of accounts and in the summation of data in reports will be in the direction of simplification.

Personnel in the Controller's office at the present time will seemingly enable an early start towards closer supervision by them of the accounting maintained in other departments and institutions of the State as provided by law; closer correlation between the records in the Controller's office and those in other departments; and all possible minimization of the costly duplication between the two sets of records.

While the major work of the Department of Audit in connection with the Controller's office has been, and will continue to be, in reviewing the financial records of the State of Maine, there has also been maintained a continuous review of the Controller's own expenditures, which in the year just ended totalled \$165,675.55.

Accounts Receivable Charged Off

In the year ended June 30, 1943, accounts totalling \$39,447.95 were certified as "impractical of realization" by the Commissioner of Finance and State Auditor; after approval by the Governor, these balances were charged off the books of the State of Maine; all under authority granted by Chapter 13 of the Public Laws of 1941, as amended.

All of those items were reductions of old accounts against three municipalities of the State of Maine, the adjustment of which formed part of a seemingly sound and rather general refinancing of their fiscal affairs, in the effort to put themselves

again within the constitutional debt limit and to enable more sound financial procedure. Since June 30th, the State has joined other creditors in similar compromise settlements of liabilities against four other municipalities under the Board of Emergency Municipal Finance, under the combined provisions of Chapter 13 of the Public Laws of 1941, as amended, and Chapters 16 and 146 of the Public Laws of 1943; which four settlements involve adjustments of \$43,109.40 in accounts due the State of Maine.

A material number of balances against various individuals were recommended by department heads for charging off during the fiscal year just closed, but without formal action before the books were closed as of the year-end, to allow of more careful review of the same.

Because of the fact that ample reserves for losses in collection of accounts receivable have been carried on the books since 1940, none of the items charged off in the last year, or charged off or in process of being charged off in this current year, affect directly the unappropriated surplus of the State.

We list below the various State departments, etc., affected by the three adjustments of accounts against municipalities which were actually charged off in the year just ended:

State Taxes	\$ 8,066.36
Interest State Taxes	24,897.10
Audit Department	219.97
Tubercular Sanitariums	1,105.23
Highway Department	308.54
Aid to Dependant Children	1,608.42
Board and Care	2,607.96
Old Age Assistance	520.27
Bangor State Hospital	114.10
	<hr/>
	\$39,447.95

Appropriation Accounts, and Year-End Balances

Throughout the year, the Department of Audit has closely reviewed all credits and charges to, and transfers between, the various appropriation accounts, to assure the soundness of the same; and as well the closing, or carrying forward to the succeeding year, of the year-end balances.

In virtually every case, we believe due very materially to the sound and aggressive budgetary control under the Budget

Officer, the various departments and institutions of the State lived within their respective appropriations in the year ended June 30, 1943; with certain seemingly legitimate exceptions, whose handling was provided for by the Legislature thru Chapters 93 of the Private and Special, and 325 of the Public Laws of 1941, creating Emergency Payroll and Institutional Emergency Funds to care for war increase in costs over those originally budgeted. All adjustments of otherwise overdrafts at the year-end, thru the use of these two emergency accounts, were apparently proper.

A number of errors were made in this regard in the year-end closings as of June 30, 1942, despite the attempts of the personnel of both the Controller's and our offices to guard against the same; which were corrected as discovered, and were, we believe, guarded against in the June 30, 1943, closings.

Subject to the possibility of further errors in overlooking or misinterpretation of special statutes, we believe all unexpended balances as of the June 30, 1943 year-end were closed to the "Sinking Fund Reserve" (name now changed to "Unappropriated Surplus") thru the Contingent Fund, except those which the law provides should be carried ahead to the succeeding year, all as provided by the Appropriation Acts and other specific statutes.

Bonds, Fidelity

The enactment of Chapter 320 of the Public Laws of 1943, repealing all previous laws regarding fidelity bonds except those applying to the Treasury Department, and substituting control by the Insurance Commissioner of the form of bonds, and by the Commissioner of Finance and State Auditor (subject to the approval of the Governor) of the coverage, has resulted in material clarification of the weak situation to which attention has been called in our previous reports. The State of Maine is now one of the few states in the entire country having an overall, consistent policy as to who should be bonded and in what amount; while all new bonds accepted by the State after July 9th, must be on one of two forms approved by the Insurance Commissioner. While the form chosen for these bonds and attendant papers, and the policy underlying the preparation of the standard list of bond coverage, might be viewed differently by different people, the net result is certainly a step forward,

the full benefits of which will gradually be attained as the old bonds come up for renewal.

The total ultimate bond coverage applying to officials and employees of the State projected in the present standard list, plus bonds carried on the Treasury Department, amounts to \$2,226,000, a figure differing but little from the the approximate \$2,170,000 previously in force, but applies this coverage where seemingly it will have the greatest value in protection for the State.

Before any decision was made on the standard bond coverage for officials and employees of Maine under the new law, the laws, policies, and practices of other eastern states were surveyed by personal contacts or by letter; while each of our own department and institution heads was asked for his recommendations regarding their own personnel. All bonds must now be on file in the State Auditor's office, approved as to form by the Insurance Commissioner, and checked with the standard list, before payment for the same is approved. The question of rates charged for these bonds is now in process of review, with the hope that success will be had in obtaining a more consistent and up-to-date schedule covering the same, which will take into consideration the fact that, as far as known, no claim has ever been made on, or paid by, any bonding company on account of bonds written on officials or employees of the State of Maine.

Bond Liability

The following serial Agricultural Bonds were issued during the year, as authorized by Chapter 254, Public Laws of 1941, for the eradication of Bangs Disease:

<i>Date</i>	<i>Amount</i>	<i>Rate</i>	<i>Maturity</i>	<i>Premium</i>	<i>Effective Rate (Approx.)</i>
Feb. 1, 1943	\$225,000.00	1%	Feb. 1, 1947 to 1951	\$2,157.75	.84%

The following bonds matured or were called during fiscal year 1942-43:

<i>Purpose</i>	<i>Principal</i>
Highway and Bridge	\$1,824,000
Waldo-Hancock Bridge	20,000
Maine Improvement	100,000
Maine Agricultural (Bangs Disease)	45,000
State of Maine War Bonds	100,000
	\$2,089,000

The summary of the above bond transactions results in the following:

Unmatured Balance, July 1, 1942	\$26,169,500
Matured or Called, as above	2,089,000
	<hr/>
	\$24,080,500
New Bonds issued as above	225,000
	<hr/>
Unmatured Balance, June 30, 1943	\$24,305,500

Of this balance, \$18,910,500 are Highway and Bridge Bonds and \$2,160,000 Waldo-Hancock and Kennebec Bridge Bonds.

In our last year's report was included a schedule of summary figures on the bonded indebtedness of the State from 1932 to 1942, inclusive, with attention called to the fact that the heavy reduction in 1941-42 resulted in the lowest liability of any year since 1931. These figures included bonds which, though they had matured, had not been presented for payment and hence were still liabilities of the State; since it was then impractical to obtain figures on unmatured bonds alone for the earlier years. Since then, the Controller's office has worked up, from all sources available, figures as far back as 1914 on the unmatured bond liability of the State, which through their courtesy are included herein as Exhibit H, because of the fact that it is considered there is much of value in these figures, and that they have never been available before.

These figures show that the present bonded indebtedness of the State of Maine dates back to a \$300,000 issue in 1914; from this date, the unpaid bonds at the various year-ends increased rather steadily to a peak in 1933 of \$31,393,500; and that since that year, the balance has decreased fairly steadily to its June 30, 1943, figure of \$24,305,500. Stated another way,—of the total net 10 year reduction of \$7,088,000 (22%) from 1933's peak, \$3,803,000 (53% of this 10 year reduction) has been accomplished in the last two fiscal years, divided almost equally between them.

Since July 1, 1943, bonds totalling \$1,000,000 have been called and (as far as presented) paid, eliminating all bonds which are open to a current call. This reduction will, with the current maturities this year, result in a further reduction in this current fiscal year of \$3,314,000, reducing the outstanding balance on June 30, 1944, to \$20,991,500,—conditioned, of course, on

there being no new bonds issued during the year, as now seems entirely probable. If this is accomplished, it will result in a reduction in the three years ending June 30, 1944, of approximately 25% in the bond liability outstanding at the beginning of this three-year period.

As for several years in the immediate past, no temporary loans have been necessary; and all liabilities of every nature have been promptly met on maturity, except, of course, those for bond interest and principal which, tho matured, failed of presentation for payment. For this latter, a separate current liability is carried in the balance sheets of the State, in the sum, as of June 30, 1943, of \$86,500 principal and \$30,267.50 interest.

The Department of Audit has maintained throughout the year a detail verification of all bond transactions and records, including both principal and interest, and rendered separate typewritten reports thereon.

The failure is regretted of attempts to obtain authority from the 1943 Legislature to refund on some sound basis, at today's low money market, the present unpaid balance of 4% bridge bonds, some of which run until 1978; as this would have saved the State thousands of dollars in interest charges over the remaining years.

Budgetary Control

On page 12 of last year's Department of Audit report, appreciation was expressed of the value of sound budgets and the results attained in actual budgetary control of all disbursements of the State, all under the Commissioner of Finance acting as Budget Officer. Results attained in this latter year further bear out the truth of our earlier statements in this regard.

A very comprehensive preliminary biennial Budget Report was made to the Legislature under date of January 27, 1943, the result of long and painstaking conferences with the heads of the various departments and institutions, which served as the basis for Legislative committee work leading to the appropriations for the biennium beginning July 1, 1943. This was followed in October by the final Budget Report, which contained valuable additional data and detail analysis of the resulting appropriations.

The hope is again expressed that arrangements can be made before another biennial report is due to reduce the seemingly unnecessarily high cost of printing both the preliminary and final report, and to make available the final report shortly after Legislature adjourns, with the resultant enhancement of its current value.

Emergency Funds

The current year's transactions in the Emergency War Fund are summarized in Exhibit I.

As mentioned on page 15 of our last year's report, our department has consistently contended that both the intent of Section 6 of Chapter 305 of the Public Laws of 1941, setting up the Emergency War Fund, and clear-cut administrative and accounting handling of the same, would be the better met by lump sum transfers as necessary of "monies in the general funds not appropriated and unexpended appropriation balances" to a definite Emergency War Fund; and by detail allocation therefrom by the Governor and Council to various individual projects as needed, leaving at all times an unallocated balance in that fund. For this reason, we have rearranged the data regarding this fund in Exhibit I along this line, as seemingly the same is thus more clearly shown, even though it has been the Controller's practice to transfer individual items directly from Sinking Fund Reserve to the ultimate projects, despite the wording of Council Orders, and with but little, if any, use of any specific "Emergency War Fund."

