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Audit Report : Maine Port Authority, Fiscal Year Ended June 30, 1950

Maine Department of Audit

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AUDIT REPORT
MAINE PORT AUTHORITY
Fiscal Year Ended June 30, 1950



STATE OF MAINE
State Department of Audit
AUGUSTA

FRED M. BERRY
STATE AUDITOR
CHESTER A. DOUGLAS
DEPUTY AUDITOR



JOHN F. HILL, JR.
DEPARTMENTAL AUDITOR
JOHN T. SINGER
MUNICIPAL AUDITOR

STATE OF MAINE
State Department of Audit
Augusta

September 12, 1950

Mr. Archibald M. Main, President
Maine Port Authority
P. O. Box 248
Bath, Maine

Dear Mr. Main:

In accordance with Chapter 16, Section 3, Revised Statutes of 1944, the records of the Maine Port Authority have been audited by the State Department of Audit for the period July 1, 1949 to June 30, 1950 inclusive.

The examination was made by Auditor C. Hewell Dyke in accordance with generally accepted auditing standards applicable in the circumstances, and included all procedures which were considered necessary. Insofar as could be ascertained within the scope of the examination, the financial transactions of the Port appear to have been appropriately handled.

Exhibits and Schedules incorporated in this report present the result of the financial operations of the Maine Port Authority for the period designated. A recommendation is offered which is believed worthy of your consideration.

All of which is respectfully submitted.

Very truly yours,

Fred M. Berry
State Auditor

FMB:ER

COMMENTS

MAINE PORT AUTHORITY

Re: Examination of Accounts

July 1, 1949 to June 30, 1950

An examination has been completed of the financial accounts and transactions of the Maine Port Authority for the fiscal year ended June 30, 1950. The system of internal control was reviewed. Accounting records and other supporting evidence were examined or tested by methods and to the extent deemed necessary.

It is believed that the accompanying balance sheet together with the related financial statements fairly present the financial position of the Maine Port Authority at June 30, 1950, and the result of its operations for the year then ended.

Assets:

The cash balance of \$39,632.35 at June 30, 1950, was reconciled with the bank statements of the Canal National Bank and the Casco Bank and Trust Company, examination of the passbook No. 23 of the Casco Bank and Trust Company, and physical count of the main office petty cash fund.

Investments totaling \$84,062.50 remained the same as at the previous year end.

At the close of the fiscal year, the accounts receivable totaled \$10,306.45. A review of subsequent transactions indicated that a majority of the accounts had been paid in the following July and August. The unpaid items are current and are considered collectible.

The wharf, structure, and buildings account of \$1,834,466.27 reflected a net increase, as compared with the previous year, of \$1,373.30. This increase was occasioned by the erection of a new boiler stack and the building of a new vault.

The other assets, consisting of Equipment, Furniture and Fixtures, and Unexpired Insurance increased \$130.59 compared with the previous year.

Liabilities:

Accounts payable at June 30, 1950, amounted to \$5,664.71 of which \$3,877.79 was due the Canadian National Railways for repairs and \$1,328.80 due the Jarica Corporation for freight handling. With the exception of the Canadian National

Railways bill, all other outstanding accounts had been paid at the time of audit.

As of the close of the fiscal year, accrued liabilities totaled \$4,160.38. Of this amount, \$4,058.23 was the balance of the cost of publishing and distributing the Port Book.

Reserves:

The reserve for depreciation, as reflected by the records of the Port Authority, amounted to \$287,958.64. Depreciation charges for the 1949-50 year totaled \$28,256.48 with a reduction of \$361.96 due to the demolition of an old boiler stack. At the December 14, 1949 meeting of the Board of Directors, it was voted to reduce the rate of depreciation from 2½% to 2% beginning December 1, 1949.

