

THE UNIVERSITY OF NORTH CAROLINA

# NEWS LETTER

Published Weekly by the  
University of North Carolina  
for the University Extension Division.

The news in this publication is released for the press on receipt.

AUGUST 25, 1926

CHAPEL HILL, N. C.  
THE UNIVERSITY OF NORTH CAROLINA PRESS

VOL. XII, NO. 41

Editorial Board: E. C. Branson, S. H. Hobbs, Jr., L. R. Wilson, E. W. Knight, D. D. Carroll, J. B. Bullitt, H. W. Odum.

Entered as second-class matter November 14, 1914, at the Postoffice at Chapel Hill, N. C., under the act of August 24, 1913

## IMPROVED COUNTY GOVERNMENT

### COUNTY GOVERNMENT

The unifying of county governments under competent official families with business managers, budgets and purchasing agents was recommended by the commission on county government to the state association of county commissioners.

There are seven functions that every county must safeguard if its operations are to be successful, declares the report. They are: (1) maintaining unity in the official family of a county in fiscal management; (2) preserving the taxables of a county; (3) collecting the revenue fairly and justly; (4) safeguarding the revenue through proper accounting; (5) safeguarding the expenditures through budget control and a central purchasing agent; (6) protecting the physical property of the county, and (7) providing properly for the administration of justice.

### Defects Pointed out

The fiscal management and unity of the official family have fallen short in most counties, declares the commission, because the officials have little or no conception of the total value of service to be rendered, and because of duplication of effort and a disproportionate distribution of revenue. Moreover, "there is a diffusion of authority, lack of concerted programs for county endeavor and a curtailment of authority and dignity which rightfully belong to the commissioners." Likewise under these circumstances it is impossible for the commissioners to control the budget of receipts and expenditures, and delegations of people are served as they appear monthly and funds are appropriated as delegates come and go.

Where there is no unity of management, in many cases, declares the commission, which has investigated systems in the majority of the counties in the state, counties frequently spend special tax funds for general purpose funds and general funds for special tax purposes, while some counties do not even know how much it costs to operate their government.

### How to Effect Unity

The commission suggests that unity in the official family in fiscal management may be maintained by centering administrative authority in a business manager, appointed by and acting for the board, who may be chairman of the board or may be the auditor; by requiring all boards that expend public funds to account to the board of county commissioners for all funds received and expended; by giving the commissioners authority to select all administrative officers such as auditors, collectors of revenue and the like; by a careful administration of a county budget and a centralized accounting of all funds and purchases.

The commission gave Pitt, New Hanover, and Buncombe counties as examples of unified fiscal management.

When the taxables of the county are not preserved, declares the commission in its report, there are irregularities and unjust tax assessments; frequently much property disappears from the tax books; there are errors in listing taxes; township scrolls are frequently in disorderly conditions and there is no method of keeping up with land transfers and no real estate maps showing property location.

By keeping a permanent or continuous record of all taxables of the county; by inspecting property in every section of the county periodically for improvements or depreciation; by keeping a record of all officials who receive fees, fines, forfeitures and penalties, taxables may be adequately preserved.

### One Man To Collect Revenue

"The commission believes that the collection of all revenue should be placed in the hands of an official carefully selected by the board of county commissioners, and he should be held to strict accountability for the collection of all funds, and for depositing the same with the county treasurer as they are collected."

When these functions are not carefully safeguarded there is a great delay in collecting taxes, funds must sometimes be borrowed until all collections are completed and the collector avoids settlement with the commissioners and accumulated uncollected

taxes finally brings about ruin. Under the recommended manner of government "the collector is held to a strict accountability" by the board of county commissioners.

Wherever the function of safeguarding the expenditures is not safeguarded points out the commission, there is an absence of budget receipts, loss through unwise contracting, the starving of one department with corresponding favoritism to another, an ignorance of the bonded indebtedness and an increase in prices.

### Safeguards Recommended

The commission recommends as safeguards a budget of receipts, a budget of expenditures and a central purchasing agent.

Whenever there is not a proper accounting of all funds there is negligence on the part of officials, failure to have a continuous audit of all funds, a failure to hold officials responsible for not keeping proper accounts, a failure to guard the credit of the county, and a lack of balanced books.

