

## WAR DEPARTMENT

### PANAMA RAILROAD COMPANY

#### CREATION AND PURPOSE

The Panama Railroad Company was incorporated by an act of the Legislature of the State of New York on April 7, 1849, and was operated under private control until 1881, when the original French Canal Co. acquired most of the 70,000 shares of its stock. This company and its successor, the New Panama Canal Co., continued to operate the railroad company as a common carrier and also as an adjunct to their attempt to construct a canal, until 1904, when their stock (68,888 shares) passed to the ownership of the United States as a part of the assets of the New Panama Canal Co., which were purchased for the sum of \$40,000,000, as authorized by the act of Congress approved June 28, 1902 (34 Stat. 481). The remaining 1,112 shares were purchased from private owners in 1905, at an average cost of approximately \$140 per share.

By Executive Order of May 9, 1904, the President directed that all members of the Isthmian Canal Commission be elected to the board of directors of the Panama Railroad Company and that the policy of the Panama Railroad Company be completely harmonized with the policy of the Government of making it an adjunct to the construction of the Canal, while at the same time fulfilling the purpose for which it was constructed as a route of commercial movement across the Isthmus of Panama. The Panama Canal Act, approved August 24, 1912, authorized the President to establish, maintain, and operate, through the Panama Railroad Company, or otherwise, numerous types of business activities related to the Canal. This authority was exercised in many cases, and the conduct of incidental business operations by the Panama Railroad Company has been continued to date.

From 1914 to 1939 its operations were on a fairly stable basis, marked only by an abrupt decline in the early 1930's of its once important coaling business. During the period of construction for national defense, starting in 1940, and throughout World War II, the Company's business was greatly expanded. This caused a large increase in the earnings of its various enterprises. The increased demands suddenly placed upon the Company made it necessary for it to add many items to its facilities, such as additional locomotives, commissary store buildings and warehouses, and telephone equipment. It also became necessary to utilize a great deal of additional working capital to cover increased inventories, increased current accounts receivable, and increased cash to cover larger purchases, pay rolls, and other expenses. The peak of the Company's business was reached in 1943, but all activities have continued on a relatively high level during the period 1944 to 1946.

#### FINANCIAL ORGANIZATION AND POLICY

The authorized and issued capital stock of the Panama Railroad Company at the time of its acquisition by the United States Government in 1904 was \$7,000,000, consisting of 70,000 shares. No change has been made in its capital structure and the Company has no bonded indebtedness.

The entire capital stock of the Company stands in the name of the Secretary of War, with the exception of 13 shares which are issued to the directors for qualification purposes but which remain in the custody of the Secretary of War. The Secretary of War, by virtue of holding the majority of the stock, nominates or approves the 13 directors who administer the affairs of the Panama Railroad Company. The Governor and the engineer of maintenance of The Panama Canal are president and second vice president, respectively, of the Panama Railroad Company and also members of its board of directors.

Although the Company is authorized by its charter to borrow money and to mortgage its property, if necessary, it does not exercise the right to do so. The Company has followed a very conservative financial policy, and its board of directors has set aside funds, invested in United States Government securities, to provide for the replacement of plant and equipment and for other important future expenditures. All cash funds which the board of directors considers to be in excess of the needs of the Company are paid as dividends into the Treasury of the United States. The absolute necessity of adhering to this policy was amply demonstrated at the start of the expansion period in early 1940 when the sudden demands upon the Company, not only for additional facilities but also for additional working capital, resulted in a serious drain on the Company's cash.

#### ANALYSIS OF BUDGET PROGRAM BY MAJOR ACTIVITIES

The operation of the Panama Railroad Company may be divided into nine distinct activities or functions, which are listed below and individually discussed in the following text: (1) Railroad, (2) Harbor terminal facilities, (3) Telephone system, (4) Hotel Tivoli, (5) Hotel Washington, (6) Commissary Division, (7) Coaling plants, (8) Mindi dairy, (9) New York office and steamship line.

Supplementing exhibit B, statements of income and expenses have been prepared for each of the foregoing units and are shown in the same order as listed above on schedule B-1.

In view of the fact that the activities of the Panama Railroad Company are wholly commercial in nature, the level of its business is directly affected by economic conditions. The general assumption on which the estimates for fiscal years 1946 and 1947 are based is that there will be a great decline in certain types of activities related to the war effort, which will be offset in part by the resumption of certain peacetime activities. However, because of the permanent expansion in activities of the United States Government in this area, it is assumed that the business of the Panama Railroad during 1947 will be above the level of prewar years.

*Railroad (see schedule B-1).*—The railroad comprises 50 miles of main line track between the cities of Panama and Colon, at the Pacific and Atlantic terminals of the Canal, and the usual appurtenances, such as freight and passenger stations and terminals, railroad yards, industrial

trackage, and the requisite rolling stock. The railroad serves The Panama Canal, the United States Army and Navy, and other Government agencies on the Isthmus, and also performs the functions of a common carrier in meeting the needs of the Republic of Panama, and commercial agencies transacting business in this area.

For purposes of administration and accounting, there are also included under this heading the incidental real estate activities of the Company. Formerly the Company had an extensive real estate business consisting of the rental of Company-owned lands in the cities of Colon and Panama, Republic of Panama. All such lands not needed for the operations of the Panama Railroad Company or The Panama Canal were transferred to the Republic of Panama in December 1943, under authority of Public Law No. 48, 78th Congress, and since that date the Company's real estate activities have been of negligible importance.

The gross revenues from operations of the railroad during the fiscal year 1945 were \$3,257,785. (See schedule B-1.) It is estimated that for fiscal year 1947 gross revenues will be reduced to \$2,010,000 as a result of, first, the loss of Government business produced by war activities, and, second, the contemplated diversion of a significant amount of passenger and freight traffic to the recently constructed trans-Isthmian highway.

While expenses are estimated to be appreciably reduced, the reduction will not be proportionate to the decline in revenue. This is caused by the fact that the largest part of the expense of operating and maintaining the railroad does not vary with the volume of traffic and must be incurred as long as required standards of service are maintained. Depreciation in 1947 is shown on this schedule as \$182,000. This is a reduction of \$60,589 in the amount shown for 1945 because of the expiration of the assigned service-life of certain equipment purchased solely for wartime operation.

As a net result of the anticipated decline in both gross revenues and expenses, it is estimated that net revenues of the railroad, which were \$1,025,411 in fiscal year 1945, will be reduced to \$50,000 in fiscal year 1947.

The railroad provides the principal transportation service for both freight and passengers between the two sides of the Isthmus of Panama. The Canal waterway is suitable only for oceangoing commerce and cannot be utilized conveniently for local movements between its two terminal ports. The trans-Isthmian highway was built during the war by the United States Government, but wartime restrictions and shortages have so far prevented the establishment of truck and bus facilities adequate to satisfy a considerable part of the local demands. The rapid growth of highway facilities may be expected, but it is not believed that they will ever entirely replace the services of the railroad, particularly for heavy or bulky shipments.

*Harbor terminal facilities (see schedule B-1).*—The harbor terminal facilities consist of docks, piers, and appurtenances necessary for handling, transferring, stevedoring, and storing cargo arriving at the Canal Zone ports of Cristobal and Balboa, either for ultimate destination in the Canal Zone or the Republic of Panama, or for transshipment to points beyond. They include facilities for berthing vessels at docks and piers. This function also includes the custody and rental of the Colon stables.

The net income of the harbor terminals during fiscal year 1945 was \$760,957. (See schedule B-1.) It is estimated that this income will decline in fiscal year 1947 to \$325,000, which approximates the prewar level of earnings. During the war, an important part of the business of the harbor terminals consisted in handling

Government cargo arriving at the Isthmus in connection with the establishment and maintenance of the increased military and naval facilities required by the war effort. Conversely, there was a decline in the transshipment of commercial cargo.

During 1947, it is estimated that the handling of government cargo will decrease, but not to the level of prewar years. The receipt of commercial cargo for transshipment, on the other hand, is expected to increase, the extent of the increase depending both on economic conditions and on the trade routes established, which might or might not entail cargo transfer on the Isthmus.

As the docks and piers in the Canal Zone operated by the Panama Railroad Company handle nearly all incoming and outgoing cargoes for the United States Government in the Canal Zone, as well as imports and exports of the cities of Panama and Colon in the Republic of Panama, this function will vary in conformity with changes in the demands for its service.

*Telephone system (see schedule B-1).*—The telephone system provides telephone service for The Panama Canal and for the civilian communities in the Canal Zone. It also leases trunk lines, circuits, and duct space to the United States Army and Navy and to the Government of Panama. As regards gross and net income, it is the most stable operation conducted by the Panama Railroad Company.

The net income from telephone system operations during fiscal year 1945 was \$96,316. (See schedule B-1.) It is estimated that the net income in both 1946 and 1947 will be \$85,000. The decline which will result from the curtailing of Government activities in the Canal Zone is expected to be partially offset by increased revenues from private telephones, which could not be furnished during the war years because of the shortage of telephone equipment.

As the telephone system provides services for United States Government interests as well as for the civilian population in the Canal Zone, its activities will change in conformity with variations in the demands for its service.

*Hotels Tivoli and Washington (see schedule B-1).*—The Hotel Tivoli in Ancon, adjacent to Panama City, is an old frame structure of 132 rooms owned by The Panama Canal, built in 1907, and fully depreciated many years ago. It is leased by the Panama Railroad Company, the annual rental in fiscal year 1945 being \$36,000, which was increased to \$60,000 effective at the beginning of fiscal year 1946. The Hotel Washington in Colon is a concrete structure of 82 rooms, built in 1913, and owned by the Panama Railroad Company.

