

DEPARTMENT OF COMMERCE
BUREAU OF THE CENSUS

SAM. L. ROGERS, DIRECTOR

BULLETIN 132

ABSTRACT OF
FINANCIAL STATISTICS OF
CITIES HAVING A POPULATION
OF OVER 30,000

1915



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LETTER OF TRANSMITTAL.

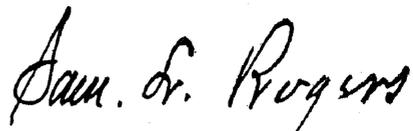
DEPARTMENT OF COMMERCE,
BUREAU OF THE CENSUS,
Washington, D. C., June 12, 1916.

SIR:
I transmit herewith an abstract of the annual report of the Bureau of the Census on financial statistics of cities having a population of over 30,000, in which is presented a summary of the financial transactions of 204 cities for the fiscal year 1915, the assessed valuation of taxable property in those cities, and the taxes levied thereon during that year and their indebtedness and assets at the close of that year.

This abstract presents definitions of the terms employed in the classification of financial data, with the hope that the continued discussion of these important subjects may lead to a greater uniformity in the use of technical accounting terms and to a clearer understanding of the administrative problems that confront those charged with the business administration of our larger cities.

This report was prepared under the supervision of Starke M. Grogan, chief statistician for statistics of states and cities, Arthur J. Hirsch, chief of division, and Lemuel A. Carruthers, expert special agent.

Respectfully,



Director of the Census.

To Hon. WILLIAM C. REDFIELD,
Secretary of Commerce.

FINANCIAL STATISTICS OF CITIES HAVING A POPULATION OF OVER 30,000: 1915.

INTRODUCTION.

CHARACTER AND IMPORTANCE OF MUNICIPAL STATISTICS.

SCOPE OF REPORT.—The present report of the Bureau of the Census is practically limited to a presentation of statistics of the financial transactions during the fiscal year 1915 of the 204 cities each of which had a population of over 30,000 at the middle of the fiscal year reported, and of the financial condition of those cities at the close of the fiscal year. The report presents statistics as accurate and as comparable as it has been feasible to compile from the records of the cities, relating to a number of subjects, the principal of which are (1) the total and per capita receipts from revenues, and from the principal classes thereof; (2) the total and per capita payments for expenses, interest, and outlays, and for each of the principal classes of expenses and outlays; (3) the total value of municipal properties; (4) the total and per capita municipal indebtedness; and (5) the total and per capita assessed valuation of property subject to taxation.

INCREASE IN THE NUMBER AND POPULATION OF CITIES HAVING OVER 30,000 INHABITANTS.—The growing importance of a report such as that described above is shown by one of the most striking social facts of the last century—the greater increase in the population of cities than of smaller places or of farming communities. In 1790, when its first census of population was taken, the United States had but one city with a population of over 30,000. That was New York, N. Y., which at that time had 33,131 inhabitants. The two cities which ranked next to New York in population were Philadelphia, Pa., with 28,522 inhabitants, and Boston, Mass., with 18,320. In 1790 the national population numbered 3,929,214, and the population of New York, N. Y., constituted only 0.8 per cent of that of the Nation. Sixty years later, in 1850, when the population of the country numbered 23,191,876, there were 19 cities each having a population of over 30,000. The largest of these was New York, with a population of 515,547. The 19 cities had an aggregate population of 1,703,302, which constituted 7.3 per cent of the national population. At the end of a second 60 years, in 1910, the cities of the United States each having a population of over 30,000 numbered 184 and had an aggregate population of 27,316,407. This was 29.7 per cent of the 91,972,266 inhabitants of continental United States. In 1910

the population of the Nation was twenty-three and four-tenths times its population in 1790, while the number domiciled in cities of over 30,000 inhabitants was eight hundred and twenty-four and five-tenths times as great as the number of those dwelling in the one city of that size 120 years before. The population of the cities of the size here considered increased from 1790 to 1910 more than thirty-five times as fast as did the population of the Nation, exclusive of its outlying possessions. Table I, which follows, exhibits the population of the Nation, exclusive of outlying possessions, and the number and population of cities each having over 30,000 inhabitants, as the same is reflected in the enumeration of the Federal census at each census year beginning with 1790 and ending with 1910. There is included in the same table the number of cities each of which at the middle of the fiscal year 1915 had an estimated population of over 30,000, and the total estimated population of such cities.

YEAR.	NATION. Population. ¹	CITIES HAVING A POPULATION OF OVER 30,000.		
		Number.	Population. ²	
			Total.	Per cent of national.
1915.....	100,899,318	204	31,168,150	31.0
1910.....	91,972,266	184	27,316,407	29.7
1800.....	75,994,675	135	19,050,921	25.1
1850.....	62,947,714	103	12,612,389	20.0
1880.....	50,155,783	63	7,677,766	15.3
1870.....	38,558,371	44	5,210,397	13.5
1860.....	31,443,321	26	3,246,736	10.3
1850.....	23,191,876	19	1,703,302	7.3
1840.....	17,069,453	8	784,323	4.6
1830.....	12,866,020	6	501,434	3.9
1820.....	9,638,453	4	295,544	3.0
1810.....	7,239,881	4	230,437	3.2
1800.....	5,308,483	2	101,735	1.9
1790.....	3,929,214	1	33,131	0.8

¹ Population shown for 1915 is the estimate as of July 1, 1915; for each of the other years the population is that shown by the Federal census.

² Population shown for 1915 is estimate as of the medial dates of fiscal years of the several cities; for each of the other years the population is that shown by the Federal census.

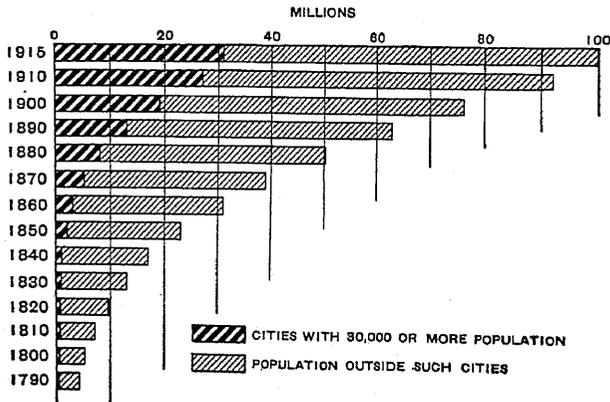
The number of cities given for each census year is the number of those with separate organizations at the time of enumeration. Of those cities, it should be mentioned that Brooklyn, N. Y., which was a separate municipality of over 30,000 inhabitants for each census year from 1840 to 1890, was consolidated with New York, N. Y., prior to 1900; and Allegheny, Pa., which is included in the table as a separate city from 1860 to 1900, was consolidated with Pittsburgh, Pa., prior to 1910.

The estimated population of cities, each of which had over 30,000 inhabitants at the middle of the fiscal-year 1915, is given in Table I, and the number and population of such cities in each of the nine geographic divisions are shown in Table II, which follows.

GEOGRAPHIC DIVISION.	Cities.	Population.
United States.....	204	31,168,150
New England.....	32	3,241,859
Middle Atlantic.....	48	11,613,051
East North Central.....	40	6,819,712
West North Central.....	20	2,569,673
South Atlantic.....	19	2,037,736
East South Central.....	11	975,152
West South Central.....	13	1,159,253
Mountain.....	6	511,029
Pacific.....	15	2,240,685

In Diagram 1 are presented, for each census year and for 1915, the relative population of continental United States and that of cities each of which had over 30,000 inhabitants. In Diagram 2 are shown the percentages of the national population for each of the census years and for 1915 residing in the cities here referred to, and the percentage of national population residing outside these cities.