The commission makes the following recommendations: A continuous audit should be required of the several departments of the county; the credit of the county should be properly safeguarded by providing for prompt payment of all interest, principal or notes and by safeguarding the expenditures by entrusting them to one official, an auditor elected by the county board.

The failure to preserve the physical property of the county, declares the commission, is followed by the loss of property and makes for an additional tax burden, a defect which can be remedied by having one officer of the county as custodian of all physical property belonging to the county.

The last defect listed, the failure to provide properly for the administration of justice, makes for an increase in crime, added costs of jails, court expenses and the failure to keep adequate court records. The commission was not prepared to make suggestions on this function of the county government and asks that it be referred to the bar association for further study and suggestions.

### Machinery Rather Simple

The machinery necessary to safeguard these seven major functions is rather simple and does not involve any marked changes in our system of county government; in fact many counties already have adopted it in part. However, the machinery should be elastic, and at first it should be optional with the counties as to which of these suggestions shall be adopted. Counties in which the annual expenditure amounts to more than a million dollars might need a separate official to perform each of the first six major functions.

The commission recommends a board of county commissioners, elected by the people, for a term longer than two years, all members not to retire within any given year; a business manager, selected by the commissioners; a supervisor of taxables selected by the county commissioners; a tax collector, selected by the county commissioners, with authority to select his assistants; an auditor selected by the commissioners; a purchasing agent, selected by the commissioners; a treasurer selected by the commissioners; a custodian of physical property, selected by the commissioners; a register of deeds, sheriff and clerk of court, elected by the people. The offices of surveyor and coroner should be abolished. The several boards, such as the boards of education, agriculture, public welfare, highway, and the like, should be required to report annually to the board of county commissioners on how money appropriated to each has been spent, and what service has been performed.

The general assembly should by a general act make it possible for any county to adopt and maintain an improved form of local government. The general assembly should set up a state department of finance and accounting to aid counties in readjusting themselves to any improved plan and should provide for the preparation of a code of county government law and a manual on county government. —From A. P. summary of County Government Commission's report to State Association of County Commissioners.

### SELF HELP BEST

A nation can exhibit no greater political wisdom in the mass than it generates in its units. It is the pregnant idealism of the multitude which gives power to the makers of great nations, otherwise the prophets of civilization are helpless as preachers in the desert and solitary places. So far I have always preached self help above all other kinds of help, knowing that if we strove passionately after this righteousness, all other kinds of help would be at our service. —George Russell, Irish Statesman.

### KNOW NORTH CAROLINA

North Carolina The Fifth State Today is the title of a very valuable booklet just issued by the State Department of Conservation and Development. It is brim full of information about the state: her resources of all kinds, such as water power, soils, seasons, minerals, resort development; agriculture and agricultural opportunities; industrial development and industrial opportunities; historic sketches, and so on and on. The book is very readable. A very valuable feature is the splendid collection of pictures scattered through the book.

Those who read the book will have a much better knowledge and appreciation of the state. The department states that this is the first of a series of bulletins on North Carolina.

### OUR MINERAL PRODUCTS

Only one state has a greater variety of minerals than North Carolina, yet we are not an important mineral state from a commercial point of view. The federal Department of Commerce in a recent bulletin on Mineral Resources reports that the value of mineral products for North Carolina for the year 1924 was \$9,261,467. Thirty-seven states ranked ahead of North Carolina in value of mineral products for that year.

The following table shows the minerals in order of their importance, together with value of products for the year 1924.

Mineral	Value of Product
Clay products.....	\$ 4,000,431
Stone.....	3,133,510
Sand and gravel.....	889,050
Feldspar.....	640,403
Clay, raw.....	277,526
Coal.....	224,000
Mica.....	168,276
Talc and soapstone.....	81,523
Iron ore.....	32,612
Gold.....	4,540
Silica.....	2,447
Millestones.....	1,615
Silver.....	21

Total eliminating duplicates.....\$9,261,467

North Carolina ranks first in the production of mica and feldspar, and second in the production of aluminum. Our principal mineral products in order of importance are: clay products, stone, sand and gravel, and feldspar. The only mineral of which North Carolina has a virtual monopoly is mica which is indispensable as an insulator in electrical appliances. Sixty percent of all mica produced in the United States comes from North Carolina. In quality our mica is unsurpassed. The same is true of our granites. But except for clay products, mica, granite, and feldspar, our minerals are of little commercial value. We have variety but are lacking in quantity.