In the decade 1930-39 both hotels operated at a loss, their continued operation having been justified because of their status as essential adjuncts of The Panama Canal or, more broadly speaking, of the United States Government in this area. Since the large expansion in activity on the Isthmus starting about 1940, both hotels have operated at a profit, and in fiscal year 1945 the net income of the Hotel Tivoli was \$103,344, and that of the Hotel Washington, \$48,758. (See schedule B-1.)

It is estimated that the net incomes of the Hotels Tivoli and Washington will decline to \$50,000 and \$20,000, respectively, in fiscal year 1947. This decrease is anticipated in view of the general decline in business resulting from the termination of the war and the decrease in the military and naval forces on the Isthmus. It is estimated, however, that the business resulting from increased commercial air traffic between North and South America will enable both hotels to operate at a profit, at least until

such time as adequate hotel facilities are provided in the Republic of Panama by commercial interests.

In a note accessory to the Treaty with the Republic of Panama, concluded March 2, 1936, it was agreed that the United States Government will leave the hotel business in the hands of Panamanian industry when suitable hotel accommodations are available in the Republic. However, it is considered that it will always be necessary for the United States Government to provide the equivalent of hotel facilities at each end of the Canal to serve officials and employees of the United States Government, who are required to visit the Canal Zone for inspections or other official business.

*Commissary division (see schedule B-1).*—The commissary division provides food supplies, clothing, and other essential requirements to Government employees and their families, to establishments of the United States Government located on the Isthmus, and to commercial shipping. In addition to retail stores in all the Canal Zone communities, it operates large dry and cold storage plants, a bakery, an ice-cream and milk-bottling plant, an industrial laboratory, an ice plant, an abattoir, a coffee-roasting plant, and a laundry.

Commissary sales in fiscal year 1945 totaled \$38,101,950 (see schedule B-1), and were at an even higher level in the first 2 months of fiscal year 1946, because of the great quantities of goods sold to tankers and other steamships engaged in transporting war supplies to the Far East, many of which used the Canal as a home base. This added business threw an excessive work load on the commissary division but it declined abruptly after the termination of hostilities.

The expanded activities of the United States Government on the Isthmus, including the Panama Canal, the Army, and the Navy, require in themselves a considerably increased quantity of commissary goods sold at wholesale. The larger civilian population resulting from the expansion of Federal activities has increased the volume of retail trade. Because of these two conditions the commissary business is now, and probably will continue to be, much larger than it was before the war. It is estimated that sales in fiscal year 1946 will be \$39,000,000, taking into account the large sales in the early part of the year, while for fiscal year 1947 sales are estimated at \$29,000,000. It is further estimated that the net revenue from the commissary will be \$750,000 in fiscal year 1946 and \$200,000 in fiscal year 1947. Estimated depreciation is shown on schedule B-1 to decrease from \$305,000 in 1946 to \$153,000 in 1947. This will result from the policy adopted during the period of expansion in 1940 and 1941 of writing off a considerable portion of the additional investment in buildings and equipment during what was then estimated to be the period of abnormal activity.

*Coaling plants (see schedule B-1).*—The Panama Railroad operates two coaling plants, one at each terminus of the Canal, to supply coal to shipping calling at Canal Zone ports. In addition to selling coal, the coaling plants derive revenue from wharfage on vessels docking at coaling plant piers but not taking coal. The Balboa coaling plant also handles sand brought by barge to the Canal Zone from nearby deposits.

The net revenue of the coaling plants during fiscal year 1945 was \$94,769. (See schedule B-1.) This favorable result was occasioned by the facts that during the war years a large number of old coal-burning ships were brought back into service and that vessels generally could not secure coal at the normally competitive West Indian stations.

It is estimated that the net revenue of the coaling plants will decline to \$10,000 in fiscal year 1946 and to \$1,000 in fiscal year 1947. These estimates are based on the fact that the war-induced demands for coal, explained above, ceased soon after the start of the current fiscal year, and it is not expected that any important new demands will arise. Declines in revenues from sand-handling operations and wharfage are also anticipated as a result of generally reduced activity.

The function of the coaling plants of providing coal for ocean shipping using the Canal, was at one time one of great importance. While its operations have been greatly decreased in the past 15 years, it played a vital part in the war effort, and as long as coal-burning ships are operated and transit the Canal the operation of the coaling plants should be continued in order to furnish complete and adequate facilities for all ocean ships using the Canal.

*Mindi dairy farm (see schedule B-1).*—The Mindi dairy farm, consisting of a herd of approximately 1,000 head, produces the fresh milk for the Canal Zone community, the total output being processed and marketed through the commissary division. Under the climatic conditions of the Canal Zone, cows have a relatively short life of full normal milk production, and it is not economically practicable to raise sufficient calves for the necessary replacements. For this reason, dairy cattle are imported from the United States, there being no local source of suitable herd replacements.

The net revenue from the operation of the dairy farm during fiscal year 1945 was \$18,814. (See schedule B-1.) It is estimated that the net revenue will be \$5,000 in each of fiscal years 1946 and 1947; the smaller earnings would be a result of decreased production and increased unit operating costs.

*New York office and steamship line (see schedule B-1).*—The New York office of the Panama Railroad Company is the general office of the Company maintained under its charter as a corporation of the State of New York; it is also the main office of the Company in the United States. Aside from the administration of its corporate affairs, it has control under the authority of the board of directors of all of the funds of the Company, except those required for working cash in the Canal Zone, and of the deposit and investment of those funds.

The New York office also has direct supervision over and responsibility for the operation of the steamship service and facilities in connection therewith, for the transportation of supplies, material, equipment, and personnel to the Canal Zone; the operation of a commissary purchasing department, and the necessary accounting required in connection with those activities.

The Company's steamship line comprises three identical cargo and passenger steamers of 10,000 gross tons, built in 1939 at a total cost of \$13,200,000. They normally maintain a weekly service between New York and Cristobal, C. Z. In June 1941, the S. S. *Panama* was requisitioned by the Maritime Commission for use during the national emergency, and shortly after the declaration of war the S. S. *Ancon* and the S. S. *Cristobal* were requisitioned by the War Department for use in the prosecution of the war.

The S. S. *Ancon* has been returned to the Company and the assumption has been made that the other two steamers will be returned by the beginning of fiscal year 1947 and that normal operation will be resumed shortly thereafter. On this basis, it is estimated that the net revenue from steamship operations in fiscal year 1947

will amount to \$74,312, predicated upon a total operating income of \$4,090,500 and total expenses, including the general expenses of the New York office, of \$4,016,188. These estimates are based on an operating revenue about \$500,000 less than in 1941 and on an increase in operating expenses of \$500,000. The reduced income is caused by an estimated reduction in Panama Canal freight shipments and the restriction for a limited time of passenger traffic largely to the transportation of employees at special rates. The increased expenses are due to higher operating and stevedoring costs, and an increase in general expense because of increases in the compensation of employees.

The steamship line, although discontinued during wartime, had proved itself to be an essential adjunct to the construction, operation, and maintenance of the Canal, by furnishing ocean transportation for the large quantity of goods required by The Panama Canal and by the civilian community in the Canal Zone, as well as by furnishing passenger transportation for the civilian employees and their families between the Canal Zone and the United States.

*Nonoperating income and expenses (see exhibit B).*—The interest earned on the Company's investment in securities amounted to \$231,020 in fiscal year 1945. Corresponding income for fiscal years 1946 and 1947 is estimated at \$258,274 and \$203,950, respectively, as shown on exhibit B. The decrease in fiscal year 1947 will be the result of the liquidation of securities to pay for the rehabilitation of steamers.

Nonoperating expense consists of the Company's contribution to the pension fund of the New York employees. The amount of this contribution in fiscal year 1945 was \$18,944, and it is estimated that in fiscal years 1946 and 1947 the corresponding expense will be \$20,000 and \$25,000, respectively. The increase in 1947 will be the result of an increased number of employees due to resumption of steamship operations.

#### OPERATING RESULTS

During the fiscal year 1945, the operations of the Company as a whole resulted in a net revenue of \$3,246,349. This result is arrived at after making due provision for depreciation on the Company's physical plant, except the steamers not now under the Company's operation, and takes into account accrued liabilities for all expenses not settled at the close of the fiscal year. During the fiscal year 1945 two dividends totaling \$2,800,000 were paid in cash by the Company into the Treasury of the United States. Certain other transactions affecting the general profit and loss or earned surplus account of the Company are reflected in exhibit B.

For fiscal year 1946, it is estimated that the Company as a whole will have a net revenue of \$2,195,848, and for fiscal year 1947 a net revenue of \$989,262. These reductions in estimated net revenue reflect the anticipated decline in business activities of the Company and the return to peacetime conditions as explained in the preceding paragraphs.

Net revenues for fiscal years 1946 and 1947 will be transferred to the earned surplus account of the Company. A dividend of \$2,100,000 has already been paid during the current fiscal year and additional dividends may be declared by the board of directors whenever the continuing review of the Company's finances indicates that such dividends can be paid without impairing or jeopardizing the Company's cash position. The payment of dividends amounting to \$3,000,000 is provided for in the 1947

budget. It is possible that part of these dividends will be paid in 1946.