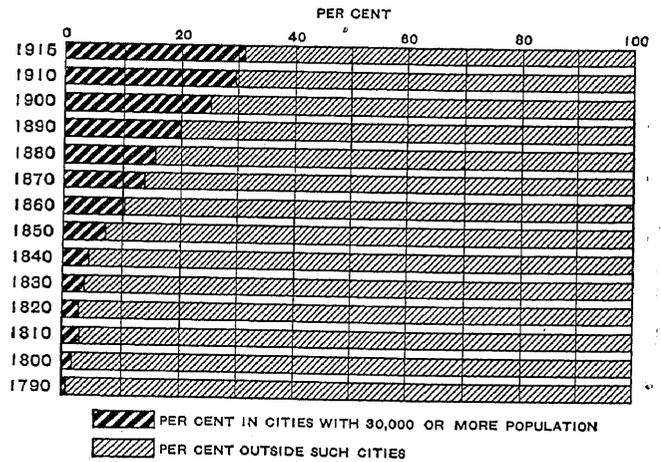
DIAGRAM 1.—POPULATION IN CITIES HAVING A POPULATION OF OVER 30,000 AND OUTSIDE SUCH CITIES FOR SPECIFIED YEARS: 1790-1915.



STATISTICS OF CITIES HAVING OVER 30,000 INHABITANTS.—The unprecedented increase in the number and the actual and relative population of cities having

over 30,000 inhabitants has given rise to many and grave governmental problems. To assist, so far as the same could be done by the aid of exact statistical information, in the solution of these problems, Congress in 1898 authorized the Department of Labor to compile and publish annually the statistics of cities having a population of over 30,000. Later, after the establishment of the Department of Commerce and Labor, the compilation of these statistics was transferred by executive order to the Bureau of the Census, and this office published its first statistics on this subject for the year 1902. Similar statistics have been compiled and published for each succeeding year except 1914.

DIAGRAM 2.—PER CENT OF TOTAL POPULATION IN CITIES HAVING A POPULATION OF OVER 30,000 AND PER CENT OUTSIDE SUCH CITIES FOR SPECIFIED YEARS: 1790-1915.



COMPARATIVE STATISTICS OF 146 CITIES FOR SPECIFIED YEARS.—Of the 204 cities to which this volume relates, statistics have been presented in all of the reports mentioned for only 146 cities. In this statement of numbers the two cities of Pittsburgh and Allegheny, Pa., which were consolidated into the present city of Pittsburgh, are counted as one for all years. The growth in population of the 146 cities for which the Bureau of the Census has thus compiled comparable statistics is shown in Table III, which follows.

Table III

STATE AND CITY.	City number, 1915.	ESTIMATED POPULATION.						
		At medial date, 1915	1918	1911	1909	1907	1905	1903
Total.....		28,843,801	28,111,209	26,788,019	25,108,590	23,107,777	21,978,481	20,869,155
ALABAMA:								
Birmingham.....	33	164,165	158,200	142,295	68,600	47,097	44,640	42,087
Mobile.....	110	55,332	54,610	52,684	51,250	48,642	42,164	40,686
Montgomery.....	146	42,154	41,024	39,032	37,888	41,847	39,769	32,884
ARKANSAS:								
Little Rock.....	114	53,811	52,464	47,456	44,844	41,302	38,716	42,036
CALIFORNIA:								
Los Angeles.....	12	452,140	412,466	347,550	290,868	(1)	(2)	116,420
Oakland.....	30	186,902	175,201	159,601	115,459	(1)	(2)	70,386
Sacramento.....	100	62,717	60,628	46,581	43,330	31,311	30,732	30,152
San Francisco.....	11	*452,255	440,995	425,982	410,343	(1)	(2)	355,919
COLORADO:								
Denver.....	24	245,523	237,885	222,611	207,112	153,524	150,317	147,111
CONNECTICUT:								
Bridgeport.....	47	116,075	112,144	105,854	99,301	86,487	82,061	77,635
Hartford.....	54	107,521	105,107	101,247	97,225	98,484	93,160	87,836
New Haven.....	36	144,505	141,915	136,735	131,337	123,427	119,027	114,027
Waterbury.....	77	82,517	80,289	75,833	71,191	63,696	60,109	56,521
DELAWARE:								
Wilmington.....	69	92,609	90,953	88,745	86,444	86,420	83,860	81,300
DISTRICT OF COLUMBIA:								
Washington.....	17	356,028	348,077	337,476	326,430	312,548	302,883	293,217
FLORIDA:								
Jacksonville.....	87	70,173	67,209	63,346	53,608	*38,049	*35,301	31,798
GEORGIA:								
Atlanta.....	32	179,292	173,713	161,515	135,916	107,265	102,702	96,550
Augusta.....	125	49,451	49,057	41,236	40,899	43,739	42,511	41,283
Savannah.....	91	67,917	67,473	65,592	64,725	69,880	67,311	64,741
ILLINOIS:								
Chicago.....	2	2,397,600	2,344,018	2,245,404	2,142,156	2,107,620	1,990,750	1,873,880
East St. Louis.....	89	69,502	66,899	61,693	56,682	42,530	39,385	36,239
Joliet.....	168	36,934	36,396	35,320	34,198	32,657	31,713	30,799
Peoria.....	88	70,006	69,280	67,828	62,095	67,704	65,026	62,348
Quincy.....	169	36,741	36,696	36,028	36,557	39,583	38,632	37,630
Rockford.....	116	52,337	50,914	48,008	44,240	36,701	34,621	33,361
Springfield.....	104	58,221	56,476	53,484	48,799	39,631	38,234	36,211
INDIANA:								
Evansville.....	86	71,284	70,443	70,723	68,747	65,282	63,132	61,482
Fort Wayne.....	84	72,423	70,500	66,098	60,925	52,219	49,975	48,031
Indianapolis.....	22	259,820	253,668	240,530	228,090	227,698	212,193	197,555
South Bend.....	94	65,114	63,198	59,380	52,087	46,005	43,204	40,327
Terre Haute.....	98	63,529	62,252	59,700	57,316	53,707	51,903	49,611
IOWA:								
Davenport.....	133	46,537	45,553	43,764	42,495	*41,614	*39,797	37,768
Des Moines.....	64	97,304	94,238	88,821	84,592	*81,020	*75,626	65,754
Dubuque.....	155	39,465	39,206	*38,494	39,065	*44,198	*41,941	38,094
Sioux City.....	111	54,470	52,608	49,398	46,690	*44,088	*40,952	*33,111
KANSAS:								
Kansas City.....	67	94,271	91,687	*85,679	74,798	*60,522	*67,614	*59,919
Topeka.....	130	47,102	46,290	*43,684	43,531	*42,702	*37,641	*38,959
KENTUCKY:								
Covington.....	109	55,896	55,272	54,024	52,720	50,495	45,877	44,759
Louisville.....	28	234,482	233,216	227,445	222,293	229,599	222,600	215,722
LOUISIANA:								
New Orleans.....	16	361,221	355,958	345,433	334,470	318,652	309,639	300,625
MAINE:								
Portland.....	101	62,161	61,308	59,602	57,824	56,003	54,330	52,656
MARYLAND:								
Baltimore.....	7	579,590	574,575	564,545	554,095	561,120	546,217	531,313
MASSACHUSETTS:								
Boston.....	5	734,747	722,465	688,912	657,312	*609,175	*595,380	594,618
Brookton.....	97	68,901	62,340	59,092	55,275	*50,886	*47,794	43,843
Cambridge.....	52	110,685	109,045	106,643	103,531	*99,653	*97,434	98,444
Chelsea.....	191	*32,452	32,452	31,275	32,452	*38,575	*37,289	35,920
Fall River.....	43	125,443	123,982	122,593	116,906	*106,121	*105,762	114,004
Fitchburg.....	150	40,454	39,870	38,997	36,978	*33,617	*33,021	34,378
Haverhill.....	131	47,071	46,368	45,646	43,005	*38,092	*37,830	38,987
Holyoke.....	99	62,751	61,635	59,603	56,377	*51,622	*49,994	48,736
Lawrence.....	65	95,834	93,471	89,753	83,096	*73,046	*70,050	67,932
Lowell.....	50	111,004	109,885	109,009	104,148	*95,157	*94,839	100,150
Lynn.....	63	98,207	96,099	92,332	87,166	*80,453	*77,042	72,350
Malden.....	127	48,979	47,892	45,956	43,280	*39,786	*38,037	36,853
New Bedford.....	51	110,941	107,766	102,099	92,718	*79,130	*74,362	68,955
Newton.....	143	42,456	41,825	40,531	39,280	*38,123	*36,827	36,350
Salem.....	132	46,994	46,210	45,176	42,626	*38,295	*37,627	37,504
Somerville.....	74	83,881	82,302	79,177	75,830	*72,323	*69,272	68,090
Springfield.....	62	100,148	97,654	92,675	86,210	*78,132	*73,540	67,423
Taunton.....	174	35,604	35,305	35,061	33,678	*30,940	*30,967	32,713
Worcester.....	34	157,499	154,941	150,336	142,835	*132,020	*128,135	128,552
MICHIGAN:								
Detroit.....	9	546,183	520,586	493,039	447,484	*367,494	*325,563	**309,619
Grand Rapids.....	44	123,860	120,895	116,037	110,660	*101,832	*97,756	**93,679
Saginaw.....	112	54,401	53,161	51,311	49,929	*49,808	*47,676	**45,543
MINNESOTA:								
Duluth.....	71	89,331	86,749	81,818	76,038	*69,731	*64,942	57,397
Minneapolis.....	18	343,466	333,472	311,182	294,330	*285,676	*261,974	214,112
St. Paul.....	27	236,766	231,633	219,136	211,563	*210,606	*197,023	172,038
MISSOURI:								
Joplin.....	189	32,940	32,664	32,296	31,935	*37,279	34,063	30,847
Kansas City.....	21	284,567	273,943	258,009	241,767	185,479	179,272	173,064
St. Joseph.....	76	83,132	81,450	*78,927	77,403	120,504	115,479	110,479
St. Louis.....	4	737,497	723,347	700,707	677,123	661,666	636,978	612,279

