

CITY'S FINANCIAL CONDITION

Jennings Makes Statement of Bonded and Other Debtedness and Outlines His Policy

Sumter, S. C., April 21, 1920. Daily Item.

In your paper of April 16th appearing

the financial condition of the City of Sumter is such that in the selection of a successor to Councilman Booth care should be taken to elect a man who is a conservative financier. The obligations that the City Council has assumed are greater than the City has ever before known, and the situation is not desperate if the City Council is careful and judiciously managed.

do not know from what source derived your information upon which the above statement was based. I will give you the financial status of the City, and then the people can judge for themselves.

The City's total bonded indebtedness is \$547,750. The note indebtedness is \$237,500, making a total indebtedness of \$785,250. The City has a sinking fund deposited in bank of \$41,127.57. This subtracted from the total indebtedness leaves a balance of bonded and note indebtedness of 704,127.43. This consists of:

Bonds, city hall	\$ 20,000
Bonds, Main street paving	25,000
Bonds, sewerage	50,000
Street improvements	243,750
Waterworks	116,000
Current notes	286,500

From this \$41,127.57, which would leave the balance of indebtedness \$743,000.

We have just purchased the electric light and ice plant, and the total cost, including what has already been paid out and that which has been contracted for, and the amount estimated to finish aggregates \$546,086.62, consisting as follows:

Paid for light & ice plant	\$234,523.32
Real estate added to plant	10,500.00
Machinery purchased	185,406.00
Estimated cost of bldg.	100,000.00
Total	\$530,429.32

Balance estimated for materials etc. not yet purchased, \$15,657.30.

On this we have paid \$291,658.73.

The balance to be paid is \$238,770.54. We have not sold the authorized bond issue of \$350,000. When that is sold we will pay the note indebtedness of \$238,500 which was borrowed in anticipation of the sale of the bonds. This will leave a balance from the sale of bonds of \$4,500. This subtracted from the balance we will have to pay to complete the plant will leave \$175,270.54.

We have cash on hand at this date \$22,187.54. This subtracted from the \$175,270.54 will leave a balance of \$153,083.10, which will have to be paid out of the current income. This \$153,083.10 will not have to be paid now, because when we purchased the machinery there was only a part to be paid upon delivery and the balance when the machinery was erected and in operation. Therefore we will not have to pay \$104,012 of this amount until after October 1st, by which time we should receive a large portion from the current income and what balance we will need we can easily borrow from the banks, as the amount will not be very large.

The current income in excess of the expenditures for the fiscal year ending June 30, 1918, was \$59,274.91; for the fiscal year ending June 30, 1919, was \$65,232.90; and to April 1, 1920, was \$79,691.03. From this will have to be deducted the fixed expenses from April 1, 1920, to June 30, 1920, less any income from licenses, taxes, water rent, lights and ice to June 30, 1920. This excess income over current expenses for the three years, that is for the fiscal years 1918, 1919 and to April 1, 1920, aggregates \$204,198.90, and if we estimated it will take the \$4,128.90 in addition to collections which will come in between April 1 and June 30th, 1920, for the current expenses, this will leave a total of \$208,069.90 excess of income for this period over the current expenses. I am satisfied it can be safely estimated that this \$208,069.90 can be paid easily out of the current income within the next two years.

Not only was the \$208,069 above referred to saved out of the current income over fixed expenses and used for permanent improvements, but in addition to this we have paid out of the current income the city's interest and installments on the street bonds, which aggregate \$40,000, and in addition to this, we paid out of the current income over and above the \$300,000 worth of bonds sold to pave the streets approximately \$40,000, and in addition to this we have extended the water and sewer lines and have spent a considerable sum for this purpose, and in addition to this, we have laid aside as a sinking fund to retire the bonds at maturity approximately \$11,000.

When I was first elected mayor there was no sinking fund laid aside for the redemption of any of the city bonds, but we have since laid aside approximately \$41,000 for this purpose, all of which came out of the current income of the city. If we were able to pay all of these items out of the city's current income, in addition to that, accumulate the \$208,000 above referred to, which has been used in permanent improvements, such as the extension of water lines, sewer lines and in purchasing machinery for the electric light plant, then I see no reason, even if the government of the city is not managed in the future by any more competent business men than it has been in the past, why we should not be able to pay back the \$152,000 above referred to out of the current income within the next two years.

To the minds of some over-conservative financiers the city's financial condition may seem alarming, but to the progressive business and forward-

looking people the financial condition of the City of Sumter will appear to be in a very healthy condition.