#### FINANCIAL CONDITION

There follows a brief discussion of the Company's financial condition as detailed in exhibit C:

*Inventories.*—The inventories of the Company, totaling \$6,696,391 at June 30, 1945, are carried on the books at cost, including liability for ocean freight not paid in cash. Inventories are corrected annually based on a physical check at the close of the fiscal year. The anticipated decline in inventories conforms in part with the anticipated decline in business. There is also anticipated a decline of \$1,000,000 tied up in material in transit, upon the return to normal ocean shipping, and in particular the resumption of regular ocean freight shipments on the Company's steamship line. A postwar inventory reserve for commissary supplies, amounting to \$750,000, had been provided for contingent losses resulting from liquidation of surplus or substitute stock acquired during the war and to cover possible sharp declines in merchandise values. It is now considered that no losses of this sort will actually be suffered and it is proposed, subject to approval of the board of directors, to transfer this reserve to unreserved surplus.

*Plant and equipment.*—All items of plant and equipment are recorded on the books at actual cost, including cost of installation. Depreciation is charged on the straight-line method based on service lives determined from engineering estimates. While no major additions to the Company's physical plant during fiscal years 1946 and 1947 are anticipated at this time, allowances of \$250,000 for the commissary and \$100,000 for harbor terminals have been included in the projected statement of financial condition as of June 30, 1947, to cover various items now in a preliminary state of consideration.

*Accounts receivable.*—Accounts receivable consist primarily of amounts due from United States Government agencies. As no credit is extended to commercial interests or individuals without adequate guarantees, no significant losses from uncollectible accounts are anticipated and no reserves for such losses are provided. The slight decline anticipated in accounts receivable reflects the anticipated decline in activity.

*Funds.*—Funds of the Company which are not required for handling its normal daily cash transactions are invested in United States Government securities. Certain of these securities and the interest thereon have been set aside by the board of directors to cover the Company's contingency and depreciation reserves. Exhibit C lists the Company's total assets, and shows the amounts set aside as reserves and as working funds.

The investment in United States Government securities on June 30, 1945, amounted to \$22,199,000. All these investments have been set aside for replacement of obsolete and worn-out property and equipment and for postwar contingencies, with the exception of \$3,130,000 carried in the working fund, consisting of United States Treasury  $\frac{1}{2}$  percent certificates of indebtedness. The \$6,000,000 decrease in United States Government securities would result from using these funds to pay for the anticipated cost of rehabilitation of the Company's steamers, as explained in more detail below.

*Deferred credits.*—The large balances under this heading as of June 30 of 1945 and 1946 are principally the Company's accrued liability for ocean freight payments on goods carried under direction of the Army Transport

Service. It is now assumed that the Company will not be required to make cash payment for this liability but, on the other hand, that it will receive no rental for use of its steamers and will be required to spend an estimated \$6,000,000 to rehabilitate them for the service in which they were formerly engaged. As the estimated gross liability for unpaid ocean freight is \$7,000,000, this would leave \$1,000,000 to reduce the loss of \$3,043,333 as of June 30, 1946, in depreciation on the steamers while diverted from the Company's use and which has been taken from the Company's annual earnings. A fund of \$6,000,000 has been set aside by the board of directors to cover this rehabilitation expense.

*Reserved surplus.*—As previously stated, the Company's steamers were requisitioned for other use during the war period, and since they have not been under the Company's control it has not been possible to make allowance for their annual depreciation in the regular operating accounts of the Company. For this reason the annual depreciation on the steamers, \$660,000, has been taken from the general earnings of the Company as a whole. Upon return of the steamship line to normal operations this accrual will be transferred from the reserved surplus account to the regular accrued depreciation account for the steamers. These steamers must be rehabilitated, at an estimated cost of \$6,000,000, but this rehabilitation will merely restore the steamers to their normal depreciated condition and will not alter the estimated long-term life of the steamers as originally estimated at the time of their acquisition.

A postwar contingency reserve of \$2,000,000 has been set aside from the stated earnings of the Isthmian activities in order to cover contingencies that might be experienced in the postwar years but which could not be definitely foreseen at the time the reserve was set up. It is considered that this situation will be clarified by June 1947 and that by that time there will be no further need for a postwar contingency reserve as such. Any unused amount of the \$2,000,000 reserve will be transferred to the unreserved surplus account. It now appears that a substantial part of this sum may be required for alterations of the Isthmian plant, which the wartime experience has shown to be desirable. Changes in this category are of the type that would normally have been made as soon as the need for them became apparent, but

which could not be made during the war because of the extensive use of all facilities and the impossibility of diverting manpower and materials to the work. Part of it will also be required to rehabilitate some items of Isthmian plant which were subject to extreme usage during the war and could not be taken out of service for normal maintenance.

The commissary division inventory reserve of \$750,000 has been discussed in the preceding section under the heading of Inventories. As explained under that heading, it now appears that this reserve will no longer be required and that it will be transferred from reserved surplus to unreserved surplus.

A coal plant reserve of \$283,565 was provided in part to cover contingent losses resulting from a major reduction of coal prices and to cover contingent losses in the possible liquidation of the coal plants. A project in this latter category is now under way, and it is estimated that this reserve will be reduced to \$250,000 by June 1946. Other expenditures of this type may be required in 1947, and any remaining balance of the \$250,000 will be transferred from reserved surplus to unreserved surplus during fiscal year 1947.

#### ADMINISTRATIVE EXPENSES

These expenses cover the salaries and wages in the New York office of the first vice president, the third vice president and secretary, the treasurer, the auditor, and the employees in the administrative office and in the offices of the treasurer and the auditor. Also included are the general office expenses of these officers and employees, and the legal expenses in the United States. With reference to Isthmian activities, the entire administrative expense is comprised of the executive, administrative, accounting, collecting, disbursing, and legal services furnished by The Panama Canal, and the cost of the external audit previously conducted by a public accounting firm and now to be conducted by the General Accounting Office. Further details of administrative expenses are given in schedule B-3.

#### LANGUAGE

*The types of programs set forth in the 1947 budget of the Panama Railroad Company, within the funds available to it, are approved. (Act of Dec. 6, 1945, Public Law 248.)*

## EXHIBIT A

## COMPARATIVE STATEMENT OF SOURCES AND APPLICATION OF FUNDS

[Fiscal years ending June 30, 1945, 1946, and 1947]

	1945, actual	1946, estimated	1947, estimated
<b>FUNDS APPLIED</b>			
<b>To operating expenses (see exhibit B):</b> <sup>1</sup>			
Railroad (see schedule B-1):			
Administrative expenses.....	\$82,380	\$99,900	\$81,750
Other expenses.....	1,907,405	1,783,800	1,696,250
Harbor terminals (see schedule B-1):			
Administrative expenses.....	100,500	112,800	95,100
Other expenses.....	1,789,150	1,862,200	1,825,000
Telephone system (see schedule B-1):			
Administrative expenses.....	8,937	11,000	8,450
Other expenses.....	199,868	199,000	190,000
Hotel Tivoli (see schedule B-1):			
Administrative expenses.....	10,157	13,000	11,525
Other expenses.....	326,308	317,200	302,800
Hotel Washington (see schedule B-1):			
Administrative expenses.....	8,566	10,000	8,825
Other expenses.....	139,991	147,400	139,000
Commissary division (see schedule B-1):			
Administrative expenses.....	322,151	318,000	240,050
Other expenses.....	3,519,251	3,842,000	3,441,950
Coaling plants (see schedule B-1):			
Administrative expenses.....	6,734	6,000	4,350
Other expenses.....	233,306	230,000	210,000
Mindi dairy (see schedule B-1):			
Administrative expenses.....	3,992	4,700	4,650
Other expenses.....	6,976	5,500	7,000
New York office and steamship line (see schedule B-1):			
Administrative expenses.....	118,130	114,112	137,152
Other expenses.....	10,986	48,314	3,219,036
Total operating expenses (excluding depreciation).....	8,794,788	9,124,926	11,622,888
Less: Plant retirements charged to expense.....	*21,760	*4,519	
Less: Operating reserve charged to expense.....	*24,946	*26,275	*10,000
Total net operating expenses.....	\$8,748,082	\$9,094,132	\$11,612,888
<b>To nonoperating expenses:</b> Contribution to pension fund.....	18,944	20,000	25,000
<b>To purchase plant and equipment:</b>			
Harbor terminals.....	99,725		100,000
Telephone system.....	10,900		17,000
Commissary division.....	12,239	50,000	250,000
Uncompleted construction and improvement.....	12,060	38,000	
Total plant and equipment.....	134,924	88,000	367,000
<b>To replacement of property and equipment and for contingencies.....</b>	979,764	229,195	183,625
<b>To charges to profit and loss account:</b>			
Merchandise lost at sea, prior years.....	5,144		
Unadjusted charges.....	84		
Total.....	5,228		
<b>To dividends paid to the U. S. Treasury.....</b>	2,800,000	2,100,000	3,000,000
<b>To expenditures from reserves:</b>			
Refrigerator guaranties paid.....	5,151		
Deferred maintenance, Hotel Tivoli.....		25,284	30,000
Demolition of pier No. 2, Colon.....		10,723	
Demolition of wharf bunker, Cristobal coal plant.....		33,565	
Postwar losses and expenses.....			2,000,000
Employees' accrued leave.....			50,000
Total expenditures from reserves.....	5,151	69,572	2,080,000
<b>To rehabilitation of steamers.....</b>			6,000,000
<b>To increase (or decrease*) working capital (see schedule A-1).....</b>	343,024	587,175	*2,391,063
<b>Total funds applied.....</b>	<b>13,035,117</b>	<b>12,188,074</b>	<b>20,877,450</b>

\*Deduct.

<sup>1</sup> Excludes expenses which do not require funds during current year (see exhibit B).

