PUBLISHED WEEKLY

WINNSBORO, S. C. WEDNESDAY, JULY 18, 1906.

ESTABLISHED 1844.

On the Financial Affairs of Fairfield County.

LEGAL INDEBTEDNESS \$24,000; OTHER INDEBT-EDNESS \$4,000.

Irregular Practises Condemned -- No Dishonesty on Part of Officials -- Important Legislation Suggested.

To His Excellency, D. C. Heyward, Governor:

Pursuant to the Joint Resolution of the General Assembly, entitled "A Joint Resolution to authorize the Governor to appoint a Commission to examine into and report the financial affairs of Fairfield County,' approved the 17th day of February, 1906, we respectfully submit our report:

Under the provisions of the Resolution creating this commission, it was required, "to ascertain what the legal indebtedness of said county is and how it has been created, for what purposes, what rate of interest has been or is being paid, and if any of said indebtedness has been incurred contrary to the provisions of the statute law," with power to extend the examination to the past operations of this county as far as may be deemed necessary.

Most of our time was devoted to the office of the County Supervisor, and necessarily so, as it is in that office, claims are audited and allowed. An expert accountant was employed, and, with his assistance, a thorough examination was made for the fiscal years 1899, 1900, 1901, 1902, 1903, 1904 and 1905, and claims approved for the present year up to the time of our investigation were also examined. Our examination, therefore, covered two years of the administration of B. G. Tennant, the four years of Supervisor A. D. Hood (Dec. 21, 1900, to Dec. 22, 1904), and the administration of J. B. Burley, the present incumbent.

We are glad to report that we find no evidence of dishonesty, such as has been reported in some counties, but we find many irregularities, to which attention will hereinafter be directed.

A fire occurred in the Supervisor's office in August, 1905. Many of the original claims were badly charred, and some entirely destroyed. Some time after the fire, the claims were placed in boxes, but in great confusion. We began first to arrange and systematize these papers, and check them off with the "File Books," containing all claims audited and allowed, thus ascertaining how many had been entirely destroyed and their amounts. Comparatively few were entirely missing, and our work has, therefore, been more satisfactory than we had anticipated.

Our next step was to check off all claims in the Supervisor's office by the warrants issued in payment thereof and with the Treasurer's book, with the view of ascertaining the outstanding unpaid claims, and at the same time ascertaining that the Treasurer had vouchers for his disbursements. We had no difficulty in identifying each claim for the years 1899 and 1900, and up to the middle of 1901, with the particular warrant drawn in its payment, but in July, 1901, the practice was adopted of issuing one warrant for the aggregate of several claims, without specifying on the warrant the particular claim, or designating in any definite way, on the face of the warrant or otherwise, the claim such warrant was in payment. Great confusion, in consequence, resulted in endeavoring to check the Supervisor's office with that of the Treasurer. Prior to July, 1901, each warrant bore the same number as the claim it paid, and, besides, it specified the number of the claim for which it was issued. Every claim for the year 1899, except the balance due on a note held by the Winnsboro Bank, to which reference will be made hereafter, was checked off as paid by warrants, as well as all claims for the fiscal year | 1903. Of course, this course of proceeding was without authority of 1900. In the other years which our investigation covered this method law, to say nothing of the discount added. Similar instances might be of examination was impossible, on account of the system in issuing warrants as indicated above. Where a person held only one claim, his warrant specified his particular claim, and warrants of this class could be identified. Generally, in such cases, the number of the warrant and the claim corresponded; hence we eliminated all of these by checking with the warrant; but where a person had bought, say twenty claims, often his warrant was issued in his favor in payment of "twenty claims," without specifying each of the claims. We, therefore, eliminated all claims that could be identified by the warrants issued in payment of claims for the fiscal years since the adoption of the irregular practice, and then took the aggregate of the claims for these fiscal years that could not be identified with the warrants drawn on account of claims for these years, and subtracted the total of such unidentified warrants from the total of the unidentified claims, and the result was \$46.55 in excess of what purports to be the total outstanding claims against the county, a very slight discrepancy considering the long period covered.

It may be mentioned in this connection that the present Supervisor, Mr. J. B. Burley, having seen a practical demonstration of the confusion caused by the irregularity in the system of drawing warrants, has, very properly, corrected it, so that warrants now drawn may be positively identified with the claims.