### NEED TO ORGANIZE

The prosperity of the nation is wrapped up in the tilling of the soil, and there are few business men who appreciate this relationship with the farmer. In fact, most business men are inclined to regard the farmer in a spirit of tolerance; many do not even respect him. They don't appreciate the fact that the measure of their prosperity has got to come from the farmer.

So, here we have this situation of agriculture against industry. Let us look over the situation in retrospect. Back in the old days the farmer dealt with individuals and he ranked high as a trader. In those days if a farmer made good, you could put him down as being a clever trader. His wealth in those days was measured by the quantity of his production from the soil. If his bins were filled with grain, his barns with cotton and other things,

he was a wealthy man. But that does not mean anything these days. Through the difference in the exchange values of what a farmer raises and what he has to buy, most of the time the more he produces the less he has. Industry has become a highly organized thing, and he does not deal with combinations of individuals. These combinations were at first small, but they have increased in size and multiplied in number so that the immediate future holds the prospect that all business will be conducted by mammoth corporations. The days of the little business man appear to be numbered.

Confronted with this situation, the farmer cannot be the trader he used to be. One man cannot whip fifty men in combat and one farmer can't out-trade fifty men. It is absolutely impossible. So, the farmer's only recourse so far has been the organization of his cooperative associations in an effort to restore his old equality in bargaining and trading that he has lost to industry. Until he builds his organizations to the size of those of industry, the farmer cannot hope to improve his situation or restore and maintain his equality as a trader. —C. O. Moser, in Smithfield Herald.

### COUNTY GOVERNMENT

Watauga County financial affairs from June 1921 to June 1925, have fallen under auditorship of the firm of Emmett Smith and Co., and an elaborate summary of findings is given in The Watauga Democrat. The revelation of the state of affairs may be taken as typical of conditions existing in many North Carolina counties under the antiquated system of county government that has prevailed and for modernization of which a movement was recently launched by the publicity organization at Chapel Hill. It was found that the "final balances" due by two sheriffs for the several years from 1920 to 1924 footed up \$63,333.66. The auditors did not charge the penalties required by law, leaving that item to the judgment of the commissioners. There was indication of looseness in management of county road money; all tax books were found to be in "exceedingly bad shape," copies of the abstracts of listed taxables rendered to the State annually not agreeing in any particular with the tax books, these being full of errors and omissions. There was no record of partial or final settlement with one sheriff for the year 1922. In commenting on the status of the accounts of the sheriffs, the auditors say: "It is not known how much money it has cost

the county on account of the careless and indifferent manner in which the tax records were compiled, in the lax and unbusiness-like handling of financial affairs with the different sheriffs, but in our opinion the loss certainly must have run into thousands of dollars."

The auditors found that the only book of records kept of the general county fund except those of the treasurer, were the minute docket and the "Record of Claims Issued," both of which were inaccurate and incomplete. No attempt was made to keep track of revenue or expenses of the general county fund, so that it could be determined whether expenses were exceeding revenue, deficit being created and the county going into debt. We experienced great difficulty," says the report, "in determining the true status of the treasurer's accounts; for instance, he paid, and was apparently given credit for interest paid, banks for carrying county warrants, though no warrants were issued or record made of such interest allowed. No record made of note issued on December 7 1922 to take up warrants from the Watauga County Bank, nor was any record made, even on the minute docket, of the \$20,000 note issued August 4, 1921, the proceeds of which were turned over to the school fund, and the present commissioners did not know of the existence of such an obligation until notified of the maturity of the semi-annual interest payment. The recording of the tax releases on the minute docket seems to have received careful attention, but the recording of the creation of bond issues, notes, etc., seem to have been ignored."

It is a surprise to the auditors that such lax and inefficient methods of conducting the affairs of the county "have not resulted in even larger deficits than those that exist."

For all this, the circumstance is to be borne in mind that there was no misuse of public funds in evidence. The county has simply lost money because of the independent manner in which its funds were administered as privileged under the existing system of government, and it is further to be held in mind that the situation in Watauga is a situation of duplication in many other counties, and all because of the antiquated system which the State has so long countenanced in the administration of county affairs. The Watauga revelations are submitted as additional evidence of the need for legislative attention to the important matter of modernizing the court house situation. —Charlotte Observer.