1 Estimate not shown, but included in total.
 2 No estimate.
 3 Estimated population, July 1, 1914. No later estimate made.
 4 Based on Federal census of 1900 and state census of 1905.
 5 State census.
 6 Based on Federal census of 1900 and state census of 1904.
 7 Population returned at Thirteenth Census, Apr. 15, 1910.
 8 Population returned at Twelfth Census, June 1, 1900.
 9 State census, March, 1911.
 10 Population, Apr. 15, 1910; decrease since 1900; no estimate made.
 11 Based on state census of 1904.
 12 Based on census of 1890-1910, on account of the defective work of the enumeration of 1900.

FINANCIAL STATISTICS OF CITIES.

Table III—Continued.

STATE AND CITY.	City number, 1915.	ESTIMATED POPULATION.						
		At medial date, 1915	1913	1911	1909	1907	1905	1903
MONTANA:								
Butte.....	142	42,497	41,159	39,917	38,669	45,492	41,757	38,023
NEBRASKA:								
Lincoln.....	136	45,515	45,258	44,488	43,635	49,590	46,874	44,158
Omaha.....	42	133,274	131,093	126,731	122,187	127,768	120,565	113,361
NEW HAMPSHIRE:								
Manchester.....	81	75,635	74,311	71,663	68,904	65,989	63,417	60,845
NEW JERSEY:								
Atlantic City.....	113	53,952	52,098	48,271	44,613	1 41,495	2 37,593	32,272
Bayonne.....	93	66,041	62,960	58,837	53,160	1 46,078	2 42,262	36,829
Camden.....	60	102,465	100,581	97,308	92,532	1 86,334	2 83,363	79,811
Elizabeth.....	75	83,480	80,272	76,558	71,138	1 63,860	2 60,509	56,441
Hoboken.....	82	75,364	73,884	71,528	69,452	1 67,709	2 65,468	64,080
Jersey City.....	20	293,403	287,709	276,474	261,482	1 243,205	2 232,099	219,462
Newark.....	15	389,106	379,211	363,377	335,949	1 295,979	2 283,289	2 265,289
Passaic.....	92	67,643	63,542	58,971	51,733	1 41,761	2 37,337	32,508
Paterson.....	40	135,339	132,236	129,087	123,075	1 114,072	2 111,529	113,217
Trenton.....	55	107,228	104,451	99,946	94,547	1 88,529	2 84,180	76,766
NEW YORK:								
Albany.....	59	102,961	102,344	100,969	99,813	1 99,268	2 97,806	4 94,151
Auburn.....	170	36,728	36,071	35,199	34,283	1 33,399	2 32,527	31,692
Binghamton.....	117	52,191	51,300	49,768	47,483	1 44,475	2 43,096	41,039
Buffalo.....	10	457,723	446,889	435,315	415,314	1 386,724	2 376,914	381,403
Elmira.....	164	37,816	37,664	37,535	36,915	1 35,744	2 35,724	37,106
New York.....	1	5,333,539	5,198,888	4,956,865	4,629,310	1 4,225,681	2 4,000,403	3,716,139
Rochester.....	25	245,077	235,968	227,108	211,664	1 189,384	2 182,022	170,798
Schenectady.....	70	91,012	86,305	76,447	70,203	1 65,625	2 58,213	6 48,920
Syracuse.....	35	149,353	146,480	142,124	133,728	1 120,631	2 117,129	114,443
Troy.....	80	77,560	77,382	76,947	76,715	1 76,756	2 76,271	75,567
Utica.....	78	82,060	80,246	77,088	72,485	1 66,552	2 63,647	60,097
Yonkers.....	68	93,383	90,156	84,361	76,502	1 66,806	2 61,414	52,701
OHIO:								
Akron.....	79	80,291	77,624	72,290	66,733	52,073	49,403	46,733
Canton.....	105	57,426	55,713	52,287	48,927	38,972	37,907	32,011
Cincinnati.....	14	402,175	398,452	378,155	360,454	347,123	343,337	332,934
Cleveland.....	6	639,431	622,699	580,398	538,374	475,864	437,114	414,950
Columbus.....	29	204,567	199,417	187,674	168,350	148,722	142,105	135,487
Dayton.....	45	123,794	122,079	118,649	100,327	103,248	98,350	92,716
Springfield.....	122	50,058	49,314	47,822	44,688	42,704	41,433	40,161
Toledo.....	31	184,126	180,412	172,984	165,247	164,673	155,287	145,901
Youngstown.....	61	100,593	89,949	83,165	76,245	54,402	51,516	48,886
OREGON:								
Portland.....	23	259,582	246,569	222,442	190,017	112,757	104,141	98,655
PENNSYLVANIA:								
Allentown.....	102	80,297	85,693	83,765	80,652	42,618	40,571	38,483
Altoona.....	108	56,553	55,504	53,398	51,237	48,878	45,557	41,815
Chester.....	149	40,474	40,013	39,093	38,134	38,670	37,333	35,995
Erie.....	85	72,401	71,004	68,212	65,302	61,202	58,783	56,363
Harrisburg.....	90	99,493	98,232	95,710	91,075	86,663	84,807	82,951
Johnstown.....	96	64,642	62,705	57,766	53,833	44,340	42,160	39,980
Lancaster.....	124	49,928	49,101	47,933	46,715	48,078	46,184	44,294
McKeesport.....	135	45,965	45,188	43,635	42,032	44,851	42,024	38,274
New Castle.....	154	39,569	38,787	37,224	35,620	38,464	35,429	32,593
Philadelphia.....	3	1,657,810	1,631,956	1,580,248	1,526,386	1,466,408	1,417,062	1,367,716
Pittsburgh.....	8	564,878	557,773	542,470	527,694	531,627	507,000	483,107
Reading.....	58	103,361	101,628	98,164	94,555	93,171	89,111	85,051
Scranton.....	38	141,351	138,621	133,165	127,508	121,843	116,111	109,757
Wilkes-Barre.....	83	73,660	72,102	68,987	65,742	61,521	58,721	55,921
York.....	126	49,430	48,318	46,091	43,702	40,079	38,258	36,438
RHODE ISLAND:								
Pawtucket.....	106	56,901	55,646	53,664	50,142	1 45,041	2 43,381	42,711
Providence.....	26	243,856	240,156	230,893	219,715	1 207,850	2 198,695	186,742
Woonsocket.....	145	42,350	41,346	39,594	37,060	1 33,792	2 32,196	30,415
SOUTH CAROLINA:								
Charleston.....	103	60,121	59,815	59,203	58,564	56,402	56,232	56,062
TENNESSEE:								
Chattanooga.....	107	56,702	55,578	46,100	43,634	34,416	34,179	30,469
Knoxville.....	162	37,955	37,549	36,799	36,017	36,620	35,452	34,944
Memphis.....	37	143,231	140,351	133,281	116,706	128,799	121,235	113,669
Nashville.....	48	114,899	113,822	111,666	109,619	105,278	84,227	83,275
TEXAS:								
Dallas.....	49	113,525	107,369	98,075	87,606	54,338	52,248	44,159
Galveston.....	151	40,420	39,503	37,930	36,981	35,224	33,484	31,742
Houston.....	56	104,726	89,721	82,913	75,949	59,963	50,300	50,760
San Antonio.....	46	116,890	110,679	101,911	92,777	64,275	61,146	58,016
UTAH:								
Salt Lake City.....	53	109,736	105,713	97,331	87,330	62,216	58,914	57,138
VIRGINIA:								
Norfolk.....	72	87,308	85,005	81,935	66,492	68,530	58,006	55,318
Richmond.....	41	135,061	133,185	129,721	116,053	100,227	86,880	80,148
WASHINGTON:								
Seattle.....	19	313,029	295,226	259,615	221,491	(?)	99,586	92,020
Spokane.....	39	135,657	128,327	113,661	98,947	45,313	41,927
Tacoma.....	57	103,418	98,742	89,392	76,329	(?)	51,962	45,102
WEST VIRGINIA:								
Wheeling.....	139	42,957	42,537	41,978	41,396	41,929	41,058	40,186
WISCONSIN:								
La Crosse.....	198	31,367	31,212	30,748	30,176	1 29,151	2 29,078	30,038
Milwaukee.....	13	419,539	408,683	395,832	359,060	1 322,613	2 312,948	313,025
Oshkosh.....	179	34,976	34,613	33,978	32,615	1 31,491	2 30,575	29,919
Racine.....	137	44,528	43,549	41,917	36,976	1 33,566	2 32,290	31,529
Superior.....	138	44,109	43,403	41,334	39,695	1 33,735	2 36,551	36,824