No necessity has come up since the passage of this act to warrant the issuance of any part of the \$1,000,000 bond issue authorized therein; and none is now foreseen.

The 1941 Legislature, by Chapters 325 and 329 of the Public Laws and Chapter 93 of the Private and Special Laws, established three other special funds,—the Emergency Payroll Fund for which \$80,000 and \$200,000 was appropriated, the Emergency Mileage Fund with appropriations of \$12,500 and \$30,000 and the Institutional Emergency Fund, with \$150,000 and \$150,000 appropriations; all to care for increased cost of operating the State due to the war, which could not be foreseen when the appropriations were made for the 1941-43 biennium.

Of the balance remaining June 30, 1942, in the Emergency Payroll Fund, transfers totalling \$80,075.00 were made to the

various departments to care for necessary payroll increases, resulting in a balance lapsed on June 30, 1943, in the sum of \$119,925.00.

No charges have ever been necessary to the appropriation for Emergency Mileage Fund, and the entire appropriations of \$12,500 in 1941-42 and \$30,000 in 1942-43 were lapsed at the respective year-ends.

Of the balance remaining June 30, 1942, in the Institutional Emergency Fund, plus \$150,000 additional appropriation, transfers totalling \$168,523 were made to the various institutions to care for unforeseen increases in costs due to the war, resulting in a balance lapsed on June 30, 1943, in the sum of \$72,482.

Full analysis of the current year's transactions under the Emergency Payroll and Institutional Funds will be found in the pamphlet form of the Controller's Annual Report.

Our review of the transactions in these various emergency funds in the year just ended indicated their apparent soundness.

Forestry Department and Forestry District

While our examination of these accounts for the year ended June 30, 1943, has not yet been completed, it has progressed far enough to warrant the statement that a material start has been made in overcoming certain unfavorable conditions to which attention has been previously called.

By Chapter 345 of the Public Laws of 1943, the Legislature relieved the Forest Commissioner of what had previously been an undue responsibility by placing the handling of cash and records of the Forestry District under the State Treasurer and State Controller, the same as other State departments. This change, while not effective until after the close of the fiscal year 1942-43, would appear to bring to a more logical conclusion the policy initiated by the Code of 1931, and to be of material practical advantage from many angles.

Governor's Contingent Fund—Governor's Expense Account

The somewhat weak legal foundation for the "Governor's Contingent Fund," to which attention has been called in previous reports, has apparently been largely clarified by the enactment of Chapter 187 of the Public Laws of 1943, which provides in fairly clear-cut manner for a "Governor's Expense Account"

based on biennial appropriations therefor and establishes a seemingly sound procedure regarding the same.

Health and Welfare Department

The financial transactions and records of this department, which disbursed around \$7,950,000 in the year just ended, have been under the constant review of the auditor assigned permanently to that department. Our department has at all times received their heartiest cooperation in our work with, and for, them; and we feel that both their control over disbursements and their records of the same have shown even further improvement from the high plane mentioned in last year's report.

In Exhibit C we show a very much summarized analysis of the financial transactions during the year just ended, taken from our typed annual audit report on that department. These figures show an increase in disbursements for Old Age Assistance benefits of approximately \$410,000 from those of the preceding year, almost exactly offset by decreases in disbursements for pauper relief; the latter probably due, in part at least, to the present materially changed employment situation, and hence possibly only temporary.

Highway Department

The press of other work and the inability to obtain sufficient proper personnel by the Bureau of Accounts and Controls has resulted in little success in clearing up the situation to which attention has been previously called of inefficient accounting practices in the Highway Department and poor correlation between their records and those in the Controller's office. We are again informed that this is to be "majored on shortly" with, we hope, good success. Meantime the results attained are not all that could be desired, the total cost to the State being higher than would otherwise be necessary, with the further additional cost of our maintaining two resident auditors in the Highway Department.

In June of 1943, the Highway Commission published in one pamphlet their annual reports for the calendar years 1940 and 1941, which reports are by law due on December 31st of *each* year. The accounts of this department are still handled on a calendar year basis, which not only is contrary to the law but complicates materially their correlation with the records of the Controller's office.

The 1943 Legislature made a start on reducing what has to some seemed a possibly unfair drain on the Highway Funds, by appropriating from general funds of the State the sum of \$35,700 towards support of the State Police in the year commencing July 1, 1943, leaving the remaining 90% of the State Police budget to be met from the Highway Fund.

In addition to the financing from the Highway Fund of the entire cost of State Police, motor vehicle division of the Secretary of State's Department and the gas tax division of the Tax Assessor's office (for which activities net transfers totalling \$461,927 were made during the year ended June 30, 1943) there were transferred from these funds the following additional items:

Bureau of Accounts and Control	\$27,974.53
Attorney General's Department	2,800.00
Department of Audit (Departmental Division)	8,643.64
Bureau of Purchases	2,677.00
	\$42,095.17

While this total is a reduction of some \$11,000 for similar figures for the previous year, it still constitutes a material drain on the Highway Fund, and one whose soundness might be considered as open to possible question.

In Exhibit D we show very much summarized figures of the financial transactions of this department in the year just ended, taken from our annual departmental audit report, which, because of its arrangement in different form from any other figures available, may have of value.

During the year, the surplus of the Highway Department (including toll bridge operation) increased from \$5,264,881 on June 30, 1942 to \$6,682,359 on June 30, 1943. This net gain of \$1,417,478 is the amount of the excess of revenue available for highway purposes (\$10,699,543) over expenditures (\$9,282,065) and was made possible by the fact that while revenue decreased \$2,834,080 from the previous year, expenditures were decreased \$4,132,337.

Institutions

The same two auditors have been assigned for the past three years to audit work on the accounts of the 13 State Institutions, in which they have received increasingly the active cooperation

of the various superintendents and of the present Commissioner of Institutional Service in obtaining better efficiency in the handling of financial transactions and their records. The detailed annual reports of our departments on the various institutions for the year just ended are virtually complete, along a somewhat improved line than has been done in previous years, but with further improvements in view in the future.

Comparative figures of State investment in, and income and disbursements of, the various institutions are shown in Exhibit E but, both necessarily and regrettably, the figures are for the year ended June 30, 1942. It is hoped that current figures will be available for inclusion in next year's report. More attention is being paid each year to per capita costs in the various units; in any comparison of which consideration should be given to the fact that in certain units inmates or patients are able to, and actually do, perform a material part of the necessary upkeep and maintenance work; while in other units, the patients are actually bedridden and require constant waiting on.

It is hoped that before another year, improved methods will be possible in handling the records of fixed assets and their resultant net State investment in each institution, as the present method in use is far from satisfactory.

Work so far accomplished on the books of the various institutions indicates that practically every unit exceeded its regular appropriation due to increased cost of food, other supplies and wages; and that this was made up by transfers from the Emergency Payroll and Institutional Emergency Funds set up by the Special Session of the 1941 Legislature to meet this expected contingency.

Lands Reserved for Public Uses Fund

The Farm Lands Loan Commission, which handles the investments, etc., of this fund, and of which the State Auditor is an ex officio member, has made material progress during the year in liquidating the balances tied up in farm property and loans thereon, the net reduction during the year having been \$84,100, tho there is still \$183,872 tied up in 123 units. The cash thus released, together with fund additions, has largely been invested in conservative securities, the net balance in which as of June 30, 1943, was \$645,338, an increase during the year of around \$149,000. The entire fund now totals slightly under \$994,000.

Laws: Revised Statutes, Session and Maine Reports

We repeat again our suggestion of last year that the custody and distribution of the Revised Statutes, the Session Laws and the Maine Reports, should be concentrated in a single department (preferably the State Library); and that the Maine Reports should be published at the expense of, and be owned by, the State of Maine, rather than by an official of the State.

Liquor Commission

In our review of the financial transactions under the Liquor Commission, we have depended somewhat on testing the sufficiency of the work of their own internal auditors; with, of course, material work by our own personnel on their major books of account. We hope to be able to ourselves keep more thoroughly in touch with their financial transactions in the coming year.

Many of the points to which attention was called on page 19 of our last year's report have been now cleared up, thru changed practices in the department, or by the enactment of new laws, among which latter may be mentioned Chapter 126 and 302 of the Public Laws of 1943. We still feel that there is room for material improvement in the handling of the general ledger accounts, their correlation with the Controller's records, and reduction of possibly unnecessary duplication with accounts kept in the Controller's office.

Maine Maritime Academy

This academy only started active operations in the winter or spring of 1942 since when continual trouble has been experienced in obtaining and keeping proper financial and accounting personnel. This was largely cleared up last winter by the employment of a man previously an auditor in the Department of Audit, and it is hoped that all matters will be found in satisfactory condition when we are able to get to their work a little later.

The question regarding ownership of assets, to which attention was called last year, has since been settled by the enactment of Chapter 20 of the Private and Special Laws of 1943, which provides that in the event of liquidation, all assets will revert to the State.

Normal Schools

Our examination of the accounts of the normal schools for the year ended June 30, 1942, was completed during the fall of 1942, under a cooperative agreement with the Department of Education. As of July 1, 1942, material changes were made by the Commissioner of Education in the handling of the financial transactions and records of these units, the major part of which has now been brought to the State House at Augusta under the head accountant for the Department of Education.

It is hoped that the examination of these accounts for year ended June 30, 1943, will be completed relatively shortly, this work having been transferred from the Municipal to the Departmental Division of the Department of Audit coincident with the transfer of much of the financial transactions and records to Augusta from the schools scattered over the state.

Port of Portland Authority

The detailed report on the examination of the accounts of this agency of the State for the year ended June 30, 1942, indicated the clearing up of the somewhat unsatisfactory accounting conditions mentioned in our previous annual report. Since this date, the facilities of the State Pier have been largely taken over by the Navy Department under lease from the Authority, which should materially reduce the detail handled in their records during the continuation of this lease. It is hoped that the current examination can be handled shortly.

Public Administrators

The Maine Statutes provide that a Public Administrator shall be appointed in each county to administer the estates of decedents apparently having no heirs; to make a thorough search for such heirs; and, after liquidation of all just claims against the same, to transfer the resultant balances to the State of Maine, subject for the period of 20 years to the claim of any later discovered heirs. As far as known, no audit and relatively little effective supervision has ever in the past been effected over the Public Administrators handling these estates.