The reserve for deferred maintenance account at June 30, 1950, totaled \$84,062.50, which amount was invested in securities. The records disclosed that a reduction in this reserve was made, due to a vote passed by the Board of Directors at the November 29, 1949 meeting to transfer \$16,996.90 from the reserve for deferred maintenance account and make this amount available for operating expenses.

Surplus:

The "Donated Surplus" account of \$1,620,260.99, at the close of the fiscal year, remained the same as the previous year. It represents the original capital investment as follows:

State of Maine	\$1,312,385.49
Cities of Portland and South Portland	307,875.50
Total	<u>\$1,620,260.99</u>

The "Earned Surplus" account, which reflects the operating gains and losses of the Port Authority, is shown as a Deficit, amounting to \$21,314.97. This indicates a decrease of \$1,455.85 as compared with the previous year's Deficit of \$22,770.82. The net operating loss for the 1949-50 year was \$15,214.98, to which was added other net adjustments of \$326.07. The authorized transfer of \$16,996.90 from the "Reserve for Deferred Maintenance" account more than offset the total charges to this account, resulting in the decrease of \$1,455.85.

Operations:

Operating income, totaled \$120,628.83, an increase of \$59,044.69 over the previous year. The increase was due principally to more pulp traffic, the west coast lines operating on a regular schedule, the services rendered the U. S. Weather Ships, and the grain inspection department functioning for a complete year.

Operating expenses totaled \$139,334.38, which reflected an increase of \$26,084.56 over the previous year. This increase was due principally to the increase in the costs of handling freight.

The excess of expense over income resulted in a net loss for the year of \$15,214.98 after an allowance of \$28,256.48 for current year's depreciation.

General:

The minutes of the meetings of the Board of Directors were reviewed with particular reference to matters concerning financial transactions.

A summary of receipts by months was compiled and compared with total monthly deposits as shown by the bank statements. This analysis indicated that all cash recorded as received had been properly deposited.

Securities were verified by physical count and examination at the time of audit.

The following corporate surety bond was found on file:

Treasurer \$10,000.00

Maine Bonding and Casualty Company No. 27098
Continuation Certificate No. 77733.

It is suggested that consideration be given to bonding other Port personnel who may at various times have the responsibility of collections and custody of monies. As the present bond coverage of the Treasurer is of the continuation type, it is believed that the so-called cumulative type of bond should be obtained so that the maximum coverage will be applicable to each fiscal year.

MAINE PORT AUTHORITY
COMPARATIVE BALANCE SHEET
As of June 30

Schedule

<u>No.</u>	<u>Assets</u>	<u>1 9 5 0</u>	<u>1 9 4 9</u>	<u>1 9 4 8</u>
A1	Cash	\$ 39,632.35	\$ 27,239.46	\$ 236,548.29
A2	Investments	84,062.50	84,062.50	45,062.50
A3	Accounts Receivable	10,306.45	6,098.91	5,366.40
A4	Wharf, Structure, and Buildings	1,834,466.27	1,833,092.97	1,744,968.75
A5	Equipment, Furniture and Fixtures	7,368.83	7,323.83	6,098.06
A6	Unexpired Insurance	6,185.36	6,099.77	4,690.24
	Total Assets	\$1,982,021.76	\$1,963,917.44	\$2,042,734.24
	<u>Liabilities</u>			
A7	Accounts Payable	\$ 5,664.71	\$ 2,632.62	\$ 1,695.29
A8	Other Accrued Liabilities	4,160.38	143.34	454.33
	Total Liabilities	9,825.09	2,775.96	2,149.62
	<u>Reserves</u>			
A9	Reserve for Depreciation	287,958.64	260,064.12	256,717.88
	Reserve for Deferred Maintenance	84,062.50	101,059.40	84,271.42
	City of Portland Fund	1,229.51	1,649.29	1,198.74
	Port Hook	-	878.50	-
	Total Reserves	373,250.65	363,651.31	342,188.04
	<u>Surplus</u>			
A10	Donated Surplus	1,620,260.99	1,620,260.99	1,620,260.99
Ex. C	Earned Surplus	21,314.97	22,770.82	78,135.59
	Total Surplus	1,598,946.02	1,597,490.17	1,698,396.58
	Total Liabilities, Reserves, and Surplus	\$1,982,021.76	\$1,963,917.44	\$2,042,734.24