1 Based on Federal census of 1900 and state census of 1905.

2 State census.

3 Based on state census of 1895.

4 Population returned at Twelfth Census, June 1, 1900.

5 Based on department of excise census of Feb. 1, 1905.

6 Includes Allegheny, which was consolidated with Pittsburgh on Dec. 9, 1907.

7 Estimate not shown, but included in total.

GOVERNMENTAL COSTS¹ OF CITIES AND OF THE NATION.—The figures given in Tables I and II showing the greater relative growth of the population of cities than of the United States as a whole are very striking. They do not, however, show the magnitude of the financial problems which have developed in connection with that increase as do the figures in Table IV and Table V, which follow.

Table IV gives for specified years from 1903 to 1915, inclusive, the total and per capita net governmental costs of the 146 cities for which the census has compiled statistics, and the corresponding costs of the National Government. In 1915 the costs of the National Government exceeded those of the 146 cities by \$51,773,465, or 5.2 per cent. The net governmental costs for 1915 of the 204 cities covered by this report were \$1,057,125,696. Comparing these costs with those of the United States it is found that the total costs of the 204 cities for that year exceeded those of the United States Government by \$9,290,729, or 0.9 per cent.

The population which bore the burden of national governmental costs in 1915 was three and five-tenths times as great as that of the 146 cities. The totals of the table, therefore, do not exhibit the relative burden of national and municipal governmental costs. That burden is measured approximately by the per capita figures of the table. The per capita governmental costs of the 146 cities for the year 1915 were three and three-tenths times those of the National Government.

YEAR.	NET GOVERNMENTAL COST PAYMENTS.			
	146 cities.		Nation.	
	Total.	Per capita.	Total. ¹	Per capita.
1915.....	\$996,061,502	\$34.53	\$1,047,834,967	\$10.44
1913.....	912,390,262	32.46	986,620,838	10.15
1911.....	853,996,528	32.25	928,862,219	9.89
1909.....	761,562,037	30.33	897,306,270	9.89
1907.....	691,071,411	29.91	762,488,753	8.72
1905.....	561,772,857	25.57	720,105,498	8.55
1903.....	514,180,206	24.64	640,323,450	7.91

¹ Amounts for the Nation represent the total payments of the Nation less payments for reduction of the public debt and the excess of national bank note redemption over deposits for their retirement. There remain as parts of the amounts shown in the table certain payments on account of trust transactions which are not strictly governmental cost payments.

The table further shows that the relative burden of governmental costs as measured by per capita payments therefor is increasing much faster for municipalities than for the National Government. Comparing the figures for the total costs in 1903 and 1915

¹ For definition of "governmental costs," see p. 15.

it is found that those of the National Government for all purposes increased from \$7.91 to \$10.44, or 32 per cent; while those of the 146 cities increased from \$24.64 to \$34.53, or 40.1 per cent. These figures disclose at once the greater relative importance of the proper administration of city affairs and the necessity of such a system of accounting and reporting as will best assist in securing and maintaining economy and efficiency in city government. The necessity of such accounting and reporting is much more pressing in the case of cities than in that of the Nation, owing to the greater relative per capita governmental costs of the cities. Diagrams 3 and 4, which follow, present graphically, for the specified years, the total and per capita payments for all governmental costs by the 146 cities and by the Nation.

DIAGRAM 3.—NET GOVERNMENTAL COST PAYMENTS OF 146 CITIES AND OF THE NATION FOR SPECIFIED YEARS: 1903-1915.