Because of an opinion by the Attorney General in January 1943, that the Department of Audit not only had the right, but was obligated under the law, to examine these accounts, this

work was started as soon as a proper man could be obtained. At that time it was found that no current appointments had been made in several counties, a matter which has now been straightened out. The examinations have now progressed far enough so that it is hoped to complete the first trip around within a few months, after which it will take a much reduced amount of time to keep up the audits currently.

In most cases it appeared advisable to carry our examinations back over a period of from 10 to 20 years to obtain a starting point. In the case of certain officials occupying these offices during varying parts of the period covered by us, material laxity, carelessness, and in one or two cases apparent dishonesty, were shown in the handling of their transactions and records, and in the reports made to the various Judges of Probate. It is felt confident that the net result of this work will be a much more careful and expeditious handling of these estates in the future.

In connection with these examinations, it developed that in some counties, estates without heirs had been administered by creditors, possibly contrary to the intent of the law; in some cases expenses were entirely out of line; and in others very wasteful and seemingly inexcusable delays had been the practice in reducing the estates to cash and turning over the resultant equities to heirs, if found, and if not, to the State. This latter practice in certain cases resulted from the feeling in some minds that from a practical standpoint the law gave no right to sale of real estate by the Public Administrators except when necessary to pay the liabilities of the estate. In all these matters we have worked, and are still working, in close cooperation with the Attorney General's Department.

Reports, Delays in Issuing

A very valid criticism of many governmental agencies is that their reports are not available to the public until after the lapse of so much time that their current value is decreased almost or quite to the vanishing point.

While it would seem that the record of the officials of the State of Maine in this regard has not been any below the average, there would appear room for improvement, regarding which we suggest consideration by each department head. Following are examples of at least regrettable delays in this

regard, in which list no attempt has been made to be all inclusive, or necessarily to pick the worst offenders:

Highway Commissioners; report due by law on December 31st of *each* year; last report issued was for 1940 and 1941, delivered in June, 1943.

Attorney General; the law calls for a biennial report on December 1 (of even numbered years ?); last report issued for 1931 and 1932, tho that for 1941 and 1942 was a year ago said to be in process.

Legislative Record; publication of bound indexed copies for the 1943 Legislature (which adjourned early in April) has not yet been accomplished, tho printing of everything but the index is understood to have been complete last April.

Budget; the final edition of this report for the biennium beginning July 1, 1943, was not available until the latter part of October, tho it only required the addition to the preliminary edition issued in January of figures of actual appropriations by the 1943 Legislature.

Controller; the annual report in pamphlet form for the year ended June 30, 1943, is not yet (October 28th) available, though summary figures therefrom were printed in newspapers September 3.

Auditor; this report will most certainly not be out on the legal date of October 31, tho the 1943 Legislature set a date two months later than that previously specified.

Somewhat allied to delayed publication of reports, is the heavy expense of publishing certain reports at all, which because of their subject matter and/or form of presentation are read by very few people, and are of very restricted practical value; and the possibly unwise or unnecessary material increase in cost to the State due to form, size, set up, etc., of reports which, in more practical form, might be well worth their cost.

Retirement System, Contributory

This new retirement system, applicable to all officials and employees of the State, with certain exceptions, was set up by Chapter 328 of the Public Laws of 1941, to replace the previous non-contributory pension law dependant on annual appropriations; and started active operations in July, 1942.

Our review of the financial transactions under this system in the year just ended, and the records of the same, indicated certain weaknesses in the original set-up and handling of the records; to these attention was currently called, and they are now largely straightened out or in process of straightening out.

During the year just ended, contributions from employees have been received totalling \$120,867.60; \$320,000 has been appropriated from general funds of the State; disbursements for payment of pensions totaled \$116,148.45; after other relatively minor receipts and disbursements and the receipt of \$32,507.38 deposits by municipalities, there resulted a total balance in the fund on June 30, 1943, in the sum of \$359,110.88, of which \$318,000 was invested in Federal securities.

This law also provides for the participation therein of employees of counties, cities and towns under certain conditions, which has not as yet been availed of to any material extent.

Retirement System, Teachers'

The two possible weaknesses in the handling of funds of the Teachers' Retirement System due to lack of matching appropriations since 1933 and use of an excessive interest rate, to which attention was called in our last year's report, were corrected by the 1943 Legislature by its appropriation of \$949,556 from Unappropriated Surplus to make up the accumulated shortage of matching funds, its provision for proper current matching funds, and its reduction of interest rates from 4% to "such rates as may be determined by the Retirement Board."

An actuarial survey of this fund was accomplished in the fall of 1942, which in general indicated, we understand, that after the two above corrections, the fund was on a sound basis.

Our review of the transactions in this fund during the year just ended, while not yet complete, indicates that all matters are in general being properly handled and recorded, certain relatively minor weaknesses in the accounting set-up, and lack of sufficient able personnel being, we understand, now in process of correction.

The fund has increased during the year to a total of \$1,015,529.26, which apparently is soundly invested and wisely handled; with the further special increase of \$949,556, in July 1943, as covered in the first paragraph above.

Salaries and Wages

A survey of the salaries then being paid to various officials of the State, made by others than the Department of Audit previous to the convening of the 1943 session of the Legislature, resulted in the presentation to that body of a series of bills in the effort to obtain a more equitable and consistent schedule of such salaries,—some bills to adjust individual salaries, others to grant that right to the Governor and Council. With one minor exception, these bills failed of passage. This resulted in the fact that adjustments last spring to more consistent and more equitable basis was possible only in the case of those salaries which, by previous laws, were in the hands of the Governor and Council, of necessity leaving as they were those set by the Legislature. This would appear to result in a material inequity, as those salaries, control of which is retained by the Legislature, are as a whole below the present going market for people fitted to fill the positions, in many cases appear inconsistent one with the other, and now are particularly out of line with the adjusted salaries of those set by the Governor and Council.

Various bills presented to the 1943 Legislature to provide for adjustment of wages of subsidiary employees of the State to care for the present material increase in cost of living, and to more nearly meet the competition of outside employment, also failed of passage, though with the understanding that equitable adjustments of the same would be made by the various department heads working in conjunction with the Bureau of Personnel. This resulted in one rather general increase of all wages of State employees in May or June, 1943, which in conjunction with a rather continuous series of individual wage increases, has gone far to accomplish the purpose desired. It has not brought, and possibly should not bring, these wages up to a basis on a par with those now paid in war industries and federal agencies.

Secretary of State

Because of the fact that such a high proportion of the financial transactions of the Secretary of State's department are involved in the handling of the Motor Vehicle Division, the major part of the work of the auditor assigned to that department has been in connection with the records of that division,

though the relatively small volume of other financial transactions have been constantly under review and report.

The detail verification of every financial transaction involved in the issuance and recording of motor vehicle and operators' licenses was continued steadily through the year just ended, summarized each month in a condensed report to the Secretary of State. The relatively few and minor matters to which attention was called were immediately straightened out. The auditor made periodical visits to, and checks of, each of the agencies in different parts of the State.

The changed methods of issuing, recording and verifying the multitudinous financial transactions, of which a regrettably high proportion come in two relatively short peak periods, have worked out very satisfactorily and resulted in reducing the previous delays and complications to the public; except as it was complicated this year by the emergency use of decals in place of new number plates because of the war conditions of the supply market.

As of June 30th, 1943, the handling of the time-taking details of this verification was taken over by the Motor Vehicle Division itself, which relieves our auditor for work along broader lines, in which he will continue to constantly check the sufficiency of the division's own internal audit.

Sinking Fund Reserve—Unappropriated Surplus

In the last three annual reports, attention has been called to the seeming wisdom of clarification of the law in regard to the title and handling of the so-called "Sinking Fund Reserve" established by act of the Legislature passed in 1925. Chapter 271 of the Public Laws of 1943 changes the title to "Unappropriated Surplus" and sets up a much more workable procedure for its handling, and at the same time provides more consistent handling of the State Contingent Fund.

By enactment of Chapter 88 of the Private and Special Laws of 1943, the Legislature "appropriated from any balances in the Sinking Fund Reserve as of July 1, 1943 the following sums":

To make up deficiency in Teachers' Retirement Annuity Fund from lack of State appropriation since 1933		\$949,556.00
To adjust previous errors in Indian Funds:		
Penobscot Indian Trust Fund	\$7,550.00	
Passamaquoddy Indian Trust Fund	4,486.17	

DEPARTMENT OF AUDIT

29

Indian Township Administration	1,163.89	
	<hr/>	13,200.06
Establishing Working Capital for:		
State Liquor Commission	1,200,000.00	
Departmental Garage	75,000.00	
Departmental Supplies	10,000.00	
Post Office	10,000.00	
	<hr/>	1,295,000.00
Laundry at Central Maine Sanatorium		15,000.00
		<hr/>
		\$2,272,756.06

The first item above cares for the weakness in the Teachers' Retirement Fund to which attention has been called in our previous reports, and as mentioned elsewhere herein; the adjustments of the Indian funds were in line with the recommendations of the Research Committee; the establishment of working capitals formally authorizes, and sets definite amounts, on sums set apart for working capital for those four units of State Government, without any net reduction of overall balances of the State: leaving the last item for Central Maine Sanatorium as the only actual external disbursement authorized.

Chapter 90 of the Private and Special Laws of 1943, appropriated from Sinking Fund Reserve the following "for extraordinary and non-recurring expenditures":

Purchase of former garage for use of Motor Vehicle Division	\$	32,500
Construction of Employees' Building, Pownal State School		100,000
Post War Reserve (Public Laws of 1943, Chapter 353)		1,000,000
		<hr/>
		\$1,132,500

Of the \$1,000,000 appropriated above for Post War Reserve, \$950,000 was invested after July 1, 1943, in Federal securities, leaving the remaining \$50,000 as available for "Cost of planning" as specified in Chapter 353.

Because of the effective date of these various appropriations and reservations from the "sinking fund reserve", they are not, as a whole, reflected in the June 30, 1943 balance sheet,

Treasurer of State

The Department of Audit has maintained one man constantly in the State Treasurer's office, reviewing and verifying in some detail the receipts and disbursements of the State; the bank balances and reconciliations thereof; the maturities and payments of principal and interest on bonds issued by the State;

the securities purchased, sold or on hand in the custody of the Treasurer; food stamp transactions; and accounts receivable in collection. Changes have been made in procedure which will in the future obviate the necessity of some, at least, of this detail work by our department, through its accomplishment (subject to our review) by personnel in the Treasurer's or Controller's offices, and this without detrimental effect to the results attained. No external verification of accounts receivable balances in the hands of the State Treasurer for collection was accomplished last year, though it is planned to do this next winter; and at the same time to go into the question of the completeness and accuracy of these records in the Treasurer's office and possibly the effectiveness of collection practices.