If those in charge of the city's affairs were spending more money for current expenses than the income of the city, then the situation might call for a more judicious management than it has in the past, but when the city government is being maintained on a great deal less than its current income, and when the excess current income is being expended in permanent improvements, such as extensions of the water system, the sewage system, for fire protection, and adding to the electric light and ice plants, to my mind this does not establish such a condition as calls for alarm. If an individual in the operation of his business pays all of the expenses out of the income and has left \$50,000 and borrows another \$50,000 and invests \$100,000 in additional property, I would not call that a condition calling for different management than the management which saved the \$50,000 above operating expenses and invested it, together with another \$50,000 borrowed. This is the city's condition. We purchased the electric light and ice plants, which will cost in round numbers \$550,000. We are to issue only \$350,000 worth of bonds, and will be able easily to pay the other \$200,000 out of the city's income. Which would have been better business? To have issued \$550,000 of bonds and pay interest on same for 15 years, or only issue \$350,000 and temporarily borrow the other \$200,000 and pay it out of the savings from the city's income after paying the fixed expenses of the city?

When the \$350,000 bond issue is sold then the city's total bonded indebtedness will be \$804,750, with a sinking fund in hand of \$41,127.57, which subtracted from the total bonded indebtedness will leave \$763,622.43. To offset this the city has its sewer system, waterworks, streets and its electric light and ice plant and other equipment.

The assessed value for taxes of the property in the city is \$4,432,335, and I am confident that the property is not returned for more than 20 per cent of its market value. On this basis the actual value of the property within the incorporate limits is not less than \$20,000,000—not considering hundreds of thousands of dollars of bonds and mortgages held by taxpayers which are not returned for taxes at all—with an indebtedness of less than \$1,000,000. For myself, I would rather have this indebtedness and have the waterworks, sewerage, streets and electric lights and ice plant than to have no bonded indebtedness and have none of these things.

If, when you say care should be taken to elect a strong man who is a conservative financier, as successor to Councilman Booth you mean a man who will judiciously spend the city's finances in extending our water and sewer lines, light lines, and properly equipping and maintaining our fire department so that every one may enjoy these conveniences and fire protection, then I fully agree with you, but if you mean that we should elect a strong man who is a conservative financier, who will act in a miserly manner with the city's funds and try and keep a large balance in bank, in extension of using the same for the extension of the public utilities, and for the purpose of keeping our city abreast, if not ahead, of other cities, then I do not agree with you. I do hope a strong man will be elected, but a forward-looking man who has faith in our city's future and who has nerve to use the income of the city for its upbuilding.

As long as I am on Council I shall always vote to use the surplus income which is over and above the fixed charges of maintaining our public utilities, and if it appears to me to be wisdom to borrow additional funds to add to these to properly make these extensions, I shall vote to borrow same as long as it is within the law. I am perfectly willing for the public to judge whether the city's affairs have been handled, since I have been connected with its government, in a business-like manner, or whether they have been handled in such a reckless and wasteful manner that the city should in the future elect stronger and more conservative financiers. It has been my motto in life that I can get more out of what money will buy than by hoarding up in bank, so long as my expenditures do not exceed my income, and I am satisfied that the people of the city can get more out of their public utilities, than they could by hoarding the surplus income in the banks instead of investing it in these utilities, together with additional funds, if it be necessary to borrow and gradually repay the same.

I am writing rather at length, but the article referred to herein, which was printed in your paper of the 16th, seems to reflect upon City Council when it says, "The financial condition of the City of Sumter is such that in the selection of a successor to Councilman Booth should be taken to elect a strong man who is a conservative financier." It is, therefore, necessary to write at length in order that the people may be given the facts as to the city's financial condition and how the government has been maintained and its present financial condition today, because it will be seen if the bonds authorized to be sold had been sold in the city, instead of owing for any current obligations would have in the treasury \$86,687.54, which would be enough to pay all expenses in connection with the lighting plant that will be due until the machinery is erected and in operation, which will be some eight or ten months in the future.

As to the fire equipment recently purchased, I beg to say that the fire department was absolutely without necessary fire equipment, and, in my opinion, it was absolutely necessary to buy the new fire truck. In my judgment it is also necessary to increase our water supply at the station in order to have better fire protection, and I hope that the new Councilman who may be elected will be broad enough to see the necessity of increasing the water supply. When it becomes necessary to increase the fire equipment

and the water supply I am in favor of doing so, even if the city has not the cash at the time in bank to pay for same, by borrowing the necessary funds until the funds are in hand. I am not one of those who think it wisdom to have a poorly equipped fire department and an insufficient water supply for fire protection rather than to borrow the money and buy the equipment and increase the water supply. If this be poor business and reckless financing then I am in favor of poor business and reckless financing as distinguished from good business and conservative financing. Yours truly, L. D. JENNINGS.