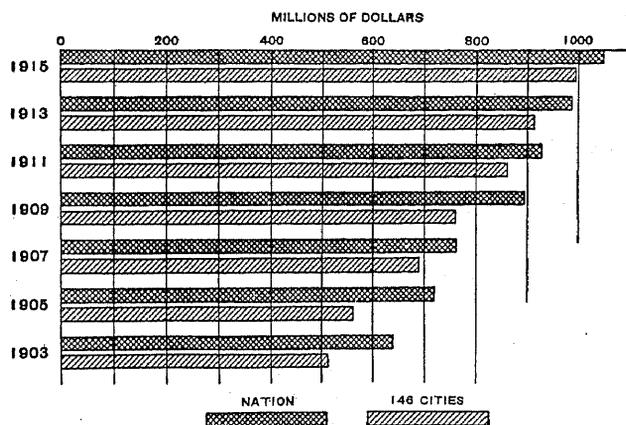
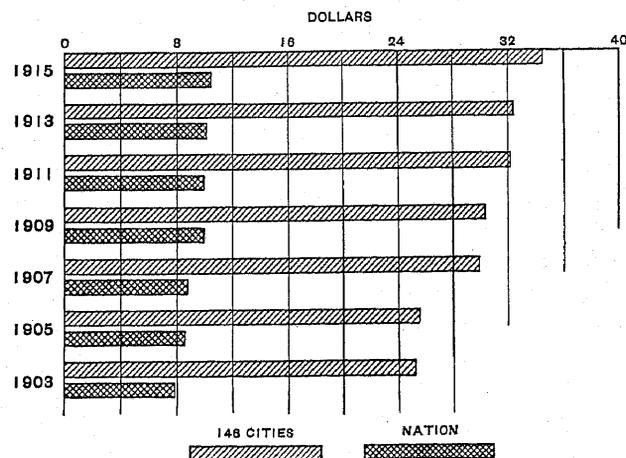


DIAGRAM 4.—PER CAPITA NET GOVERNMENTAL COST PAYMENTS OF 146 CITIES AND THE NATION FOR SPECIFIED YEARS: 1903-1915.



COMPARATIVE INDEBTEDNESS OF CITIES AND OF THE NATION.—Table V is a comparative statement which calls attention to one class of financial problems which grow out of the vast expenditures above noted.

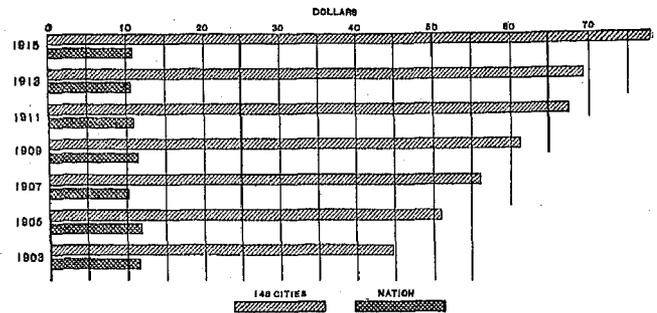
YEAR.	NET INDEBTEDNESS.			
	146 cities.		Nation.	
	Total.	Per capita.	Total.	Per capita.
1915.....	\$2,245,906,412	\$77.86	\$1,090,148,000	\$10.86
1913.....	1,950,006,813	69.28	1,028,564,055	10.59
1911.....	1,808,828,392	67.52	1,015,784,338	10.83
1909.....	1,537,099,399	61.21	1,023,801,531	11.31
1907.....	1,294,878,769	56.04	878,598,755	10.06
1905.....	1,119,345,755	50.94	989,866,772	11.77
1903.....	933,004,632	44.71	925,011,037	11.44

By net indebtedness is meant the total debt obligations outstanding less the resources available or provided for their immediate or ultimate redemption. In the case of the National Government the amount of indebtedness is computed by subtracting the cash in the Treasury from the total debt obligations outstanding; and in the case of the cities it is obtained by deducting the assets of the general sinking funds from the sum of the funded and floating debts, as those terms are used in this report, the outstanding current debt being approximately balanced in all cases by cash in the general treasury and by special assessments and general property taxes levied but uncollected. So far as the figures fail to be comparable, they slightly exaggerate the city debt, owing to the fact that many cities have uncollected taxes and cash on hand in excess of their revenue loans and warrants outstanding; but this excess affects the per capita for the several years by only a very few cents at most.

From 1903 to 1915 the net indebtedness of the Nation increased by \$165,136,369, or 17.9 per cent. The national population increased, however, during those years by a greater percentage than the national debt, and hence the relative burden of national indebtedness as represented by the per capita indebtedness decreased from \$11.44 to \$10.86, or 5.1 per cent. In 1903 the net indebtedness of the 146 cities exceeded the net indebtedness of the Nation by \$7,992,995, or 0.9 per cent. The increase of the city debt during these years

was so much greater, actually and relatively, than that of the Nation that at the close of the fiscal year 1915 it exceeded the national debt by \$1,155,758,406, or 106 per cent. Another fact of importance to be noted is that while the population of these cities increased during this period from 20,869,155 to 28,843,801, or 38.2 per cent, their net indebtedness increased from \$933,004,632 to \$2,245,906,412, an addition of \$1,312,901,780, or 140.7 per cent, as compared with an increase of only 17.9 per cent in the national indebtedness. The greater burden of municipal than of national indebtedness, as well as the greater relative increase in that burden, is exhibited by the per capita debt of the cities, which increased from \$44.71 in 1903 to \$77.86 in 1915, an added burden of 74.1 per cent. It is to be noted that the per capita indebtedness of these cities, which in 1903 was three and nine-tenths times the corresponding per capita indebtedness of the Nation, had so increased that in 1915 it was over seven times such indebtedness. The per capita net indebtedness of the 146 cities and of the Nation are presented graphically in the diagram which follows.

DIAGRAM 5.—PER CAPITA NET INDEBTEDNESS OF 146 CITIES AND THE NATION FOR SPECIFIED YEARS: 1903-1915.



CITIES HAVING A POPULATION OF OVER 30,000 IN 1915.—In the general tables of this report, with the exception of Table 12, the 204 cities are arranged in the order of their estimated population and each is given a number corresponding to its position in the tables. For convenience in finding any particular city, the following list has been prepared, the cities being arranged alphabetically by states, and the number assigned to each being indicated. The location of these cities is shown on the accompanying map of the United States.

