

MAINE STATE LEGISLATURE

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STATE OF MAINE

Twenty-fifth Report

of the

Department of Audit



For Period

July 1, 1943 to June 30, 1944

STATE OF MAINE

Twenty-fifth Report

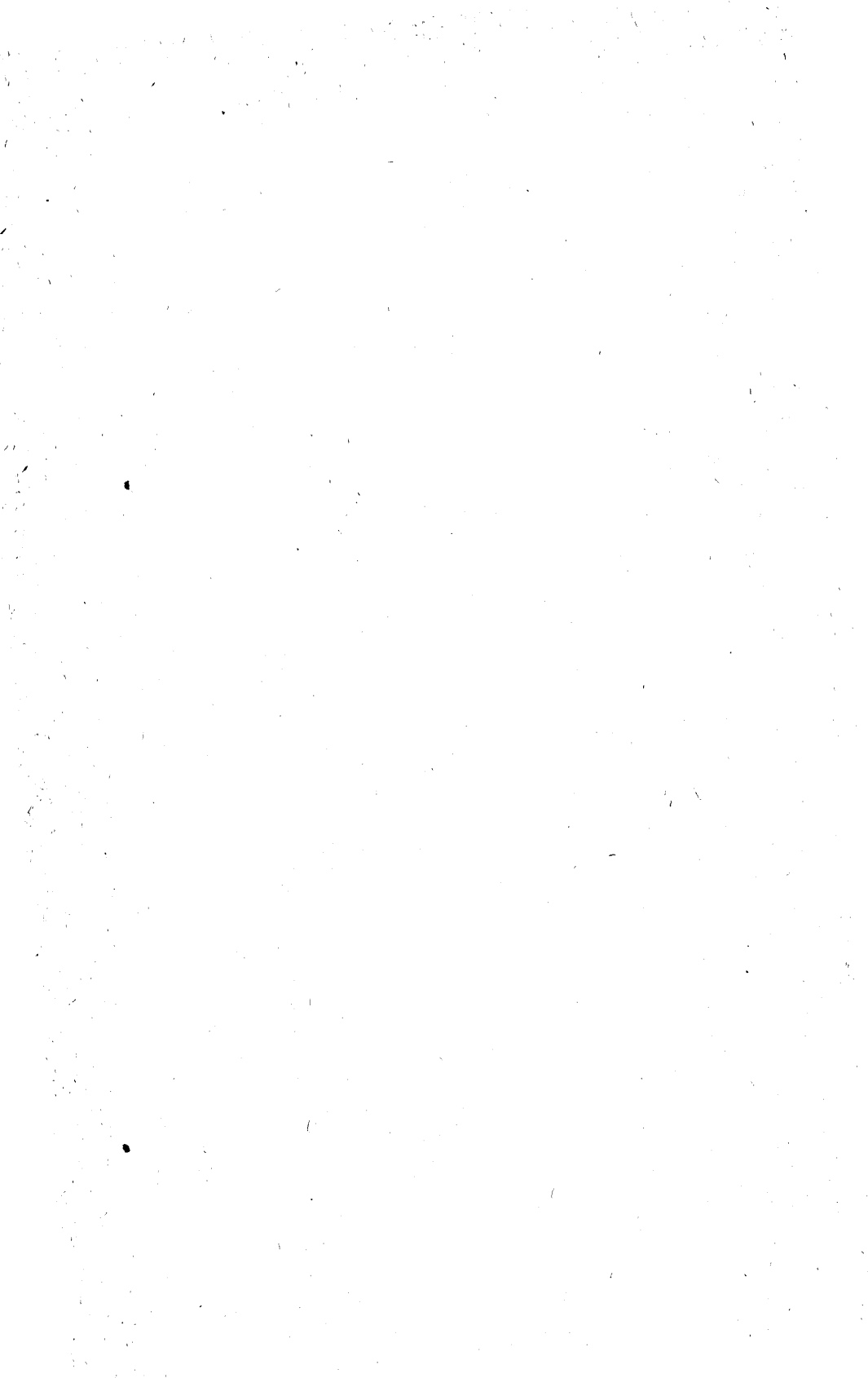
of the

Department of Audit



For Period

July 1, 1943 to June 30, 1944



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STATE OF MAINE
State Department of Audit
Augusta

November 9, 1944

In accordance with Section 4, Article VI of Chapter 216 of the Public Laws of 1931, as amended (Section 3, Chapter 16 of 1944 Revised Statutes), the Department of Audit submits herewith its twenty-fifth annual report, covering the fiscal year ended June 30, 1944.

The certification of the Department of Audit on the condensed newspaper report of the Controller published September 1, 1944, and on the detailed pamphlet report of the Controller now in process of publication, precludes the necessity for inclusion herein of any detailed figures on the financial standing and fiscal transactions of the State of Maine. However, in order that our report may be more complete, we show, as Exhibit A, combined operating statement of all funds for the year ended June 30, 1944, in which the figures differ slightly, in arrangement only, from those shown by the Controller; and as Exhibit B, Summary Balance Sheet as of June 30, 1944,

In our opinion, the figures herewith, and the more detailed ones in the Controller's Report, indicate continuation of the sound financial condition and administration of the State to which attention was called last year. Although certain suggestions are made in the following pages of possible other ways of handling various matters, they are relatively minor, and should not be considered as in the slightest raising a question regarding the general soundness of the financial administration of the State.

A handwritten signature in cursive script, reading "William D. Hayes".

State Auditor.

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*Fiscal Year Ended June 30, 1944.

ORGANIZATION AND PERSONNEL

The work of the State Department of Audit is organized into two divisions; the Departmental Division which, under its "Departmental Auditor", handles the post audit of the accounts of all departments, institutions and agencies of the state, and in addition those of the Normal Schools, the Port of Portland Authority, and the Public Administrators, under the provisions of Subsections 1, 5 and 6 of Section 3, Article VI, Chapter 216, Public Laws of 1931 as amended (Section 3 of Chapter 16 of 1944 Revised Statutes); and the Municipal Division, which, under its "Municipal Auditor", handles audits of municipalities, counties and courts under subsections 2, 3 and 4 of the same law.

During the year ended June 30, 1944, the department lost 2 employees on military leave, 2 by death, 2 to take up outside work, and 1 by retirement; 6 new employees were hired; resulting in a total personnel of 31, exclusive of the State Auditor, at the close of the year. These 31 are divided 15 in each of the two divisions, and one chief clerk; or, broken down another way, 2 division chiefs, 23 auditors and 6 clerk-typists.

After increases in pay granted 24 employees during the year, the weekly payroll on June 30th totaled \$1,302.50, \$28.00 less than a year earlier. The present rates of pay are as a whole below those paid for similar services outside of the department, averaging \$61.25 for division chiefs; \$44.29 for auditors and \$27.00 for clerk-typists; and will require rather general though moderate increases to satisfactorily meet the needs of both equity and efficiency.

The Departmental Division and general overhead are supported by appropriations of the Legislature totalling \$38,500.00 in both years of the current biennium, plus billings against the Highway Department and its affiliates, Normal Schools, Port of Portland Authority, etc. Of the current year's appropriation, \$178.26 was lapsed to Unappropriated Surplus on June 30, 1944. The Municipal Division requires no Legislative appropriation, being supported entirely by its charges for work performed for various governmental subdivisions.

Summary of the fiscal transactions of this department for the year ended June 30, 1944 will be found in Exhibit N.

The following employees of the department are on military leave:

Army: Major Albert L. Connors
Lieut. Raymond J. Crosby
S/Sgt. Lloyd A. Koonz
S/Sgt. Garland C. Lewis
S/Sgt. Roscoe M. Parsons
Corp. T/5 David F. White
Pvt. Frederick A. Reichel

Navy: Sk. 2nd Cl. William G. Blodgett

The department regrets the loss by death on October 26, 1943, of Frank A. Doble who had been in the Municipal Division since October 3, 1938, and on March 4, 1944, of Alvah B. Joyce who had handled the audits of institutions since July 1, 1940; and by retirement on October 23, 1943, of Ethel K. Moyes, chief clerk, who had been with the department since 1917.

DEPARTMENTAL DIVISION

The work of this division has proceeded along the same general lines described in previous reports; the increased cooperation of the personnel of the various departments, aided by greater experience of our own crew and better planning and supervision, making possible more consistent results and enabling the completion of examinations of a larger number of departments than had been accomplished at this time last year, so that it is expected another six to eight weeks will see all examinations completed up to June 30, 1944. The summary figures for each department of receipts, expenditures, transfers, appropriation balances, etc., after proper verification and following through to the controlling records of the State Controller and to a less degree those of the State Treasurer, are summarized in a consistent report to each department head, with copies to the Controller. In this, ever increasing attention is paid to legality, propriety and integrity of each financial transaction. In a high proportion of cases, conference with the proper supervisory official regarding any questionable item resulted in the immediate adjustment thereof, thus avoiding year-end "exceptions". For the second successive year, no evidence has come to light indicating any material dishonesty of any official or employee of the state.

Particular examination was made of all year-end adjusting and closing entries, the validity of the resultant year-end balances, and the summation of these figures by the Controller in his year-end report, published in summary form in the newspapers of September 1 with our certification, and now in process of publication in much greater detail in pamphlet form. While certain of these transactions, and much of the *form* in which the year-end figures are summarized, might be open to varying opinions, we feel justified in stating that in our opinion they are without material error.

Accounts and Controls, Bureau of

In this Bureau, by law are maintained all final accounting records of the State; while its personnel are charged with pre-audit of all financial transactions, and with supervision over whatever accounting is necessarily maintained in the various departments, institutions, etc. In short, it is the hub around which revolves the entire wheel of financial transactions and records for the entire State, except that the custody of money, securities, etc., is the responsibility of the State Treasurer. For

this reason, much of the work of our department is done on, and all tied into, records maintained by this Bureau. Changes, increases, and greater experience in and of their personnel, coupled with lack of any current changes in system, resulted in increasingly better and more up to date records. Even more than in previous years, the Department of Audit has had hearty cooperation in all matters.

For the work of the Bureau of Accounts and Control, the Legislature appropriated \$101,800 for the year just ended; this was supplemented by charges of \$45,096 against the Liquor Commission and \$29,565 against the Highway Fund (including its share of Secretary of State and State Police). Expenditures of the Bureau totalled \$178,516, which resulted in a preliminary year-end overdraft of \$2,054 made up by a transfer from the Contingent Fund authorized August 7, 1944, offsetting in part the underestimate of receipts from the Highway Fund.

It is hoped that in the now current year greater accomplishments can be had in the systemization and supervision of accounting records necessarily kept in other departments, in such a way as to avoid duplication and to improve correlation with the controlling records in the Bureau of Accounts and Control. We also wish that greater simplification could be had in recording transactions, and even more in timely year-end reports in such form that a greater number of Legislators and citizens could more easily obtain a clear picture of the state finances. The segregation of all accounting records and reports under various "Funds" has decided value from many angles; on the other hand, it materially increases mechanics of accounting, and when followed absolutely in assembling figures in reports, results in not bringing together the entire picture of such matters as bond transactions, and the overall operations of certain departments.

We suggest that careful consideration be given to the practical possibility of at least no further increases in cost to the State of printing the Controller's report, which in 1943 cost \$4,827 for condensed report in the newspapers, plus \$1,326 for the pamphlet edition, a total of over \$6,100.

Accounts Receivable Charged Off

During the fiscal year ended June 30, 1944, accounts totaling \$85,889.65 were certified as "impractical of realization" by the Commissioner of Finance and State Auditor; which, after approval by the Governor, were charged off under authority granted by Chapter 13 of the Public Laws of 1941, as amended (Section 30, Chapter 14, R. S. 1944). Of this total, \$10,574.66 was not carried as an asset on the books of the State, of which the larger part is embraced in interest on

State taxes. For the balance, as a whole, reserves for losses in collection had already been set up, so there was little if any current detrimental effect on the surplus of the State. The greater amount charged off than in the preceding year is explained by the fact that as of June 30, 1943, action was pending on items recommended by department heads for charge off, which was accomplished during the year under review, in addition to new items currently recommended.

These items include both final compromise settlements with a few of the municipalities covered in Exhibit L, and in addition, items against various firms, individuals, etc.

