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BONDED DEBT IN NORTH CAROLINA

OUR BONDED DEBT

The net total bonded debt of the State of North Carolina and all subdivisions of the state for every purpose whatsoever, at the present time, is around 240 million dollars. Elsewhere in this issue of the News Letter appears a table which shows how the net total bonded debt exclusive of the state government debt, on June 30, 1923, is distributed by counties on a per inhabitant basis. The state debt is excluded from the table because it lays no direct burden on property. The bonded debt of all other divisions of government within our state rests directly on property listed for taxation within the local governmental units which issue the bonds. The county debt lays a tax on all property listed for taxation within the county. The town and city debt is borne by town and city property. The state debt lays no direct burden on property.

The County Debt

The bonded indebtedness of counties is made up of bonds issued for the erection of schools that come under the jurisdiction of the county board of education, bond issues for the construction of county roads and bridges, court houses, county homes, jails and other county purposes, railroads in a few counties, and the funding debt. Special drainage and other district bonds are also classed as county debt.

The net total indebtedness of our counties for all county purposes on June 30, 1923, as reported to the State Auditor, was \$63,370,516. The debt is distributed as follows: roads and bridges \$44,222,653.67, schools \$9,184,287.88, county homes, jails, court houses and other similar county purposes \$4,726,263.50, railroads \$765,800; and funding debt \$4,471,500.

Buncombe has the largest net total county debt, the amount being \$3,884,000. Lenoir has the second largest total county debt, \$2,390,000, and the largest county debt per inhabitant, amounting to \$74.70. The accompanying column in the table shows the distribution of the county debt on a per inhabitant basis. Northampton is the only county in the state that reports no bonded debt, county or town.

In the vast majority of the counties the bulk of the county debt has been incurred for the construction of roads and bridges, mainly before the state highway program was adopted. Only 200 thousand dollars of the county debt of Lenoir county is charged to schools. The rest of it is charged to roads and bridges. More than 90 percent of the Buncombe county debt is charged to roads and bridges, and funding debt which most likely belongs to the same account. In very few counties does the debt incurred for the erection of schools amount to more than 25 or 30 percent of the total debt. More than three-fourths of the total county debt is chargeable to roads, bridges, and the funding of bonds issued for these purposes.

The total county debt is distributed as follows: roads and bridges 69.8 percent; schools 14.5 percent; court houses, jails, and county homes, 7.5 percent; and railroads, 1.2 percent.

Town and City Debt

The net total bonded debt of the 174 towns in North Carolina that had bonds outstanding on June 30, 1923, was \$71,072,500. It was nearly eight million dollars more than the total county debt, and the municipal debt is increasing much faster than the county debt.

Winston-Salem had the largest total debt of any North Carolina city, the amount being \$7,760,000. Next in order came Charlotte with \$5,905,700, Asheville \$3,800,000, Durham \$3,791,000, and Greensboro \$3,001,000.

The cities and towns closely parallel the counties in the purposes for which bonds have been issued. The great bulk of the city and town debt has been incurred for the construction of streets and sidewalks, sewer systems, fire departments, and lighting plants, all of which represent long-time investments in permanent improvements. The funding debt again is chargeable largely to this account.

The net debt of these 174 cities and

towns is distributed as follows: streets, sewers, lights, water, and fire departments \$48,500,904 or 68.3 percent; schools \$10,343,650 or 14.6 percent; funding debt \$7,260,946, or 10.2 percent; public improvements \$4,793,000 or 6.8 percent; and railroads \$174,000 or less than three-tenths of one percent. Gastonia is the only city of fair size where a considerable part of the debt has been incurred in the erection of schools. Of her net debt of \$2,229,000, \$840,000 is for school purposes. In a few small towns the entire debt is for schools.

County and City Debt

The net total debt of the 99 counties and the 174 cities and towns reporting bonds outstanding on June 30, 1923, was \$134,443,016, which is less than the value of property listed for taxation in either one of three counties in the state. The total bonded debt of North Carolina which rests on property lacks 21 million dollars of being as much as the value of property listed for taxation in one county alone. The total debt of our counties, cities, towns and all other subdivisions capable of incurring debt, exclusive of the state government debt which does not fall on property, is 5 percent of the amount of property listed for taxation, and it is less than 3 percent of the true value of the principal forms of wealth of the state as estimated by the federal Department of Commerce.

