

**ACCOUNTS RECEIVABLE.**

As a result of our examination of the Accounts Receivable at October 31, 1916, we found it necessary to make certain adjustments on the balances shown by the Published Accounts at that date, the principal being to reduce the balances due on stumpage by an amount of \$9,460.97, which was written off the books as uncollectable subsequent to October 31, 1916.

We think that the Accounts Receivable of the School Book Department should be more closely followed up and instructions given to the Superintendent to press for collection from vendors whose accounts are long overdue. A number of balances now carried on the books appear bad or doubtful, and on the attached Balance Sheet we have set up a Reserve of \$2,000 to provide for possible loss in this connection. Details of all adjustments made on the Accounts Receivable are shown on Exhibit "C" attached hereto.

Copies of orders dated February 16, 1917, for the supply of Auto Road Trucks (10 to cost \$77,795 and 10 to cost \$37,440) were produced for our inspection. On February 2, 1917, a cheque for \$5,000 was issued to the Smith Foundry Company, Fredericton, the local agents of the White Company, of Cleveland, Ohio, as a deposit on the orders subsequently given, which amount we have carried as an Account Receivable on the Balance Sheet at March 31, 1917.

**CASH IN BANK AND ON HAND.**

The various Bank Balances were reconciled with certificates received direct from the Bankers of the Province.

**TRUST FUNDS.**

The Balances included under this heading are as follows:

	October 31, 1916	March 31, 1917.
Contractors' Deposits .....	\$42,116.40	\$30,255.42
Chancery Division Deposits .....	9,439.66	16,073.49
Probate Court Deposits .....	5,921.11	5,846.88
Sales of Property for Taxes Deposits .....	381.37	381.37
Temporary Deposits (Crown Lands) .....	1,627.86	3,228.66
New Brunswick Masonic Hall Deposit .....	320.00	320.00
Official Committee of Property of Lunatics .....	6,735.57	6,879.57
Guarantee Deposits (Cash) .....	\$5,000.00	\$5,000.00
Municipal Sinking Funds .....	11,985.02	14,981.81
	\$163,526.99	\$162,967.20

**ACCOUNTS PAYABLE.**

The vouchers covering expenditures during the period from November 1, 1916, to April 30, 1917, were carefully scrutinized with a view to determining the amount of liabilities outstanding at October 31, 1916, and March 31, 1917, respectively. Invoices received by the Public Works Department and held back pending disposal by the Minister of that Department were produced to us, and we have received letters from the Acting Secretary of the Department certifying that the Accounts so submitted included all such accounts still to be dealt with of which we had knowledge.

During our examination we noted certain bills received for Ordinary and Special Road Expenditures aggregating \$15,271.06, on which the proportion applicable to the period prior to October 31, 1916, and that of the subsequent period was not shown, and the amount referred to was therefore allocated between the two periods in accordance with the basis suggested by the Minister of Public Works.

In connection with the expenditure on Permanent Bridges, it came to our notice that a bill for \$70,931.98 had been rendered by the contractors of the Moncton Bridge. This bill was admitted by the Provincial Engineer to the extent of \$47,477.27, which was paid in 1917, and the difference between the contractors and the Province referred to arbitration. Only the amount admitted by the Engineer of the Province has been included amongst the liabilities at October 31, 1916, but it is possible that a further liability attaches to the Province in respect of the claim made by the contractors. On the other hand, we understand that a sum of approximately \$14,000 will be received by the Province from the sale of scrap cast iron wheels provided by the Province for ballasting the bridge, the cost of which was charged to Construction during 1916. This amount of \$14,000 will therefore be available to meet any allowance which may have to be made to the contractors as a result of the arbitration proceedings, and for the costs of the arbitration.

Teachers' grants are paid by the Province half-yearly at June 30th and December 31st each year. For the purpose of the Accounts prepared by us we have included as a liability at October 31, 1916, two-thirds of the grants for the half-year to December 31, 1916, and we have estimated the liability at March 31, 1917, at approximately half of the amount paid at December 31, 1916.

**INTEREST ACCRUED.**

Interest has been accrued at October 31, 1916 and March 31, 1917, and included as a liability in the Balance Sheets at these dates.

We have not examined the accounts of the St. John & Quebec Railway Company, and it may be that a proportion of the interest accrued on the Bonds issued by the Province for the purposes of that Railway represents interest on Construction expenditures which might properly be treated as an addition to the Province's Investment. On the other hand, a large section of the railroad has been operating for some time, and it is more than probable that the cost of construction has already been charged with more interest than should properly have been added to the investment. We think that the Province should now face the fact that the interest on the Bonds, amounting to \$5,950,000, will in the future have to be provided out of Current Revenue.

**DEFERRED CREDITS.**

The subsidy receivable from the Dominion Government in terms of the British North America Act, 1867, amounts to \$611,511.20 per annum, payable half-yearly in advance on January 1 and July 1. One-third of the subsidy received on July 1, 1916, was therefore applicable to the period subsequent to October 31, 1916, and similarly only half of the amount received on January 1, 1917, applied to the period to March 31, 1917. The amounts received by the Province prior to October 31, 1916, and March 31, 1917, but applicable to periods subsequent to these dates, have been included in the Accounts as Deferred Credits to Revenue.

The Liquor License fees fell due on May 1, 1916, in respect of the twelve months ending April 30, 1917. We have accordingly shown the unexpired portion of the Pro-