## PANAMA RAILROAD COMPANY

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## EXHIBIT A—Continued

## COMPARATIVE STATEMENT OF SOURCES AND APPLICATION OF FUNDS—Continued

	1945, actual	1946, estimated	1947, estimated
<b>FUNDS PROVIDED</b>			
<b>By operating income:</b>			
Railroad revenue (see schedule B-1).....	\$3,257,785	\$2,873,700	\$2,010,000
Harbor terminals, revenue (see schedule B-1).....	2,838,626	2,560,000	2,395,100
Telephone system, revenue (see schedule B-1).....	382,429	372,000	338,450
Hotel Tivoli (see schedule B-1):			
Restaurant and newsstand sales.....	\$423,039	\$404,000	\$360,000
Cost of sales (schedule B-2).....	228,610	218,000	195,000
Gross profit from sales.....	194,429	186,000	165,000
Revenue from rooms and services.....	245,380	224,200	199,325
Total operating income.....	439,809	410,200	364,325
Hotel Washington (see schedule B-1):			
Restaurant and newsstand sales.....	208,754	214,000	186,000
Cost of sales (schedule B-2).....	109,592	113,500	100,000
Gross profit from sales.....	99,162	100,500	86,000
Revenue from rooms and services.....	115,706	114,500	99,425
Total operating income.....	214,868	215,000	185,425
Commissary division (see schedule B-1):			
Sales.....	38,101,950	39,000,000	29,000,000
Cost of sales (schedule B-2).....	32,960,342	33,820,000	25,000,000
Gross profit from sales.....	5,141,608	5,180,000	4,000,000
Other revenue.....	32,755	35,000	35,000
Total operating income.....	5,174,363	5,215,000	4,035,000
Coaling plants (see schedule B-1):			
Coal sales.....	806,274	443,000	456,000
Cost of sales (schedule B-2).....	575,253	306,000	312,000
Gross profit from sales.....	231,021	137,000	144,000
Other revenue.....	121,117	126,000	88,350
Total operating income.....	352,138	263,000	232,350
Mindi dairy (see schedule B-1):			
Sales.....	372,882	361,800	365,350
Cost of sales (schedule B-2).....	354,474	353,100	360,000
Gross profit from sales.....	18,408	8,700	5,350
Other revenue.....	17,143	12,200	17,000
Total operating income.....	35,551	20,900	22,350
New York office and steamship line (see schedule B-1).....			4,090,500
Grand total operating income.....	12,695,569	11,929,800	13,673,500
By interest on investments.....	231,020	258,274	203,950
By return of deposit with U. S. Treasury under War Shipping Administration policy.....	100,000		
By credit to profit and loss account: Adjustment of expenses on railroad ties, prior years.....	8,528		
By elimination of ocean freight liability.....			7,000,000
<b>Total funds provided.....</b>	<b>13,035,117</b>	<b>12,188,074</b>	<b>20,877,450</b>

**EXHIBIT B**  
**COMPARATIVE COMBINED STATEMENT OF INCOME AND EXPENSES**

[Fiscal years ending June 30, 1945, 1946, and 1947]

	1945, actual	1946, estimated	1947, estimated
<b>Operating income:</b>			
Sales of merchandise and supplies.....	\$39,912,899	\$40,422,800	\$30,367,350
Cost of sales (see schedule B-2).....	34,228,271	34,810,600	25,967,000
Gross profit from sales.....	5,684,628	5,612,200	4,400,350
Revenue from services.....	7,010,941	6,317,600	9,273,150
Total operating income.....	\$12,695,569	\$11,929,800	\$13,673,500
<b>Operating expenses:</b>			
Administrative expenses (see schedule B-3).....	661,547	689,512	591,852
Depreciation of plant and equipment.....	866,508	847,300	1,240,300
Other operating expenses.....	8,133,241	8,435,414	11,031,036
Total operating expenses.....	9,661,296	9,972,226	12,863,188
<b>Net operating income</b> .....	<b>3,034,273</b>	<b>1,957,574</b>	<b>810,312</b>
<b>Nonoperating income and expenses:*</b>			
Interest earned on investments.....	231,020	258,274	203,950
Contribution to pension fund.....	*18,944	*20,000	*25,000
<b>Net nonoperating income</b> .....	<b>212,076</b>	<b>238,274</b>	<b>178,950</b>
<b>Net income for the year</b> .....	<b>3,246,349</b>	<b>2,195,848</b>	<b>989,262</b>

**ANALYSIS OF UNRESERVED SURPLUS**

Balance at beginning of fiscal year.....	\$47,891,844	\$47,437,633	\$47,327,741
Net income for the year (above).....	3,246,349	2,195,848	989,262
Transfer to postwar contingency fund, steamers.....	*660,000	*660,000	-----
Transfer unpaid freight liability from deferred credits to offset rehabilitation of steamers.....	-----	-----	7,000,000
Cost of rehabilitation of steamers.....	-----	-----	*6,000,000
Transfer from Commissary division inventory reserve.....	-----	750,000	-----
Transfer from coal plant operations contingency reserve.....	-----	-----	250,000
Transfer to income from invested funds.....	*169,447	*220,000	*173,625
Transfer to accrued depreciation, telephone system.....	*66,740	*66,740	*66,740
Unadjusted charge.....	*84	-----	-----
Adjustment of expenses on railroad ties, prior years.....	8,528	-----	-----
Value of merchandise lost at sea, prior years.....	*5,144	-----	-----
Loss on track removals, prior years.....	*7,673	-----	-----
Dividends paid to U. S. Treasury.....	*2,800,000	*2,100,000	*3,000,000
Balance at end of fiscal year.....	47,437,633	47,327,741	46,326,638

\*Deduct.

## PANAMA RAILROAD COMPANY

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**EXHIBIT C**  
**COMPARATIVE STATEMENT OF FINANCIAL CONDITION**

[As of June 30, 1944, 1945, 1946, and 1947]

	June 30, 1944, actual	June 30, 1945, actual	June 30, 1946, estimated	June 30, 1947, estimated
<b>ASSETS</b>				
<b>Inventories:</b>				
Merchandise held for sale.....	\$5,968,197	\$4,003,204	\$6,172,000	\$5,172,000
Railroad and other material and supplies.....	933,227	552,313	300,000	313,000
Dairy cattle.....	151,950	172,231	170,000	170,000
Merchandise and materials in transit.....	2,800,206	1,968,643	2,000,000	1,000,000
Total inventories.....	9,853,580	6,696,391	8,642,000	6,655,000
<b>Plant and equipment:</b>				
Railroad and appurtenances.....	13,363,456	17,099,967	17,100,000	17,000,000
Docks, piers, and appurtenances.....	5,702,773	5,790,828	5,790,000	5,890,000
Coal plants.....	833,482	833,452	833,000	833,000
Telephone system.....	2,064,409	2,069,385	2,069,000	2,086,000
Real estate.....	3,773,730			
Hotel Washington.....	750,408	750,408	750,000	750,000
Commissary plants, stores and equipment.....	5,419,968	5,379,698	5,400,000	5,650,000
Dairy farm.....	126,281	126,281	126,000	126,000
Steamships.....	13,200,000	13,200,000	13,200,000	13,200,000
Uncompleted construction and improvement.....		12,060	50,000	50,000
Total.....	45,234,507	45,262,109	45,318,000	45,585,000
Less donations and grants.....	*901,079	*901,079	*901,000	*901,000
Total plant and equipment.....	44,333,428	44,361,030	44,417,000	44,684,000
Less: Accrued depreciation.....	*12,876,112	*13,731,471	*14,618,000	*18,868,373
Net plant and equipment.....	31,457,316	30,629,559	29,799,000	25,815,627
<b>Accounts receivable:</b>				
U. S. Government agencies.....	1,618,075	1,083,759	1,000,000	1,000,000
Individuals and companies.....	331,392	573,825	400,000	400,000
Total accounts receivable.....	1,949,467	1,657,584	1,400,000	1,400,000
<b>Special deposit:</b>				
U. S. Treasury bonds deposited with associated Latin-American freight conference.....	20,000	20,000	20,000	20,000
Funds deposited with U. S. Treasury under War Shipping Administration policy.....	100,000			
Total special deposit.....	120,000	20,000	20,000	20,000
<b>Funds for replacement of property and equipment and for postwar contingencies:</b>				
U. S. Government securities.....	12,149,000	13,069,000	13,069,000	13,069,000
Other securities.....	11,385	11,385	11,385	11,385
Cash on deposit.....	13,080	71,103	297,103	480,728
Accrued interest on securities.....	40,064	41,805	45,000	45,000
Total.....	12,213,529	13,193,293	13,422,488	13,606,113
<b>Working funds:</b>				
Cash on hand and in banks:				
New York.....	3,143,944	3,881,918	4,079,056	2,634,993
Isthmus.....	3,789,799	3,600,749	3,500,000	3,500,000
Total cash.....	6,933,743	7,482,667	7,579,056	6,134,993
U. S. Government securities.....	4,800,000	9,130,000	9,130,000	3,130,000
Total working funds.....	11,733,743	16,612,667	16,709,056	9,264,993
Accrued interest receivable: Accrued Interest on Investments.....	12,308	18,743	18,000	8,000
Deferred debit items.....	53,258	14,767	25,000	25,000
Other assets.....	147,688	44,361	75,000	75,000
<b>Total assets.....</b>	<b>67,510,889</b>	<b>68,887,365</b>	<b>70,110,544</b>	<b>56,969,733</b>

\*Deduct.