The practice of allowing so-called discount and approving claims, with the interest or discount added by the Supervisor to the face of the claims presented for approval, has contributed largely to the indebtedness of the county. The schedules annexed to this report will illustrate how this illegal system has developed. We took each claim for each nothing was paid except \$10, and the succeeding Supervisor took it back fiscal year, and ascertained the total added to claims by the Supervisor and sold it for \$200 cash, paying the money over to the Treasurer. in the way of discount. In 1899, in which year less than one hundred dollars worth of claims are missing, this discount amounted to only \$222.38. It was added in that year to a certain class of claims, principally for extra work on the roads. While Mr. Tennant, the then Super- chase, for whatever benefit received, subjet to credit for all amounts visor, testifies that he thought this had been done for several years prior paid, whether as principal or interest, that question, however, must be to 1899, we found, upon an inspection of the claims themselves, that as settled by the proper tribunal. It is certainly not now an approved far back as 1890, 1891 and 1892, they do not show it, and in the interwening years (1892-1899), of Mr. Tennant's own administration, it is exceedingly rare to find a claim in which this was done. Mr. Tennant testified from his impressions, and not from an inspection of the record. In 1900, this discount increased to \$401.91, with less than one hundred note represents balance on original note for \$2,548.77 for money bordollars worth of claims missing for that year other than "State Case" claims, and in the latter class of claims the discount was seldom added. In 1901, it was \$645.30, with about three hundred dollars worth of for 1897 (22 Stat., 553). This is the only outstanding debt prior to claims missing other than State Case claims, and in 1902, \$678.46, with 1903. about two thousand dollars worth of claims missing other than State Cases. In 1903, with about two thousand dollars worth of claims misscers' salaries, the total amount, thus added, aggregated \$1,057.62, with In 1904, Mr. A. D. Hood, the then Supervisor, issued to Mrs. Wliliford

count had increased to \$1,143.10.

By this system, the county has been paying in some instances as high as 42 per cent. per annum; in other instances 28 per cent., 14 per cent., 21 per cent. and so on; in fact, prior to 1905, 8 per cent. was added to the face of the claim, so that the rate per annum would be even higher. This discount is included in the amount for which the claim is approved, and that, too, without regard as to the time of payment. As an illustration, some are paid within three or four months after the claim is made, so that the rate per annum, in such instances, would be 28 per cent. and 21 per cent.; or 32 per cent. and 24 per cent., when 8 per cent. was added.

Our own Supreme Court has decided that an approved claim does not draw interest (Holmes & Calder vs. Charleston County, 14 S. C., 146). How much less reason and authority for adding discount to claims and approving them with it included? The Courts of other jurisdictions have been particularly severe in their animadversions upon these discount transactions, and condemned them as essentially illegal and as being inherently and highly dangerous, and likely to lead to most disastrous results, and warrants issued on account of claims including it, by which it is sought to maintain the market value of county paper at par, are void to the extent of the discount included. It is unfortunate that county paper is not at par, but the Legislature has not seen proper to delegate power to County Board of Commissioners to maintain its selling price at face value, by this method.

Fairfield County has been borrowing from the Sinking Fund Commission, for several years, varying from \$7,200 to \$7,400, and for its payment the taxes levied for the particular year in which the money is borrowed are pledged. We find that since 1900 this money has been used, almost immediately upon its receipt, for the payment of claims for the preceding fiscal year. This money is borrowed, under authority contained in the several Supply Acts for the years covering this examination, and is borrowed "for court expenses, jail fees and other deficiencies." By using this borrowed money to pay claims of the preceding year, and that, too, for claims on which a full year's interest has already been allowed, under this discount system, not only is the already high rate of interest increased, but the treasury is thereby depleted of funds to meet current expenses. The unwisdom of such financial policy, even if it was legal, is obvious. Nearly all of the money borrowed for the present year from the Sinking Fund Commission was wholly used in payment of claims for the fiscal year 1905, held by the Young Men's Saving and Loan Association, a corporation of this State. We merely mention this as an illustration, for the practice seems to have obtained in other years. The Supply Act of 1906 (Acts, 1906, p. 190), authorized this loan for "Court expenses, jail fees and other deficiencies," and appropriates \$1,800 for past indebtedness, so that it would seem that not exceeding the amount appropriated could be so used for past indebtedness, and the same application of all in excess of the appropriation is without statutory authority. Similar provisions are contained in the Supply Acts of other years, except for the year 1904 no specific amount