### BANK FAILURES IN THE UNITED STATES, 1921-25

In the following table, based on information supplied by the comptroller of the currency and appearing in the Congressional Record of June 9, the states are ranked according to the number of state banks and banks other than national banks that failed between 1921 and 1925. The second column gives the number of national bank failures during the five-year period, while the third column gives total estimated deposits lost due to bank failures. Actual losses to depositors are not available in cases of state bank failures. Deposits lost are estimated at three-fourths of liabilities.

Two states had no bank failures. In seven other states there were no national bank failures, and in four other states only one state bank failure each in five years. The Northeastern states make the best showing, and the Western states the poorest. The Southern states rank from mid-way to very poor.

Between 1921 and 1925 fifty-seven state and six national bank failures are reported for North Carolina, with estimated losses to depositors aggregating \$12,555,048, not counting losses to shareholders and what they had to pay through assessments. North Carolina ranks low as a banking state, yet only 12 states experienced more state and national bank failures. Our condition, while not alarming, can be greatly improved.

Department of Rural Social-Economics, University of North Carolina

Rank	State	Number of National Banks	Number of State Banks (estimate)	Lost Deposits (estimate)
Rank	State	Number of National Banks	Number of State Banks (estimate)	Lost Deposits (estimate)
1	Delaware.....	0.....	0.....	\$ —
1	New Jersey.....	0.....	0.....	—
3	N. Hampshire.....	1.....	0.....	1,009,139
3	Nevada.....	1.....	0.....	143,000
3	Rhode Island.....	1.....	0.....	168,000
3	Vermont.....	1.....	0.....	2,031,737
7	Connecticut.....	2.....	1.....	3,546,076
7	Maine.....	2.....	0.....	1,124,154
9	Maryland.....	4.....	1.....	681,995
9	Ohio.....	4.....	2.....	3,654,420
11	New York.....	5.....	1.....	2,215,771
12	West Virginia.....	6.....	1.....	3,725,822
13	California.....	8.....	6.....	3,650,975
14	Utah.....	10.....	3.....	2,443,199
15	Alabama.....	13.....	1.....	1,200,961
16	Massachusetts.....	15.....	1.....	58,894,648
16	Tennessee.....	15.....	2.....	3,141,705
18	Virginia.....	16.....	1.....	2,865,449
19	Florida.....	17.....	1.....	7,666,378
19	Oregon.....	17.....	5.....	9,001,470
19	Pennsylvania.....	17.....	5.....	24,279,807
22	Kentucky.....	19.....	0.....	2,628,764
22	Louisiana.....	19.....	1.....	3,150,354
24	Mississippi.....	21.....	1.....	5,730,901
24	Michigan.....	21.....	0.....	\$ 1,834,043
26	Wisconsin.....	22.....	5.....	5,792,644
27	Arizona.....	23.....	5.....	7,652,240
28	Indiana.....	24.....	2.....	4,943,841
29	Washington.....	30.....	3.....	11,461,242
30	Kansas.....	31.....	1.....	10,213,724
31	Illinois.....	36.....	2.....	13,838,853
31	New Mexico.....	36.....	20.....	15,984,263
33	Idaho.....	38.....	20.....	15,935,530
34	Colorado.....	39.....	7.....	11,425,687
35	Wyoming.....	45.....	11.....	15,441,097
36	N. Carolina.....	57.....	6.....	12,555,048
37	S. Carolina.....	67.....	6.....	12,899,775
38	Kansas.....	80.....	5.....	25,066,507
39	Nebraska.....	87.....	14.....	19,678,788
40	Missouri.....	96.....	1.....	33,055,467
41	Texas.....	115.....	22.....	27,994,182
42	Montana.....	125.....	46.....	42,122,778
43	Oklahoma.....	126.....	32.....	33,915,860
44	Minnesota.....	133.....	17.....	40,638,761
45	Georgia.....	141.....	6.....	20,718,642
46	Iowa.....	158.....	12.....	64,631,495
47	S. Dakota.....	162.....	30.....	63,086,634
48	N. Dakota.....	241.....	32.....	52,623,843