## EXHIBIT C—Continued

## COMPARATIVE STATEMENT OF FINANCIAL CONDITION—Continued

	June 30, 1944, actual	June 30, 1945, actual	June 30, 1946, estimated	June 30, 1947, estimated
<b>LIABILITIES</b>				
<b>Accounts payable:</b>				
U. S. Government agencies.....	\$430,375	\$563,583	\$500,000	\$500,000
Other.....	1,849,364	1,125,965	1,000,000	1,000,000
Total accounts payable.....	2,279,739	1,689,548	1,500,000	1,500,000
<b>Accrued liabilities: Accrued salaries and wages payable.....</b>	262,393	289,728	300,000	250,000
<b>Deferred credit items:</b>				
After-war adjustments, ocean freight, etc.....	3,946,035	5,647,865	7,000,000	-----
Other.....	593,020	435,491	500,000	500,000
Total deferred credit items.....	4,539,055	6,083,356	7,500,000	500,000
<b>Operating reserves:</b>				
Employees' accrued leave.....	267,838	275,017	300,000	250,000
Refrigerator guaranties.....	13,859	8,708	10,000	20,000
Demolition of pier No. 2, Colon.....	10,723	10,723	-----	-----
Deferred maintenance, Hotel Tivoli.....	37,517	55,284	30,000	-----
Total operating reserves.....	329,937	349,732	340,000	270,000
<b>Total liabilities.....</b>	7,411,124	8,412,364	9,640,000	2,520,000
<b>CAPITAL</b>				
<b>Paid-in capital: Capital stock.....</b>	7,000,000	7,000,000	7,000,000	7,000,000
<b>Earned surplus:</b>				
Surplus reserves:				
Postwar contingency reserves:				
Steamer depreciation accrual.....	1,723,333	2,383,333	3,043,333	-----
Isthmus.....	2,000,000	2,000,000	2,000,000	-----
Commissary division inventory reserve.....	750,000	750,000	-----	-----
Coal plant contingency reserve.....	283,565	283,565	250,000	-----
Income reserved from funds invested for depreciation and contingency reserves.....	451,023	620,470	849,470	1,023,095
Unreserved surplus.....	47,891,844	47,437,633	47,327,741	46,326,638
Total earned surplus.....	53,099,765	53,475,001	53,470,544	47,349,733
<b>Total capital.....</b>	60,099,765	60,475,001	60,470,544	54,349,733
<b>Total liabilities and capital.....</b>	67,510,889	68,887,365	70,110,544	56,869,733

## PANAMA RAILROAD COMPANY

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SCHEDULE A-1  
CHANGES IN WORKING CAPITAL

[Fiscal years ending June 30, 1945, 1946, and 1947]

	1945, actual	1946, estimated	1947, estimated
<b>Current assets (increase or decrease*):</b>			
<b>Inventories:</b>			
Merchandise held for sale.....	*\$1,964,993	\$2,168,796	*\$1,000,000
Railroad and other material and supplies.....	*380,914	*252,313	13,000
Dairy cattle.....	20,281	*2,231	-----
Merchandise and material in transit.....	*831,563	31,357	*1,000,000
<b>Accrued interest receivable.....</b>	<b>6,435</b>	<b>*743</b>	<b>*10,000</b>
<b>Accounts receivable:</b>			
U. S. Government agencies.....	*534,316	*83,759	-----
Individuals and companies.....	242,433	*173,825	-----
<b>Working funds:</b>			
U. S. Treasury 7/8 percent certificates.....	4,330,000	-----	*6,000,000
Cash on hand and in banks.....	548,924	96,389	*1,444,063
<b>Funds held by agents and employees.....</b>	<b>*73,327</b>	<b>30,639</b>	-----
<b>Deferred debit items.....</b>	<b>*38,491</b>	<b>10,233</b>	-----
<b>Current liabilities (increase* or decrease):</b>			
<b>Accounts payable:</b>			
U. S. Government agencies.....	*133,208	63,583	-----
Other.....	723,399	125,965	-----
<b>Accrued salaries and wages payable.....</b>	<b>*27,335</b>	<b>*10,272</b>	<b>50,000</b>
<b>Deferred credit items.....</b>	<b>*1,544,301</b>	<b>*1,416,644</b>	<b>7,000,000</b>
<b>Increase (or decrease*) in working capital.....</b>	<b>343,024</b>	<b>587,175</b>	<b>*2,391,063</b>

\*Deduct.

## SCHEDULE B-1

## COMPARATIVE STATEMENT OF INCOME AND EXPENSES BY ACTIVITIES

[Fiscal years ending June 30, 1945, 1946, and 1947]

	1945, actual	1946, estimated	1947, estimated
<b>RAILROAD</b>			
<b>Operating income:</b>			
Freight transportation.....	\$1,965,016	\$1,646,000	\$1,327,000
Passenger transportation.....	845,029	837,000	433,000
Other transportation revenue.....	309,979	283,100	200,000
Other than transportation revenue.....	137,761	107,600	50,000
Total operating income.....	\$3,257,785	\$2,873,700	\$2,010,000
<b>Operating expenses:</b>			
Administrative expenses.....	82,380	99,900	81,750
Depreciation of plant and equipment.....	242,589	240,000	182,000
Other expenses:			
Maintenance of way.....	235,797	240,000	235,000
Maintenance of equipment.....	516,994	515,000	480,000
Transportation expenses.....	1,122,791	997,000	950,000
General expenses.....	31,823	31,800	31,250
Total other expenses.....	1,907,405	1,783,800	1,696,250
Total operating expenses.....	2,232,374	2,123,700	1,960,000
<b>Net operating income.....</b>	<b>1,025,411</b>	<b>750,000</b>	<b>50,000</b>
<b>HARBOR TERMINALS</b>			
<b>Operating income:</b>			
Wharfage.....	218,512	217,500	188,600
Stevordoring.....	179,405	172,000	153,000
Handling and transferring.....	2,168,548	1,906,000	1,817,000
Other revenues.....	272,161	264,500	236,500
Total operating income.....	2,838,626	2,560,000	2,395,100
<b>Operating expenses:</b>			
Administrative expenses.....	100,500	112,800	95,100
Depreciation of plant and equipment.....	188,019	185,000	150,000
Other expenses:			
Rent.....	80,000	120,000	120,000
Repairs.....	98,374	100,000	100,000
Stevordoring expense.....	109,671	105,000	93,500
Handling and transferring expense.....	940,480	990,000	982,000
Other operating expense.....	560,625	547,200	529,500
Total other expenses.....	1,789,150	1,862,200	1,825,000
Total operating expenses.....	2,077,669	2,160,000	2,070,100
<b>Net operating income.....</b>	<b>760,957</b>	<b>400,000</b>	<b>325,000</b>
<b>TELEPHONE SYSTEM</b>			
<b>Operating income:</b>			
Rent of telephone.....	251,002	244,000	220,000
Rent of trunk line, circuits, and duct space.....	110,479	108,000	100,000
Printing typewriters and electric clocks.....	15,671	15,000	14,000
Other revenue.....	5,277	5,000	4,450
Total operating income.....	382,429	372,000	338,450
<b>Operating expenses:</b>			
Administrative expenses.....	8,937	11,000	8,450
Depreciation of plant and equipment.....	77,308	77,000	55,000
Other expenses.....	199,868	199,000	190,000
Total operating expenses.....	286,113	287,000	253,450
<b>Net operating income.....</b>	<b>96,316</b>	<b>85,000</b>	<b>85,000</b>

## PANAMA RAILROAD COMPANY

## SCHEDULE B-1—Continued

## COMPARATIVE STATEMENT OF INCOME AND EXPENSES BY ACTIVITIES—Continued

	1945, actual	1946, estimated	1947, estimated
<b>HOTEL TIVOLI</b>			
<b>Operating income:</b>			
Restaurant sales.....	\$396,678	\$378,000	\$335,000
Newsstand sales.....	26,361	26,000	25,000
Total sales.....	423,039	404,000	360,000
Cost of sales (see schedule B-2).....	228,610	218,000	195,000
Gross profit from sales.....	194,429	186,000	165,000
Revenue from rooms.....	216,137	195,000	173,325
Other revenue from services.....	29,243	29,200	26,000
Total operating income.....	\$439,809	\$410,200	\$364,325
<b>Operating expenses:</b>			
Administrative expenses.....	10,157	13,000	11,525
Other expenses:			
Pay roll.....	141,684	146,000	140,000
Repairs.....	57,667	20,000	18,000
Rent.....	36,000	60,000	60,000
Other operating expense.....	90,957	91,200	84,800
Total other expenses.....	326,308	317,200	302,800
Total operating expenses.....	336,465	330,200	314,325
Net operating income.....	103,344	80,000	50,000
<b>HOTEL WASHINGTON</b>			
<b>Operating income:</b>			
Restaurant sales.....	194,428	200,000	175,000
Newsstand sales.....	14,326	14,000	11,000
Total sales.....	208,754	214,000	186,000
Cost of sales (see Schedule B-2).....	109,592	113,500	100,000
Gross profit from sales.....	99,162	100,500	86,000
Revenue from rooms.....	94,678	93,500	83,025
Other revenue from services.....	21,028	21,000	16,400
Total operating income.....	214,868	215,000	185,425
<b>Operating expenses:</b>			
Administrative expenses.....	8,566	10,000	8,825
Depreciation of plant and equipment.....	17,553	17,600	17,600
Other expenses:			
Pay roll.....	84,372	91,000	87,000
Repairs.....	8,992	10,000	10,000
Other operating expense.....	46,627	46,400	42,000
Total other expenses.....	139,991	147,400	139,000
Total operating expenses.....	166,110	175,000	165,425
Net operating income.....	48,758	40,000	20,000
<b>COMMISSARY</b>			
<b>Operating income:</b>			
Sales.....	38,101,950	39,000,000	29,000,000
Cost of sales (see schedule B-2).....	32,960,342	33,820,000	25,000,000
Gross profit from sales.....	5,141,608	5,180,000	4,000,000
Other revenue.....	32,755	35,000	35,000
Total operating income.....	5,174,363	5,215,000	4,035,000
<b>Operating expenses:</b>			
Administrative expenses.....	322,151	318,000	240,050
Depreciation of plant and equipment.....	317,939	305,000	153,000
Other expenses:			
Pay roll.....	2,352,439	2,550,000	2,450,000
Merchandise loss and damage.....	482,147	500,000	250,000
Local transportation of merchandise.....	319,403	350,000	340,000
Other operating expense.....	385,262	442,000	401,950
Total other expenses.....	3,519,251	3,842,000	3,441,950
Total operating expenses.....	4,159,341	4,465,000	3,835,000
Net operating income.....	1,015,022	750,000	200,000