MAINE PORT AUTHORITY
COMPARATIVE STATEMENT OF OPERATIONS
Fiscal Years Ended June 30

	1950	1949	1948
<u>Income</u>			
Wharfage - trucked cargo	\$ 9,332.62	\$ 3,138.11	\$ 3,132.21
Absorption - rail cargo	60,301.57	13,298.52	20,693.10
Dockage	92.00	1,383.33	2,082.09
Water and Electricity	5,544.67	2,501.60	1,392.68
Storage	15,619.09	10,918.53	1,564.57
Rentals	22,295.93	28,852.06	19,876.19
Grain Inspection	7,442.95	1,491.99	-
Total Operating Income	120,628.83	61,584.14	48,740.84
<u>Expense</u>			
Personal Services	48,302.20	47,698.39	42,365.41
Operating	77,383.97	55,741.75	51,140.32
Maintenance and Repairs	7,578.51	5,565.96	7,535.78
General	6,069.70	4,243.72	3,826.61
Total Operating Expense	139,334.38	113,249.82	104,668.12
Net Operating Loss	18,705.55	51,665.68	55,927.28
<u>Other Income</u>			
Interest Income	1,855.00	1,218.82	1,370.08
Profit on Sale of Securities			1,193.67
Miscellaneous	294.73	488.72	1,051.32
Port Book	1,340.84		
Total Other Income	3,490.57	1,707.54	3,615.07
<u>Other Expense</u>			
Demolition of Grain Gallery		6,333.00	
Premium on Securities Purchased		642.72	
Total Other Expense	-	6,975.72	-
Net Loss for Year	\$ 15,214.98	\$ 56,933.86	\$ 52,312.21

MAINE PORT AUTHORITY
STATEMENT OF SURPLUS
Fiscal Year Ended June 30, 1950

Earned Surplus (Deficit) July 1, 1949	\$	\$	\$22,770.82
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Deduct:

Transfer from Reserve for Deferred Maintenance Account for Operating Expenses	16,996.90	
To Adjust Depreciation Reserve on Plant (Due to Removal of Old Boiler Stack)	361.96	
Insurance Premium Adjustment	<u>4.81</u>	
Total Deductions		17,363.67

Add:

Operating Loss for 1949-50 Year	15,214.98	
Reduction of Plant Value (due to Removal of Old Boiler Stack)	650.00	
Adjustment of Employees Retirement Contri- butions	<u>42.84</u>	
Total Additions		<u>15,907.82</u>

Net Deductions		<u>1,455.85</u>
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Earned Surplus (Deficit) - June 30, 1950		<u><u>\$21,314.97</u></u>
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MAINE PORT AUTHORITY

CASH

As of June 30, 1950

Cash in Banks:

Canal National Bank	\$21,964.44	
Casco Bank and Trust Company	14,227.55	
Casco Bank and Trust Company (Savings Book No. 23)	<u>2,940.36</u>	\$39,132.35
Petty Cash - In Main Office		<u>500.00</u>
Total		<u>\$39,632.35</u>

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Schedule A2

INVESTMENTS

As of June 30, 1950

	Carrying Value <u>6/30/50</u>	Interest Income
Maine Central Railroad 4's 1954	\$ 5,062.50	\$ 200.00
U. S. Government, Series G, 2½'s 1954	5,000.00	125.00
U. S. Government, Series G, 2½'s 1955	10,000.00	250.00
U. S. Government, Treasury, 2's 1952-54	<u>64,000.00</u>	<u>1,280.00</u>
Total	<u>\$84,062.50</u>	<u>\$1,855.00</u>