The following lists the various State accounts affected by these items:

State Taxes	\$22,462
Interest on State Taxes	7,527
Board and Care of Neglected Children	14,627
Aid to Dependent Children	11,081
Bangor State Hospital	12,820
Institutional Service	8,098
Augusta State Hospital	2,727
Highway Department	2,048
State Prison	1,681
Forestry District	849
Old Age Assistance	533
Department of Agriculture	493
Scattering	937

Appropriation Accounts, and Year-end Balances

The Department of Audit has continued its close review of all credits and charges to each appropriation and revenue account, with special reference to the authority for each transfer between the same, and the year-end lapsing to unappropriated surplus or carrying ahead of resultant balances.

While the Controller's final figures indicate that no appropriations were exceeded, in certain cases this was accomplished by year-end transfers between accounts, authorized in August, certain of which were questioned by our department. One such group of transfers between the various institutions was authorized by Council Order No. 163 passed August 7, 1944 (as of June 30) over our objections to the Executive Council that they not only were possibly contrary to the soundest interpretation of the appropriation act and general laws of the State, (in which we were not supported by a close interpretation of the Attorney General's Department), but resulted in a possible failure to accomplish the intent of the Legislature, and to reveal plainly the actual outcome.

The result accomplished thereby was to show that each institution lived within its available funds, the soundness of which might be questioned when we refer to figures shown in Exhibit E-3. This shows that as of June 30, 7 institutional appropriation accounts had overdrafts totaling \$133,072, while the other 8 had unexpended balances totalling \$89,212. These overdrafts were made up by transfers authorized August 7, totaling \$73,177 from the institutional accounts having unexpended balances, \$48,326 from Emergency Institutional Appropriation Account and \$3,142 and \$8,425 respectively from parole board and institutional service accounts. Three items totaling \$30,450 (including \$14,415 transferred from Institutional Emergency Fund) were carried ahead to 1944/45, on the basis of so called "commitments". This resulted in showing every institutional appropriation account as exactly balanced after carrying ahead three items totaling \$30,450, and carrying ahead to 1944/45 approximately \$65,000 unexpended balance in institutional emergency fund.

The basis of our contention in this regard is that the Legislature, in making separate specific appropriations for individual institutions, intended to limit thereby the amount that each institution could expend, and that such appropriations in effect constituted each institution as a separate "department" only within which does the Governor and Council have the right by law to transfer balances, especially as, at the time this authorizing act was passed, each institution constituted a separate department.

Our department prefers to see transfers and other adjustments made during the year to serve as authority for future expenditures, rather than weeks or months after the year-end, which, in effect might tend to cloud easy appreciation of the actual outcome.

Another matter of which we have questioned the effective wisdom and possibly even the legality, is the carrying ahead at the year-end of material unexpended balances of certain appropriations which otherwise under the law should lapse, because of some planned use for the same in the ensuing year, on the theory that these planned uses constituted commitments or encumbrances. In this connection it must be remembered that both the general laws and each appropriation act specifically provide that all unexpended balances shall at the year-end be lapsed, except such as by law are carrying accounts, in which latter class there is authority for carrying ahead balances for construction projects on which contracts have been let or work definitely started. In addition, we feel that the practice might easily result in possible defeat of the real purpose of the appropriation acts passed by the Legislature, even to the extent of supplementing with-

out authority such appropriations; and as well becloud clarity of figures reported on annual expenditures.

We suggest that if the Legislature approves such practices, it clarify the present law so as to clearly state exactly what conditions will warrant legally carrying ahead balances otherwise lapsed at the year-end.

Attention is called to the possibility that there might be factors detrimental to the best interest of the State in the fact that the Budget Officer is at the same time so closely in contact with details of the Controller's office; since it might easily tend to lack of independence in setting forth in the budget what was hoped to do, and in the Controller's accounts and reports what actually was done.

Bonds, Fidelity

During the year just ended, the systematization of fidelity bond coverage under the provisions of Chapter 320 of the Public Laws of 1943 has resulted in the State now having much more sound and consistent coverage than was possible under the old laws, along the lines discussed at some length on pages 13 and 14 of our last year's report. With the cooperation of the Insurance Department, a revision was obtained of the schedule of rates set for State employees by the Towner Rating Bureau, which is much more nearly in line with present conditions, and at the same time results in a decrease in the cost to the State.

Exhibit J shows that as of August 15th the total bond coverage on State officials and employees amounted to \$2,226,500 with an approximate annual cost of \$4,726 or an average of \$2.122 per thousand.

Bond Liability

The Department of Audit has maintained during the year its previous continuous audit of all transactions in connection with bonds and interest payable, and of the records of the same. The bond transactions during the year (including calling and payment of \$1,000,000 before maturity) and the resultant balances are summarized as follows:

	<i>Unmatured June 30, 1943</i>	<i>Matured or Called 1943/44</i>	<i>Unmatured June 30, 1944</i>
Highway and Bridge	\$18,910,500	\$2,074,000	\$16,836,500
Maine Improvement	1,075,000	1,075,000	
War Bonds	1,800,000	100,000	1,700,000
Agriculture (Bangs Disease)	360,000	45,000	315,000
Waldo Hancock Bridge	660,000	20,000	640,000
Kennebec (or Carleton) Bridge	1,500,000		1,500,000
	<hr/>	<hr/>	<hr/>
	\$24,305,500	\$3,314,000	\$20,991,500
	<hr/>	<hr/>	<hr/>

In addition to the above, there is carried on the books of the State as of June 30, 1944, separate liabilities for bonds matured but not presented in the sum of \$60,750 and for similar interest coupons \$31,550.

The present unmatured balance is the lowest since 1930, while the net reduction in the last 3 years has approximated 25% of the June 30, 1941 liability. All bonds now outstanding mature serially.

As for several years, no temporary loans have been necessary; and all liabilities of whatever nature have been met on maturity, except of course that for bonds and interest thereon not presented for payment.

Budgetary Control

The very effective budgetary control of all disbursements of the State, which has been discussed in our previous reports, has continued in the year just past to show its great value. The selling by each department head to the Budget and Appropriations Committees of the Legislature of the necessity for projected disbursements; the summarization of the resultant figures with those of probable revenue into one comprehensive budget for the entire State; the enactment, based on this budget, of the appropriation bill; control throughout the biennium of actual disbursements through quarterly departmental allotments prepared by the Budget Officer and approved by the Governor and Council;—all combine to curtail, if not eliminate, unnecessary expenditures or those which would exceed the available funds.

We again voice the hope that some means, short of injuring the effectiveness of the above, can be found to eliminate certain seemingly unnecessary ultra refinements requiring material burdensome work; and to find a way of avoiding the necessity of spending over \$6,300 in printing this budget, and the delay of months in issuing it in final form.

Emergency Funds

The unallocated balance in the Emergency War Fund of \$4,765 is the same at the beginning and end of the year; transfers totaling \$204,989 having been made during the year from unappropriated surplus directly to the various projects under this fund, without affecting the unallocated balance or even going through any general Emergency War Fund, which practice as stated in previous reports, we believe to be contrary to the intent of the law and the soundest accounting.

The transactions during the year can be summarized as follows:

Unexpended Balance July 1, 1943:	
Unallocated	\$ 4,765.00
Allocated but Unspent	69,071.14
	<u> </u> \$ 73,836.14
Additional Transfers from Unappropriated Surplus	204,989.10
Income	23,024.96
	<u> </u>
Total Available	301,850.20
Expenditures:	
Special Emergency Projects	167,966.16
Departments	20,889.10
	<u> </u>
	188,855.26
Lapsed	15,498.57
	<u> </u> 204,353.83
	<u> </u>
Unexpended Balance June 30, 1944:	
Unallocated	4,765.00
Allocated but Unspent	92,731.37
	<u> </u> \$97,496.37
	<u> </u>

As in the preceding year, no necessity was encountered for the issuance of any part of the \$1,000,000 authorized bond issue; and again, none is now foreseen.

Two emergency funds lapsed entirely at the close of the preceding fiscal year, Emergency Payroll and the Emergency Mileage Funds.

For the Emergency Institutional Fund, the 1943 Legislature appropriated \$200,000 for the year ended June 30, 1944, from which a total of \$135,101 was transferred to the various institutions, of which \$72,359 was authorized previous to June 30, and \$62,742 after that date, as shown in Exhibit E-3.

The balance on June 30, 1944 in the sum of approximately \$65,000 was carried ahead to the now current fiscal year, on the understanding that such was the intent of the Legislature, though possibly not plainly expressed in the appropriation act.

While there might possibly be room for argument regarding the direct war connection of certain uses made of cash provided by these two active emergency funds, it is felt that in general, there is little room for valid criticism in that connection.

Emergency Municipal Finance, Board of

During the year just ended, compromise settlements with all creditors of the last of the 13 municipalities formerly under the above board have been successfully completed, at such percentages as were possible from the cash on hand in each municipality or which it was practical to borrow on a sound basis, varying from 2½% in one case, up to 90%, usually exclusive of interest accrued. After the accomplishment of these settlements, the Board retired from control of ten of these municipalities, but still retains its former control over three which it is considered probable may be deorganized by the Legislature.

Summary data of the effect of these compromise settlements on the frozen balances owed the State by these municipalities will be found in Exhibit L, in which are also included figures of a somewhat similar compromise settlement of the State's accounts against the City of Calais, which was not under the Board. The acceptances of these settlements by the State were under the provisions of Chapter 13 of the Public Laws of 1941, as amended. This exhibit indicates that the State received a total of \$131,129 from its previously more or less frozen accounts against these 14 municipalities; and charged off balances totaling \$101,467, of which the largest items were State tax and interest thereon, Board and Care, and Aid to Dependent Children.

Forestry Department and Forestry District

The transfer of the handling of the Forestry Department finances under the provisions of the 1931 Code, which was effective in July, 1943, has worked out advantageously, relieving the Forest Commissioner of a previous undue responsibility in this regard.

Health and Welfare Department

The previous detail review of all transactions of this department, which in the year just ended handled a total of over \$8,400,000, has been continued by our man permanently assigned to this work, in which he has continued to receive the heartiest cooperation of the departmental personnel. Each case to which attention has been called as indicating the possibility of improper transactions has been immediately gone into and usually adjusted at once. As of July 1, 1944, the weak spot in connection with the control and records of Jefferson Camp was put onto what it is hoped will be a permanent sound basis.

Again this year, in Exhibit C will be found a very concise summary of the financial transactions by and for this department in the year just ended. We note increases over the previous year of \$451,600 in pay-

ments for Old Age Assistance, partly offset by a \$180,900 decrease in support of paupers.

Highway Department

Relatively little progress has as yet been made in establishing the records of this department on an efficient basis, or in establishing proper correlation between their records and those of the Controller, though the financial records are now kept on the fiscal year basis.

As will be seen from the much condensed summary of the year's transactions, shown as Exhibit D, the disbursements of this department, while approximately the same as the preceding year, were much below the average of previous years, while the revenue available therefor, though larger than anticipated, was about \$1,500,000 less than the preceding year,—both due to war conditions. The year-end surplus of \$4,500,000 of the Highway Fund was very slightly larger than a year earlier.

We summarize below the net transfers from the General Highway Fund to various other departments in the year just ended:

State Police	\$316,463
Supt. of Public Bldgs. (State Police Bldg.)	5,627
Secretary of State (Motor Vehicle Division)	168,592
Supt. of Public Bldgs. (Motor Vehicle Bldg.)	10,782
Employees' Retirement System	40,000
Bureau of Accounts and Control	27,111*
Bureau of Taxation (Gas Tax)	15,620
Attorney General's Department	3,522
Department of Audit	5,748**
Bureau of Purchases	305
	<hr/>
	\$593,776
	<hr/> <hr/>

*The Bureau of Accounts and Control also received \$2,453 of transfers to the Secretary of State and Bureau of Taxation listed above.

**Includes \$3,943 for audit of the Highway Department, and \$1,805 for the Highway Department's share of charges for court audits. The Audit Department also received \$3,113 of the transfers listed above as to the Secretary of State and Bureau of Taxation.

In accordance with a new law passed in 1943, approximately 10% of the cost of maintaining the State Police was furnished from general funds of the State; while for the first time charges of various other departments for work performed for the Motor Vehicle Division of the Secretary of State's Department, and for the Gas Tax Division of the Tax Assessor's office, were charged through those divisions rather than directly to the Highway Department, as in previous years.