is appropriated for past indebtedness. It will appear by this report that all of the indebtedness of the county except the Sinking Fund loan (\$7,400) and the note held by the Winnsboro Bank (\$1,160.48), arose on account of claims for the fiscal years 1903, 1904 and 1905, and especially 1904. In this connection attention should be called to another irregular practice of the last three or four years. Occasionally where a person or corporation had bought a large number of claims for a given fiscal year, and the funds were insufficient to pay the debts of that year, a new claim was made in favor of such person or corporation, for the deficiency with interest added, in addition to the discount already allowed in the separate claims, and the new claim representing the aggregate deficiency, was carried as a claim for the current year, and paid out of the taxes for that year. For instance, a claim (No. 367) was made in favor of the Merchants' Building and Loan Association, dated May 19th, 1909, "to paying shortage on last year's indebtedness, \$1,000, discount \$86,95," making \$1,086,95, and, though a debt, in fact, represented by the unpaid balances on numerous separate claims for the fiscal year 1901, it was carried as one single claim for 1902, and was paid out of the taxes of 1902, on 18th March, given for the years 1902 and 1903, which amount, in effect, to applying the taxes of those years to the debts of the preceding year.

In some instances, claims are not entered on the file book, subsequent to 1900, for the correct fiscal year, but we have taken the claims themselves and made up the schedule annexed for the proper fiscal year.

In the fall of 1902, A. D. Hood, as County Supervisor, through W. A. Neil, as agent for the Good Roads Machine Co., of Erie, Pa., bought certain machinery, and gave his note as County Supervisor for \$1,769, dated sometime during the first part of the year 1903, payable December 31st, 1903, with interest at six per cent. An agreement is in the County Supervisor's office, signed by W. A. Neal as agent, agreeing to renew this note from time to time for five years. It has been renewed from year to year, the last renewal being for \$1,759.00, dated January 16th, 1905, payable 31st December, 1905, with interest from date at six per cent. per annum. Some conflict appears in the testimony as to whether there was a formal meeting of the Board of County Commissioners authorizing this purchase, but since the County Supervisor has no authority to borrow maney, in the absence of a statute expressly authorizing it, and is expressly prohibited by Section 609, Gode of Laws, 1902, from issuing any certificate of indebtedness, this note is null and void and all payments made on it, or interest paid thereon, are without authority of law.

The county now has only the plough of this road mechinery. The traction engine was sold to a Mr. R. V. Vaughn, of Jennings, S. C., in January or February, 1904, for \$800, the Supervisor taking his note; but

As the note is null and void we cannot report this, under the present icrcumstances, as a legal debt against the county. While the county may be liable not upon the note, but upon the original contract of purclaim against the county, and your Commissioners are not vested with power to audit and allow glains.

The Winnsboro Bank, of Winnsboro, S. C., helds a note for \$1,160.46, upon which the interest has been paid to December 1st, 1906. This rowed pursuant to a resolution of the Board of County Commissioners on 23d March, 1897, by virtue of authority contained in the Supply Act

During the year 1903, Mrs. J. A. Williford, of Winnsboro, through her agent, L. E. Owens, bought some county claims amounting to ing, this discount was \$802.29, and in 1904, by which time such discount \$897.80. Many of these claims, Mr. Owens testifies, had the discount was confined to no particular class of claims, but is not included in offi- added, and had been purchased at different times during the year 1903.

about two thousand dollars worth of claims missing. In 1905 this dis- | a certificate (No. 669) for an approved claim of \$960.65, which represented the aggregate of the claims, with a year's interest. The making out and approving a new claim, in substitution for the original claims, very good crops, especially corn. was unauthorized. It should be stated this new claim is not entered on The cotton is somewhat spotted. the file book among the audited and approved claims. The legal debt The grass is nearly all cleaned is \$897.80 without interest. In 1904, Mrs. J. A. Williford, through the out. Messrs Lathan, McDonald same agent, purchased claims aggregating \$510.81, all of which were approved, and a certificate for each separate claim was issued to her certifying the number of the claim, the amount, etc., and these certificates were produced. These original claims show on their face, except those for Magistrates' and Constables' salaries, 7 per cent. discount in- Columbia College for Women, cluded in the amounts for which they are approved, the total discount so allowed being \$21.15. To the extent of this discount they are illegal. The legal debt is \$489.66.