Forsyth ranks first in total bonded debt for all purposes within the borders of the county, the amount being \$9,198,000. Buncombe ranks first in total bonded debt per inhabitant for all purposes within the county, the amount being \$114.15. The table which appears elsewhere shows the distribution of the total bonded debt within each county, on a per inhabitant basis, while the accompanying column shows the per inhabitant debt for county purposes only.

The net total bonded debt of the counties, cities, towns, and all other divisions exclusive of the state government, is distributed as follows: For roads, bridges, streets, sewers, lights, water works, and fire departments \$92,723,662, or 69 percent of the total debt; for schools \$19,527,938, or 16.6 percent; for refunding old debts \$11,732,446, or 8.7 percent; for court houses, county homes, jails, municipal buildings and the like \$9,519,269, or 7 percent, and for railroads \$939,800, or 7 percent.

The State Debt

The debt of the state government is treated separately from the local debt because the local debt, unlike the state debt, is borne exclusively by taxes on property listed for taxation within the issuing governmental unit. The state debt may be divided into two classes, roads and other. The road debt is carried exclusively by license taxes on motor cars and the three-cent gasoline tax, and all other state bonded debt is carried by the general state fund derived from taxes on incomes, inheritances, corporations, licenses, and earnings of the state departments.

The bonded debt of the state government on March 1, 1924, amounted to \$68,937,600. The state government debt, the bulk of which has been incurred since 1921, is distributed as follows: highways \$34,552,600 or 50.2 percent; schools, charitable and eleemosynary institutions, and school building loan fund to counties \$24,012,500 or 34.9 percent; funding debt \$8,480,000 or 12.2 percent; and public buildings and improvements \$1,892,500 or 2.7 percent.

It will be noted that slightly more than half of the state debt is for highway construction and it is important to remember that the entire burden of carrying this debt falls on owners of motor cars. The bonded debt of the state which is paid out of the general fund of state governmental receipts amounts to \$34,855,000. The cost of carrying this burden falls almost exclusively on urban people and urban industries. Unless a farmer pays an income tax he contributes nothing directly to the general state treasury fund. For all practical purposes the only state tax paid by farmers is the motor

IDEALS FOR THE STATE

I would have all our people to believe in the possibilities of North Carolina: in the strength of her men, the purity of her women, and their power to accomplish as much as can be done anywhere on earth by any people.

I would have them to become dissatisfied with small things; to be anxious for higher and better things; to yearn after real greatness; to seek after knowledge; to do the right thing in order that they may be what they ought.

I would have the strong to bear the burdens of the weak and to lift up the weak and make them strong, teaching men everywhere that real strength consists not in serving ourselves, but in doing for others.—Quotations from the speeches of Charles B. Aycock.

car license and gasoline tax, which is used exclusively for highway purposes.

The outstanding bonded debt of the state government at the present time amounts to 2.6 percent of the aggregate of property listed for taxation in the state. It amounts to only 1.5 percent of the value of the principal forms of wealth as estimated by the federal government. When all state bonds that have been authorized by the legislature have been sold the state debt will be 93 million dollars, or 3.5 percent of the aggregate of property now listed for taxation, and just 2 percent of the true value of the state's wealth as estimated by the federal government. One county has on her tax books almost twice as much property as the state debt will total when all authorized bonds have been sold.

It might be of interest to note that the average interest rate on the entire state debt is 4.5 percent. No state bond issue has sold for more than 5 nor less than 4 percent.

The Total Debt

As stated at the beginning, the present bonded debt of the state and all subdivisions of the state is around 240 million dollars. The bonded debt of the state government to date is \$68,937,600. The bonded debt of counties and municipalities on June 30, 1923, was \$134,443,016, while the present debt is around 170 million dollars. The bonded debt of the state at the present time, and of counties and municipalities as of June 30, 1923, totals \$203,380,616.