Institutions

The death on March 4th of Mr. Joyce, who had been assigned to the audits of the 13 State institutions since the start of any consistent work thereon in July 1940, necessitated certain reorganization of this branch of our work, which is now progressing satisfactorily under the other Institutional Auditor, with assistance as needed of a second man. While some progress has been made by the Controller in getting the records of these specialized units of the State organization onto a more satisfactory basis, much remains yet to be done. Because of the possibly misleading results obtained, our department is not very enthusiastic over the new method of handling the records of farm operations; and we feel that the institutional cost records now being developed are open to certain questions as to their dependability.

We are submitting in Exhibits E-1 and E-2 summaries of State investment, appropriations, revenue, expenditures and per capita costs, covering the fiscal years ending June 30, 1943 and 1944. The figures for the latter year are, as indicated thereon, based on certain figures of equipment and inventory which have not been completely verified by us as yet, and hence are open to probable relatively minor changes.

Because of accumulating errors in our previous handling of the records of investment in equipment, and after conference with the Controller, we have this year in our detail reports on each institution figured depreciation on equipment alone on an arbitrary 5% a year basis; which, while possibly slightly excessive, furnishes more nearly dependable figures than when, as in the past, it was omitted. This depreciation is not recorded on the books, and is considered in figures herewith only in Exhibit E-2.

Attention is called to the rather steady (and probably necessary) increase in the per capita costs of caring for inmates of virtually every institution of the State.

Elsewhere in this report, especially in Exhibit E-3, will be found reference to the questions raised by the Department of Audit regarding the methods employed in closing out the year-end overdrafts totaling over \$133,000 in 7 appropriation accounts, and the year-end unexpended balances of over \$89,000 in 8 other appropriation accounts, all affecting these 13 institutions.

Insurance

The attempt of our department to verify the charges against various departments, etc., as of June 1, 1944, for fire insurance led to a rather complete review of this entire question by our office; the most important results of which were assembled in a fifty-five page report to the Governor dated September 22, 1944, copy of which is on file in the

State Library; which brought together more complete data on this subject than probably had ever previously been had. In this, major consideration was given to the fire insurance schedule inaugurated as of June 1, 1931, the coverage under which now totals \$22,822,314, with a total June 1, 1944 bill of \$73,963; while in the Appendix is given a list of some seventy-five specific other insurance policies now in force, involving an additional annual cost of some \$28,000.

Our investigation indicated materially inequitable distribution of the cost of the current year's premium on the schedule insurance, with a probability that the same proportionate overcharges had been made against the University of Maine, Port of Portland Authority, Maine Maritime Academy, and the Normal Schools in the preceding years. This inequity can be more readily appreciated when we consider that the June 1944 charges by the State against the affiliates listed above (other than the Port of Portland Authority) for their share of the cost of the schedule policy exceeded what each would have paid for individual policies in the same amounts at full tariff rates; while the total premium actually paid by the State was only approximately 66% of what it would have totaled if similarly figured. In the report above referred to, we show computations leading to possibly revised charges against the various affiliates, institutions, departments, etc., for their proper share of the 1944 total premium, which we believe to be equitable and just, and based on principles which should have been used in previous years.

The following summarizes the June 1, 1944 coverage, and the actual and suggested revised allocations of the total bill therefor:

	<i>Coverage</i>	<i>Actually Billed</i>	<i>Dept. of Audit Figures</i>
Outside Incorporated Units:			
University of Maine	\$4,447,825	\$18,682.38	\$11,121.56
Port of Portland Authority	863,000	4,194.78	3,254.34
Maine Maritime Academy	236,400	2,685.52	1,636.25
Total Outside Units	<u>5,547,225</u>	<u>25,562.68</u>	<u>16,012.15</u>
State of Maine:			
Normal Schools	1,741,918	12,625.41	8,004.61
Liquor Stores	1,250,000	2,714.87	4,514.64
Institutions	10,525,173	24,615.27	27,995.67
Departments	3,757,998	8,600.89	17,435.97
Total State	<u>17,275,089</u>	<u>48,556.44</u>	<u>57,950.89</u>
GRAND TOTAL	<u>\$22,822,314</u>	<u>\$73,963.04*</u>	<u>\$73,963.04</u>

* After subtraction of certain cancellation credits.

In 1944, the coverage on all buildings was increased, in most cases an exact 20%; and a new type of "extended coverage" against hazards of windstorm, cyclone, etc., was added, except only in the case of property of the University of Maine. The entire schedule is on a three-year basis under arrangements whereby one-third of the coverage is renewed each year for a three-year term.

Net coverage in 1931 was \$14,059,992, since when it had increased to \$20,155,733 in 1943, and to \$22,822,314 in 1944. The total premium the first year (reduced to a one-year basis) was approximately \$44,000; from which it had increased to \$53,721 in 1943 and \$73,963 in 1944, the latter figure of necessity including more than the normal one-year cost.

Data obtained showed that during the thirteen years ending June 1, 1944, fire losses under this schedule totaled \$204,883 in the case of property insured for the University of Maine, and \$139,191 on all other property under the schedule. An approximate breakdown of the actual earned premium for the same years indicates that some \$90,638 is applicable to insurance carried for the University of Maine, and \$513,621 to all other property under the schedule. These figures would result in an approximate loss ratio on the entire schedule of 57%; divided 226% on property of the University of Maine and 27% on all other property.

It is our understanding that the Legislative Research Committee has under consideration recommendations, including possible legislation, in connection with State fire insurance.

Lands Reserved for Public Uses Fund

The records of the Farm Lands Loan Commission, which is by law responsible for the handling of the above fund and whose membership includes the State Auditor, indicate an increase in the total fund during the year just ended from \$994,566 to \$1,043,653, due to additional sums received from the Forest Commissioner for sale of stumpage, etc., on certain reserved lands; and the reduction from \$183,873 to \$144,808 in the money tied up in 106 mortgages and state-owned farms, all as shown in summary in the second pair of columns in Exhibit K.

The same exhibit shows that the investment in bonds increased during the year \$98,125; that as of June 30, 1944 the larger items in the investment portfolio are Federals, 41%; Public Utilities, 33%; and Rails, 16%; and that the present holdings indicate an average yield of 3.32% to maturity.

During the year just ended, the net receipts from investments, rents,

etc., after deducting losses on sale of farms and securities, amounted to \$29,203; administrative expenditures, \$4,542; leaving \$24,661 to assist in meeting the payments specified by law based on this fund.

Laws: Revised Statutes, Session, and Maine Reports

It is our understanding that the apparent weaknesses in the statutory provisions for publishing and handling the above are being actively taken up by the Legislative Research Committee, which we hope will lead to putting them onto a more sound basis.

Liquor Commission

Necessary changes in personnel in our department have made impossible the improvements in audit work on the records and transactions of the Liquor Commission which we hoped a year ago. As far as it has been practical for our men to go, all matters have been found well handled, though we still feel that the correlation between the records of the Controller's office and those of the Liquor Commission also kept in the Controller's office is capable of certain improvement.

Maine Maritime Academy

Material further improvement has been accomplished in the handling of the fiscal transactions and the records thereof of this separate, but affiliated, corporation. Our audit for the present year has as yet only been completed to December 31, 1943, but it is hoped that our report as of June 30, 1944 will soon be available.

Normal Schools

The transfer in 1942 of virtually all accounting for the Normal Schools to the Augusta office of the Department of Education has made possible more efficient handling of the same, and enabled the earlier accomplishment by our department of a much more satisfactory audit of the various transactions. The still existent weaknesses, including that in collection of accounts and notes receivable, is being worked on with hopes of early improvement therein.

Port of Portland Authority

Delays in final closing of books of this State affiliated corporation due to questions regarding charges by the State for fire insurance has again resulted in lack of completion of our audit as of June 30, 1944, which it is hoped to accomplish shortly.

Public Administrators

On pages 23 and 24 of our last year's report was shown a summary of the progress on the audit of the transactions of public administrators, initiated by our department in January, 1943. By keeping one man on this constantly, we were able to complete the initial examination of these 16 officials in January or February of 1944, in which examination we went back from 10 to 20 years. The material weaknesses, both of law and practice, developed by this examination, were summarized in a report to the Attorney General dated April 21, 1944, which included a summary of the handling of 314 estates by public administrators, further briefed as follows:

Total assets involved		\$449,661
Expenditures		210,672
Distributed—Heirs or others		148,518
—State of Maine		51,572
Estates not closed—		
Under 3 years	(27)	\$32,960
3 to 10 years	(10)	2,732
10 to 15 years	(1)	846
Over 15 years	(9)	2,362
	(47)	<hr/> 38,899
“Differences” found		10,795

The above indicates that in addition to the “differences” found, material criticism would seemingly be justified in connection with the habit of not closing these estates with proper dispatch during a period sometimes when the administrator was making more or less personal use of the estate funds.

Attention was also called to 157 estates involving assets of \$152,540, which were administered by creditors, but which seemingly should have been handled by the public administrators, of which 56 estates were found not closed despite the lapse of over 15 years in 19 cases.

Records, Destruction of

By Chapter 9 of the Public Laws of 1943, effective July 9th of that year, authority was given for destruction of certain old records “upon approval in writing of the Attorney General, State Auditor, Commissioner of Finance, and State Historian, but not otherwise”.

When the committee formed by the above law first met to discuss the new responsibilities thus placed on them, it was the consensus of opinion that great care should be employed in authorizing the destruction of old records, especially until some consistent and sound

over-all policy could be formulated; which policy should take into consideration the experiences of other states in similar matters, the relative after-value of different types of records of different departments, the possibility of permanent storage of such as should be kept permanently under conditions where they could be readily available, etc. Looking towards this, each department was requested to furnish a complete inventory of the old records then on hand and to indicate thereon not only those which they thought could be destroyed, but figures as to how long different classes of their records should, in their opinion, be kept. Not all department heads furnished this data, and the more the committee went into the matter the more they appreciated the size of the problems involved and the more they hesitated to, on the one hand, attempt to establish a policy without a much more detailed research and, on the other hand, to authorize the destruction of any records until such a policy was established.

After a lapse of 15 months from the effective date of this law, during which time the committee has had only 2 meetings, they have authorized the destruction of only a very limited amount of material for two or three departments alone. This lack of granting the relief so badly needed by the various department heads and authorized under the above law is due to a combination of circumstances, among which may be mentioned, in addition to the necessity for a well formulated, over-all policy mentioned above, the fact that other more definite duties of each member of the committee, and the absence of at least two of them from Augusta a material portion of the time, have served to make meetings hard to arrange.

It is rather generally felt by the committee that a very careful survey of the entire matter is almost essential to any material further procedure, which would take one man, and that a good one, full time for some months at least.

It is our understanding that a bill is to be presented to the incoming Legislature providing for systematic storage and arrangement of all departmental records which are no longer of current value and placing these "archives" under the supervision of the State Historian.

Reports, Delays in Issuing

Attention was called on pages 24 and 25 of our last year's report to the delays in issuing various departmental, etc., reports; which has seemingly been overcome little if any. In this, however, delay in printing due to war conditions has this year been possibly a material factor, certainly it serves as a good excuse. During the year, the 1942

report of the Highway Department, and the 1941-1942 reports of the Attorney General, have both been issued; while, in both cases, we understand it is hoped to get out further reports before December 31st. The bound indexed Legislative Record has never been, and we understand never will be, issued; the Controller's pamphlet report for the year ended June 30, 1944 is (on November 2nd) largely or entirely in the hands of the printers over two months after the summary report was printed in the newspapers; while copy for the report of the State Auditor is on the same date only approaching completion.

Retirement System, Contributory

Our examination of the accounts of this relatively new activity indicates that, as a whole, the early weaknesses therein have been largely overcome. Its transactions during the year just ended can be summarized as follows:

Contributions from State employees	\$247,742
Appropriations	314,298
Contributions by other municipalities	30,473
Income from investments	8,683
Miscellaneous expenditures	10,074
Payment of pensions	163,550
Balance in fund July 1, 1943	359,111
Balance in fund June 30, 1944	786,745

Retirement Association, Teachers'

Final correction of the mechanical and accounting weaknesses in handling the records of this fund is still delayed, largely through lack of sufficient proper personnel to handle the same, which has been a matter of more than average review by our department in the year just passed.