MAINE PORT AUTHORITY
ACCOUNTS RECEIVABLE
As of June 30, 1950

Philip Beaumier	Parking Lot Rent	\$ 79.28
Boston and Maine R.R. Company	Absorption	912.03
Brown Company	Storage	77.53
Chase Transfer Corp.	Rental	50.00
James E. Flannigan	Rental	5.00
Galt Block Warehouse Company	Rental	1,263.03
Grand Trunk Railway	Absorption	283.22
Lincoln's Express	Rental	40.00
Maine Central R.R. Company	Absorption	518.00
New England Tel. and Tel. Company	Pay Station Commission	16.29
City of Portland	Rental	100.00
Post Transportation	Damage Claim	55.00
Rockland Wholesale Grocery	Storage	1.29
U. S. Coast Guard	Damage Claim	3,873.00
" "	Water	574.42
" "	Rental	585.00
U. S. Navy (various ships)	Water	115.87
Wings Express	Rental	140.00
Canadian National Railway	Grain Inspection	129.49
U. S. Department of Agriculture	"	263.00
Burnham and Merrill Company	Port Book Advertising	200.00
Oasco Bank and Trust Company	"	65.00
Boyce Machine Company	"	35.00
J. H. Hamlen & Son	"	65.00
Jordan Ready-to-Sit-Meats, Inc.	"	35.00
Central Wharf Rowboat Company	"	110.00
Congress Square Hotel	"	65.00
H. C. Baxter & Bro.	"	65.00
Kyde Windlass Company	"	110.00
Portland Copper Tank Works, Inc.	"	110.00
Falmouth Hotel	"	65.00
American Oil Company	"	110.00
R. H. Young & Son, Inc.	"	35.00
Merrill Transportation Company	"	200.00
The Grant A. & P. Tea Company	"	110.00
Maine Deltic, Inc.	"	20.00
Baker Refrigeration	"	110.00
Grand Trunk Railway	"	110.00
Brown Company	"	200.00
Isthmian Steamship Company	"	200.00
F. E. Gignoux	"	100.00
Peabody & Lane, Inc.	"	35.00
Thomas P. Beals Furniture Company	"	35.00
Edward R. Bacon Grain Company	"	35.00

Total

\$10,306.45

Schedule A4MAINE PORT AUTHORITY
WHARF, STRUCTURE, AND BUILDINGS
June 30, 1950

Book Value - July 1, 1949	\$	\$1,833,092.97
Additions:		
New Vault	73.30	
New Boiler Stack	<u>1,950.00</u>	
Total Additions	2,023.30	
Deduct:		
Removal of Old Boiler Stack	<u>650.00</u>	
Net Additions		<u>1,373.30</u>
Book Value - June 30, 1950		<u><u>\$1,834,466.27</u></u>

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Schedule A5EQUIPMENT, FURNITURE AND FIXTURES
June 30, 1950

Book Value - July 1, 1949	\$7,323.83
Additions:	
Equipment (plant) - Chains for Tractor	<u>45.00</u>
Book Value - June 30, 1950	<u><u>\$7,368.83</u></u>

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Schedule A6UNEXPIRED INSURANCE
June 30, 1950

State of Maine (Fire, Extended Coverage)	\$4,911.17
A.D.T. System (Sprinkler Alarm)	932.00
Liberty Mutual (Workmen's Compensation, Public Liability)	273.57
Portland Water District (Sprinkler Water)	<u>68.62</u>
Total	<u><u>\$6,185.36</u></u>

Schedule A7MAINE PORT AUTHORITY
ACCOUNTS PAYABLE
June 30, 1950

Portland Water District	\$ 79.38
General Electric Supply Corporation	18.00
Chase Transfer Corporation	7.43
Jack Hervins	10.00
J. A. McVicar	3.34
Nathan W. Thompson (legal services)	325.00
Jarka Corporation (freight handling)	1,328.80
Canadian National Railways (contract repairs)	3,877.79
Western Union	3.40
Casco Printing Company	8.57
Boston & Maine Railroad	3.00
Total	<u>\$5,664.71</u>