Chapter 317 of the Public Laws of 1939 (approved October 23, 1940) placed the collection of accounts receivable due the State in the hands of the Treasurer of State, with the provision that "in cases of neglect or refusal to pay he shall institute through the Attorney General such court actions as may be necessary to enforce payment." In practice, especially since the appropriation accounts are now credited when a bill is rendered rather than waiting until payment is actually received, this has, sometimes at least, resulted in the Department head not feeling as keen an interest in the collection of their accounts as formerly; in which they overlook, possibly, the point that any items finally failing of collection are charged back to their accounts. In addition, the section of the law quoted above has, in practice at least, resulted in the Treasurer turning over to the Attorney General accounts that did not readily yield to more or less routine collection practice; possibly without, in some cases, the most active action thereon by the Attorney General, except in such cases as warranted a suit because of their size. While this law has resulted in improvement of the situation existing previous to 1940, especially in the establishment of controls of such accounts as are turned over to the Treasurer, it would appear that it fails somewhat of the best possible results in collecting money due the State.

An especially thorough verification was made of the bank balances, cash and securities on hand at the time of the change in State Treasurers in January of 1943.

Changes made by Chapters 190 and 197 of the Public Laws of 1943 will, from its effective date, furnish the

Treasurer the support of others in handling the investments of trust funds in his custody, which from their size had become an almost unduly heavy responsibility for a single official. Chapter 192 of the same laws, authorizing the investment of current funds of the State in short term federal securities, has made possible since July 9 a material relief from the complications incident to the increasingly large bank balances of recent years, though the writer regrets the failure to authorize also deposits in out of state banks under proper control. Up to October 28th, a total of \$3,650,000. of current funds had been invested in Federal Certificates of Indebtedness, carrying $\frac{7}{8}\%$ interest.

While of necessity the work of the Department of Audit in the Treasurer's office has largely been in connection with the handling of the cash and securities in his custody, the same constant review has been maintained, as in other departments, of all expense items of that department.

We list below the month-end cash balances in checking accounts of the State in the year just ended, which are carried in one very active, and 105 relatively inactive, accounts; together with the combined balances in the trust and agency funds in the custody of the State Treasurer, largely of course, in the form of securities and savings accounts; which figures are exclusive of the balances of Unemployment Compensation Commission funds on deposit with the Treasurer of the United States, and all balances in the custody of the State Treasurer as trustee for certain municipalities under the Board of Emergency Municipal Finance.

	<i>Bank Balances (Demand)</i>	<i>Trust and Agency Balances</i>
July 1, 1942	\$9,202,781.61	\$3,626,016.00
July 31, 1942	8,483,607.23	3,627,292.25
August 31, 1942	7,749,833.37	3,828,460.21
September 30, 1942	7,501,020.47	3,752,250.58
October 31, 1942	8,533,904.95	3,764,024.04
November 30, 1942	9,312,834.18	3,776,734.85
December 31, 1942	10,920,339.17	3,849,350.83
January 31, 1943	10,648,698.09	3,802,161.12
February 28, 1943	11,389,917.69	3,798,036.78
March 31, 1943	12,083,774.29	3,859,537.67
April 30, 1943	14,306,685.22	4,026,006.24
May 31, 1943	13,353,880.63	4,070,801.16
June 30, 1943	14,279,470.37	4,061,938.25

Trust Funds

The Department of Audit has maintained a continuous review and verification of all trust funds for which the State is responsible; the purchase, sale, and balances of the securities and savings accounts in which they are invested; and the records maintained of the same; as summarized in the Controller's report.

It is regretted that success was not attained in the effort to obtain passage by the 1943 Legislature of enactments to care for the loss of some \$80,000 to these funds from balances impounded during the "bank holiday" of 1933; and the excessive interest rate (often on an inflated principal) which the State is paying the beneficiaries of certain of these trusts.

Other than the above, we feel that the trust funds of the State of Maine are being soundly administered.

Unemployment Compensation Commission

Continuation of the reciprocal arrangement with the federal auditors and the sound accounting practices of their own force, have made possible further reduction in detail work of our department on the accounts handled by this commission.

The combination of the increased payrolls, and the reduction of unemployment in the state, has resulted in a steady increase of the money on deposit with the Treasurer of the United States during the year from \$10,193,710.77 on July 1, 1942 to \$18,663,306.40 on June 30, 1943. During the year under review the net receipts from Unemployment Taxes, etc. in Maine have amounted to \$8,928,147.39 (\$6,097,878.47 in the previous year); while the net payments of unemployment benefits have been only \$737,226.54 (\$1,339,787.13 in the preceding year).

* * * *

Summary Figures

Differences between the summary State figures shown in Exhibits A and B, and figures in somewhat similar tables in the Controller's report, are due to the slightly different arrangement employed, and the fact that the Controller shows certain figures of both receipts and disbursements gross, while they are netted in Exhibits A and B,—as Liquor, Racing Commission, and Cigarette Tax.

Differences between the Highway figures in the second column of Exhibit B, and those in Exhibit D, are due to certain netted items; and to the further fact that the former includes only true *Highway Funds*, while the latter include all transactions administered by the *Highway Department*,—the former including State Police, Motor Vehicle Registration and Gas Tax; the latter Toll Bridge items; each omitted respectively from the other.

MUNICIPAL DIVISION

General

As covered previously in this report, the Municipal Division of the Department of Audit receives no appropriation from the Legislature and is required to meet its entire expense from charges against the municipalities, courts, counties, etc. which it audits under the provisions of the law.

This Division was put on an accrual basis as of July 1, 1942 and, as summarized on Exhibit J, practically lived within its income during the year ended June 30, 1943. This was made possible by authority through council order for a slight increase in the rates charged, which rates now stand at \$11 per day for the more experienced auditors and \$10 for all others, with the exception of clerical and typing work which is charged at \$5 per day; plus, of course, all travel and living expenses when away from official headquarters. Since material salary increases have been necessary here as elsewhere, it is entirely possible that it may be necessary to request permission of the Council for authority to further increase these rates so that this Division may be able to continue to operate within its income.

Despite the loss of employees in this Division, the standard of audit work and reports thereon has been improved materially in the year just ended, until today the type of audits performed and reports rendered, as well as the more general assistance furnished to municipalities of the State are, we feel, a material factor in the increasingly sound financial health shown by so many of these subsidiary units of the State.

County Audits

Detailed reports on the outcome of our examination of accounts of the sixteen counties of the State were made to the various County Commissioners in March, covering the calendar year 1942; as required by law, copies were furnished to the Legislative Committee on county estimates, followed by summary comparisons of the financial standing, and receipts and disbursements of the various counties shown by these reports.

Our examination of county records has included a rather detailed review and verification of the receipts and disbursements of each county unit. In this work we have received increasingly

the active cooperation of the County Commissioners, especially in their support of changes in procedure recommended by our auditor assigned to the county work.

Our reports based on the county records indicated further efficient handling of all transactions in a high proportion of the counties and their increasingly sound financial condition. A much condensed summation of the data revealed by these audits is shown in Exhibit F of this report, which this year includes comparative data on both 1942 receipts and disbursements and financial standing of each county on December 31, 1942; together with a comparison of their financial standing on January 1, 1938 and December 31, 1942.

Figures in this last mentioned comparison indicate the following improvement in the surplus-deficit accounts of the sixteen counties during this five-year period:

Androscoggin	\$ 68,678
Aroostook	154,005
Cumberland	273,547
Franklin	24,953
Hancock	94,125
Kennebec	11,533*
Knox	13,661
Lincoln	43,650
Oxford	40,973
Penobscot	57,836
Piscataquis	49,083
Sagadahoc	1,529
Somerset	19,202*
Waldo	7,048
Washington	16,737
York	107,772
	<hr/>
	\$922,862

*Detrimental change in two counties which had no bonded debt in this 5-year period.

Court Audits

Much has been accomplished from the audits by the Municipal Division of the records of the Municipal and Trial Justice Courts, Superior Court Clerks, and the Probation Offices and Jails of the sixteen counties of the State. This work has proceeded steadily throughout the year just ended, with detailed reports being sent to the County Commissioners as the audit of

each county was completed. In this, a very material factor has been the increasing support received from the County and State officials affected thereby.

The enactment of new laws by the Legislature, in which the personnel of the Department of Audit had a material hand, with particular reference to Chapters 82, 269 and 282 of the Public Laws of 1943, will undoubtedly result in clarifying many rather fundamental weaknesses in the past financial procedures in these courts.

Laxness in the handling of financial matters by the various court officials, to which attention has previously been called, is decreasing and should continue to decrease as suggested procedures are put into effect, and the incumbents of the various offices more thoroughly realize the value to them, as well as to others, of clear cut handling and recording of all financial transactions.

Where results shown by these audits have made it seem advisable, certain matters have been referred to the Attorney General and Governor for action, the necessity for which it is hoped will decrease materially in the future.

Municipal Audits

According to present statute, it is required that each city, town, plantation and village corporation in the State of Maine have an annual audit performed by the Department of Audit or by some other person "competent" to do the work, but this law is materially weak in that it fails to specify who shall determine the competency of an outside auditor, or supervise and review his work.

Approximately 50% of the municipalities of the State are at present audited by this department. Of the other 50%, a high proportion are audited by men who, by training and long experience in municipal work, are able and do give satisfactory service to their clients, while of the remainder, as was expected when the law was changed in 1941, an ever-increasing number of municipalities are omitting the audit entirely or leaving it up to persons utterly unqualified to either perform the audit or furnish the town officials the assistance, suggestions and advice so often needed.

During the 1943 Legislative Session, a vain attempt was made by the Maine Municipal Association, with the support of the

Interim Legislative Research Committee, to have enacted a really satisfactory municipal audit law—at least one as good as that in force previous to 1941. On pages 20 and 21 of our last year's report, we discussed the value to municipalities of really good municipal audits; our belief in the soundness of this position increases as the months go by.

The Supplemental Report of the Department of Audit published in January summarized the results shown by audit reports for the municipal year usually ending in February and March, 1942; a similar publication will be available as soon as the audits for the succeeding year are completed,—or as far as they will be for reasons covered in an earlier paragraph.