This fund has more than doubled during the year just ended, largely due to the appropriation by the 1943 Legislature of \$949,556 to make up an accumulated shortage in matching funds, of which, in the end, it was found that only \$817,097 was needed.

The transactions during the year can be summarized as follows:

Contributions from teachers	\$208,256
Contributions by the State	949,555
Income from investments (net)	50,245
Profit on sale of securities	5,485
Miscellaneous expenditures	386
Refund of teachers' contributions and interest	116,853
Balance in fund July 1, 1943	1,015,530
Balance in fund June 30, 1944	2,111,814

It is our feeling that the exact status of this unit should be established at as early a date as practical, with especial reference to responsibility of the Controller for the maintenance of adequate and proper accounting records of its transactions.

Salaries and Wages

Inequities in the salaries of the various officials of the State, due to lack of action by the 1943 Legislature, of necessity still remains uncorrected, though we understand that this has been a matter of review by the Legislative Research Committee, with possibility of specific recommendations on the same to the next Legislature.

Rather steady increase has been accomplished during the year by virtually every department in the wages paid to employees of the State, other than those who might be called "State Officials", in each case authorized by the Personnel Board, the Governor and Council, or other statutory authority; the formal and legal authority for each of which has been under constant review by our department. Such salary adjustments due to higher cost of living have, as a whole, been stopped, leaving longevity of service and greater experience of individuals as the principal reasons for the increases.

The Department of Audit has made analysis by departments and institutions of the payrolls as of June 1943 and 1944, and of individual increases therein during the fiscal year, with detailed report to the Governor.

The data developed thereby is summarized as follows:

PAYROLL SUMMARIES

	June 1943			June 1944		
	No.	Wkly Payroll	Ave.	No.	Wkly Payroll	Ave.
Executive	123	\$ 9,251.49	75.22	140	\$10,556.02	75.36
Stenographers & Clerks	731	19,112.73	26.15	694	18,601.69	26.80
All Others	2159	59,393.43	26.12	2167	61,436.73	28.35
Combined	3013	\$84,757.65	28.13	3001	\$90,594.44	30.18

INCREASES DURING FISCAL YEAR

	No.	Total Amount	Average
Executive	38	\$ 229.06	6.03
Stenographers & Clerks	317	744.45	2.35
All Others	1758	4,447.26	2.51
Combined	2113	\$5,420.77	2.56

In the above increases, no account is made of the effect on the resulting payrolls of resignations or replacements at higher (or in some cases lower) rates of pay.

The above, from method employed in assembling the figures, cannot be guaranteed as absolutely complete or accurate to the cent, especially since it does not attempt to include part time employees, those on daily or hourly rates, or employees of minor units such as licensing boards. It is felt, however, to be indicative of the trends of the past year.

Thinking it may have of rather general interest, we show in Exhibit G the June 30th salary rates of department heads and other State officials, together with data as to the authority for the same.

Secretary of State

The establishment, as of July 1, 1943, of a detailed internal audit in the Motor Vehicle Division of the Secretary of State's department has relieved our personnel of a material amount of detail work previously done, and allowed our auditor assigned to the Secretary of State to keep in closer touch with the various branch registration offices, and to go more thoroughly into other lines of activities of that department, without materially, if at all, weakening the soundness of the audit of the Motor Vehicle Division. Reference to the forthcoming report of the Controller will indicate that the income from this Division, which by law (and now constitutional amendment) goes to the Highway Fund, has held up during the gas rationing period materially more than was by anyone expected; it, in fact, being slightly larger than in the preceding year.

Treasurer of State

Because of the volume and importance of the transactions handled by, or held in custody of, the Treasurer, the Department of Audit has maintained one of its older auditors constantly in that department, verifying in detail virtually every transaction whether of money, securities, bonds and interest payable, accounts receivable in process of collection, etc., and the resulting items in his custody. In general, it may be said that all of these have been handled in both a legal and sound manner.

The handling of fidelity bonds covering employees of this department, which were excluded from the revised procedure laid down by the 1943 bond law, is capable of improvement; while it is to be wished

that further results could be obtained in collection of accounts receivable. In this latter connection, a test verification with the various debtors, in the winter of 1943/44, developed no material discrepancies. Thorough verification was made of all securities, cash, and bank balances as of the date of change of Deputy Treasurers and as of June 30, 1944, at which times all were found in order.

The new law effective July 9, 1943 allowing temporary investment of excess funds in short-term federal securities has resulted in decrease of the previous embarrassing pressure of excessive bank accounts, as will be seen from the monthly balance figures shown in Exhibit F. A total of \$22,287 (net) in interest was actually received previous to June 30, 1944 from this newly authorized investment of excess current cash, without adjustment for then accruals.

When last year the appropriation was made by the Legislature of \$1,000,000 from Unappropriated Surplus for a "Post War Public Works Reserve", of which only \$50,000 was made then available for expenditure, our department urged that the remaining \$950,000 for later authorization by the Legislature, be recorded on the books as segregated from other investments; our ideas in this did not meet with approval and such has never been accomplished nor is it so shown in the current Controller's report. In a somewhat indefinite way, this \$950,000 is supposed to be included in the \$3,950,000 General Fund investment in short-term federal bonds.

Trust Funds

The Department of Audit has maintained a continuous review of all transactions during the year in the various trust funds in the custody of the State, with particular attention to the disposition of the income received therefrom, and the assets supporting the various funds at the year-end; all as shown in full detail in our typed reports thereon on file in the State Library.

In Exhibit K is shown a summary of the standing of these funds as of June 30, 1944, set up in comparative column with similar figures as of a year earlier, including a condensed statement of the investments as of those dates. This exhibit indicates that the total principal of these funds has increased during the year from \$3,616,000 to over \$5,222,000, of which increase over \$1,000,000 was in the Teachers' Retirement Fund, due primarily to the \$950,000 transfer authorized by the 1943 Legislature. Considered as a whole, the net increase in total funds is almost exactly reflected in the one item of federal bonds, the investment in which has increased from \$1,229,000 (34% of the

total funds) to \$2,852,000 (54.7% of total funds). It will be noticed that the concentration of investments in Federals is particularly noticeable in the case of Employees' Retirement System (where it represents 100% of the permanent investments) and the Teachers' Retirement Association (where it represents over 65% of the total permanent investments, having increased from 36% at the beginning of the year). In the case of the last-mentioned fund, the records indicate not only the investment of virtually all new funds in Federals, but a tendency to replace by them other seemingly as good items, and even to buy and sell other securities somewhat actively. In the case of the Permanent School Fund, the investment in Federals has more than doubled during the year, at the expense of State and Municipals.

Unemployment Compensation Commission

The work of the Department of Audit on the records of this Commission has been continued as in previous years on a basis somewhat curtailed by a reciprocal arrangement with the federal auditors who review closely all disbursements for administrative purposes made from federal funds; despite which, and because of the very efficient system and handling of all matters by the commission and their own internal check on the same, we feel warranted in stating that all matters have been in general properly handled. Repeated suggestions by us as to possibilities of handling transfers to the trust fund held by the Treasurer of the United States have resulted in obtaining larger interest credits thereon than would otherwise have been possible.

The net receipts from Unemployment Tax in the year ended June 30, 1944 totaled \$8,508,986, or about \$420,000 less than in the preceding year, due largely to the reductions granted for experience rating; this decrease is, however, almost exactly offset by the \$417,000 reduction in net benefits paid to \$320,624. The balance on deposit with the Treasurer of the United States had increased from \$18,663,306 on July 1, 1943 to \$27,426,646 on June 30, 1944.

Unappropriated Surplus

The Unappropriated General Fund Surplus of the State, known previous to July 9, 1943 as "Sinking Fund Reserve", has decreased during the year just ended from \$4,693,587 to \$4,102,918. This statement is, however, somewhat misleading, since included in that decrease are sizable sums appropriated or reserved by the 1943 Legislature for non-recurring items, or to establish working capital which is and will remain constantly on hand as an asset of the State.

The "Unappropriated Surplus" shown in Exhibit B for other than the General Fund, is not open to appropriation for ordinary running expenses of the State, and hence is possibly not entirely unappropriated.

The following much condensed arrangement of the year's movement in the General Fund Unappropriated Surplus (in which cents are omitted) might be enlightening:

Balance as of June 30, 1943, per Controller's Report	\$4,693,587
Adjustments of Prior Year	28,270
	<hr/>
	4,721,858

Authorizations of 1943 Legislature from July 1,
1943 Unappropriated Surplus:

Non-Recurring Expenditures:

Maine Teachers' Retirement Association	\$817,097
Purchase Motor Vehicle Building	32,500
Post War Public Works Reserve	11,061
Penobscot Indian Trust Fund	7,550
Passamaquoddy Indian Trust Fund	4,486
Indian Township Administration	1,163

Total Non-Recurring Expenditures	<hr/> 873,858
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Authorized, but Unexpended (carried forward)

Post War Public Works Reserve (Administration)	\$ 38,938
Central Maine Sanatorium (Laundry)	15,000
Pownal State School (Employees' Building)	100,000
	<hr/> \$ 153,938

Reserves:

Post War Public Works Reserve	950,000
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Total Authorized by 1943 Legislature	1,977,797*
Additional Working Capital Advances	874,000
Bonds Called (including premium)	1,010,000
	<hr/> 3,861,797

Balance as of July 1, 1943 Surplus Remaining for Current Use	860,061
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Revenue for 1943/44	\$22,177,959
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Less: Amortization 1936/37 Deficiency, as required by law	100,000
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	<hr/> 22,077,959
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DEPARTMENT OF AUDIT

29

Expenditures:

From Current Revenue	\$18,127,726	
Emergency War Fund	188,855	
Contingent Account	27,531	
	<u>18,344,113</u>	
Excess of Revenue over Expenditures		3,733,845
Increase in Reserves for Authorized Expenditures		490,988
		<u>3,242,857</u>
Net Gain Current Year		
Balance as of June 30, 1944		<u><u>\$4,102,918</u></u>

*P. & S. Laws 1943, Chapter 88	\$2,272,756	
P. & S. Laws 1943, Chapter 90	1,132,500	
	<u>3,405,256</u>	
Working Capital set up previous to June 30, 1943		
closings	\$1,295,000	
Maine Teachers' Retirement Ass'n (not required)	132,459	
	<u>1,427,459</u>	
		<u><u>\$1,977,797</u></u>

MUNICIPAL DIVISION

General

As covered previously in this report, the Municipal Division of the State Department of Audit receives no appropriation from the Legislature, but is required to meet its entire expense from charges against the municipalities, counties, and two State departments which receive considerable income from the various courts. This Division was put on an accrual basis as of July 1, 1942 and, as summarized on Exhibit N, lived within its income during the year ended June 30, 1944. This was made possible by authority through Council Order for a slight increase in the rates charged for the more experienced auditors. The rates now charged for the services of the Municipal Division auditors would appear to take care of salary increases which have been and may be necessary in the future, providing that approximately the same amount of work is required. The rates at which charges are made for audit work by the Municipal Division are set by the Governor and Council as follows:

- \$12 per day for auditors receiving over \$39 per week
- \$10 per day for auditors receiving less than \$39 per week
- \$ 7 to \$10 per day for junior auditors
- \$ 5 per day for clerical and typing work

To the above are, of course, added all necessary travel and living expenses when away from headquarters.

Despite the loss of two valuable employees in this Division, one by death and the other to military service, the standard of audit work and reports thereon has been improved materially during the year just ended and it is very apparent that the broader assistance furnished to the various subsidiary units in the State, which are audited by this Division, is increasingly proving a material factor in the improved sound financial health shown by them.

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 person "competent" to do the work. This law is somewhat weak in that it fails to specify who shall determine the competency of an outside auditor, or supervise and review his work.

Up to November 1, 1944, the State Department of Audit had completed examination of the accounts of 251 municipalities for the year ended usually in February or March, 1944. There are 234 whose ac-

counts have been or are to be audited by outside accountants who, with the exception of a relatively few cases, have made a considerable number of municipal audits annually for several years and who, we believe, do satisfactory work.