CITY AND STATE.	City number.	CITY AND STATE.	City number.	CITY AND STATE.	City number.	CITY AND STATE.	City number.
ALABAMA:		IOWA—Continued.		MONTANA:		PENNSYLVANIA:	
Birmingham.....	33	Dubuque.....	155	Butte.....	142	Allentown.....	102
Mobile.....	110	Sioux City.....	111	NEBRASKA:		Altoona.....	108
Montgomery.....	146	Waterloo.....	187	Lincoln.....	136	Chester.....	149
ARKANSAS:		KANSAS:		Omaha.....	42	Erie.....	85
Little Rock.....	114	Kansas City.....	67	NEW HAMPSHIRE:		Harrisburg.....	90
CALIFORNIA:		Topeka.....	130	Manchester.....	81	Johnstown.....	96
Berkeley.....	115	Wichita.....	95	NEW JERSEY:		Lancaster.....	124
Fresno.....	202	KENTUCKY:		Atlantic City.....	113	McKeesport.....	135
Los Angeles.....	12	Covington.....	109	Bayonne.....	93	New Castle.....	154
Oakland.....	30	Lexington.....	157	Camden.....	60	Norristown.....	204
Pasadena.....	144	Louisville.....	28	East Orange.....	152	Philadelphia.....	3
Sacramento.....	100	Newport.....	197	Elizabeth.....	75	Pittsburgh.....	8
San Diego.....	128	LOUISIANA:		Hoboken.....	82	Reading.....	58
San Francisco.....	11	New Orleans.....	16	Jersey City.....	20	Scranton.....	38
San Jose.....	167	Shreveport.....	190	Newark.....	15	Wilkes-Barre.....	83
COLORADO:		MAINE:		Orange.....	194	Williamsport.....	186
Colorado Springs.....	196	Portland.....	101	Passaic.....	92	York.....	126
Denver.....	24	MARYLAND:		Paterson.....	40	RHODE ISLAND:	
Pueblo.....	118	Baltimore.....	7	Perth Amboy.....	159	Pawtucket.....	106
CONNECTICUT:		MASSACHUSETTS:		Trenton.....	55	Providence.....	26
Bridgeport.....	47	Boston.....	5	West Hoboken.....	147	Woonsocket.....	145
Hartford.....	54	Brockton.....	97	NEW YORK:		SOUTH CAROLINA:	
New Britain.....	119	Cambridge.....	52	Albany.....	59	Charleston.....	103
New Haven.....	36	Chelsea.....	191	Amsterdam.....	176	Columbia.....	184
Waterbury.....	77	Everett.....	166	Auburn.....	170	TENNESSEE:	
DELAWARE:		Fall River.....	43	Binghamton.....	117	Chattanooga.....	107
Wilmington.....	69	Fitchburg.....	150	Buffalo.....	10	Knoxville.....	162
DISTRICT OF COLUMBIA:		Haverhill.....	131	Elmira.....	164	Memphis.....	37
Washington.....	17	Holyoke.....	99	Jamestown.....	178	Nashville.....	48
FLORIDA:		Lawrence.....	65	Mount Vernon.....	175	TEXAS:	
Jacksonville.....	87	Lowell.....	50	New Rochelle.....	180	Austin.....	185
Tampa.....	120	Lynn.....	63	New York.....	1	Dallas.....	49
GEORGIA:		Malden.....	127	Niagara Falls.....	177	El Paso.....	121
Atlanta.....	32	New Bedford.....	51	Rochester.....	25	Fort Worth.....	66
Augusta.....	125	Newton.....	143	Schenectady.....	70	Galveston.....	151
Macon.....	140	Pittsfield.....	171	Syracuse.....	35	Houston.....	56
Savannah.....	91	Quincy.....	172	Troy.....	80	San Antonio.....	46
IDAHO:		Salem.....	132	Utica.....	78	Waco.....	192
Boise.....	203	Somerville.....	74	Yonkers.....	68	UTAH:	
ILLINOIS:		Springfield.....	62	NORTH CAROLINA:		Salt Lake City.....	53
Aurora.....	188	Taunton.....	174	Charlotte.....	160	VIRGINIA:	
Chicago.....	2	Worcester.....	34	OHIO:		Lynchburg.....	195
Danville.....	199	MICHIGAN:		Akron.....	79	Norfolk.....	72
Decatur.....	163	Bay City.....	129	Canton.....	105	Portsmouth.....	165
East St. Louis.....	89	Detroit.....	9	Cincinnati.....	14	Richmond.....	41
Joliet.....	168	Flint.....	123	Cleveland.....	6	Roanoke.....	148
Peoria.....	88	Grand Rapids.....	44	Dayton.....	45	WASHINGTON:	
Quincy.....	169	Jackson.....	182	Hamilton.....	158	Bellingham.....	201
Rockford.....	116	Kalamazoo.....	134	Lima.....	183	Everett.....	193
Springfield.....	104	Lansing.....	161	Lorain.....	181	Seattle.....	19
INDIANA:		Saginaw.....	112	Springfield.....	122	Spokane.....	39
Evansville.....	86	MINNESOTA:		Toledo.....	31	Tacoma.....	57
Fort Wayne.....	84	Duluth.....	71	Youngstown.....	61	WEST VIRGINIA:	
Indianapolis.....	22	Minneapolis.....	18	OKLAHOMA:		Huntington.....	141
South Bend.....	94	St. Paul.....	27	Muskogee.....	153	Wheeling.....	139
Terre Haute.....	98	MISSOURI:		Oklahoma City.....	73	WISCONSIN:	
IOWA:		Joplin.....	189	OREGON:		La Crosse.....	198
Cedar Rapids.....	173	Kansas City.....	21	Portland.....	23	Milwaukee.....	13
Council Bluffs.....	200	St. Joseph.....	76	PENNSYLVANIA:		Oshkosh.....	179
Davenport.....	133	St. Louis.....	4	OHIO:		Racine.....	137
Des Moines.....	64	Springfield.....	156	Portland.....	23	Superior.....	138

ACCOUNTING TERMINOLOGY.

ACCOUNTS AND ACCOUNTING.

ACCOUNTS.—Accounts are systematic statements of financial facts of identical or opposite character, so arranged as readily to provide summaries or balances of the same.

ACCOUNTING.—Accounting is the art of analyzing, classifying, recording, summarizing, and interpreting facts relating to the acquisition, production, transfer, and ownership of articles of wealth or value. Its function or purpose is readily to provide, from the accounts of a business, accurate and complete statements of the financial results of its operation for any given period and of its financial state or condition at any given time, and to furnish all other information which accounts can supply for its systematic and successful administration.

MUNICIPAL ACCOUNTING.—Municipal accounting is the application or adaptation of the general principles and methods of accounting to the administrative requirements of cities. Municipal accounting differs from private accounting with reference to the subjects concerning which it provides detailed information, the chief differences being (1) those which are caused by the special limitations placed upon the administrative action of municipal executive officers by the terms of appropriation acts and other legislation, and (2) those which are caused by the different purposes for which municipalities are maintained and private enterprises are operated.

By reason of the limitations referred to in (1) municipal accounting must provide detailed information, not necessary in the case of private accounting, showing that the expenditures have been and are being made in accordance with the limitations imposed by legislative authority. Again, municipalities being *maintained* to provide their proprietors, or the urban communities to which they relate, at community expense with certain services and with public facilities, conveniences, and funds required for rendering those services, while private enterprises are *operated* to earn for their proprietors and stockholders income or profit, municipal accounting must show how municipalities have expended money for municipal purposes, and how they have obtained the same, while private accounting must demonstrate how much income or profit has been earned, and what disposition of it has been made.

The differences above noted in the subjects with reference to which municipal and private accounting must provide information should not, however, conceal or obscure the fact stated in the definition of municipal accounting that the principles and methods of municipal and private accounting are identical, and that there is as much necessity for applying these principles and making use of these methods in the one case as in the other, since municipal business may be ad-

ministered with economy or wastefulness, or with efficiency or inefficiency, and may result in an increase or decrease in the interest of its proprietors, the same as in the case of private business. Under such circumstances municipal accounting, in addition to showing that expenditures have been made in accordance with the terms of appropriation acts and other legislation, should (a) demonstrate the extent to which municipal proprietary interests have increased or decreased; (b) set forth the methods of financing all acquisitions or constructions of municipal properties and public improvements, and all accumulations of municipal funds; (c) aid those in responsible places in formulating intelligent programs for the future conduct of municipal business; and (d) assist in securing economy, fostering efficiency, and applying wisdom in the administration of such programs.

CLASSIFICATION OF FINANCIAL DATA.—The financial data recorded in city accounts, like those entered in private records, are readily separable into two principal classes: (1) Those from which may be prepared summaries of municipal financial transactions, or statements of the outcome or results of these transactions for specified periods of time called "fiscal periods;" and (2) those which, when summarized, will constitute statements of municipal financial condition at specified times, as at the beginning and close of a given fiscal period.

The segregation of the data recorded in municipal accounts into the two general classes noted above is necessary with reference to all subjects concerning which information is desired. To secure that segregation in all cases an accounting terminology must be adopted, with each term so defined as fully to differentiate the data of the two classes and to show their relation to the subjects of information, which are specifically required in municipal accounting as compared with those needed in private accounting. Such a terminology, with definitions, is presented on the pages which follow. In its presentation first consideration is given to the terms required for use in the preparation of accurate and complete summaries of the municipal business transactions authorized by appropriation acts and other legislation.