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Schedule A8OTHER ACCRUED LIABILITIES
June 30, 1950

Balance - Cost of Publishing and Distributing Port Book	\$4,058.23
State of Maine (Insurance - Month of June, 1950)	<u>102.15</u>
Total	<u>\$4,160.38</u>

MAINE PORT AUTHORITY
RESERVE FOR DEPRECIATION
June 30, 1950

	<u>July 1 1949</u>	<u>Increased During Year</u>	<u>Reduced During Year</u>	<u>June 30 1950</u>
Wharf, Structure, and Buildings	\$258,191.52	\$27,604.17	\$361.96*	\$285,433.73
Furniture and Fixtures	1,259.55	144.80		1,404.35
Equipment	<u>613.05</u>	<u>507.51</u>	<u></u>	<u>1,120.56</u>
Total	<u>\$260,064.12</u>	<u>\$28,256.48</u>	<u>\$361.96</u>	<u>\$287,958.64</u>

*Demolition of Old Boiler Stack

* * * * *

DONATED SURPLUS
June 30, 1950

Capital Investment:

State of Maine	\$1,312,385.49
Cities of Portland and South Portland	<u>307,875.50</u>
Total	<u>\$1,620,260.99</u>

MAINE PORT AUTHORITY
COMPARATIVE STATEMENT OF EXPENSES
Fiscal Years Ended June 30

<u>Personal Services:</u>	<u>1950</u>	<u>1949</u>	<u>1948</u>
Directors	\$ 2,486.55	\$ 2,500.00	\$ 2,477.77
Managing Director	3,333.33	3,333.33	2,500.00
General Office	10,804.13	10,672.75	10,017.12
Supervision	8,395.28	8,043.59	7,919.39
Maintenance and Repairs	7,864.47	7,748.86	8,200.93
Operating	9,429.73	9,074.78	8,639.69
Engineering Services	50.00	4,022.48	999.00
Legal Services	937.11	1,451.00	1,609.01
Grain Inspection	4,642.20	834.00	
Unclassified	359.40	17.60	2.50
	<u>48,302.20</u>	<u>47,698.39</u>	<u>42,365.41</u>
<u>Operating Expense:</u>			
Heating	1,827.31	1,619.10	1,913.73
Water	796.00	373.05	291.29
Light and Power	2,130.20	1,373.24	1,414.40
Insurance and Fire Protection	8,406.89	8,311.16	6,816.89
Depreciation - Plant	27,604.17	30,729.17	25,833.33
Depreciation - Furniture and Equipment	652.31	551.85	329.30
Handling Freight	35,752.11	12,492.28	14,526.31
Miscellaneous	80.69	67.77	13.07
Grain Inspection	134.29	224.13	
	<u>77,383.97</u>	<u>55,741.75</u>	<u>51,140.32</u>
<u>Maintenance and Repairs:</u>			
Maintenance Materials	1,140.27	1,336.32	1,996.63
Contract Repairs	6,433.24	4,157.64	5,514.70
Unclassified	5.00	72.00	24.45
	<u>7,578.51</u>	<u>5,565.96</u>	<u>7,535.78</u>
<u>General Expense:</u>			
Managing Director's Expense	1,110.45	1,064.79	396.35
Office Supplies	499.96	514.06	509.41
Postage, Telephone and Telegraph	1,254.98	948.23	828.35
Travel	333.89	148.34	128.25
Employees' Retirement	2,520.42	1,233.15	1,211.00
Advertising			140.25
Unclassified	350.00	335.15	413.00
	<u>6,069.70</u>	<u>4,243.72</u>	<u>3,626.61</u>
 Total	 <u>\$139,334.38</u>	 <u>\$113,249.82</u>	 <u>\$104,668.12</u>