At present there are 15 municipalities which, according to our records, will probably not have any audit for last year; or, in some cases, whose audits fail of furnishing taxpayers and municipal officials the minimum support which they should have. Some of the municipalities which have not attempted to have satisfactory audits during the last two or three years are definitely in need of such. One included in this group, according to their town report, has an audit annually, but has failed to publish a copy of the audit as required by statute, neither does their town report show any form of a financial statement, making it next to impossible for even a practicing accountant to get any real idea of the financial standing and fiscal transactions of that municipality. This department has contacted the officers in that town but has been unable to get any satisfactory results.

In our last two reports, we mentioned that some action should be taken to make sound annual audits in municipalities more compulsory and it would seem that out of 500 municipalities in the state, 485 apparently approve of sound audits, with only 15 who do not.

The Supplemental Report of the Department of Audit, published in January 1944, summarized the results shown by audit reports for the municipal year usually ending in February and March, 1943. 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 261 municipal audits covering the 1942/43 year, for which our total charges averaged as follows:

<i>Population</i>	<i>Normal (a)</i>	<i>Exceptional (b)</i>	<i>Combined</i>	
			<i>No.</i>	<i>Average</i>
Under 500	\$ 49.12	\$133.94	92	\$ 63.82
500 to 1,000	62.13	201.25	63	101.88
1,000 to 2,000	82.50	216.74	54	142.16
2,000 to 3,000	88.02	206.01	19	112.76
3,000 to 5,000	117.38	428.40	19	199.22
Over 5,000			14	503.18

- (a) "Normal" listed above, numbering 179 out of 261 municipalities, includes charges against those towns whose accounts and records were found in good condition and where no unreasonable time-taking trouble was encountered.
- (b) "Exceptional" listed above embraces 68 municipalities where conditions were found necessitating expenditure of an entirely disproportionate amount of time.

County Audits

Detailed reports on the outcome of our examination of accounts of the 16 counties of the State were made to the various County Commissioners early in 1944 covering the calendar year 1943. Included in this report are Exhibits M-1 and M-2 showing Comparative Balance Sheets of the 16 counties, and Statements of Receipts and Disbursements.

A rather detailed review and verification of each county unit is being made continuously and we find that the County Commissioners are increasingly calling on this department for suggestions as to procedure.

During the calendar year 1943 the total net worth of the 16 counties increased \$313,811, while over the six-year period from January 1, 1938 to December 31, 1943 this figure has increased \$1,236,673.

Court Audits

The audit of court records has proceeded steadily throughout the year just ended, with detail reports being sent to the County Commissioners as the audits of the court system of each county has been completed, which system includes the Municipal and Trial Justice Courts, Superior Court Clerks, Probation Officers and the Jails of the 16 counties of the State.

It is apparent that the enactment of Chapters 82, 269 and 282 of the Public Laws of 1943 has materially helped to clear up fundamental weaknesses in the past financial procedure in some of the courts. Laxness in the handling of financial matters by court officials has decreased considerably and it appears that they are endeavoring to have their records in better condition than in the past. Whenever conditions have been found indicating necessity for such, full details have been referred to the Governor and Attorney General for action, which it is hoped can be materially decreased in the future.

State of Maine — Combined Operating Statements — All Funds
YEAR ENDED JUNE 30, 1944

Exhibit A
 (Cents Omitted)

	General Fund	Highway Fund	Unemployment Fund	Other Special Rev. Fund	Proceeds of Gen. Bonds Fund	Public Service Enterprises	Working Capital Funds	Trust & Agency Funds	Total All Funds
Revenues:									
Taxes	\$ 9,027,848	\$4,056,264	\$8,494,371	\$ 470,605	\$	\$	\$	\$ 383,892	\$22,432,980
Motor Vehicle Registrations		3,919,294							3,919,294
Federal Grants	3,162,250	1,081,895		1,238,734					5,482,879
Services and Fees	837,545	65,226		396,113					1,298,884
Counties, Cities and Towns	527,227	376,832		42,931					946,990
Departmental Earnings						9,226,545	619,283	183,492	10,029,320
Private Contributions						76,570		669,056	745,626
Other Income	123,874	35,589	440,505	24,507	\$ 879				625,334
	13,878,744	9,535,080	8,934,876	2,172,890	879	9,303,115	619,283	1,236,440	45,481,307
Contributions and Transfers from Other Funds	8,499,215	35,963		5,906		24,573		488,032	(E)
	22,177,959	9,571,043	8,934,876	2,178,796	879	9,327,688	619,283	1,724,472	45,481,307
Expenditures	17,861,794	9,587,666	320,762	2,057,999	99,707	949,460	640,360	972,704	32,490,452
Contributions to Other Funds	482,319	97,257		21,502		8,404,991	917	46,703	(E)
Amortization of 1936/37 Deficiency	100,000								100,000
	18,444,113	9,684,923	320,762	2,079,501	99,707	9,354,451	641,277	1,019,407	32,590,452
Excess of Revenue Over Expenditures	3,733,846	(113,880)	8,614,114	99,295	(98,828)	(26,763)	(21,994)	705,065	12,890,855
Deduct:									
Increase in Reserves:									
Authorized Expenditures	426,090	(201,451)		99,295	(80,884)	19,724			262,774
Institutional Emergency Fund	64,898								64,898
Trust and Agency Funds								705,065	705,065
For Contingencies					(17,944)				(17,944)
Total Deductions	490,988	(201,451)		99,295	(98,828)	19,724		705,065	1,014,793
Net Inc. in Surplus from Operations	\$ 3,242,858	\$ 87,571	\$8,614,114	\$	\$	(\$ 46,487)	(\$ 21,994)	\$	\$11,876,062

Reconciliation with Surplus Balance Shown in Exhibit B

	General Fund	Highway Fund	Unemployment Fund	Other Special Rev. Fund	Proceeds of Gen. Bonds Issues	Public Service Enterprises	Working Capital Funds	Trust & Agency Funds	Total All Funds
Balance of Surplus July 1, 1943	\$4,693,587	\$4,416,542	\$18,909,783	\$	\$	\$132,742	(\$107,145)	\$	\$28,045,509
Adjustments—Prior Years	28,270	(2,950)			4,305		(77,422)		(47,797)
Adjusted Balance	4,721,857	4,413,592	18,909,783		4,305	132,742	(184,567)		27,997,712
Deduct:									
Bonds Called in Advance of Maturity	1,010,000								1,010,000
Expenditures from Unappropriated Surplus, Auth. by '43 Legislature	873,858								873,858
Surplus Reserves:									
Post War Public Wks. Reserve	950,000								950,000
Working Capital Advances	874,000								874,000
Non-Recurring Expenditures	153,939								153,939
Authorized Expenditures					4,305				4,305
Total Surplus Reserves	1,977,939				4,305				1,982,244
Total Deductions	3,861,797				4,305				3,866,102
Balance less deductions	860,060	4,413,592	18,909,783			\$132,742	(184,567)		24,131,610
Net Increase (above)	3,242,858	87,571	8,614,114			(46,487)	(21,994)		11,876,062
Balance June 30, 1944 (per Ex. B)	\$4,102,918	\$4,501,163	\$27,523,897	\$	\$	\$ 86,255	(\$208,561)	\$	\$36,007,672

State of Maine — Combined Balance Sheets — All Funds
June 30, 1944

Exhibit B (Continued)

RESERVES AND SURPLUS	General Fund	Highway Fund	Unemploy. Compensation Fund	Other Special Rev. Fund	Proceeds of Gen. Bond Issues	Public Service Enterprises	Working Capital Funds	Trust & Agency Funds	Total All Funds June 30, '44	Total All Funds June 30, '43
Services:										
For Authorized Expenditures.....	1,632,291	1,936,796		897,074	500,892				4,967,053	4,713,212
For Authorized Exp. for Unusual or Non-recurring Items.....	153,939								153,939	
For Post War Public Works.....	950,000								950,000	
For State Contingent Accounts.....	300,000								300,000	300,000
For Contingencies.....					201,153				201,153	219,097
For Institutional Emergencies.....	64,898								64,898	
For Working Capital Advances.....	2,349,328	380,000							2,729,828	1,855,827
For Trust and Agency Funds.....								6,120,108	6,120,108	4,585,911
To Retire Bonds.....						1,500,000			1,500,000	1,500,000
Total Reserves.....	5,450,956	2,316,796		897,074	702,045	1,500,000		6,120,108	16,986,979	13,174,047
ork. Cap'l Adv. from Other Funds						2,100,000	629,828		2,729,828	1,855,827
tribution from Federal Govt.....							1,000,000		1,000,000	1,000,000
Total Contributions.....						2,100,000	1,629,828		3,729,828	2,855,827
plus:										
Unappropriated Surplus.....	4,102,918	4,501,163	27,523,897			86,254	(206,561)		36,007,671	28,045,509
Less—1936/37 Deficiency Acct.	(592,111)								(592,111)	(692,111)
Net Unappropriated Surplus.....	3,510,807	4,501,163	27,523,897			86,254	(206,561)		35,415,560	27,353,398
Total Reserves and Surplus.....	8,961,763	6,817,959	27,523,897	897,074	702,045	3,686,254	1,423,267	6,120,108	56,132,367	43,383,272
Tot. Liab. Res. and Surplus..	\$11,685,514	\$24,059,678	\$27,532,483	\$1,006,873	\$702,221	\$6,156,896	\$1,486,809	\$6,124,743	\$78,755,217	\$69,191,651

Contingent Liability: Bonds of Deer Isle-Sedgwick Bridge District—\$456,000.

(A) Due from Other Funds and Due to Other Funds were included in Accounts Receivable and Accounts Payable, respectively, at June 30, 1943.

(B) This Balance Sheet includes inventories and fixed assets of Public Service Enterprises and Working Capital Funds only.

(C) The General Fund includes bank stock after allowance for probable loss in realization; while in Trust Funds, investments are carried at cost less ratable amortization of any premiums paid.

(D) No allowance is provided in Trust Funds for loss on impounded bank accounts estimated to total some \$80,000.

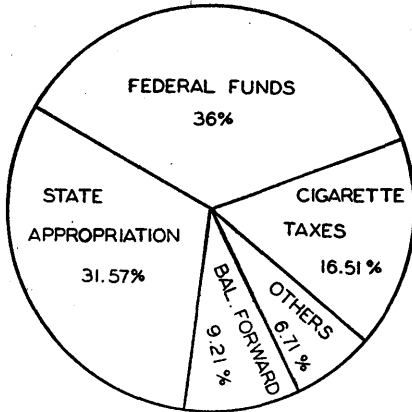
(E) We question asset value of these items.