The records of the Department of Audit show that we performed a total of 245 municipal audits covering the 1941-42 year, for which the total charges averaged as follows:

	<i>Normal</i>	<i>Exceptional</i>	<i>Combined</i>	
	<i>(a)</i>	<i>(b)</i>	<i>No.</i>	<i>Average</i>
Under 500 population	\$ 47.79	\$134.53	83	\$ 57.19
500 to 1,500 population	68.78	200.93	96	85.30
1,500 to 3,000 population	100.83	424.99	35	128.62
3,000 to 5,000 population	111.49	369.48	19	192.28
Over 5,000 population			12	446.88

- (a) "Normal" audits listed above, embracing 203 out of the total of 245, included bills against those municipalities where records were found in good condition and no other time-taking trouble encountered.
- (b) "Exceptional" audits listed above, embracing 30 items, included those municipalities where conditions were found necessitating expenditures of an entirely disproportionate amount of time.

Combined Balance Sheets—All Funds

JUNE 30, 1943

	General Funds	Highway Funds	Unemployment Funds	Other Restricted Funds*	Total** All Funds June 30, 1943	Total** All Funds June 30, 1942	Increase or (Decrease)
ASSETS							
Cash exclusive of Closed Banks.....	\$ 4,566,901.61	\$ 6,625,520.29	\$ 56,246.55	\$ 3,608,140.42	\$ 14,856,808.87	\$ 9,815,151.49	\$ 5,041,657.38
Deposits with U. S. Treasury.....			18,663,306.40		18,663,306.40	10,193,710.77	8,469,595.63
Accounts and Notes Receivable (after Reserves).....	1,573,503.96	190,912.21	196,984.47	327,079.79	2,280,566.84	2,193,400.55	87,256.26
Inventories.....				1,286,110.93	1,286,110.93	1,081,671.08	204,439.85
Investments (after Reserves).....	11,243.40			3,626,825.28	3,638,068.68	3,118,048.62	520,020.06
Working Capital Advances to Other Funds.....	1,475,828.19	380,000.00					
Other Assets (after Reserves).....	15,949.05	305.31		99,640.91	115,895.27	140,165.95	(24,270.68)
Plant and Equipment (after Reserves).....				803,198.52	803,198.52	925,392.81	(122,194.29)
Accounts Receivable (due 1943-77).....				1,426,026.77	1,426,026.77	1,444,984.98	(18,958.21)
Total Assets.....	\$ 7,643,426.21	\$ 7,136,737.81	\$ 18,916,537.42	\$ 11,177,022.62	\$ 43,070,072.25	\$ 28,912,526.25	\$ 14,157,546.00
Amount Necessary to Retire Bonds.....	3,235,000.00	18,910,500.00		2,160,000.00	24,305,500.00	26,169,500.00	(1,864,000.00)
	\$ 10,878,426.21	\$ 26,107,237.81	\$ 18,916,537.42	\$ 13,337,022.62	\$ 67,375,572.25	\$ 55,082,026.25	\$ 12,293,546.00
LIABILITIES							
Accounts Payable.....							
Other Current and Accrued Liabilities.....	\$ 473,038.41	\$ 230,594.07	\$ 1,145.79	\$ 539,753.08	\$ 1,244,531.35	\$ 1,227,937.79	\$ 16,593.56
	179,035.37	38,677.50	5,608.80	82,534.25	293,092.30	239,240.30	53,852.00
Total Current Liabilities.....	\$ 652,073.78	\$ 269,271.57	\$ 6,754.59	\$ 622,347.33	\$ 1,542,623.65	\$ 1,467,178.09	\$ 75,445.56
Bonds Payable.....	3,235,000.00	18,910,500.00		2,160,000.00	24,305,500.00	26,169,500.00	(1,864,000.00)
Total Liabilities.....	\$ 3,887,073.78	\$ 19,179,771.57	\$ 6,754.59	\$ 2,782,347.33	\$ 25,848,123.65	\$ 27,636,678.09	\$ (1,788,554.44)
WORKING CAPITAL, RESERVES AND SURPLUS							
Working Capital.....				2,855,828.19	2,855,828.19	1,533,602.24	1,322,225.95
Reserves.....							
For Authorized Expenditures.....	1,214,047.73	2,130,919.46		1,368,243.51	4,713,210.70	4,688,784.22	24,426.48
For Trust and Agency Funds.....				4,585,910.74	4,585,910.74	4,098,654.76	487,255.98
For Working Capital.....	1,475,828.19	380,000.00					
To Retire Bonds.....				1,500,000.00	1,500,000.00	1,500,000.00	
Total Reserves.....	2,689,875.92	2,510,919.46		7,454,154.25	10,793,121.44	10,287,438.98	511,682.46
Surplus Accounts.....							
State Contingent Fund.....	300,000.00				300,000.00	300,000.00	
Unemployment Compensation Fund.....			18,909,782.83		18,909,782.83	10,408,536.53	8,501,246.30
Unappropriated Surplus.....	4,693,587.80	4,416,546.78		244,692.85	9,354,827.43	5,707,881.70	3,646,945.73
Less: 1936-37 Deficiency Account.....	(692,111.29)				(692,111.29)	(692,111.29)	100,000.00
Total Surplus.....	4,301,476.51	4,416,546.78	18,909,782.83	244,692.85	27,872,498.97	15,624,306.94	12,248,192.03
Total Working Capital, Reserves and Surplus.....	6,991,352.43	6,927,466.24	18,909,782.83	10,554,675.29	41,527,448.60	27,445,348.16	14,082,100.44
Total Liabilities, Working Capital, Reserves and Surplus.....	\$ 10,878,426.21	\$ 26,107,237.81	\$ 18,916,537.42	\$ 13,337,022.62	\$ 67,375,572.25	\$ 55,082,026.25	\$ 12,293,546.00

Contingent Liability for Deer Isle-Sedgewick Bridge District Bonds, \$467,000.

The above balance sheets employ the same figures as are used in Schedule I of the Controller's report after slight rearrangement and condensation.

**"Other Restricted Funds," as above, combine the following funds:

Other Special Revenue, Proceeds of General Bonds, Public Service Enterprises, Working Capital, and Trust and Agency.

State of Maine

Exhibit B

Combined Operating Statement—All Funds

YEAR ENDED JUNE 30, 1943

38

TWENTY-FOURTH REPORT

	General Funds	Highway Funds	Unemployment Funds	Other Restricted Funds*	Total All Funds**
Revenue					
Taxes.....	\$8,915,335.83	\$4,374,422.76	\$8,920,096.36	\$3,742,015.51	\$25,951,870.46
Motor Vehicle Registrations.....		3,258,013.04			3,258,013.04
Federal Grants.....	2,962,854.11	1,797,077.94		1,033,511.78	5,793,443.83
Services and Fees.....	455,616.29	523,726.70		887,905.78	1,867,248.77
Counties, Cities and Towns.....	358,248.61	370,406.51		147,134.74	875,789.86
Departmental Earnings.....	264,432.16	6,297.03		13,954,543.68	14,225,272.87
Board and Care of Neglected Children.....	212,057.32				212,057.32
Private Contributions.....	38,990.77			417,187.66	456,178.43
Rent of Property.....	41,212.40	5,283.59		434,553.04	481,049.03
Other Income.....	33,313.79	44,557.14	323,971.06	382,863.14	784,705.13
Total Revenue.....	13,282,061.28	10,379,784.71	9,244,067.42	20,999,715.33	53,905,628.74
Non Revenue Receipts					
Bond Issue.....				225,000.00	225,000.00
Sub-Total.....	13,282,061.28	10,379,784.71	9,244,067.42	21,224,715.33	54,130,628.74
Contributions from Other Funds.....	7,492,763.69	34,400.13		392,907.67	
Total.....	20,774,824.97	10,414,184.84	9,244,067.42	21,617,623.00	54,130,628.74
Disbursements					
Expenditures					
Personal Services.....	3,774,561.09	460,660.03		1,362,689.63	5,597,910.75
Contractual Services.....	1,289,345.84	191,646.43		1,157,360.21	2,638,352.48
Commodities.....	1,409,826.54	35,272.35		9,444,515.42	10,889,114.31
Grants, Subsidies and Pensions.....	9,967,741.90	37,434.71	742,820.62	1,346,072.74	12,094,069.97
Capital Expenditures.....	146,222.86	49,277.64		145,141.66	340,642.16
Debt Service.....	294,150.00	2,503,018.00		136,700.00	2,933,868.00
Highways and Bridges.....		5,615,296.17		25,269.61	5,640,565.78
Total Expenditures.....	16,881,348.23	8,892,605.33	742,820.62	13,617,749.27	40,134,523.45
Contributions to Other Funds.....	427,307.80	42,095.17		7,450,668.52	
Total Disbursements.....	17,308,656.03	8,934,700.50	742,820.62	21,068,417.79	40,134,523.45
Operating Gain.....	3,466,168.94	1,479,484.34	8,501,246.80	549,205.21	13,996,105.29
Less:					
Increase Reserves:					
For Authorized Expenditures.....	310,110.39	(461,155.87)		175,471.96	24,426.48
For Working Capital Funds.....				30,000.00	30,000.00
For Trust and Agency Funds.....				487,255.93	487,255.93
Total Increase in Reserves.....	310,110.39	(461,155.87)		692,727.94	541,682.46
Net Gain from Operations.....	3,156,058.55	1,940,640.21	8,501,246.80	(143,522.73)	13,454,422.83

Exhibit B (Continued)

RECONCILIATION WITH SURPLUS ACCOUNTS AS SHOWN BY EXHIBIT A

	General Funds	Highway Funds	Unemployment Funds	Other Restricted Funds	Total All Funds
Surplus, June 30, 1942.....	2,434,568.73	2,484,871.09	10,408,536.53	296,330.59	15,624,306.94
Adjustments, during year:					
Additions.....	48,551.13	514.02		92,884.77	141,949.92
Deductions.....	42,701.90	9,478.54	.50	999.78	53,180.72
Adjusted Surplus, July 1, 1942.....	2,440,417.96	2,475,906.57	10,408,536.03	388,215.58	15,713,076.14
Net Gain from Operations, as above.....	3,156,058.55	1,940,640.21	8,501,246.80	(143,522.73)	13,454,422.83
	5,596,476.51	4,416,546.78	18,909,782.83	244,692.85	29,167,498.97
Reserved for Working Capital.....	1,295,000.00				1,295,000.00
Surplus June 30, 1943 as per Exhibit A.....	\$4,301,476.51	\$4,416,546.78	\$18,909,782.83	\$244,692.85	\$27,872,498.97

Exhibit B combines and arranges, in a different manner, the same figures as are used in the Controller's report, but arriving at the same final results. See "Summary Figures" on page 32.