MUNICIPAL FINANCIAL PROGRAMS AND BUDGETS.

MUNICIPAL FINANCIAL PROGRAMS.—The authority of the executive officers of municipalities to raise and expend money for municipal purposes is granted by the legislative branch of their governments, and is embodied in appropriation acts or ordinances and in general statutes and ordinances with reference to the raising of public money and the use or application of the same. The aggregate of the authorizations thus granted or made applicable for a given city for a speci-

fied year constitutes its municipal financial program for that year.

MUNICIPAL BUDGETS.—A municipal budget is a formal statement of the financial program or plan of a municipality for a fiscal period, comprising a statement of authorized municipal expenditures for that period correlated with the estimated revenues and other resources for meeting them.

To be of greatest administrative assistance a municipal budget should be a final and complete statement of the character described. It should show the expenditures that are authorized to be met from (1) ordinary revenues, (2) special assessments and special assessment certificates, and (3) long-term debt obligations other than special assessment certificates. With budgets thus prepared the citizens of a given city will be provided each year with a complete and final statement of its financial program for that year. If, in addition to such budgets, summaries of the results or outcome of business are similarly prepared at the close of the year, the citizens will have the data from which to form intelligent judgments concerning past and proposed expenditures and methods employed or recommended for financing them.

MUNICIPAL APPROPRIATION ENCUMBRANCES, EXPENDITURES, REVENUES, AND BORROWINGS.

MUNICIPAL APPROPRIATION ENCUMBRANCES.—The term "municipal appropriation encumbrances" is a designation very generally used by American city officials in speaking of the contingent liabilities represented by contracts entered into and orders made by those officials in accordance with the authorizations of the budgets, but which have not become demand liabilities by the completion of the services contracted for or the delivery of the materials ordered. The difference between the appropriation for a given purpose in a given year and the sum of the expenditures made and appropriation encumbrances authorized for that purpose constitutes the *unencumbered balance of that appropriation*.

MUNICIPAL EXPENDITURES.—The term "municipal expenditures" is used in this report as a generic designation of all the costs of municipalities for the maintenance of their governments and losses incident thereto and their payments and other disposition of money for governmental purposes.

When classified with reference to the purpose of expenditure they are here called expenditures for governmental costs or simply governmental costs, expenditures for amortization of debts, and expenditures for accumulation of special funds. When classified with reference to the authorizations of appropriation acts they are here referred to as budget expenditures and nonbudget expenditures.

MUNICIPAL GOVERNMENTAL COSTS.—The term "expenditures for municipal governmental costs," or,

more briefly, "municipal governmental costs," is employed in this report as a generic designation of the expenditures, or costs and losses of municipalities, (1) for providing the urban communities to which they relate with the services for rendering which the municipalities are organized and maintained, (2) for the use of credit capital, and (3) for acquiring or constructing the permanent properties or public improvements employed in providing services. These expenditures are readily separable into four principal classes: Expenses, interest, outlays, and expense ledger adjustments. *The governmental costs of a municipality for a given fiscal year* are its expenses, interest, outlays, and expense ledger adjustments for that year.

MUNICIPAL EXPENSES.—Municipal expenses are the expenditures from which no permanent or subsequently convertible values are received. The most important of such expenses are (1) the costs of municipalities for maintaining services; (2) the losses of municipalities because of neglect, defalcation, and other wrongful acts of employees and by bank failures; (3) depreciation or decrease in the value of municipal properties and public improvements due to waste, wear, and obsolescence; and (4) all other expenditures, other than interest on municipal debts, which, like those specifically mentioned in (1), (2), and (3), increase the liabilities of municipalities without increasing their assets, or decrease the amount of their assets or the value of their properties and public improvements without also decreasing their liabilities. Municipal expenses such as those referred to after (1) are here called *municipal budget expenses*, since they are the only municipal expenses for which provision is ordinarily made in the appropriation acts of American municipalities. *The expenses of a municipality for a given fiscal year* are those expenses that become enforceable claims or that otherwise accrue during that year. They include (1) its expenses for personal services utilized, materials consumed, and property rented during the year; and (2) its expenses due to losses sustained and depreciation suffered during the year.

Municipal expenses should be fully differentiated from municipal expenditures of which they constitute only a part, otherwise the term will be used, as it now is in many city reports and in some books on municipal accounting, with two or more different meanings, including those assigned to the terms "municipal expenditures," "municipal expenses," and "municipal budget expenses."

CLASSES OF MUNICIPAL EXPENSES.—Municipal expenses may be classified as governmental, commercial, and trust expenses.

Municipal governmental expenses is the designation applied to the costs of maintaining municipal governments, protecting person, property, and

health, providing social necessities, promoting the general economic welfare of the laboring classes, caring for the dependent and defective, restraining and punishing the delinquent, bettering social conditions, promoting education, research, literature, and art, providing for recreation, conducting municipal service enterprises, caring for productive properties, managing investments, negotiating loans, and performing other services and carrying on other activities for which the government has authority, together with all judgments against and all losses of the city due to the mistakes, neglect, defalcation, and other acts of municipal employees, and all municipal losses due to bank failures and other causes.

Municipal commercial expenses is the designation given to (1) the expenses of municipalities for operating and maintaining departments or enterprises, such as municipal water supply systems and gas supply systems, which are organized for the purpose of providing the inhabitants with public utilities or services, such as are usually furnished by private corporations, and the losses and depreciation incident to such operation and maintenance; and (2) the expenses incident to the management of properties other than assets of sinking funds and public trust funds for municipal uses held as investments.

Municipal trust expenses is the descriptive term used in referring to commercial and noncommercial expenses of municipalities which accrue in administering the trusts assumed by them, and in caring for and maintaining property left to them in trust for specified purposes and uses.

CLASSIFICATION OF EXPENSES FOR MUNICIPAL STATISTICS.—In the census statistics payments for expenses are classified according to function under two principal headings: "Expenses of general departments" and "Expenses of public service enterprises." The two groups of expenses which result from this classification are further divided and subdivided, one by departmental function and the other by character of enterprise, this being the method of classification that provides cities with data for cost accounting, or accounting to determine the economy and efficiency of municipal administration.

EXPENSES OF GENERAL DEPARTMENTS.—Under this heading are tabulated in this report all payments for municipal expenses other than those for the operation and maintenance of public service enterprises. These expenses are segregated into ten principal groups according to departmental function, to which are given the general designations of expenses for: I. General government; II. Protection to person and property; III. Conservation of health; IV. Sanitation, or promotion of cleanliness; V. Highways; VI. Charities, hospitals, and corrections; VII. Education; VIII. Recreation; IX. Miscellaneous; X. General. The re-

ports and accounts of individual cities should further classify these expenses so as to show the cost of administration, operation, and maintenance for each and every distinct functional activity of each department of the city government.

The legislative authorization of expenses for promoting the interests of the laboring classes and for promoting general economic welfare is becoming very general and will necessitate an addition in the early future of a functional division of expenses with the title "Expenses for promotion of general welfare." In such a division would be included the payments for mothers' pensions, those for city planning and for investigating labor conditions, conducting free employment agencies, supporting children's aid and humane societies, those for the relief of sufferers by floods, storms, and other calamities, and those for maintaining tenement house commissions, conducting social surveys, making payments for the relief and support of old soldiers and sailors, and for kindred purposes, which at present are tabulated under various headings.

EXPENSES OF PUBLIC SERVICE ENTERPRISES.—Under this general title are included the expenses of operating and maintaining all such municipal undertakings as water supply and gas supply systems. In Table 7 these expenses are tabulated under a number of descriptive headings.