## SCHEDULE B-1—Continued

## COMPARATIVE STATEMENT OF INCOME AND EXPENSES BY ACTIVITIES—Continued

	1945, actual	1946, estimated	1947, estimated
<b>COALING PLANTS</b>			
<b>Operating income:</b>			
Coal sales.....	\$806,274	\$443,000	\$456,000
Cost of sales (see schedule B-2).....	575,253	306,000	312,000
Gross profit from sales.....	231,021	137,000	144,000
Revenue from handling sand and gravel.....	20,972	18,000	13,350
Wharfage and miscellaneous revenue.....	100,145	108,000	75,000
Total operating income.....	\$352,138	\$263,000	\$232,350
<b>Operating expenses:</b>			
Administrative expenses.....	6,734	6,000	4,350
Depreciation of plant and equipment.....	17,329	17,000	17,000
Other expenses:			
Operation and maintenance.....	107,223	100,000	100,000
Rent of piers.....	43,000	48,000	48,000
Other operating expense.....	83,083	82,000	62,000
Total other expenses.....	233,306	230,000	210,000
Total operating expenses.....	257,369	253,000	231,350
Net operating income.....	94,769	10,000	1,000
<b>MINDI DAIRY</b>			
<b>Operating income:</b>			
Milk sales.....	354,199	343,000	347,350
Sales of cattle.....	18,683	18,800	18,000
Total sales.....	372,882	361,800	365,350
Cost of sales (see schedule B-2).....	354,474	353,100	360,000
Gross profit from sales.....	18,408	8,700	5,350
Other revenue.....	17,143	12,200	17,000
Total operating income.....	35,551	20,900	22,350
<b>Operating expenses:</b>			
Administrative expenses.....	3,992	4,700	4,650
Depreciation of plant and equipment.....	5,771	5,700	5,700
Other expenses.....	6,976	5,500	7,000
Total operating expenses.....	16,739	15,900	17,350
Net operating income.....	18,812	5,000	5,000
<b>NEW YORK OFFICE AND STEAMSHIP LINE</b>			
<b>Operating income:</b>			
Freight revenue.....			3,400,000
Passenger revenue.....			600,000
Excess baggage, mail, and treasure.....			55,500
Miscellaneous revenue.....			35,000
Total operating income.....			4,090,500
<b>Operating expenses:</b>			
Administrative expenses.....	118,130	114,112	137,152
Depreciation of plant and equipment.....			660,000
Other expenses:			
Maintenance of ships.....			155,000
Operation of ships.....			2,487,000
Agency expenses.....	10,986	48,314	577,036
Total other expenses.....	10,986	48,314	3,219,036
Total operating expenses.....	129,116	162,426	4,016,188
Net operating income (or loss*).....	*129,116	*162,426	74,312

\*Deduct.

## PANAMA RAILROAD COMPANY

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## SCHEDULE B-2

## COST OF SALES BY ACTIVITIES

[Fiscal years ending June 30, 1945, 1946, and 1947]

	1945, actual	1946, estimated	1947, estimated
<b>HOTEL TIVOLI</b>			
Inventory at beginning of year.....	\$23, 716	\$19, 680	\$18, 000
Purchases.....	224, 574	216, 320	195, 000
Total.....	248, 290	236, 000	213, 000
Less inventory at end of year.....	19, 680	18, 000	18, 000
Cost of sales.....	\$228, 610	\$218, 000	\$195, 000
<b>HOTEL WASHINGTON</b>			
Inventory at beginning of year.....	5, 317	3, 502	4, 000
Purchases.....	107, 777	113, 998	100, 000
Total.....	113, 094	117, 500	104, 000
Less inventory at end of year.....	3, 502	4, 000	4, 000
Cost of sales.....	109, 592	113, 500	100, 000
<b>COMMISSARY DIVISION</b>			
Inventory at beginning of year.....	5, 767, 525	3, 794, 231	6, 000, 000
Purchases for sale.....	24, 150, 513	29, 175, 769	18, 500, 000
Supplies used for production.....	5, 251, 403	5, 250, 000	4, 000, 000
Direct expenses.....	1, 585, 132	1, 600, 000	1, 500, 000
Total.....	36, 754, 573	39, 820, 000	30, 000, 000
Less inventory at end of year.....	3, 794, 231	6, 000, 000	5, 000, 000
Cost of sales.....	32, 960, 342	33, 820, 000	25, 000, 000
<b>COALING PLANTS</b>			
Inventory at beginning of year.....	171, 639	185, 791	150, 000
Total coal purchases.....	589, 405	270, 209	312, 000
Total.....	761, 044	456, 000	462, 000
Less inventory at end of year.....	185, 791	150, 000	150, 000
Cost of sales.....	575, 253	306, 000	312, 000
<b>MINDI DAIRY</b>			
Direct labor.....	92, 618	92, 100	93, 000
Feed.....	188, 279	188, 000	192, 000
Supplies and services.....	40, 083	40, 000	40, 000
Loss from changes in dairy herd.....	33, 494	33, 000	35, 000
Total cost of sales.....	354, 474	353, 100	360, 000
<b>Grand total cost of sales.....</b>	<b>34, 228, 271</b>	<b>34, 810, 600</b>	<b>25, 967, 000</b>

SCHEDULE B-3

ADMINISTRATIVE EXPENSES

[Fiscal years ending June 30, 1945, 1946, and 1947]

By accounts	1945, actual	1946, estimated	1947, estimated
<b>NEW YORK OFFICE</b>			
	Man-years Amount	Man-years Amount	Man-years Amount
Salaries and wages:			
Vice president.....	1 \$15,000	1 \$15,000	1 \$15,000
Vice president and secretary.....	1 10,494	1 12,000	1 12,000
Treasurer.....	1 6,000	1 6,000	1 6,000
Auditor.....	1 4,428	1 4,500	1 4,200
Employees:			
Administrative office.....	4 10,091	3 7,381	5 10,852
Treasurer's office.....	1 1,548	1 2,003	3 7,928
Auditor's office.....	10 32,584	13 33,000	13 38,926
Total personal services.....	19 80,145	21 79,884	25 94,906
Travel expenses.....	1,308	1,300	1,000
Telephone and telegraph.....	2,689	2,751	2,800
Light, heat, and water.....	615	615	444
Rental of office.....	10,546	10,545	10,002
Postage and stationery.....	4,966	4,017	3,400
Legal expenses.....	10,000	10,000	17,500
Other expenses.....	5,860	5,000	5,100
Payment for services received:			
External audit.....	2,000		2,000
Total New York office.....	118,130	114,112	137,152
<b>ISTHMUS</b>			
Payment for services received from			
Panama Canal:			
Governor's office.....	8,154	8,070	7,885
Engineer of maintenance office.....	9,943	11,840	12,000
Comptroller's office.....	11,270	12,000	13,660
General counsel's office.....	9,000	10,780	11,400
Personnel administration.....	52,810	62,800	75,000
General correspondence and records.....	19,470	23,300	22,200
Pay roll bureau.....		5,130	11,815
Accounting department.....	346,828	361,900	225,000
Paymaster and collector.....	59,640	59,800	55,940
Chief quartermaster's office.....	14,760	9,800	9,800
Payment for other services received:			
External audit.....	11,542	10,000	10,000
Total, Isthmus.....	543,417	575,400	454,700
Total, administrative expenses.....	661,547	689,512	591,852

SCHEDULE B-4

CONSOLIDATED STATEMENT OF PERSONAL SERVICES

[Fiscal years ending June 30, 1945, 1946, and 1947]

By grades	1945, actual	1946, estimated	1947, estimated
<b>ON THE ISTHMUS</b>			
<b>PERSONAL SERVICES</b>			
	Man-years Amount	Man-years Amount	Man-years Amount
Clerical, administrative, and fiscal service:			
Grade 14. Range \$8,968.75 to \$9,800:			
General manager (railroad proper).....	1 \$8,250	1 \$9,625	1 \$9,625
Grade 13. Range \$7,787.50 to \$8,837.50:			
Receiving and forwarding agent.....	1 7,250	1 8,312	1 8,312
General manager (commissary).....	1 7,750	1 7,787	1 7,787
Grade 12. Range \$6,475 to \$7,525:			
Assistant general manager (commissary).....	1 6,250		
Grade 11. Range \$5,375 to \$6,475:			
Superintendent, cold storage plant.....	1 5,750	1 6,475	1 6,475
Master of transportation.....	1 5,750	1 5,925	1 5,925
Assistant receiving and forwarding agent.....	1 5,000	1 5,925	1 5,925
Assistant general manager (commissary).....	1 5,250		
Assistant to general manager (commissary).....		2 11,025	2 11,025
Supervisor of retail stores.....	1 5,000	1 5,375	1 5,375
Grade 10. Range \$4,962.50 to \$5,787.50:			
Assistant to receiving and forwarding agent.....	1 4,625	1 5,375	1 5,375
Executive assistant.....	1 4,750	1 4,962	1 4,962
Grade 9. Range \$4,550 to \$5,375:			
Commissary manager.....	1 4,750	1 5,375	1 5,375
Local agent.....	1 4,625	1 5,237	1 5,237
Manager, wholesale groceries.....	1 4,375	1 5,100	1 5,100
Assistant to receiving and forwarding agent.....	1 4,250	1 4,962	1 4,962
Assistant superintendent, cold-storage plant.....	1 4,000	1 4,687	1 4,687
Administrative assistant.....	1 4,125	1 4,550	1 4,550
Laundry manager.....	1 4,625	1 4,550	1 4,550
Manager, refrigerator and dry storage.....	1 4,000	1 4,550	1 4,550
Manager, wholesale dry goods.....	12 46,375	12 51,434	12 51,434
Grade 7. Range \$3,725 to \$4,550.....	12 42,125	13 50,211	12 46,300
Grade 6. Range \$3,312.50 to \$4,137.50.....	35 108,375	32 116,998	30 110,500
Grade 5. Range \$2,900 to \$3,725.....	67 179,375	64 203,610	61 194,000
Grade 4. Range \$2,625 to \$3,120.....	38 88,575	62 164,347	59 156,300