*"Other Restricted Funds," as above, combine the following funds:

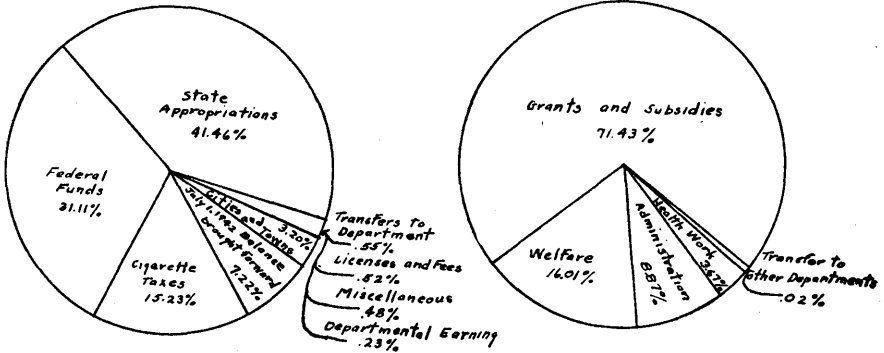
Other Special Revenue, Proceeds of General Bonds, Public Service Enterprises, Working Capital, and Trust and Agency.

**Contributions to and from Funds are eliminated in the total column to give effect to net figures.

DEPARTMENT OF HEALTH AND WELFARE
 Summary of Receipts and Expenditures
 Fiscal Year Ended June 30, 1943

NET RECEIPTS

NET EXPENDITURES



NET RECEIPTS

Net Revenue	Amount	Per Cent
Federal Funds	\$2,941,473.55	31.11
Cigarette Taxes	1,440,368.87	15.23
Cities and Towns	302,408.32	3.20
Licenses and Fees	49,402.99	.52
Miscellaneous	45,528.85	.48
Departmental Earning	21,679.71	.23
Total Net Revenue	4,800,862.29	50.77
State Appropriations	3,920,024.00	41.46
Sub-Total	8,720,886.29	92.23
July 1, 1942, Balance Brought Forward	682,773.00	7.22
Transfers from other Departments	52,535.27	.55
Total Available	\$9,456,194.56	100.00

NET EXPENDITURES

Purpose:	Amount	Per Cent
Grants and Subsidies	\$5,679,948.09	71.43
Welfare	1,273,297.79	16.01
Administration	704,835.23	8.87
Health Work	292,121.18	3.67
Total Expenditures	7,950,202.29	99.98
Transfers to Other Departments	1,732.62	.02
Total Expenditures and Transfers	\$7,951,934.91	100.00

June 30, 1943

Balances:

Lapsed

\$609,154.88

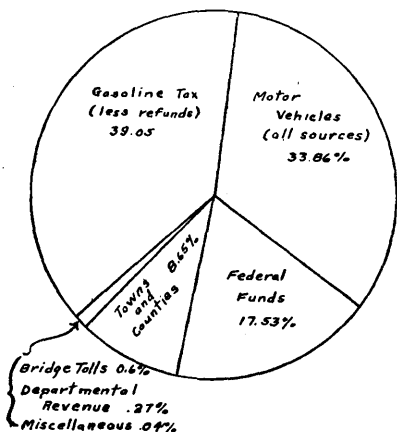
Carried Forward

895,104.82

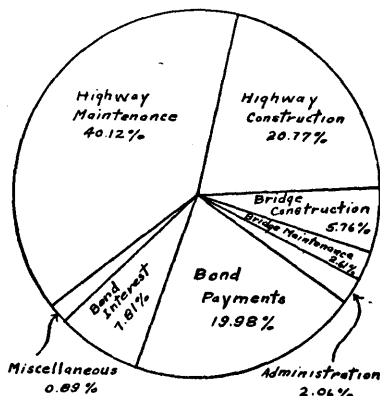
\$1,504,259.65

STATE HIGHWAY DEPARTMENT
Summary of Receipts and Expenditures
Fiscal Year Ended June 30, 1943

NET RECEIPTS



NET EXPENDITURES



NET RECEIPTS

Net Revenue	Amount	Per Cent
Gasoline Tax (Less Refunds)	\$4,355,726.09	39.05
Motor Vehicles (all sources)	3,776,322.90	33.86
Federal Funds	1,955,717.80	17.53
Towns - Counties	965,398.99	8.65
Bridge Tolls	66,906.47	0.60
Departmental Revenue	29,784.36	0.27
Miscellaneous	4,285.88	0.04
	<u>\$11,154,142.49</u>	<u>100.00</u>

NET EXPENDITURES*

Purpose	Amount	Per Cent
Highway Maintenance	3,723,970.11	40.12
Highway Construction	1,927,642.23	20.77
Bridge Constructoin	534,447.20	5.76
Bridge Maintenance	241,921.96	2.61
Administration	191,316.96	2.06
Miscellaneous	83,048.75	0.89
	<u>6,702,347.21</u>	<u>72.21</u>
Bond Payments	1,855,000.00	19.98
Bond Interest	724,718.00	7.81
	<u>\$9,282,065.21</u>	<u>100.00</u>

*The above expenditures are exclusive of net transfers to other divisions, as discussed on page 20 of this report, including the following:

Motor Vehicle Division, Secretary of State	\$141,114.81
State Police	304,740.84
Gasoline Tax Division, Bureau of Taxation	16,071.27
	<u>\$461,926.92</u>

See discussion under "Summary Figures" on page 32.

	Insane and Feeble Minded			Penal			Correctional		Tubercular			Educational and Charitable		Totals
	Augusta State Hospital	Bangor State Hospital	Pownal State School	Maine State Prison	State Reformatory for Men	State Reformatory for Women	State School for Boys	State School for Girls	Northern Maine Sanatorium	Central Maine Sanatorium	Western Maine Sanatorium	Maine School for the Deaf	Military and Naval Children's Home	
Statistical Data														
*Year Established.....	1836	1895	1907	1824	1919	1915	1850	1875	1919	1910	1904	1876	1866	
*Year Made State Institution.....	1840	1901	1908	1824	1923	1916	1853	1899	1919	1915	1915	1897	1873	
*Area of Grounds—Acres.....	564	240	1370	469†	422	200	207½	110	28	25	495	1	1½	4,133
*Under Cultivation—Acres.....	324	140	480	271	388	100	154½	55	19	-----	166	-----	¾	2,098
*Number of Buildings.....	59	27	58	51	34	13	23	15	14	21	22	5	3	345
*Inmate Capacity.....	1342	1106	1120	352	150	150	160	177	125	208	150	100	40	5,180
*Average Inmate Population.....	1491	1159	1109	397	103	135	107	178	110	134	146	102	34	5,265
*Average Employees.....	287	224	187	60	20	35	35	42	56	95	85	32	12	1,170
Trust Funds—Principal.....	\$54,773		\$8,849				\$700	\$11,730		\$2,012	\$89,055	\$7,516	\$17,578	\$192,213
Plant Value (recent additions at cost—original basis of valuation not ascertained).....	2,696,608	1,812,750	1,834,371	\$984,145	\$251,644	\$405,644	275,028	344,013	\$326,254	395,133	372,403	202,062	44,819	9,944,874
Equipment Value (Estimate value at June 30, 1940—subsequent additions at cost).....	273,017	177,355	197,904	91,277	39,266	31,025	32,069	44,429	47,966	72,973	55,910	27,446	10,724	1,101,361
Summary of Appropriations, Revenues, Expenditures, etc.														
Appropriations, Current Year.....	459,300	374,000	348,500	194,000	72,000	66,750	77,000	77,000	113,000	180,000	143,000	49,000	26,600	2,180,150
Special Appropriations, Balances Forward, etc.....	15,000		5,000			1,200	2,000	2,900						26,100
Transfers from Emergency Funds.....	21,648	16,974	12,732			7,001	2,576	5,998	5,356	8,479	519			81,283
Income (Exclusive of income from Sanatoriums credited to General Fund).....	3,035	1,846	1,909	97,513	1,456	552	2,734	1,367	1,409	4,082	6,512	3,801	1	126,217
Total Available	\$498,983	\$392,820	\$368,141	\$291,513	\$73,456	\$75,503	\$84,310	\$87,265	\$119,765	\$192,561	\$150,031	\$52,801	\$26,601	\$2,413,750
Expenditures:														
Personal Services.....	237,969	172,299	159,021	94,217	27,309	33,080	30,306	35,220	48,983	84,107	72,193	29,841	9,700	1,034,245
Contractual Services, etc.....	29,351	14,764	10,907	23,013	7,807	8,047	9,294	10,896	10,393	25,320	11,325	2,964	3,871	169,062
Commodities.....	222,514	202,237	192,725	141,578	23,087	31,550	39,483	36,844	56,612	81,496	63,994	15,662	11,288	1,124,070
Capital Expenditures.....	8,649	3,520	5,488	5,462	6,482	2,826	5,227	4,305	3,772	1,138	2,519	2,379	291	51,958
Total Expenditures	\$498,983	\$392,820	\$368,141	\$264,275	\$69,685	\$75,503	\$84,310	\$87,265	\$119,765	\$192,561	\$150,031	\$50,846	\$25,150	\$2,379,335
Annual Per Capita Cost—based on gross operating cost less capitalized expenditures:														
1941-42.....	\$313	\$331	\$321	\$677	\$624	\$489	\$671	\$452	\$1,029	\$971	\$1,000	\$464	\$639	\$433
1940-41.....	290	317	291	577	516	492	515	450	936	953	991	432	647	401

*Basis: Unverified data from Institution.

†Includes 155 Acres rented.