For several years previous to and including 1904, the Merchants' Building and Loan Association, of Winnsboro, a corporation of this State, and now liquidated, had been buying claims against the county. are visiting her father and other This corporation was the owner of claims, at the close of the year 1904, amounting to \$17,538.37. One of which claims for \$2,203.40, which, as a matter of fact, represented claims bought for the fiscal year 1903, but a new claim substituted, as in other instances already mentioned; \$203.40 thereof being the discount added. Nothing appears on the Supervisor's books to indicate what particular claims this corporation bought, or owned, but its books were produced and its secretary and treasurer examined, and under the system adopted by the association, by which its paper was numbered, we had no difficulty in tracing and finding a large part of the original claims, and they were identified by this officer as well as by the Supervisor. Some are informally approved, spending some weeks with his but they are entered on the file book as audited and allowed claims, and parents, Mr. and Mrs. W. J. we have so treated them. The present Supervisor issued two checks or warrants on the Treasurer, one for \$7,400, the other for \$138.37, which were in part payment of these claims, leaving a balance of \$10,000. He borrowed from Mrs. M. R. McMaster, as executrix of J. F. McMaster, deceased, \$10,000, giving his note, dated March 2, 1905, for \$10,700, payable 2d March, 1906, signing it as County Supervisor. He was paid the \$10,000, and the same was paid over by him to the Merchants' Building and Loan Association. The original claims have never been receipted or marked paid. The County Supervisor had no power, in the absence of statutory authority, to borrow this money, and the note is null and void. A very small part of the original claims are missing, but it appears from those that were found, that discount was included in them to the extent of \$948.73, and as to this portion they are illegal. The balance legally due on their account is \$9,051.27. While Mrs. McMaster's note is void, as against the county, she is entitled to the legal amount due on these claims through subrogation to the rights of lin, Ga. Surely there's nothing the Merchants' Building and Loan Association.

Besides the note hereinbefore mentioned, the Winnsboro Bank, of Winnsboro, holds jury, witness, and constable tickets, representing the Court expenses for 1904, amounting to \$1,834.72, and there is legally due this amount without interest. It has been the practice for several years, to allow banks purchasing these jury and witness pay certificates interest on them for the time they remain unpaid, but there is no statutory or other legal authority for it.

D. V. Walker, of Winnsboro, bought from the original owners, claims for the fiscal year 1904, which aggregated \$842.37, and they included \$30.37 of illegal discount in the amounts for which they are approved. A note was given by the present Supervisor for these claims adding one year's interest to the \$842.37. This note is null and void for want of authority. The legal debt is \$812.37.

Mr. J. B. Burley, "County Supervisor," made his promissory note to Mrs. F. M. Habenicht, for \$1,070, dated August 5th, 1905, payable on March 1st, 1906, with interest after maturity at eight per cent. per annum. Mrs. Habenicht bought, during the year 1905, claims for that fiscal year which were approved for \$1,032.89. This note represented the justice, to name the princi-\$1,000 of these claims and \$70 as interest to accrue from the date of the note to its maturity, 7 months and 36 days. By examining the original claims, it appears that \$67.69 in the way of discount had been included in them. By warrant or check, of the County Supervisor, No. 149, dated 26th March, 1906, on the County Treasurer, seventy dollars were Chicago Tribune. paid as interest on this note, and a renewal note made, payable 16th January, 1907. For reasons already stated these notes are void, and the true evidence of the debt is represented by the original claims. The legal amount due is \$1,032.89, less \$70.00, part payment, and less \$67.69. You need a pill!

You need a pill!

You need a pill!

Now for prose and facts—DeWitt's Little Early Risers are the most pleas-

T. W. Taylor is the owner of claims bought by him from the original owners, for the fiscal year 1905, aggregating \$2,108.29, but which are illegal to the extent of \$137.63, discount included. The legal debt is

We find and report that the legal past indebtedness of Fairfield

County to do romono.		
Fiscal year 1902	2	00
Fiscal year 1903	3,665	6
Fiscal year 1904	9,418	17
Fiscal year 1905	2,865	80
Winnsboro Bank above	1,160	48

\$17.112 16

The Sinking Fund lean for the fiscal year 1906 is \$7,400, at the rate of 5 per cent. per annum, for the payment of which this year's taxes are pledged.