By grades	1945, actual	1946, estimated	1947, estimated
<b>ON THE ISTHMUS—Continued</b>			
<b>PERSONAL SERVICES—continued</b>			
	Man-years Amount	Man-years Amount	Man-years Amount
Clerical, administrative, and fiscal service—Continued			
Grade 3. Range \$2,377.50 to \$2,872.50.....	34 \$70,500	31 \$74,692	29 \$70,000
Grade 2. Range \$2,130 to \$2,625.....	65 118,950	80 173,781	76 165,000
Grade 1. Range \$1,882.50 to \$2,377.50.....	34 53,850	21 40,604	20 38,700
Professional service:			
Grade 6. Range \$7,787.50 to \$8,837.50:			
Assistant to general manager (railroad proper).....	1 7,000	1 8,050	1 8,050
Grade 4. Range \$5,375 to \$6,475:			
Dairy manager.....	1 5,500	1 6,475	1 6,475
Roadmaster.....	1 5,000	1 5,925	1 5,925
Mechanical engineer.....	1 5,000	1 5,375	1 5,375
Grade 3. Range \$4,550 to \$5,375:			
Veterinarian.....	1 4,625	1 5,237	1 5,237
Chemist.....	1 4,000	1 4,687	1 4,687
Engineer.....	1 4,000		
Grade 2. Range \$3,725 to \$4,550.....	1 4,000	2 8,687	2 8,687
Subprofessional service:			
Grade 8. Range \$3,725 to \$4,550.....		1 3,725	1 3,725
Grade 7. Range \$3,312.50 to \$4,137.50.....		1 3,037	1 3,037
Grade 6. Range \$2,900 to \$3,725.....	1 2,500	2 5,800	2 5,800
Grade 5. Range \$2,625 to \$3,120.....	3 6,900		
Crafts, protective, and custodial service:			
Grade 10. Range \$3,725 to \$4,550.....	2 6,875	2 7,725	2 7,725
Grade 9. Range \$3,312.50 to \$4,137.50.....	3 9,625	3 10,899	3 10,899
Grade 8. Range \$3,175 to \$4,000.....	2 6,125	2 7,312	2 7,312
Grade 7. Range \$2,955 to \$3,587.50.....	2 5,500	2 6,652	2 6,652
Grade 6. Range \$2,707.50 to \$3,202.50.....	3 7,050	1 2,707	1 2,707
Grade 5. Range \$2,460 to \$2,955.....	1 2,175	1 2,625	1 2,625
Unclassified service, monthly:			
Range \$4,000 and over:			
Hotel manager.....	2 10,110	2 11,388	2 11,388
Supervisor of telephones.....	1 5,625	1 5,100	1 5,100
Electrical supervisor.....	1 4,740	1 4,740	1 4,740
Master baker.....	1 4,140	1 4,704	1 4,704
Supervisor of railway signals.....		1 4,560	1 4,560
Chief train dispatcher.....	1 4,560	1 4,560	1 4,560
Assistant to master of transportation.....	1 4,320	1 4,320	1 4,320
Train dispatcher.....	4 17,280	4 17,280	4 17,280
Principal stevedore foreman.....	3 12,960	3 12,960	3 12,960
General foreman (telephones).....		1 4,260	1 4,260
Supervisor, coaling plants.....	1 4,260	1 4,260	1 4,260
Battery repair foreman.....	1 4,260	1 4,260	1 4,260
Trainmaster.....	1 4,680		
Service engineer.....	1 4,080	1 4,080	1 4,080
Wire chief, Balboa.....	1 4,080	1 4,080	1 4,080
Range less than \$4,000.....	275 869,548	277 905,367	260 850,000
Total permanent, Isthmus.....	633 1,839,313	655 2,080,861	622 1,982,051
Defunct salaries paid by "Pay of the Army" and "Pay and subsistence of naval personnel".....	3 11,102	3 13,237	3 13,237
Net permanent, Isthmus.....	630 1,828,211	652 2,067,624	619 1,968,814
Native employment.....	6,547 4,179,552	6,903 4,087,344	6,350 3,760,000
Temporary employment.....		4 4,176	4 4,176
Part-time employment.....	3 3,037	2 2,088	
Personal services (net) Isthmus.....	7,180 6,010,800	7,561 6,161,232	6,973 5,732,990
<b>IN UNITED STATES</b>			
<b>PERSONAL SERVICES</b>			
Clerical, administrative, and fiscal service:			
Grade 12. Range \$5,180 to \$6,020:			
Assistant commissary purchasing agent.....	2 9,800	2 11,410	2 11,620
Grade 11. Range \$4,300 to \$5,180:			
Assistant auditor.....	1 3,800	1 4,520	
Grade 10. Range \$3,970 to \$4,630:			
Clerk.....	3 12,000	3 13,780	3 13,780
Grade 9. Range \$3,640 to \$4,300:			
Clerk.....	1 3,600	2 7,830	3 11,800
Field representative.....	1 3,300	1 3,860	
Assistant auditor.....			2 8,160
Grade 8. Range \$3,310 to \$3,970.....	5 16,200	5 18,970	6 23,270
Grade 6. Range \$2,650 to \$3,310.....	8 19,400	8 23,180	8 23,730
Grade 5. Range \$2,320 to \$2,980.....	2 5,200	3 8,830	7 20,860
Grade 4. Range \$2,100 to \$2,496.....	2 3,840	3 6,828	17 41,952
Grade 3. Range \$1,902 to \$2,298.....	13 21,960	13 26,244	16 32,804
Grade 2. Range \$1,704 to \$2,100.....	4 6,180	5 9,114	6 11,148
Grade 1. Range \$1,506 to \$1,902.....		2 3,672	2 3,000
Unclassified service:			
Range \$4,000 and over:			
Vice president.....	1 15,000	1 15,000	1 15,000
Third vice president.....	1 10,000	1 12,000	1 12,000
Treasurer.....	1 6,000	1 6,000	1 6,000
Commissary purchasing agent.....	1 6,000	1 7,280	1 7,500
Superintendent.....	1 6,000	1 6,000	1 6,000
Freight traffic manager.....			1 7,280
Assistant superintendent.....			2 12,200
Auditor.....			1 4,200
Passenger traffic manager.....			1 4,000
Range less than \$4,000.....	37 73,504	37 74,442	104 214,800
Ship personnel.....			390 818,000
Personal services, United States.....	84 222,384	90 258,960	576 1,309,104
Personal services (net).....	7,264 6,233,184	7,651 6,420,192	7,549 7,042,094

## UNITED STATES SPRUCE PRODUCTION CORPORATION

### CREATION AND PURPOSE

The United States Spruce Production Corporation was organized under the laws of the State of Washington on August 20, 1918, by the director of aircraft production. Authority for creation of the Corporation and limitations on the continuation of its particular functions are to be found in chapter XVI of an act making appropriations for the support of the Army, etc., approved July 9, 1918, Public Law 193.

The objects and purposes for which the Corporation was formed, as stated in its articles of incorporation, which conform to the purposes of the said chapter XVI, were, "The purchase, production, manufacture, and sale of aircraft, aircraft equipment, or materials therefor, and to build, own, and operate railroads in connection therewith, and in general, to do all acts and things which may be incidental to the carrying out of the foregoing purposes or to the exercise of the foregoing powers, or which may be necessary, advantageous, desirable, or convenient therefor."

The Corporation took over the industrial activities of the spruce production division of the bureau of aircraft production of the United States Army Air Service. The function of that bureau was the production and allocation of aircraft lumber to the United States and its allies, Great Britain, France, and Italy. In order to carry out the required production program of the bureau it was necessary for the division to assume full control of the logging and lumber industry of the Northwest, which control vested in turn in the Corporation.

On June 28, 1922, a suit for dissolution of the Corporation was filed in the superior court of the State of Washington for Clark County and its liquidation has been at all times and still is under the jurisdiction and supervision of this court to which the Corporation makes regular reports.

### FINANCIAL ORGANIZATION

The Corporation has an authorized capital stock of \$10,000,000 divided into 100,000 shares of \$100 each. 99,993 shares were issued to the director of aircraft production of the United States and 7 qualifying shares to directors of the Corporation. A 1 percent call was made on these shares which represents the Corporation's present \$100,000 capital stock liability. There is no other outstanding proprietary interest in the Corporation. The number of directors was subsequently reduced to three. All beneficial interest in qualifying shares is assigned to the United States upon issuance.