Exhibit C

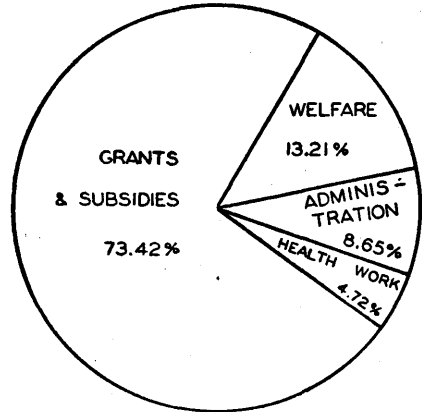
DEPARTMENT OF HEALTH AND WELFARE

Summary of Receipts and Expenditures
Fiscal Year Ended June 30, 1944

NET RECEIPTS



NET EXPENDITURES



NET RECEIPTS

	Amount	Per Cent
Net Revenue:		
Federal Funds	\$3,492,242.06	36.00
Cigarette Tax	1,601,442.52	16.51
Cities and Towns	506,603.73	5.22
Licenses and Fees	57,295.32	0.59
Miscellaneous	72,871.90	0.75
Departmental Earnings	15,110.64	0.15
Total Net Revenue	5,745,566.17	59.22
Legislative Appropriations	3,063,438.00	31.57
July 1, 1943, Balance Brought Forward	895,104.82	9.21
Net Transfers	(2,166.13)	
Total Available	9,701,942.86	100.00

NET EXPENDITURES

Purpose:	Amount	Per Cent
Grants and Subsidies	6,171,016.36	73.42
Welfare	1,109,988.35	13.21
Administration	726,991.53	8.65
Health	396,212.07	4.72
Total Net Expenditures	8,404,208.31	100.00

June 30, 1944

Balances

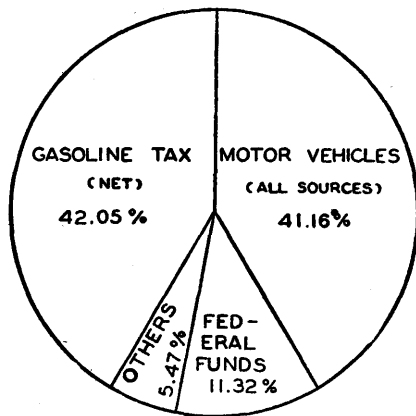
Lapsed to Unapprop. Surp. \$ 191,956.88

Carried Forward to 1944/45 1,105,777.67

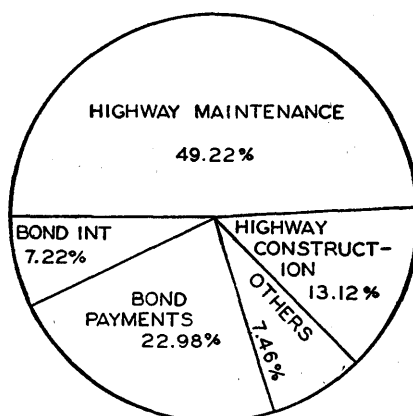
\$1,297,734.55

STATE HIGHWAY DEPARTMENT
Summary of Receipts and Expenditures
Fiscal Year Ended June 30, 1944

NET RECEIPTS



NET EXPENDITURES



NET RECEIPTS

	<i>Amount</i>	<i>Per Cent</i>
Gasoline Tax (Less Refunds)	\$4,017,826.52	42.05
Motor Vehicles (All Sources)	3,933,278.81	41.16
Federal Funds	1,081,895.35	11.32
Cities, Towns and Counties	379,411.74	3.97
Bridge Tolls	71,581.95	0.75
Departmental Revenue	52,262.09	0.55
Investment of Highway Funds (Income from)	19,360.07	0.20

\$9,555,616.53 100.00

NET EXPENDITURES*

Highway Maintenance	\$4,508,891.29	49.22
Highway Construction	1,202,275.65	13.12
Bridge Maintenance	256,164.32	2.80
Administration	197,837.62	2.16
Bridge Construction	147,323.47	1.61
Miscellaneous	81,801.88	0.89

Bond Payments	6,394,294.03	69.80
Bond Interest	2,105,000.00	22.98
	660,955.50	7.22

\$9,160,249.53 100.00

*The above expenditures are exclusive of certain of the Net Transfers to other divisions, as listed and discussed on page 16 of this report, including the following:

Motor Vehicle Division, Secretary of State	\$179,374.77
State Police	322,090.97
Gasoline Tax Division, Bureau of Taxation	15,620.85
Employees' Retirement System	40,000.00

\$557,086.59

The above figures of Net Receipts and Net Expenditures differ somewhat from those shown in Exhibit A in that those above include transactions administered by the Highway Department only, whereas the latter includes all transactions relating to the Highway Fund. The above figures include the operations of various Toll Bridges included under Public Service Enterprises in Exhibit A. The Highway Fund of Exhibit A includes State Police, Motor Vehicle Division and Gasoline Tax Division not functions of Highway Department administration.

Institutions — State of Maine

YEAR ENDED JUNE 30, 1943

Exhibit E-1

(Cents Omitted)

	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	
Historical Data:														
Year Established	1886	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	604	240	1,390	460†	422	200	207½	110	28	25	495	1	1½	4,184
Under Cultivation—acres	364	168	500	162	388	100	151½	55	19¼	186	22	5	3½	2,094¼
Number of Buildings	59	26	58	51	34	13	23	15	14	21	22	5	3	344
Inmate Capacity	1,342	1,106	1,120	852	150	150	160	177	125	208	150	100	40	5,180
Average Inmate Population	1,494	1,156	1,107	333	79	149	109	160	107	188	123	106	29	5,140
Average Employees	238	223	165	51	20	36	35	39	61	97	89	29	11	1,094
Trust Funds—Principal	\$54,778		\$8,342				700	\$ 11,712		\$ 2,012	\$ 89,055	\$ 7,517	\$ 17,578	\$ 191,689
Plant Value (recent additions at cost—original basis of valuation not ascertained).....	\$2,696,608	\$1,812,750	\$1,834,371	\$990,142	\$251,644	\$405,897	\$274,074	\$345,887	\$326,602	\$387,923	\$372,403	\$202,062	\$44,818	\$9,945,181
Equipment Value (estimate value at June 30, 1940, subsequent additions at cost).....	281,804	176,656	201,480	96,760	45,333	34,337	36,258	47,016	47,441	72,862	55,023	27,274	11,876	1,134,120
Summary of Appropriations:														
Revenues, etc.:														
Appropriation, Current Year	459,300	374,000	348,500	194,000	64,500	66,250	76,000	77,000	113,000	180,000	143,000	49,000	26,600	2,171,150
Special Appropriations, Balances Forward, etc.							1,478							1,478
Transfers from Emerg. Funds Income (Exclusive of income from Sanatoriums, credited to General Fund)	40,075	63,299	32,458		2,381	22,394	7,554	20,191	8,221	26,896	6,620			230,089
	1,303	1,915	1,383	15,752	1,950	252	891	840	2,329	3,846	6,874	3,977	141	41,453
Total Available	\$ 500,678	\$ 439,214	\$ 382,341	\$209,752	\$ 68,831	\$ 88,896	\$ 85,923	\$ 98,031	\$123,550	\$210,742	\$156,494	\$ 52,977	\$26,741	\$2,444,170
Expenditures:														
Personal Services	241,143	181,151	156,855	73,869	28,042	33,966	31,571	37,648	54,994	89,601	82,698	28,776	10,119	1,050,433
Contractual Services	29,117	27,268	10,183	22,945	9,611	15,893	12,842	15,638	10,800	29,531	13,332	4,851	3,297	205,353
Commodities	201,193	229,604	213,596	69,633	30,002	36,353	38,950	38,634	57,616	89,838	58,639	14,751	10,556	1,089,365
Grants	101	3		247		24		29		203			669	1,276
Capital Expenditures	18,258	1,188	1,707	14,089	1,176	2,660	2,137	6,032	140	1,569	1,825	91	600	51,472
Total Expenditures	\$ 489,812	\$ 439,214	\$ 382,341	\$180,783	\$ 68,831	\$ 88,896	\$ 85,500	\$ 98,031	\$123,550	\$210,742	\$156,494	\$ 48,469	\$25,241	\$2,397,904
Annual Per Capita Cost—based on gross operating cost less capital expenditures:														
1942-1943	\$308	\$356	\$331	\$515	\$860	\$580	\$750	\$560	\$1,114	\$1,105	\$1,239	\$451	\$869	\$444
1941-1942	313	331	321	684	624	489	671	452	1,029	971	1,000	464	689	402

* Basis: Unverified data from Institution.

† Includes 146 acres rented.

YEAR ENDED JUNE 30, 1944

	Insane and Feeble Minded			Penal			Correctional		Tubercular			Educational and Charitable		Totals
	Augusta State Hospital	Bangor State Hospital	Powdow 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 and Children's Home	
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.....	604	240	1,390	533(a)	422	200	207½	110	28	25	495	1	1½	4,257
Under Cultivation—acres.....	364	168	500	372	374	100	151½	55	19	187	5	3	½	2,291
Number of Buildings.....	59	26	59	51	34	13	23	15	14	21	22	5	3	345
Inmate Capacity.....	1,342	1,106	1,120	352	150	150	160	177	125	208	150	100	40	5,180
Average Inmate Population	1,497	1,160	1,079	280	62	127	185	151	90	189	111	98	29	5,008
Average Employees.....	285	209	148	50	20	38	86	41	60	103	84	29	11	1,064
Trust Funds—Principal.....	\$ 54,773		\$ 7,100				\$ 700	\$ 11,712		\$ 2,012	\$100,045	\$ 7,516	\$17,578	\$ 201,436
Plant Value (recent additions at cost—original basis of valuation not ascertained)	\$2,704,100	\$1,812,750	\$1,834,536	\$992,760	\$255,982	\$407,549	\$290,042	\$347,210	\$328,492	\$393,277	\$372,403	\$202,062	\$44,819	\$9,985,982
Equipment Value (cost—less adjust. at June 30, 1940, less dep. 1940-44)	230,223	189,026(b)	176,337	80,306(b)	37,521	26,408(b)	36,847	39,199	40,584	62,428	47,230(b)	20,537	9,133	945,774
Summary of Appropriation: Revenue, etc.:														
Appropriation, Current Yr.	\$ 575,550	\$ 437,300	\$ 375,000	\$193,800	\$ 73,300	\$ 80,800	\$ 97,900	\$ 88,000	\$127,300	\$185,312	\$161,500	\$ 56,100	\$27,500	\$2,479,362
Special Appropriations, Balances Fwd., etc.	10,865							450						11,315
Trans. from Emerg. Funds		7,673	40,256		6,323	20,729	17,604	19,775	13,500		9,244			135,104
Income (Exclusive of income from Sanatoriums, credited to Gen. Fund)	2,145	2,582	1,251	24,871	3,334	1,931	4,970	2,492	3,375	3,979	7,076	2,500	120	60,626
Transfers from other Institutions, Institutional Service, Parole Board.....		12,088								55,136				67,224
Total Available.....	\$ 588,560	\$ 459,643	\$ 416,507	\$218,671	\$ 82,957	\$103,460	\$120,474	\$110,717	\$144,175	\$244,427	\$177,820	\$ 58,600	\$27,620	\$2,753,631
Expenditures:														
Personal Services.....	\$ 256,449	\$ 205,990	\$ 162,009	\$ 86,895	\$ 30,953	\$ 40,410	\$ 39,220	\$ 44,969	\$ 60,622	\$104,664	\$ 96,601	\$ 33,497	\$11,623	\$1,173,902
Contractual Services.....	43,438	31,425	20,128	85,270	13,589	16,407	16,745	19,184	12,070	31,438	16,105	6,934	4,093	316,806
Commodities.....	221,201	215,691	210,742	33,716	32,051	32,542	46,814	42,226	53,002	98,587	55,785	12,358	10,374	1,065,089
Grants and Pensions.....	85	558		71	71					708	106		665	2,204
Capital Expenditures.....	32,075	5,979	3,628	9,115	6,293	4,101	17,695	3,897	11	9,030	6,384	483	168	109,525
Total Expenditures	\$ 553,248	\$ 459,643	\$ 396,507	\$214,996	\$ 82,957	\$ 93,460	\$120,474	\$110,267	\$136,371	\$244,427	\$174,981	\$ 53,272	\$26,923	\$2,667,526
Annual Per Capita Cost—based on gross operating cost less capital expenditures, plus depreciation of equipment:														
1943-44.....	\$344	\$396	\$363	\$750	\$1,231	\$703	\$328	\$721	\$1,432	\$1,238	\$1,578	\$564	\$966	\$534
(c) 1942-43.....	318	365	351	515	882	592	763	574	1,142	1,128	1,261	468	893	456

* Basis—Unverified data from Institution.

(a) Includes 219 acres rented.

(b) Figures shown by the records, without detail verification by us.

Exhibit F

STATE OF MAINE — TREASURY DEPARTMENT

Month-end Balances — Demand and Trust and Agency Accounts
 From July 1, 1943 to June 30, 1944

	<i>Bank Balances Demand</i>	<i>Short-term Federal Securities—7/8%</i>	<i>Combined (b)</i>	<i>Trust and Agency Balances (c)</i>
July 1, 1943	\$14,179,470.37	\$	\$14,279,470.37	\$4,061,938.25
July 31, 1943	11,916,229.52	950,000.00	12,966,229.52	3,877,944.56
August 31, 1943	10,765,034.39	950,000.00	11,815,034.39	4,291,815.66
September 30, 1943	7,495,680.61	3,650,000.00	11,245,680.61	4,274,121.04
October 31, 1943	7,844,814.09	3,650,000.00	11,594,814.09	4,260,252.01
November 30, 1943	7,763,754.50	3,650,000.00	11,513,754.50	4,268,191.72
December 31, 1943	9,027,862.60	3,650,000.00	12,777,862.60	4,255,246.90
January 31, 1944	7,731,057.20	6,150,000.00	13,981,057.20	4,460,564.53
February 29, 1944	8,065,031.35	6,150,000.00	14,315,031.35	4,439,843.79
March 31, 1944	8,484,932.15	6,150,000.00	14,734,932.15	4,451,641.12
April 29, 1944	8,791,201.21	6,150,000.00	15,041,201.21	4,516,267.48
May 31, 1944	8,482,883.14	6,150,000.00	14,732,883.14	4,509,255.66
June 30, 1944	7,217,773.25	8,650,000.00(a)	15,967,773.25	5,681,400.52

(a) General Fund	\$3,950,000.00
Highway General Fund	3,500,000.00
Highway Bond Account	700,000.00
War Bond Account	500,000.00
	<u>\$8,650,000.00</u>

(b) Including Certificates of deposit amounting to \$100,000.00 of Agricultural Bond Account.