Sixteen Counties of Maine

Comparative Statement of Assets and Liabilities

January 1, 1938 Compared with December 31, 1942

JANUARY 1, 1938

DECEMBER 31, 1942

A S S E T S

COUNTY	JANUARY 1, 1938					DECEMBER 31, 1942				
	Cash (a)	Taxes	Other Assets	Probate Accounts	Total Assets	Cash (a)	Taxes	Other Assets	Probate Accounts	Total Assets
Androscoggin.....	\$11,276		\$18,824		\$ 30,100	\$ 20,140		\$20,000		\$40,140
Aroostook.....	8,788	\$206,115	3,582	\$238	223,723	198,203	\$134,545		\$ 341	333,089
Cumberland.....	114,271		10,810		125,081	101,828				101,828
Franklin.....	12,767	6,885	7,777		26,929	2,666	11,619	2,032		16,317
Hancock.....	5,457	6,537			11,994	17,387	9,898			27,285
Kennebec.....	39,354	8,930	3,508		51,792	33,260	310	594	8,577	42,741
Knox.....	11,520	9,411			20,931	26,080	12			26,092
Lincoln.....	11,231	2,256	4,307		17,794	51,456				51,456
Oxford.....	205,725	2,185	366		208,276	236,870	3,379			240,249
Penobscot.....	92,429	31,323	3,541		127,293	114,591	15,191			129,782
Piscataquis.....	14,007	4,603			18,610	11,261	1,221			12,482
Sagadahoc.....	10,216	28,951			39,167	33,591	5,139	1,958		40,688
Somerset.....	61,341		733	5,613	67,687	42,082	2,687		4,074	48,843
Waldo.....	13,134	5,221			24,355	21,197	10,206			31,403
Washington.....	27,950	57,488	1,074		86,512	18,511	54,548	12,598		85,657
York.....	125,606	7,882	3,058		141,546	217,186				217,186
	\$771,072	\$377,287	\$67,580	\$5,851	\$1,221,790	\$1,146,309	\$248,755	\$37,182	\$12,392	\$1,445,238

L I A B I L I T I E S

	JANUARY 1, 1938					DECEMBER 31, 1942				
	Accounts Payable	Bonds and Notes	Probate Accounts	Total Liabilities	Net Surplus or (Deficit)	Accounts Payable	Bonds and Notes	Probate Accounts	Total Liabilities	Net Surplus or (Deficit)
Androscoggin.....	\$14,720	\$126,000		\$140,720	(\$110,620)	\$ 82	\$82,000		\$82,082	(\$ 41,942)
Aroostook.....	7,352	105,500	\$238	113,090	110,633	18,111	50,000	\$340	68,451	264,638
Cumberland.....		585,000		585,000	(459,919)		288,200		288,200	(135,372)
Franklin.....	5,565	30,000		35,565	(8,636)				0	16,317
Hancock.....		303,868		303,868	(291,874)		225,034		225,034	(197,749)
Kennebec.....	137		5,994	6,131	45,661	36		8,577	8,613	34,128
Knox.....		47,000		47,000	(26,069)		38,500		38,500	(12,408)
Lincoln.....	888	31,735	159	32,782	(14,938)		22,635	159	22,794	23,662
Oxford.....		144,000		144,000	64,276		135,000		135,000	105,249
Penobscot.....		80,000	3,363	83,363	43,930		27,000	1,016	28,016	101,766
Piscataquis.....	18,000	40,000		58,000	(39,390)	2,789			2,789	9,693
Sagadahoc.....	26,274	10,000		36,274	2,893	4,266	32,000		36,266	4,422
Somerset.....	170		5,613	5,783	61,904	2,067		4,074	6,141	42,702
Waldo.....		0		0	24,355				0	31,403
Washington.....	23,021	424,000		452,021	(365,509)	19,429	415,000		434,429	(348,772)
York.....	2,513	250,000	8,550	261,063	(119,517)	692	225,000	3,239	228,931	(11,745)
	\$103,640	\$2,177,103	\$23,917	\$2,304,660	(\$1,082,870)	\$47,472	\$1,540,369	\$17,405	\$1,605,246	(\$169,008)

(a) Includes all cash—general, impounded, reserve and sinking funds.

Sixteen Counties of Maine

December 31, 1942 Compa

DECEMBER 31, 1942

ASSETS

COUNTY	CASH			TAXES		Other Assets	Probate Accounts	To As
	General Funds	Sinking and Reserve Funds	Im-pounded	Cities and Towns	Road Repair and Wild Land			
Androscoggin.....	\$ 20,140					\$20,000		\$ 4
Aroostook.....	178,078	\$20,125		\$120,923	\$13,622		\$341	3
Cumberland.....	12,578	89,250				2,032		10
Franklin.....	2,666			943	10,676			
Hancock.....	17,387			6,276	3,622			
Kennebec.....	33,260			310		594	8,577	
Knox.....	26,080				12			
Lincoln.....	19,571	31,835						
Oxford.....	91,091	107,908	\$37,871	3,379				2
Penobscot.....	114,591			8,623	6,568			1
Piscataquis.....	11,261				1,221			
Sagadahoc.....	33,591			5,139		1,958		
Somerset.....	41,582	500			2,687		4,074	
Waldo.....	21,197			10,206				
Washington.....	16,586	1,925		47,922	6,626	12,598		
York.....	155,412	58,464	3,310					2
	\$795,071	\$310,057	\$41,181	\$203,721	\$45,034	\$37,182	\$12,992	\$1.4

LIABILITIES

COUNTY	Accounts Payable	Temporary Loans	Term Notes	Bonds	Probate Accounts	Total Liabilities	Net Surplus or (Deficit)	Com Liab a Net S
Androscoggin.....	\$ 82			\$82,000		\$82,082	(\$41,942)	\$
Aroostook.....	18,111			50,000	\$340	68,451	264,638	3
Cumberland.....		\$163,200		125,000		288,200	(186,372)	1
Franklin.....						0	16,317	
Hancock.....		15,000	\$21,134	188,900		225,034	(197,749)	
Kennebec.....	36				8,577	8,613	34,128	
Knox.....				38,500		38,500	(12,408)	
Lincoln.....				22,635	159	22,794	28,662	
Oxford.....				135,000		135,000	105,249	2
Penobscot.....				27,000	1,016	28,016	101,766	1
Piscataquis.....	2,789					2,789	9,693	
Sagadahoc.....	4,266	\$2,000				36,266	4,422	
Somerset.....	2,067				4,074	6,141	42,702	
Waldo.....						0	31,403	
Washington.....	19,429	35,000		330,000		484,429	(348,772)	
York.....	692			225,000	3,239	228,931	(11,745)	2
	\$47,472	\$245,200	\$21,134	\$1,274,035	\$17,405	\$1,605,246	(\$160,008)	\$1.4

Exhibit F 2
(Cents omitted)

Comparative Statement of Assets and Liabilities

with December 31, 1941

DECEMBER 31, 1941

ASSETS

CASH			TAXES		Other Assets	Probate Accounts	Total Assets
General Funds	Sinking and Reserve Funds	Im-pounded	Cities and Towns	Road Repair and Wild Land			
\$ 19,874					\$8,000		\$ 27,874
121,861	\$10,000		\$138,039	\$13,291		\$290	283,481
20,168	99,878				5,640		120,046
2,691			717	17,920			26,968
10,086			5,720	3,969			19,775
46,025					910	4,070	51,005
17,765			2,588	11			20,314
25,888	11,500				2,500		39,895
123,683	101,372		2,994				228,049
114,578			11,222	5,786			131,586
9,376			2,557	1,968			13,901
14,385			28,067		1,511		43,968
21,482	500			1,381	1,371	4,391	29,075
12,733			10,614				23,347
15,900	1,925		51,223	6,869	12,525	517	88,959
141,904	52,691	\$3,310	4,766		6		202,677
\$718,399	\$277,866	\$3,310	\$258,457	\$51,152	\$32,463	\$9,268	\$1,350,915

LIABILITIES

Accounts Payable	Temporary Loans	Term Notes	Bonds	Probate Accounts	Total Liabilities	Net Surplus or (Deficit)	Combined Liabilities and Net Surplus
\$15,084			\$92,800		\$107,834	(\$79,960)	\$ 27,874
8,421			55,000	\$290	63,711	219,770	283,481
			385,000		385,000	(264,954)	120,046
1,248		\$13,000			19,248	7,720	26,968
660	\$25,000	25,134	203,600		254,394	(234,619)	19,775
29,164				4,070	33,234	17,771	51,005
			45,000		45,000	(24,686)	20,314
			27,635	159	27,794	12,101	39,895
18,120			135,000		153,120	74,929	228,049
			37,000	1,066	38,066	93,520	131,586
15,366					15,366	(1,465)	13,901
3,910			42,000		45,910	(1,947)	43,968
				4,391	4,391	24,684	29,075
					500	22,847	23,347
500					500		88,959
12,486	45,000		402,000	517	460,003	(371,044)	88,959
819			230,000	3,451	234,270	(31,593)	202,677
\$105,728	\$70,000	\$43,134	\$1,655,035	\$18,944	\$1,887,841	(\$536,926)	\$1,350,915

Sixteen Counties of Maine

	Andros- coggin	Aroos- took	Cumber- land	Franklin	Hancock	Kenn- ecott
RECEIPTS						
Revenue Items:						
Fines and Costs.....	\$10,521	\$18,370	\$60,845	\$4,072	\$2,545	\$15,
Fees of County Officers.....	5,517	10,371	19,397	1,796	4,778	6,
Miscellaneous Revenue Accounts.....	6,719	861	4,807	236	46	3,
TOTAL REVENUE ITEMS.....	22,757	29,602	85,049	6,104	7,369	25,
Tax Accounts:						
City and Town Taxes.....	\$136,336	103,301	235,336	36,953	92,394	73,
Wild Land Taxes.....		25,231		6,569	4,542	
Road Repair Taxes (includes state grants)		23,214		17,002	3,675	
Interest on Taxes.....		941			75	
TOTAL FROM TAXES.....	136,336	152,687	235,336	60,523	100,686	73,
Other Receipts:						
Temporary Loans.....	100,000		75,000	13,500	20,000	
Miscellaneous.....		1,059	100,573*	1,314		5,
TOTAL RECEIPTS.....	\$253,093	\$183,348	\$495,958	\$81,447	\$128,055	\$104,
*Includes sinking fund transfer.						
DISBURSEMENTS						
Court Expenses.....	24,092	\$17,526	\$55,462	\$5,789	\$4,684	\$14,
Apprehension and Custody of Prisoners.....	33,593	13,913	54,933	7,637	10,841	13,
Salaries, Clerk Hire and Expenses.....	31,138	50,328	52,131	13,852	23,817	33,
Buildings.....	29,100	17,930	29,055	2,622	6,470	11,
Highways and Bridges.....	15,142	13,927	20,733	15,769	8,201	81,
Debt and Interest.....	13,990	7,200	144,364*	18,497	33,802	
Farm Bureau.....	2,000	3,500	2,250	2,000	2,000	2,
Medical Examiners.....	1,770	894	1,784	509	537	
Civilian Defense.....	4,298	154		202	1,169	
Miscellaneous.....	3,699	1,755	7,335	1,096	4,233	
Deposits to Sinking or Building Funds.....			60,000			
Temporary Loans.....	100,000		75,000	13,500	20,000	
TOTAL DISBURSEMENTS.....	\$258,827	\$127,182	\$503,547	81,473	\$120,754	\$112,
*Includes \$100,000 bonds paid from sinking fund.						
†Includes \$13,765—indexing Register of Deeds.						
1940 POPULATION.....	76,679	94,436	146,000	19,896	32,422	77,
AREA—SQUARE MILES.....	450	6,453	853	1,789	1,522	

Exhibit F 3
(Cents omitted)