On September 18, 1918, the Corporation authorized the issuance of 5 percent participating debenture certificates in an aggregate principal amount of not to exceed \$90,000,000 at any one time outstanding. Under date of October 10, 1918, the Corporation issued \$25,000,000 worth of such debentures. Although the act authorizing formation of the Corporation provided for purchase of its capital stock, debentures, or other securities by the director of aircraft production with sums appropriated for the purchase or procurement of aircraft, aircraft equipment, or materials therefor, it was contemplated that England,

France, and Italy would underwrite these debentures with the United States on a pro rata basis in accordance with the anticipated delivery of aircraft lumber to the respective countries. Upon failure of these allies to participate in underwriting the debentures, \$21,500,000 from funds appropriated for aircraft procurement were advanced for the purchase of a like par value of debentures, which were issued to the director of aircraft production of the United States. It should be noted that the lumber received by England, France, and Italy was paid for by these countries in cash. As proceeds became available from disposal of its assets the Corporation took up varying amounts of these debentures, and in April 1926, the last of these debentures was cancelled.

### ANALYSIS OF BUDGET PROGRAM

Budgetary requirements of the Corporation for the fiscal year 1947 are limited to administrative expenses incident to completing liquidation of its assets, consisting at present of a common carrier railroad and equipment in the State of Washington on which there is an outstanding sales contract. It is anticipated such liquidation will be accomplished within the first half of the fiscal year. Estimates for the Corporation's budget program have been based on a 9-month period, however, in order to allow for unforeseen contingencies.

### OPERATING RESULTS

The only method by which the lumber industry of the Northwest could absorb the large operating properties that passed to the Corporation in final settlements with its cost-plus contractors was under conditional sales contracts extending over a term of years. Difficulties encountered by the industry generally during the period of the Corporation's liquidation have necessitated foreclosure of contracts on its principal properties and resale of these assets.

The Corporation had two conditional sales contracts outstanding at the beginning of the fiscal year 1946. Final payment was made to the corporation in August 1945, in settlement of one of these sales contracts. Final payment of the other outstanding contract is due the Corporation in December 1946.

With completion of liquidation the Corporation will have repaid the Government \$21,500,000 advanced on its debentures, \$99,993 paid to cover a 1 percent call on capital stock and \$2,132,078 in addition thereto as interest on capital investment.

### FINANCIAL CONDITION

*Government securities.*—Investment in Government securities on June 30, 1945, carried at cost, amounted to \$113,677. This investment was made in October 1933, when the Corporation ceased to obtain interest on its daily bank balances. It is anticipated that disposal of the securities in the fiscal year 1947 will yield a gain of approximately \$13,800. (See exhibit A.)

*Return of capital funds to the Treasury.*—During the fiscal year 1947 it is expected that final liquidation will

enable the Corporation to pay to the Treasury the balance of funds realized through disposal of its remaining assets amounting to \$297,518. (See exhibit A.)

#### ADMINISTRATIVE EXPENSES

This expense covers officers and employees of the Corporation engaged in its liquidation. All of its expenses are in the administrative category at this time. During the fiscal year 1945 the administrative staff performing these duties expended 4 man-years of personal services which, with other related costs of administration, resulted in a total expenditure of \$20,420. While reduction in the

staff was effected in 1946, an increase in travel expense made a slight increase in total administrative expenses. It is anticipated that final dissolution of the Corporation can be effected within the fiscal year 1947 at a somewhat less administrative expense than the estimated \$13,669 set up in the budget program. (For further details see statement of income and expenses, schedule B.)

#### LANGUAGE

*The types of programs set forth in the 1947 budget of the United States Spruce Production Corporation, within the funds available to it, are approved. (Act of Dec. 6, 1945, Public Law 248.)*

## UNITED STATES SPRUCE PRODUCTION CORPORATION

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**EXHIBIT A**  
**COMPARATIVE STATEMENT OF SOURCES AND APPLICATION OF FUNDS**

[Fiscal years ending June 30, 1945, 1946, and 1947]

	1945, actual	1946, estimated	1947, estimated
<b>FUNDS APPLIED</b>			
<b>To operating expenses:</b> Administrative expenses (see schedule B).....	\$20,420	\$20,883	\$13,669
<b>To return Government capital funds:</b>			
Payment of accrued interest on retired debentures.....	\$50,000		25,000
Retire common stock.....			100,000
Distribute earned surplus.....			172,518
	50,000		297,518
<b>To increase (or decrease*) working capital</b> (see schedule A).....	*24,693	5,897	*40,657
<b>Total funds applied</b> .....	45,727	26,780	270,530
<b>FUNDS PROVIDED</b>			
<b>By operating income:</b>			
Interest on conditional sales contracts.....	6,977	\$5,862	2,742
Interest on investments.....	3,450	3,450	1,725
	10,427	9,312	4,467
<b>By installments of purchase price on conditional sales contracts</b> .....	35,300	15,575	138,454
<b>By sale of surplus property:</b> Office and field equipment.....		1,893	131
<b>By sale of Government securities owned:</b>			
Cost of securities sold.....			113,677
Gain on securities sold.....			13,800
			127,477
<b>By return of deposit:</b> Safety deposit box key.....			1
<b>Total funds provided</b> .....	45,727	26,780	270,530

\*Deduct.

**EXHIBIT B**  
**COMPARATIVE STATEMENT OF INCOME AND EXPENSES**

[Fiscal years ending June 30, 1945, 1946, and 1947]

	1945, actual	1946, estimated	1947, estimated
<b>Operating income:</b>			
Interest on conditional sales contracts.....	\$6,977	\$5,862	\$2,742
Interest on investments.....	3,450	3,450	1,725
Profit on sale of office and field equipment.....		70	
<b>Total operating income</b> .....	\$10,427	\$9,382	\$4,467
<b>Operating expenses:</b>			
Administrative expenses (see schedule B).....	20,420	20,884	13,669
Depreciation on office furniture and equipment.....	276		
<b>Total operating expenses</b> .....	20,696	20,884	13,669
Net operating loss.....	10,269	11,502	9,202
<b>Nonoperating income:</b> Profit on investments sold.....			13,800
<b>Net income (or loss*) for the year</b> .....	*10,269	*11,502	4,598

**ANALYSIS OF EARNED SURPLUS**

Balance at beginning of fiscal year.....	\$189,691	\$179,422	\$167,920
Net income (or loss*) for the year (above).....	*10,269	*11,502	4,598
To be returned to the Treasury.....			172,518
<b>Balance at end of fiscal year</b> .....	179,422	167,920	

\*Deduct.

**EXHIBIT C**  
**COMPARATIVE STATEMENT OF FINANCIAL CONDITION**

[As of June 30, 1944, 1945, 1946, and 1947]

	June 30, 1944, actual	June 30, 1945, actual	June 30, 1946, estimated	June 30, 1947, estimated
<b>ASSETS</b>				
<b>Accounts receivable:</b> Conditional sales contracts.....	\$189,330	\$154,030	\$138,455	
<b>Accrued interest receivable:</b> Accrued interest on investments.....		1,006	1,006	
<b>Office and field equipment:</b>				
Office furniture.....	376	300	132	
Automobile.....	1,855	1,655		
Total office and field equipment.....	2,231	1,955	132	
<b>Investments:</b> Government securities.....	113,677	113,677	113,677	
<b>Cash:</b> In bank.....	59,453	34,760	40,657	
<b>Total assets</b> .....	364,691	305,428	293,927	
<b>LIABILITIES</b>				
<b>Debentures:</b> Interest on retired debentures, payable if earned.....	75,000	25,000	25,000	
<b>Deferred credits</b> .....		1,006	1,006	
<b>Total liabilities</b> .....	75,000	26,006	26,006	
<b>CAPITAL</b>				
<b>Paid-in capital:</b> Common stock, 1 percent call on \$10,000,000 (100,000 shares \$100 par, authorized and issued).....	100,000	100,000	100,000	
<b>Earned surplus:</b>				
Reserve for contingencies.....	75,000	75,000	75,000	
Undivided profits.....	114,691	104,422	92,921	
Total earned surplus.....	189,691	179,422	167,921	
<b>Total capital</b> .....	289,691	279,422	267,921	

**SCHEDULE A**  
**CHANGES IN WORKING CAPITAL**

[Fiscal years ending June 30, 1945, 1946, and 1947]

	1945, actual	1946, estimated	1947, estimated
<b>Current assets (increase or decrease*):</b>			
Cash: In bank.....	*\$24,693	\$5,897	*\$40,657
Increase in working capital.....		5,897	
Decrease in working capital.....	24,693		40,657

\*Deduct.

**SCHEDULE B**  
**ADMINISTRATIVE EXPENSES**

[Fiscal years ending June 30, 1945, 1946, and 1947]

By accounts	1945, actual	1946, estimated	1947, estimated	By accounts	1945, actual	1946, estimated	1947, estimated
Salaries and wages:							
Officers:	Man- years	Man- years	Man- years		Amount	Amount	Amount
President.....	1 \$7,152	1 \$7,152	0.8 \$5,364	Travel expenses.....	\$333	\$999	\$250
Secretary-counsel-accountant.....	1 6,600	1 6,600	0.8 4,950	Telephone and telegraph.....	154	166	125
Employees:				Rent of office.....	1,500	1,400	800
Assistant treasurer-Secretary to				Stationery and office supplies.....	56	62	50
President.....	1 2,640	1 2,640	0.8 1,980	Legal expense.....	50	50	50
Chauffeur.....	1 1,800	0.7 1,450		Transfer tax.....		365	
Total.....	4 18,192	3.7 17,842	2.4 12,294	Audit of accounts.....	135		100
				Total administrative expenses.....	20,420	20,884	13,669