It is not the purpose of The Daily Item to engage in a long-winded controversy with Mayor Jennings respecting the financial status of the City of Sumter. For his information, or rather to satisfy his expressed curiosity on the point, it can be stated that the facts upon which the assertion was made that the City of Sumter has assumed greater obligations than ever before and that the situation calls for careful management, were obtained from the books of the city, and it is maintained that the somewhat detailed statement given above by the Mayor substantiates the assertion, as anyone who will take the trouble to analyze the figures for himself will be forced to conclude.

The phase of the situation that we regarded as serious is the fact that the city is a large borrower from the banks, using the unsold bonds as security, which bonds have remained unsold for months after they should have been sold, and that there appears to be great difficulty in finding a buyer. In the meanwhile the city is paying a higher rate of interest to the banks than the bonds would bear; that the money was borrowed from the banks on short term notes, with the promise to pay them at maturity, which promises has not been kept, for the reason that a buyer for the bonds has not been found. Until the bonds are sold and the money borrowed from the banks is repaid, the borrowing ability of the city will be necessarily curtailed and additional funds to meet obligations assumed for the lighting plant and other expenses will be difficult to obtain.

A subsidiary phase of the situation that also seems to verge upon the serious is the large financial obligation that the city has assumed in anticipation of the collection of taxes—an amount so great that Mayor Jennings himself estimates that at least two years, under favorable conditions will be required to liquidate it. As we understand the law, the city is permitted to anticipate one year's income from taxes, but not for a longer term. By Mayor Jennings' own admission the income of the city for at least two years is pledged to the limit, and there is little if any margin, even on the most liberal estimate. For extraordinary expenses or improvements that future conditions may render absolutely essential to the well-being of the community.

If this is not a situation that calls for financial ability and conservatism we do not know a condition that would call for the exercise of those qualities. That was all that was intended or implied by the assertion that Mayor Jennings uses as a text, and which he seems to regard as a reflection upon, or at the least, an attack, by the implication upon his administration and his policies in the conduct of the city's affairs. Taking it on the whole we have endorsed the policy of the city administration, although in matters of detail it would be easy to find ground for criticism, but having no wish to play the fault-finder we have not heretofore, nor will we now, criticize matters of mere administrative detail that we have regarded as ill-advised.

MAKING COTTON WORTH MORE

Closer Relations Between Producer and Consumer Good for Both

Boston, April 22.—Closer relations between grower and spinner would increase the value of cotton a billion dollars to the grower and insure a better product for the spinner, S. M. Cottrell told the National Association of Cotton Manufacturers.

D. A. R. PRESIDENT

Mrs. George Minor Has No Opposition

Washington, April 22.—Mrs. George Minor is unopposed for president general of the Daughters of the American Revolution.

CORN PRICE GOES DOWN

Speculators Raid the Grain Market

Chicago, April 22.—Sharp breaks again took place in the corn market today.

FRIENDLY TO GERMANY

England and Italy Wanted Them at San Remo Conference

Paris, April 22.—(Havas)—The San Remo correspondent of the Matin says that Premiers Lloyd George and Nitti suggested that Germany be invited to take part in the discussions here but finally yielded on objections by Premier Milerand.

Washington, April 16.—Enactment of legislation authorizing the War Department to dispose of its surplus supply of nitrate of soda, in order to relieve the shortage of fertilizers, was

WILL DISCUSS "MODERN UNREST"

D. H. McGibeny Selects Timely Topic for Chautauqua.

Well-Known Writer and Lecturer Has Wide Knowledge of Present-Day Conditions.

Donald H. McGibeny, novelist and traveler, comes with a broad background of experience to lecture at the



D. H. MCGIBENY.

Redpath Chautauqua on "The Modern Unrest"

This lecture is to a great extent a study of bolshevism and what it aims to accomplish.

Mr. McGibeny has given much time to the investigation of bolshevism, not only abroad but in America as well. His experiences in Washington in tracking down the national society of anarchists revealed important events of present-day history.

Besides being a lecturer of unusual ability, Mr. McGibeny has also received marked recognition as a writer. The Ladies' Home Journal is carrying each month a story by him, illustrated in color, and a new McGibeny novel, "Bullet Proof," has just been published.

CHERAW BESTS SUMTER.

Cheraw, April 16.—Cheraw High School defeated Sumter High to the tune of 18 to 2. The feature of the game was the excellent fielding of Donald Mateson. Batteries: Cheraw, Graham and McPherson; Sumter, Brightwell, Chandler and Wheeler.

The selection of the successor of Councilman Booth should not be left to a hap-hazard guess. The management of the business affairs of the city call for the services of the ablest and most public spirited citizens that the town affords.