The total bonded debt of North Carolina and all subdivisions of the state has been incurred for the following purposes: for roads, streets, water and sewers, lights, and fire departments \$127,276,162 or 62.5 percent of the total; for education and charitable institutions \$43,540,438 or 21.4 percent; for refunding old debt \$20,212,446 or 10 percent; and for court houses, jails, county homes, municipal buildings and other public improvements, including county and urban railroads, \$12,351,569 or 6.1 percent.

The total bonded debt of \$203,380,616 amounts to 7.7 percent of the aggregate of property listed for taxation, and to 4.4 percent of the estimated true value of the principal forms of wealth of the state. Or to put it on another basis it amounts to 75 per inhabitant, or to \$360 per family.

The cost of carrying the present debt of 240 million dollars, for both interest and sinking fund payments, amounts to about \$5.36 per inhabitant per year, or to \$25.72 per family per year. The cost of carrying that portion of the debt which falls on property amounts to \$3.82 per inhabitant per year.

The present total bonded debt of the state and all its subdivisions, for every purpose whatsoever, is only 53 percent larger than the aggregate of property listed for taxation in one single county in the state, and it about equals the real wealth of this same county.

Seventy percent of the present bonded debt is supported by direct levies on property, while 30 percent of it is supported by license taxes and taxes on incomes, inheritances, corporations, and earnings of the state departments.

A study of the foregoing facts shows

that practically every dollar of bonded indebtedness of the state, counties, cities, towns and other units represents long-time investments in permanent improvements. The money has been spent for roads, bridges, water works, sewerage systems, streets, side-walks, government buildings, school buildings, and buildings for charitable and eleemosynary institutions. It is not the volume of the debt that should concern us, but the purposes for which the bonds were issued, and the terms on which they were sold. The most economic way to secure desirable permanent-improvements is through the sale of bonds at fair interest charges, and the retirement of the bonds distributed over the period of usefulness of the improvement. Assuming that we need and want improved roads, streets, school buildings and the like, there is no other way to get them, for to attempt to erect permanent improvements on the pay-as-you-go basis would not only reduce our investment capital but would put into force a tax burden that would be unbearable.—S. H. Hobbs, Jr.

TWO DISTINCTIVE BOOKS

Robert E. Lee: An Interpretation, by the late President Woodrow Wilson, and Religious Certitude in an Age of

Science, by Professor Charles Allen Dinsmore, of the Yale Divinity School, have recently been published by the University of North Carolina Press and were placed on sale throughout the state and nation on April 8.

Rarely do two more distinctive books come from any publishing house in any one week or month. The volume on Lee presents not only a remarkable interpretation of the great Confederate chieftain, but a most vivid self-revelation of Wilson himself. It strikingly portrays the nobility of Lee and sets forth the creed by which Wilson lived and through which he fortified himself in his self-sacrificing effort to secure for humanity a new covenant of understanding and goodwill.

Dr. Dinsmore, in Religious Certitude in an Age of Science, discusses illuminatingly the relations between science and religion. He maintains that the word knowledge belongs to religion as well as science. Religious truth can be ascertained as definitely and convincingly as scientific truth.

Both books are splendid examples of book making, and add to the growing distinction of the Press, which began publication in 1922. Copies of the volumes can be secured from bookstores or direct from The University Press, Chapel Hill. The prices are: Lee \$1.00; Religious Certitude \$1.50.

NET BONDED DEBT BY COUNTIES

In North Carolina June 30, 1923

In the following table the counties are ranked according to the per inhabitant net bonded debt for all purposes—counties, cities, towns, school districts, drainage districts, and all other divisions capable of incurring debt in North Carolina. The accompanying column shows the per inhabitant net debt of counties for county purposes only, as county roads and bridges, schools, court houses, jails, county homes and the like.

The total net bonded debt of counties, cities, towns and all other divisions, exclusive of the state government debt, on June 30, 1923, was \$134,443,016, or an average of \$50.00 per inhabitant. Buncombe ranks first with \$114.15 while Northampton reports no bonded debt within her borders.

Total bonded debt of counties for all county purposes \$63,370,516, or an average of \$23.62 per inhabitant. Lenoir is first with \$74.70. The bonded debt of all cities and towns on June 30, 1923, was \$71,072,500.

The bonded debt of the state government to date is \$68,937,600, or an average of \$25.65 per inhabitant. It is not included in this study since the state debt lays no direct burden on property.