(c) Includes Securities and Bank Deposits.

The above does not include any Unemployment Compensation Funds on deposit with the Treasurer of the United States.

**Salaries of Department Heads, etc.
as of July 10, 1944**

<i>Position</i>	<i>Annual Salary</i>	<i>Authority</i>
Adjutant General	\$5,000 yr. (b)(c)	Statutory
Agriculture, Commissioner of	4,500 yr.	Statutory
Chief, Div. Inspection	4,000 yr.	Governor and Council
Chief, Div. Markets	4,000 yr.	Governor and Council
Chief, Div. Animal Industry	4,000 yr.	Governor and Council
Chief, Div. Plant Industry	4,500 yr.	Governor and Council
Attorney General	5,000 yr. (a)	Statutory
Deputy	4,500 yr.	Governor and Council
Auditor	4,500 yr.	Statutory
Bank Commissioner	5,000 yr.	Statutory
Deputy	4,380 yr.	Personnel Board
Buildings, Superintendent of	4,000 yr.	Governor and Council
Civilian Defense, Director	5,200 yr.	Letter approved S. S.
Controller	4,500 yr.	Governor and Council
Development Commission, Executive Secretary	4,000 yr.	Personnel Board
Education, Commissioner of	5,500 yr.	Governor and Council
Deputy	4,500 yr.	Personnel Board
Finance, Commissioner of and Budget Officer	5,500 yr.	Governor and Council
Forest Commissioner	5,000 yr. (b)	Statutory
Fish and Game, Inland, Commissioner	4,000 yr. (c)	Statutory
Governor	5,000 yr. (a)	Statutory
Health and Welfare, Commissioner of	5,500 yr.	Governor and Council
Director of Health	5,000 yr.	Governor and Council
Director, Bur. of Social Service	4,500 yr.	Governor and Council
Highway Commission, Each Member (3)	3,500 yr. (a)	Statutory
Chief Engineer	6,000 yr.	Personnel Board
Supt. Maintenance	4,849 yr.	Personnel Board
Chief Construction Engineer	4,849 yr.	Personnel Board
Chief Bridge Engineer	4,849 yr.	Personnel Board
Industrial Accident Commission, Ch.	4,500 yr.	Statutory
2 other members	4,000 yr.	Statutory
Institutional Service, Commissioner of	4,500 yr.	Governor and Council
Insurance Commissioner, Deputy	4,000 yr.	Governor and Council
Justices: Supreme Court, Chief	9,000 yr.	Statutory
Supreme Court, Associate	8,000 yr.	Statutory
Superior Court	7,500 yr.	Statutory
Labor and Industry, Commissioner of	4,000 yr. (b)	Statutory
Librarian	3,600 yr. (c)	Statutory
Liquor Commission, Chairman	4,000 yr.	Statutory
2 other members	3,000 yr.	Statutory

DEPARTMENT OF AUDIT

43

Personnel Director	4,000 yr. (b)	Personnel Board
Police, State, Acting Chief	4,500 yr.	Governor and Council
Public Utilities Commission, Each Member (3)	6,000 yr.	Statutory
Purchasing Agent	4,500 yr.	Governor and Council
Revisor of Statutes	4,500 yr.	Governor and Council
Sea and Shore Fisheries, Director	4,000 yr.	Governor and Council
Secretary of State	4,000 yr.	Statutory
Deputy	3,000 yr.	Governor and Council
Tax Assessor	5,000 yr.	Governor and Council
Treasurer	3,000 yr.	Statutory
Deputy	4,000 yr.	Personnel Board
Unemployment Compensation Comm., Ch.	4,500 yr.	Statutory
2 other members	4,000 yr.	Statutory
Institutions, Superintendents of: (a)		
Home, State Military and Naval		
Children's	1,825 yr.	Governor and Council
Hospitals, Augusta State	4,484 yr.	Governor and Council
Bangor State	4,484 yr.	Governor and Council
Prison, State	4,171 yr.	Governor and Council
Reformatory for Men	3,000 yr.	Governor and Council
Reformatory for Women	2,346 yr.	Governor and Council
Sanatorium, Central Maine	3,911 yr.	Governor and Council
Northern Maine	3,911 yr.	Governor and Council
Western Maine	3,911 yr.	Governor and Council
School for Boys	3,389 yr.	Governor and Council
School for the Deaf	2,800 yr.	Governor and Council
School for Girls	2,346 yr.	Governor and Council
School, Pownal State	4,484 yr.	Governor and Council

- (a) Receive expenses or other allowances in addition to salary.
- (b) Includes salaries from more than one source or position.
- (c) Includes items on the authority of the Governor and Council, either as additions to statutory salary or under alternative provision of the law.

Exhibit J

Bonds, Fidelity
Summary of Coverage and Cost
as of August 15, 1944

<i>Department</i>	<i>Coverage</i>	<i>Approximate Yearly Cost</i>
Accounts and Control	\$ 70,000	\$ 140
Adjutant General	26,000	52
Agriculture	31,500	63
Attorney General	26,000	52
Audit	37,500	75
Banking	59,000	120
Education	75,500	155
Finance	10,000	20
Fish and Game	52,000	104
Forestry	22,000	44
Health and Welfare	172,500	345
Highway	181,500	317
Institutional Service	17,000	35
Insurance	20,000	40
Liquor	436,000	981
Police	24,000	48
Purchases	17,000	34
Secretary of State (largely Motor Vehicle)	245,500	491
Taxation	36,000	72
Treasury	295,000	712
Unemployment	54,000	108
Scattering (below \$10,000)	92,000	227
Sub-total	2,000,000	4,235
Institutions:		
Augusta State Hospital	36,000	72
Bangor State Hospital	35,500	71
Military and Naval Children's Home	3,500	9
Pownal State School	23,000	46
Prison, State	26,000	65
Reformatory for Men	7,000	17
Reformatory for Women	12,000	24
Sanatoriums: Central Maine	22,000	44
Northern Maine	22,000	55
Western Maine	18,000	36
School for Boys	9,000	23
School for Deaf	4,500	9
School for Girls	8,000	20
Sub-total, Institutions	226,500	491
Grand Total	\$2,226,500	\$4,726

Average annual cost per \$1,000 coverage \$2.122.

STATE TRUST FUNDS
Fund Principals at June 30, 1944
 (Compared with June 30, 1943)

(Exhibit K)
 (Cents Omitted)

	Maine Teachers' Retirement Association		Lands Reserved for Public Uses		Employees' Retirement System		Permanent School Fund		Other Trust Funds (B)	
	1944	1943	1944	1943	1944	1943	1944	1943	1944	1943
Bank Balances:										
Demand Deposits.....	\$ 39,218	\$ 9,211	\$ 31,034	\$ 27,903	\$ 12,925	\$ 38,227	\$ 135	\$ 5,260	\$ 13,130	\$ 1,345
Time Deposits.....	94,473	41,425	85,902	98,902			44,299	44,299	215,404	214,389
Impounded.....			34,150	34,150			2,381	2,676	50,366	52,392
Securities: (A)										
Federals.....	1,284,693	350,073	310,015	282,143	768,000	318,000	204,473	100,396	285,007	178,407
State and Municipals.....		27,927	52,043	58,358			313,916	412,573	145,251	227,461
Railroads.....	215,978	100,106	109,130	84,969						
Utilities.....	287,235	301,243	267,478	209,637						
Bank Stock.....	50,822	68,041		4,400					6,000	7,500
Canadians.....	133,111	96,550								
Other.....		15,256	9,197	10,231						
Bonds—Mortgages, etc.....			144,808	183,873						
Other Assets.....	6,284	5,698	(104)		5,820	2,884				
Fund Principals.....	\$2,111,814	\$1,015,530	\$1,043,653	\$994,566	\$786,745	\$359,111	\$565,204	\$565,204	\$715,158	\$681,494

Summary of Totals — All Trust Funds

(B) Other Trust Funds

	1944		1943	
Bank Balances:				
Demand Deposits.....	\$ 96,442	1.8%	\$ 81,946	2.3%
Time Deposits.....	440,078	8.4%	399,015	11.0%
Impounded.....	86,397	1.7%	89,218	2.5%
Total Bank Balances.....	623,417	11.9%	570,179	15.8%
Securities: (A)				
Federals.....	2,852,188	54.7%	1,229,019	34.0%
State and Municipals.....	511,210	9.8%	726,319	20.1%
Railroads.....	325,108	6.2%	185,075	5.1%
Utilities.....	554,713	10.6%	510,880	14.1%
Bank Stock.....	56,822	1.1%	79,941	2.2%
Canadians.....	133,111	2.5%	96,550	2.7%
Other.....	9,197	.2%	25,487	.7%
Total Securities.....	4,442,349	85.1%	2,853,271	78.9%
Bonds—Mortgages, etc.....	144,808	2.8%	183,873	5.1%
Other Assets.....	12,000	.2%	8,582	.2%
Total—Fund Principals.....	\$5,222,574	100.0%	\$3,615,905	100.0%

	1944	1943
Augusta State Hospital.....	\$ 58,773	\$ 58,773
Bangor State Hospital.....	2,000	2,000
Central Maine Sanatorium.....	2,012	2,012
Western Maine Sanatorium.....	100,045	89,055
State Military and Naval Children's Home.....	17,578	17,578
State School for Girls.....	11,712	11,712
State School for Boys.....	700	700
Indigent Deaf, Dumb and Blind.....	600	600
Pownal State School.....	6,000	6,000
Maine School for the Deaf.....	7,516	7,516
University of Maine.....	218,575	218,575
Passamaquoddy and Penobscot Indians.....	266,570	245,146
Jordan Forestry Fund.....	1,000	1,000
Mackworth Island.....	10,250	10,000
Miscellaneous Schools and Academies.....	10,000	10,000
Ministerial School Fund—Town of Mapleton.....	827	827
Eastern State Normal School.....	1,000	
Total—Other Trust Funds.....	\$715,158	\$681,494

(A) Includes unamortized bond premium and discount.