Comparative Statement of 1942 Receipts and Disbursements

nox	Lincoln	Oxford	Penobscot	Piscataquis	Sagadahoc	Somerset	Waldo	Washington	York
\$6,451	\$4,892	\$7,447	\$21,493	\$2,431	\$6,879	\$6,642	\$3,629	\$9,373	\$19,389
2,696	2,412	5,661	8,840	1,854	2,922	4,141	2,409	2,901	10,344
245	369	3,669	6,402	187	326	661	388	906	736
9,392	7,673	16,777	36,735	4,472	10,127	11,444	6,376	13,180	30,469
53,463	39,180	82,059	124,918	20,766	57,863	49,324	37,048	74,789	110,396
107	169	7,963	7,891	17,417		13,664		12,916	
		12,677	5,650	10,006		16,110		19,355	
			88		269				
53,570	39,299	102,699	138,047	48,189	58,132	79,098	37,048	107,060	\$110,396
10,000				4,000	32,000	10,000		39,500	
	2,218		1,400			481		709	59
10,000	2,218		1,400	4,000	32,000	10,481		40,209	59
72,962	\$49,190	\$119,476	\$176,182	\$56,661	\$100,259	\$101,023	\$43,424	\$160,449	\$140,924
18,053	\$6,380	\$17,024	\$41,463	\$4,332	\$5,592	\$9,062	\$4,437	\$12,687	\$21,400
9,411	4,148	17,428	27,312	4,590	6,822	12,183	6,410	8,877	23,106
18,331	14,629	25,075	45,696	14,060	19,062	30,209	16,259	21,299	43,738
8,279	2,961	4,720	19,631	1,438	4,063	556	4,732	7,624	7,257
	18	31,399	6,812	19,444	2,160	14,078		17,599	2,273
8,208	5,523	5,400	11,410	4,220	10,428	63		47,252	18,350
1,375	960	2,500	4,000	2,000	540	2,000	2,500	2,000	3,000
614	189	674	984	267	153	557	372	677	1,408
261		598				1,100		1,245	468
115	699	3,268	18,861	425	732	1,114	250	1,003	920
	20,000	5,000							
10,000				4,000	32,000	10,000		39,500	
34,647	\$55,507	\$113,086	\$176,169	\$54,776	\$81,052	\$80,922	\$34,960	\$159,763	\$127,416
17,191	16,294	42,662	97,104	18,467	19,123	33,245	21,159	37,767	82,550
351	457	1,980	3,253	3,770	250	3,633	724	2,528	989

ADMINISTRATIVE LAWS

Material progress was made by the 1943 Legislature in clarifying and improving many of the routine administrative laws of Maine, the inconsistencies and conflicts in which had become increasingly apparent, with attention called to many items in previous reports of this department. Among the items in which apparently steps forward were made may be mentioned the following:

1943 <i>Public Laws</i> Chapter	<i>Regarding</i>
9	Destruction of old records.
12	Depository Treasurer's bonds.
16	Compromise claims by Board of Emergency Municipal Finance.
47	Disposition of money received under Inland Fisheries and Game laws.
49	Clarifying previous law regarding charging off accounts receivable.
55	Compensation of Tax Collectors.
59	Interest rate—Teachers' Retirement System.
73	Recording and copying public documents.
82	Uniform costs in Trial Justice courts.
88	Deposits of county funds.
121	Expense of County Commissioners.
126	Profits and working capital, Liquor Commission.
129	Bond for Town Clerks.
133	Board of Emergency Municipal Finance.
146	Charging off uncollectible accounts due counties.
172	Report of Controller and its publication.
187	Governor's expense account.
190	Investments permanent trust funds.
192	Deposits of State funds.
197	Investments Teachers' Retirement funds.
217	Savings deposits in trust companies.
219	State Auditor's office.
221	Reports, publication, etc., of departments.
238	Signature of Treasurer, and endorsement of bonds in Treasury.
259	Taxation of telephone and telegraph companies.
269	Fines, cost and forfeitures applying to courts.

271	Unappropriated surplus account.
282	Separate bank accounts for court funds.
293	Salaries of State Highway Commission.
303	Membership in Farm Lands Loan Commission.
304	Report of State Auditor.
320	Bonds of State officials and employees.
345	Maine Forestry District.

Private
and
Special

20	Maine Maritime Academy—Ownership of assets.
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A number of other matters which it had been hoped would be straightened out through Legislative action failed of accomplishment in 1943, among which may be mentioned the following:

Adjustment of trust funds because of loss on impounded bank accounts.

Adjustment of interest rates on trust funds.

Clarification of law regarding disposition of balances in savings accounts in name of persons who cannot be located.

Publication and ownership of Maine Reports by the State.

Systematic handling of left over copies of revised statutes and session laws.

Clarification of law to definitely provide for extension of post audit to Executive, Legislative and Judicial departments.

Improvements in municipal audit law.

*Exhibit H***TOTAL BONDED INDEBTEDNESS****1914 to 1943 Inclusive****(Exclusive of Interest, and of Principal of Bonds not Presented for Payment)**

<i>Year Ended June 30th</i>	<i>Current Changes</i>		<i>Net Year-end Indebtedness</i>
	<i>Increases</i>	<i>Decreases</i>	
1914	\$ 300,000		\$ 300,000
1915	992,500		1,292,500
1916	460,500		1,753,000
1917	626,500		2,379,500
1918		\$ 79,000	2,300,500
1919	639,500		2,940,000
1920	2,931,000		5,871,000
1921	2,662,500		8,533,500
1922	2,481,000		11,014,500
1923	1,131,000		12,145,500
1924	1,131,000		13,276,500
1925	531,000		13,807,500
1926	1,973,000		15,780,500
1927	4,052,000		19,832,500
1928		814,000	19,018,500
1929	958,000		19,976,500
1930	475,000		20,451,500
1931	2,769,000		23,220,500
1932	4,019,000		27,239,500
1933	4,154,000		31,393,500
1934		1,011,000	30,382,500
1935		861,000	29,521,500
1936	133,000		29,654,500
1937	545,000		30,199,500
1938		916,000	29,283,500
1939		941,000	28,342,500
1940		1,066,000	27,276,500
1941	832,000		28,108,500
1942		1,939,000	26,169,500
1943		1,864,000	24,305,500
	<hr/>	<hr/>	
	\$33,796,500	\$9,491,000	

Exhibit I

EMERGENCY WAR FUND

Fiscal Year Ended June 30, 1943

<i>Balance Unallocated, July 1, 1942</i>	\$ 9,700.00
Transfers from Unappropriated General Funds	224,672.24
	234,372.24

Allocated (as below):	
Special Emergency Projects	\$173,592.74
State Departments	56,014.50
	229,607.24

<i>Balance Unallocated, June 30, 1943</i>	4,765.00
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Allocations:	<i>Unexpended</i>	<i>Allocated</i>	<i>Unexpended</i>
	<i>July 1, 1942</i>	<i>1942-43</i>	<i>June 30, 1943</i>
Special Emergency Projects:			
Civilian Defense Council	\$16,379.90	\$100,000.00	\$ 3,910.61
Biddeford Defense Training School	228.91		
Farm Placement Program	4,000.00	11,135.01	11,286.32
Farmerettes	2,500.00	6,663.03	5,988.99
Food Production	5,400.00	5,221.45	5,430.44
Food Conservation	11,300.00	8,732.15	12,205.00
Community Centers	20,000.00	27,242.36	28,670.42
Maine Aeronautics Commission— (Coastal Air Patrol and Civil Air Patrol)	5,485.36	12,375.00	1,024.07
State Travel Bureau	1,933.33	1,223.74	
Maine Salvage Committee		500.00	259.77
Maine Teachers—Special Studies		500.00	295.52
	\$67,227.50	\$173,592.74	69,071.14

<i>Emergency War Funds—Unexpended, June 30, 1943</i>	\$73,836.14
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State Departments:

Executive Department—	
Additional Salary Expense	\$3,337.50
Fish and Game Department—	
Additional Salary of Pilot for Fish and Game Plane	1,560.00
Education Department—	
Additional Services Rendered	8,449.00
State Police—Employing six	
Additional Patrolmen	9,000.00
Bureau of Accounts and Control—	
Additional Help on War Bonds	3,668.00
Working Capital Advance—	
Purchase of Cattle	30,000.00*
	56,014.50

Total Allocations (as above) \$229,607.24

*The working capital advance of \$30,000 is used as a revolving fund for the purchase of cattle and is constantly being reimbursed and maintained at its original amount.

DEPARTMENT OF AUDIT
Income and Expense
Fiscal Year Ended June 30, 1943
 (Appropriation Basis)

	<i>Departmental Division</i>	<i>Municipal Division</i>	<i>Combined</i>
Unexpended Balance brought forward		\$15,041.61	\$15,041.61
Appropriation	\$37,500.00		37,500.00
Income from Audits:			
Highway Department	\$8,643.64		
Cities and Towns		\$31,573.79	
Counties and Courts		6,338.74	
Normal Schools		2,785.97	
Scattering	480.71		
	9,124.35	40,698.50	49,822.85
	46,624.35	55,740.11	102,364.46
Expenditures:			
Direct Expense			
Salaries	34,942.14	29,679.59	
Travel Expense	2,025.66	10,752.96	
Office: Expense	127.75	525.86	
Supplies	38.98	14.68	
Equipment	29.40	77.30	
	37,163.93	41,050.39	
Overhead			
Salaries	6,344.58		
Travel Expense	97.59		
Office: Expense	654.09		
Supplies	639.60		
Equipment	217.53		
	7,953.39		
	45,117.32	41,050.39	86,167.71
Balance, June 30, 1943	\$1,507.03	\$14,689.72	\$16,196.75
Reserved for Possible Losses on Accounts Receivable		1,198.82*	1,198.82*
Net Balance:			
Lapsed to Unappropriated Surplus Carried Forward	\$1,507.03	\$13,490.90	\$14,997.93

*In line with other State Departments, income has since July 1, 1942 been credited on an accrual basis, as billed, rather than as formerly on a cash basis, as collected. For this reason, an increase of \$1,198.82 in the reserve for possible losses on accounts receivable was deemed advisable.

Accounts Receivable at June 30, 1943, with their respective reserves for possible losses were as follows:

	<i>Accounts Receivable</i>	<i>Reserve for Losses</i>
Departmental Division	\$ 294.31	\$ 294.31
Municipal Division	10,466.44	3,238.88
Total	\$10,760.75	\$3,533.19

Work in process of the Municipal Division at June 30, 1943 amounted to \$5,849.09, as compared with \$5,117.81 at June 30, 1942.