The total bonded debt of the state and all subdivisions of the state for every purpose whatsoever at the present time is around 240 million dollars, or an average debt of \$90.00 per inhabitant.

Based on reports in the office of the State Auditor.

S. H. Hobbs, Jr.

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Rank	County	County Debt per Inhab.	Total Bonded Debt per Inhab.	Rank	County	County Debt per Inhab.	Total Bonded Debt per Inhab.
1	Buncombe	\$56.07	\$114.15	51	Brunswick	\$80.87	\$36.25
2	Lenoir	74.70	112.25	52	Avery	35.76	35.76
3	Durham	24.63	109.45	53	Swain	31.25	34.13
4	Forsyth	15.18	104.25	54	Surry	21.56	33.80
5	Beaufort	54.50	89.70	55	Mitchell	32.65	32.65
6	New Hanover	26.65	87.07	56	Rutherford	19.35	32.60
7	Mecklenburg	14.37	85.90	57	Polk	22.24	32.05
8	Guilford	18.68	77.90	58	Moore	17.50	31.90
9	Craven	52.72	77.00	59	Caswell	30.35	31.52
10	Lincoln	42.74	74.08	60	Duplin	27.07	30.44
11	Montgomery	60.68	73.30	61	Tyrrell	29.65	29.65
12	Henderson	5.01	71.18	62	Wilkes	17.83	29.56
13	McDowell	56.30	70.08	63	Lee	20.87	28.65
14	Pasquotank	45.20	69.07	64	Burke	20.80	28.61
15	Edgecombe	7.18	68.00	65	Jackson	18.91	28.44
16	Cumberland	40.77	66.80	66	Yadkin	27.30	27.30
17	Transylvania	55.33	63.21	67	Granville	19.10	27.05
18	Rockingham	46.45	62.32	68	Martin	24.63	26.83
19	Wake	25.84	62.27	69	Sampson	17.82	26.45
20	Wilson	24.20	61.53	70	Stokes	19.94	24.80
21	Greene	55.00	60.85	71	Caldwell	13.96	24.54
22	Pitt	46.04	60.33	72	Pamlico	24.18	24.18
23	Gaston	11.02	59.43	73	Yancey	24.08	24.08
24	Rowan	15.23	59.35	74	Harnett	13.73	23.74
25	Washington	44.12	57.97	75	Randolph	17.47	23.00
26	Haywood	23.15	57.67	76	Columbus	14.46	22.89
27	Vance	29.55	57.00	77	Anson	17.45	22.75
28	Iredell	14.84	56.10	78	Chowan	8.74	22.40
29	Wayne	14.74	53.85	79	Cabarrus	.33	22.16
30	Cherokee	28.90	53.30	80	Watauga	19.93	21.95
31	Carotet	44.80	51.57	81	Scotland	9.61	21.05
32	Davidson	14.64	48.95	82	Hoke	15.42	19.50
33	Person	31.13	48.81	83	Pender	18.58	19.38
34	Perquimans	26.86	46.95	84	Franklin	4.20	18.75
35	Stanly	25.24	46.37	85	Alleghany	17.09	17.09
36	Ashe	44.50	44.60	86	Nash	5.31	13.78
37	Union	26.63	43.60	87	Hyde	12.16	12.74
38	Davie	19.82	41.35	88	Camden	12.22	12.22
39	Catawba	8.65	40.96	89	Alexander	12.08	12.08
40	Madison	38.05	40.95	90	Onslow	7.65	11.58
41	Cleveland	18.21	40.76	91	Currituck	9.11	9.11
42	Hertford	31.84	40.67	92	Graham	8.16	8.16
43	Halifax	20.10	40.08	93	Chatam	7.10	8.00
44	Alamance	22.40	39.81	94	Macon	5.17	7.86
45	Richmond	16.92	39.40	95	Warren	1.25	6.96
46	Johnston	29.70	39.25	96	Bertie	5.59	5.59
47	Clay	39.00	39.00	97	Gates	2.45	2.45
48	Bladen	38.30	38.56	98	Jones	1.45	1.79
49	Orange	27.70	37.82	99	Dare	.72	.72
50	Robeson	15.32	37.75	100	Northampton	None	None