The schedules marked A. B. C. D. E. F and G. show the amount of approved claims for each fiscal year, for what purposes, and the amount of discount included, and they also indicate amount of claims missing or destroyed by the fire. All noted as missing are on the books. On the Books of the Supervisor, under the Road and Bridge Account, is included the expenses of the chain gang as well as all disbursements on account of the public roads, and under "The Poor House Account" are included the disbursements on account of the poor house and aid extended paupers outside of it. We have separated the claims to show how much has been expended for each, but where the original claims are missing they, of course, could not be so classified. In justice to the present Supervisor, it should be stated that while the expenditure on account of public buildings for 1905, as shown by schedule G, is in excess of other years, this is due largely to repairing the Court House. The voice of South Car'lina' son and the money collected from the insurance policy was used for this purpose. It should also be noted that in 1904 mules were bought for about \$920 with the discount included, and this amount is included in the expenses of the chain gang for 1904. These schedules show a steady increase, within the last seven years, in expenditures, more especially in aid extended paupers, the latter amounting to \$1,933.94 in 1905, and in maintenance of the chain gang, which, from the best information we could obtain, averages from 12 to 15 convicts.

While it is generally asserted that a very large proportion of those liable for road duty pay the commutation road tax, yet the tax averages only between \$600 to \$700 per annum. We must conclude that a great many are escaping the tax and avoiding the road duty.

(Continued on page four.)

East Blackstock Notes.

This section is favored with and Morrison have some very fine corn and sorghum. My friend, Sam McDonald, still has some fine hogs.

Miss Bettie McCarley, from the spent several days with her sister, Mrs. Sam McDonald, and friends here last week before leaving for her home at Boardman, Fla.

· Mrs. C. A. Lucas and daughter, Mrs. Bradford, of Dupont, Ga., relatives here. Their many friends are happy to see then.

Mr. Turner McCarley of Boardman, Fla., spent last week here with his daughter, Mrs Sam Mc-Donald, and brother, Mr. William McCarley.

Miss Lillie DuPee of Tampa, Fla., was the guest this week of the Misses McDonald.

Mr. R. S. Lathan returned last Saturday to Savannah, Ga., after

Miss Sara Lathan left Tuesday for her school at Sharon, S. C.

Mr. Jno. H. Neil of White Oak spent a few days here with friends and old comrades this

Mr. E. E. Lathan and family visited their uncle, Mr. W. J. Lathan, this week. Uno. July 14, 1906.

Only 82 Years Old.

"I am only 82 years old and don't expect even when I get to be real old to feel that way as long as I can get Electric Bitters,' says Mrs. E. H. Brunson, of Dubelse keeps the old as young and makes the weak as strong as this grand tonic medicine. Dyspepsia, torpid liver, inflamed kidneys or chronic constipation are unknown after taking Electric Bitters a reasonable time. Guaranteed by Jno. H. McMaster & Co., druggists. Price 50c.

Not That Kind.

There had been a quarrel between the two families.

The woman of the third-floor flat had emptied a quantity of kitchen slops on the second-floor flat, and the subsequent proceedings were in process of investigation in the police court.

"I will ask you, madam," said pals of this affair.'

"There wasn't any, your honor," snapped the complaining witness. 'It was the most unprinciple thing I ever saw in my life!"-

Does evil still, your whole life fill? Does who betide? Your thoughts abide on suicide?

ant and reliable pills known to-day. They never gripe. Sold by Jno. H. McMaster & Co.

Banner Wheat Yield.

Messrs. Burnett, Dillard and Thompson, owners of Fernwood farms, pear city, are champion wheat growers, having produced 1,218 bushels of wheat on 40 acres-more than thirty bushels to the acre. This is a splendid record, one to be proud of, for this crop of wheat was made in the face of bad season and heavy rains during the early stages of the crops, doing considerable damage. - Spartanburg Journal.

For Over Sixty Years.

MRS. WINSLOW'S SCOTHING SYRUP has been used for over 60 years by millions of mothers for their children while teething, with perfect success. It soothes the child, softens the gums, allays all pain; cures wind colic, and s the best remedy for Diarrhoea. It will relieve the poor little sufferer im. mediately. Sold by druggists in every part of the world. Twenty-five cents bottle. Be sure and ask for "Mrs Winslow's Soothing Syrup," and take no other kind.

All's Quiet on the Potomac.

It's strangely still in Washing-

They miss the Cannon's roar; No longer thrills the floor.

Gone is each legislative head That banged the bills about; And Washington is very dead Since Congress has let out!

-Cleveland Plain Dealer. A little love, a little wealth, A little home for you and me;

It's all I ask except good health, Which comes with Rocky Mountain Tea. Jno. H. McMaster & Co. If you hear anything creep-

ing up behind you, you need not look around it's probably only a candidate.-News and Courier.