THE COST OF COTTON

Department of Agriculture Tardily Confirms Statement That Cotton Has Been Sold at Less Than Production Cost.

(Manufacturers Record, Baltimore)

For a year or more there has been an impression that the U. S. Department of Agriculture had compiled a report as to the actual cost of cotton production, but that some influence was sufficiently great to keep the facts from being given to the public.

Whether correct or not, there would seem to be some basis for the belief thus held, since the Department of Agriculture has just issued a report on the cost of cotton compiled for the crop of 1918. Had the facts which are now made public officially been known when they were compiled there would never have been any denunciation of Southern farmers for their efforts to secure a fair price for cotton during the last two years. As a matter of fact a very large part of the cotton crop of 1918 and 1919 was sold much below the figures which the Department of Agriculture officially gives as the actual cost of production in 1918. The cotton bear gamblers, the misinformed men like Randall N. Durfee, Governor Allen and others, some honestly misinformed, some selfishly misinformed have been denouncing the South for the price of cotton when the National Government had in its possession the actual figures which proved that the cost of cotton production was below the selling price for a large part of the time during which the South has been thus so vigorously berated.

The question may very naturally and very properly be asked, Why were not these figures promptly given to the public a year and half ago? Why were they held in abeyance and the cotton producers made to suffer a tremendous loss because they found it impossible to convince the public of the truth of their reports as to the cost of cotton production while the Government had the figures in its possession, but withheld them from the public until March 24, 1920, although they were gathered in the spring of 1919, a year ago.

The Government figures are not entirely fair to the cotton growers, even as they stand. But based on the actual returns from 842 farms scattered over the South, from South Carolina to Texas, it was shown that the average cost on these farms was 28 cents per pound for lint cotton. But these farms gave a very much higher average than the net yield for the entire South. In this report the average yield of 842 farms selected is given at 227 pounds of lint cotton per acre, but as a matter of fact the average yield of the entire South in 1918 was only 155.9 pounds per acre. Where the yields were high the cost per pound was comparatively low, and where the yield was light cost was high, is the statement of the Department, but that is a fact which is so well known that it hardly needed publication.

The Department, basing its estimate

on the return of these 842 farms, says:

"The cost almost co-incides with the price actually received for the crop in question, namely, about 29 cents."

If the actual cost of production and the actual selling price were practically the same, how is it possible for the Department of Agriculture to claim as it does that the cotton farmers had a prosperous year in 1918, when it admits that their cotton was sold at the cost of production? The 1918 crop was produced from material, contracted for 1917 and at the wages then prevailing. This was before the great advance in materials and labor, which made the crop of 1919 cost very much more than the crop of 1918. So great has been the increase in wages and materials that if we were to accept as correct the Department of Agriculture's estimate of 28 cents per pound as the cost of cotton production for 1918, the cost for this year will probably be at least 50 per cent higher, which would very nearly tally with the claims of many cotton authorities throughout the South, who have given far more study to the cost of production than has the Department of Agriculture. But it is at least some satisfaction, late in the day as it is, to know that the Department of Agriculture has admitted as much as it has now made public, to the effect that the cotton crop of 1918 cost as much as the price at which it was sold not, of course, including the value of the seed. As a matter of fact the average cost of production that year must have very greatly exceeded the estimate of the Department, for the average yield on the farms selected was far greater than the average for the entire South.

AUTOMOBILES MUST STOP

Columbia, April 17.—The following is the text of an act adopted at the recent session of the Legislature, which is of special interest to all automobilists:

"An act to make it unlawful for any person driving a motor vehicle which strikes any person to fail to stop and render assistance, and the failure to stop is prima facie evidence of negligence in any suit against any person in such motor vehicle.

"Section 1. Be it enacted by the General Assembly of the State of South Carolina, every person driving a motor vehicle, which strikes or hits any person or another vehicle shall stop such motor vehicle at once and render such assistance as he or she can, and shall, upon request give his or her name and postoffice address and the license number of his motor vehicle.

"Section 2. Any person violating the provisions of this act shall be guilty of a misdemeanor and upon conviction shall be fined not more than \$500 or imprisoned not more than one year or both."

completed today with the adoption by the Senate of the House amendment limiting the amount that can be sold to any one person to 100 tons. The legislation now goes to the President.

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Give us an opportunity to explain our perfect service—the kind YOU want—the service that was designed to sell your land for its full commercial value. Our MODERN AUCTION METHOD is logically adopted to securing LARGEST RETURNS.

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BANK REFERENCES:

Any Bank in Petersburg, Va., or Greenville, N. C.