Exhibit L

Compromise Settlement of State's Frozen Accounts Against 14 Municipalities

	<i>Charged off</i>	<i>Cash Received</i>
Municipalities Under Board of Emergency Municipal Finance:		
Eastport	\$ 22,490.03	\$ 45,333.89
Blaine	4,531.47	13,214.03
Van Buren	30,203.88	14,484.30
Fort Kent	9,314.93	10,884.07
Wallagrass	1,447.15	1,046.88
Stockholm	2,143.44	827.73
Reed	3,150.89	1,050.30
Connor	3,384.98	3,350.82
St. Francis	1,224.78	1,224.79
Eagle Lake	6,488.19	1,064.44
St. Agatha	2,405.55	2,152.10
Frenchville	1,695.35	2,036.15
Kingman	2,986.39	110.65
	<hr/>	<hr/>
Total	91,467.03	96,780.15
City of Calais	10,000.00	34,348.88
	<hr/>	<hr/>
	\$101,467.03	\$131,129.03
	<hr/> <hr/>	<hr/> <hr/>

The above accounts involved the following items:

Aid to Dependent Children	\$13,468.37 (a)
Board and Care of Neglected Children	15,809.02 (a)
Old Age Assistance	1,053.64 (a)
Institutional Service	7,704.17 (a)
State Tax	22,666.74 (a)
State Tax, Interest on	31,951.63 (a)
Highway Fund, Scattering	2,198.56 (b)
Department of Audit	4,569.13 (c)
Scattering	2,045.77 (a) (c) (d)
	<hr/>
General Fund	\$93,913.46 (a)
Highway Fund	2,198.56 (b)
Other Special Revenue Funds	5,280.21 (c)
Trust and Agency Funds	74.80 (d)
	<hr/>
	\$101,467.03
	<hr/> <hr/>

COMPARATIVE STATEMENT OF ASSETS AND LIABILITIES
December 31, 1943 as compared with December 31, 1942

DECEMBER 31, 1943

ASSETS

COUNTY	CASH			TAXES		Other Assets	Probate Accounts	Total Assets
	General Funds	Sinking and Reserve Funds	Im-pounded	Cities and Towns	Road Repair and Wild Land			
androscoggin	\$ 48,989					\$20,000		\$ 68,989
oostook	245,149	\$ 20,428		\$42,778	\$10,751	86	\$2,408	\$21,555
umherland	16,703	160,000						176,703
anklin	11,043			608	5,471	1,678		18,779
uncock	28,300			3,910	1,247	6,127		39,584
unnebec	48,095			9	148	1,363	13,352	62,967
unox	27,403	4,000			14			31,417
uncoln	9,713	53,007			10	50		62,780
unford	90,281	124,457	\$37,871		2,740			255,349
unobscot	114,670			4,170	6,165			125,005
unscataquis	15,983				949			16,932
unadahoc	14,030				5			14,035
unerset	61,639		500		2,001		5,407	69,547
unaldo	38,856		760	2,938		1		42,555
unashington	27,305	1,925		3,250	5,650	100		38,230
unrk	157,432	68,465	3,310	7,686				236,893
	\$955,521	\$432,282	\$42,441	\$65,344	\$35,151	\$29,355	\$21,167	\$1,581,260

LIABILITIES

COUNTY	Accounts Payable	Term Notes	Bonds	Probate Accounts	Total Liabilities	Net Surplus or (Deficit)	Combined Liabilities and Net Surplus
androscoggin	\$ 140		\$ 71,200		\$71,340	(\$2,401)	\$68,939
oostook	17,369		40,000	\$2,408	59,777	261,773	\$21,555
umherland			285,000		285,000	(108,297)	176,703
anklin	2,286				2,286	16,509	18,779
uncock	2,274	\$17,134	145,000		164,408	(124,824)	39,584
unnebec	290			13,352	13,642	49,325	62,967
unox	4,000		32,000	623	36,623	(5,206)	31,417
uncoln			17,635	159	17,794	44,986	62,780
unford	1,187		135,000		136,187	119,142	255,349
unobscot	2,661		20,000	1,043	23,704	101,301	125,005
unscataquis	3,979				3,979	12,953	16,932
unadahoc					0	14,035	14,035
unerset	173			5,407	5,580	63,987	69,547
unaldo					0	42,555	42,555
unashington	1,144		373,000		374,144	(\$35,914)	38,230
unrk	1,176		220,000	11,818	232,994	3,899	236,893
	\$36,679	\$17,134	\$1,338,835	\$34,810	\$1,427,458	\$153,803	\$1,581,260

Exhibit M-1
(Cents Omitted)

OF THE SIXTEEN COUNTIES OF THE STATE OF MAINE

December 31, 1943 as compared with December 31, 1942

DECEMBER 31, 1942

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			
\$ 20,140					\$20,000		\$ 40,140
178,078	\$ 20,125		\$120,923	\$13,622		\$ 341	338,088
12,578	89,250						101,822
2,666			943	10,676	2,032		16,317
17,387			6,276	3,622			27,285
33,260			310		594	8,577	42,741
26,080				12			26,092
19,571	81,885						51,456
91,091	107,908	\$37,871	3,379				240,249
114,591			8,623	6,568			129,782
11,261				1,221			12,482
33,591			5,139		1,953		40,688
41,582	500			2,687		4,074	48,848
21,197			10,206				31,403
16,586	1,925		47,922	6,626	12,593		85,657
155,412	58,464	3,310					217,186
\$795,071	\$310,057	\$41,181	\$203,721	\$45,034	\$37,182	\$12,992	\$1,445,238

LIABILITIES

Accounts Payable	Temporary Loans	Term Notes	Bonds	Probate Accounts	Total Liabilities	Net Surplus or (Deficit)	Combined Liabilities and Net Surplus
\$ 82			\$ 82,000		\$82,082	(\$41,942)	\$ 40,140
18,111			50,000	\$ 340	68,451	264,638	338,088
	\$168,200		125,000		288,200	(186,372)	101,822
					0	16,317	16,317
36	15,000	\$21,184	188,900	8,577	225,034	(197,749)	27,285
					8,613	34,128	42,741
			38,500		38,500	(12,408)	26,092
			22,635	159	22,794	28,662	51,456
			135,000		135,000	105,249	240,249
			27,000	1,016	28,016	101,766	129,782
2,789					2,789	9,693	12,482
4,266	32,000				36,266	4,422	40,688
2,067				4,074	6,141	42,702	48,848
					0	31,403	31,403
19,429	35,000		880,000		434,429	(348,772)	85,657
692			225,000	3,239	228,931	(11,745)	217,186
\$47,472	\$245,200	\$21,184	\$1,274,035	\$17,405	\$1,605,246	(\$160,008)	\$1,445,238

COMPARATIVE STATEMENT OF RECEIPTS AND EXPENDITURES
For the 1943 Calendar Year

RECEIPTS	Andros-coggin	Aroos-took	Cumber-land	Franklin	Hancock	Kennebe
Revenue Items:						
Fines and Costs.....	\$12,145	\$32,841	\$68,495	\$5,153	\$4,253	\$13,46
Fees of County Officers.....	6,103	10,238	17,734	2,210	4,294	7,08
Miscellaneous Revenue Accounts.....	3,661	524	6,085	391	33	4,32
TOTAL REVENUE ITEMS.....	21,909	43,603	92,314	7,754	8,580	24,87
Tax Accounts:						
City and Town Taxes.....	130,261	119,503	235,959	29,688	95,678	71,77
Wild Land Taxes.....		20,676		5,208	5,282	
Road Repair Taxes (includes state grants).....		15,021		11,965	5,850	49
Interest on Taxes.....		500			107	
TOTAL FROM TAXES.....	130,261	155,700	235,959	46,841	106,917	72,26
Other Receipts:						
Temporary Loans.....	100,000		75,000	13,000	5,000	
Bonds and Notes (new).....			160,653(a)			
Miscellaneous.....	75	155	17	1,190		4,81
	100,075	155	235,670	14,190	5,000	4,81
TOTAL RECEIPTS.....	\$252,245	\$199,458	\$568,943	\$68,785	\$120,497	\$101,94
EXPENDITURES						
Court Expenses.....	\$21,840	\$22,341	\$53,309	\$4,064	\$4,579	\$18,25
Apprehension and Custody of Prisoners.....	32,293	15,299	74,882	7,171	9,747	20,87
Salaries, Clerk Hire and Expenses.....	33,771	48,571	51,161	13,501	24,865	29,25
Buildings.....	13,470	10,319	28,717	5,988	4,823	8,17
Highways and Bridges.....	352	13,291	19,775	11,930	3,359	63
Debt and Interest.....	13,526	12,000	195,206	92	34,435	
Farm Bureau.....	3,040	4,000	3,000	2,000	2,000	3,00
Medical Examiners.....	1,121	677	3,048	258	458	50
Civilian Defense.....	1,417			77	1,219	
Miscellaneous (b).....	2,617	5,889	9,221(c)	2,328	4,099	1,63
Deposits to Sinking or Reserve Funds.....			46,500			
Temporary Loans.....	100,000		75,000	13,000	20,000	
Investments.....		100,000				
TOTAL DISBURSEMENTS.....	\$223,447	\$232,387	\$559,819	\$60,409	\$109,534	\$82,33
POPULATION—1940 CENSUS.....	76,679	94,436	146,000	19,896	32,422	77,23
AREA—SQUARE MILES.....	450	6,453	853	1,789	1,522	87
(a) Refunding						
(b) Includes Law Library and Indexing Register of Deeds						
(c) Includes Reserve for Retirement, \$7,460						

Exhibit M-2
(Cents Omitted)

OF THE SIXTEEN COUNTIES OF THE STATE OF MAINE
For the 1943 Calendar Year

Knox	Lincoln	Oxford	Penobscot	Piscataquis	Sagadahoc	Somerset	Waldo	Washington	York
\$6,813	\$5,026	\$5,700	\$20,041	\$3,154	\$7,666	\$6,964	\$3,507	\$7,408	\$28,022
8,194	2,464	4,563	8,514	2,173	2,504	4,267	2,820	2,942	9,783
125	84	515	7,624	159	133	708	691	427	417
10,132	7,524	10,778	36,179	5,486	10,303	11,939	7,018	10,777	38,222
50,901	37,796	73,235	128,916	15,688	41,775	45,716	43,884	112,684	87,811
112	71	6,994	7,818	14,820	232	12,976		13,548	
		12,426	6,164	6,584		16,720		16,564	
		268	110		1,958			844	
51,013	37,867	92,921	142,508	36,892	43,965	75,412	43,884	143,440	87,811
				5,000	12,000			16,026	
	997		758			141			8,776
	997		758	5,000	12,000	141		16,026	8,776
\$61,145	\$46,838	\$103,699	\$179,445	\$47,378	\$66,268	\$87,492	\$50,902	\$170,243	\$134,509
\$6,581	\$6,419	\$13,501	\$34,428	\$4,643	\$5,960	\$9,549	\$2,357	\$11,908	\$19,500
8,321	3,970	17,117	27,731	6,407	6,585	10,015	7,579	6,967	25,940
19,544	14,723	26,130	49,470	14,922	20,403	21,964	15,937	22,046	41,618
10,554	2,630	6,695	22,952	2,650	3,329	6,205	2,551	7,466	9,779
0	23	14,312	7,724	4,948	2,133	14,177		34,261	5,317
7,853	5,503	5,400	3,060	110	45			73,292	14,150
1,400	1,280	3,500	4,000	3,000	960	3,000	3,000	2,000	4,000
355	141	530	882	166	37	512	243	215	1,194
58						177		134	
1,156	435	2,340	24,119	811	1,877	1,719	817	1,235	2,262
	21,122	15,004		5,000	44,000				9,028
						10,117			
\$55,822	\$56,246	\$104,529	\$179,366	\$42,657	\$85,829	\$77,435	\$32,484	\$159,524	\$132,788
27,191	16,294	42,662	97,104	18,467	19,123	38,245	21,159	37,767	82,550
351	457	1,980	3,258	3,770	250	3,633	724	2,528	989

Exhibit N

DEPARTMENT OF AUDIT
Receipts and Expenditures
Fiscal Year Ended June 30, 1944

	<i>Departmental Division</i>	<i>Municipal Division</i>	<i>Combined</i>
Unexpended Balance brought forward		\$13,490.90	\$13,490.90
Appropriation	38,500.00		38,500.00
Income from Audits:			
Highway Department	\$7,057.11		
Cities and Towns		34,531.29	
Counties and Courts		10,708.09	
Normal Schools	596.01	224.05	
Scattering	485.71		
	<hr/>	<hr/>	
	46,638.83	45,463.43	53,602.26
Expenditures:			
Direct Expense:			
Salaries	35,747.00	30,657.06	
Accounting and Auditing Services		145.60	
Travel Expense	2,810.79	10,966.37	
Office: Expense	213.64	547.01	
Supplies	5.04	2.54	
Equipment	133.60	25.00	
	<hr/>	<hr/>	
Overhead:	38,910.07	42,343.58	
Salaries	6,198.65		
Travel Expense	162.03		
Office: Expense	853.57		
Supplies	329.29		
Equipment	6.96		
	<hr/>	<hr/>	
	7,550.50	42,343.58	88,804.15
Balance, June 30, 1944:			
Lapsed to Unappropriated Surplus	\$ 178.26		
Carried Forward		\$16,610.75	
			<hr/> <hr/>
			\$ 16,789.01

Accounts Receivable at June 30, 1944, with the reserve for possible losses are as follows:

	<i>Accounts Receivable</i>	<i>Reserve for Losses</i>
Municipal Division	\$9,070.11	\$3,238.80

Work in process of the Municipal Division at June 30, 1944, amounted to \$3,137.50, as compared with \$5,849.09 at June 30, 1943.