MUNICIPAL INTEREST.—Municipal interest on public debts, or municipal interest as it is more frequently spoken of in this report, is the cost to municipalities for the use of credit capital. In its statistics of payments for interest, which are the only statistics of municipal interest contained in this report, municipal interest is segregated in two ways: (1) Into that which accrues or is paid on funded and floating debts, on special assessment loans, and on other debts; and (2) that which accrues or is paid on debts of the city corporation, school districts, and other divisions of the city government. The debts, the interest on which is shown under the heading "Payments for interest on other debts," are principally those represented by revenue loans, time warrants, and other short-term obligations made payable out of current revenue. *The interest of a municipality for a given fiscal year* is that which has accrued or become an actual or enforceable liability of the municipality during that year.

MUNICIPAL OUTLAYS.—Municipal outlays are the costs of properties, including land, buildings and equipment, and public improvements more or less permanent in character, which are acquired or constructed by municipalities for use in the exercise of their municipal functions or in connection with the business enterprises undertaken by them. *The outlays of a municipality for a given fiscal year* are the costs of its permanent

properties and public improvements which by the terms of contracts or otherwise have become demand liabilities of the municipality during the year.

In the statistics of governmental cost payments for outlays, which are the only statistics of municipal outlays contained in this report, municipal outlays are segregated substantially as has been described above for municipal expenses into three principal classes with the designations "Outlays for general departments," "Outlays for public service enterprises," and "Outlays for municipal service enterprises," the first of these classes being subdivided into ten principal groups with the specific names, which have been given above in the case of expenses, and the two others into classes according to the enterprise to which they relate.

MUNICIPAL LEDGER ADJUSTMENTS.—The term "municipal ledger adjustments" is one here used in referring to the debit and credit entries in municipal ledger accounts similar to those kept by railroad corporations to which the Interstate Commerce Commission gives the designation "Profit and loss accounts." They are the entries that are required in the case of city accounts kept on the basis of accrued revenues and expenditures which record (1) the changes in the budget surplus or deficit during a fiscal period that have been effected at the option of the accounting officers by adjustments not properly attributable to the period, and (2) the miscellaneous losses and gains not classed as expenses or revenues. The most important municipal ledger adjustments are those made (1) to correct the amounts erroneously entered in previous years in such expense accounts as those for depreciation, losses through defalcation, bank failures, and bad debts, and in such revenue accounts as those with uncollected taxes and special assessments; and (2) to take account of the original sale of city debt obligations, or their purchase for cancellation, at amounts above or below their face value. If comparable statistics are to be secured as between different cities using accounts with accrued revenues and expenses, all ledger adjustments should be charged to expenses or credited to revenues substantially as is demanded by the latest accounting regulations of the Interstate Commerce Commission in the accounts of railroads.

MUNICIPAL EXPENSE LEDGER ADJUSTMENTS.—Municipal expense ledger adjustments include the debit and credit entries in ledger balancing accounts that, like expenses, represent decreases in municipal assets that are not accompanied with decreases in municipal liabilities, or represent increases in municipal liabilities that are not accompanied with increases in municipal assets, or at least are not so shown in the accounts. Of these ledger adjustments special attention is here called to discounts allowed on original sales of city debt obligations, and premiums paid on such obligations purchased for cancellation. If municipal accounts were all

kept on a scientific basis, the discounts on bond sales would be charged to the account of future interest accruals during the life of the bonds sold, calling for no special adjustment of the balancing account. Such accounting with discounts on account of city debt obligations sold is not practicable at the present time in connection with the financial administration of our American cities, and hence the discounts and premiums here referred to, like all other ledger adjustments, should be debited to the balancing ledger account and shown in the city reports under specific descriptive designations, if they can not, because of popular prejudices, be treated as current expenses.

MUNICIPAL EXPENDITURES FOR AMORTIZATION OF DEBTS.—The foregoing term is here used as the designation of the payments of municipalities from their general treasuries or from sinking funds for the redemption or final satisfaction of debt obligations. In budget accounts and summaries the term is ordinarily used as the exclusive designation of payments made for the redemption of bonds and long-term debt obligations other than those issued in anticipation of the current levies of the general property tax. In the text of this report it is used in referring to all payments for the redemption of municipal indebtedness, unless otherwise specifically stated.

MUNICIPAL EXPENDITURES FOR ACCUMULATION OF SPECIAL FUNDS.—In their budgets most cities make provision for increasing the assets of their sinking and public trust funds either by payments from the general treasury to those funds or by the accumulated earnings of those funds. The additions last mentioned are generally authorized by general laws, although sometimes specifically stated in the appropriation acts. All amounts added to the assets of these specified funds by either method above mentioned are referred to as municipal expenditures for accumulation of special funds.

MUNICIPAL BUDGET EXPENDITURES.—The term "municipal budget expenditures" is here applied in speaking of all expenditures authorized by municipal budgets. They seldom include depreciation and kindred expenses that are not met by the payment of money or its equivalent. Municipal budget expenditures are here arranged in three groups designated as municipal revenue expenditures, municipal special assessment expenditures, and municipal bond expenditures. These classes of expenditures are described in the paragraphs which follow.

Municipal revenue expenditures or charges are the budget expenditures of municipalities that by the terms of appropriation acts and other legislation are paid or payable from ordinary revenues.

Municipal special assessment expenditures or charges are the budget expenditures of municipalities that are met from special assessments or from bonds or certifi-

cates of indebtedness that are ultimately to be redeemed from special assessments.

Municipal bond expenditures or charges are the budget expenditures of municipalities that are financed or are to be financed by the issue of long-term bond issues other than special assessment certificates.

MUNICIPAL NONBUDGET EXPENDITURES.—This term is here applied to the expenditures of municipalities that represent depreciation in the value of their properties and public improvements, and other expenses for which no provisions are made in appropriation acts.

RESOURCES FOR MEETING MUNICIPAL EXPENDITURES.—The resources or 'pecuniary means upon which municipalities rely or of which they make use in meeting their expenditures are of four distinct kinds: Revenues, borrowings, and accumulated funds, and those represented by revenue ledger adjustments.

MUNICIPAL REVENUES.—Municipal revenues are the moneys and other wealth received by or placed to the credit of cities and other municipalities for governmental purposes that increase their assets without increasing their debt liabilities, or that decrease their debt liabilities without increasing their assets. The aggregate of these moneys and other wealth constitutes the *revenue* of that municipality, while the portion of such wealth derived from a single source, as poll taxes, fines, or fees, is properly spoken of as a *municipal revenue*. *The revenue of a municipality for a given fiscal year* is the net amount that accrues from revenue sources for that year. It includes (1) the taxes levied in accordance with the city's financial program or budget, to meet its governmental costs during that year, whether such revenues are recorded on the tax lists in that or some other year; (2) the special assessments whose levies are authorized for the given year, or otherwise made legally available for use during that year; (3) the revenues earned during the year by the operation of public service enterprises, the management of public properties and investments, the loaning of money and leasing of properties, and the performance of services; (4) revenues like subventions, which are legally due and receivable during the year; and (5) other amounts received or placed to the credit of the municipality during the year that increased its assets without increasing its liabilities, or that decreased its liabilities without also decreasing its assets.

The general property tax which accrues as above stated for a specified fiscal year of a given city depends upon the laws in force in such city with reference to the time for assessing and levying the tax, or entering the same on the tax books, and that for preparing the budget. In some cities, notably those of the state of Ohio, the tax is levied, and in part collected, before the opening of the fiscal year to which it relates; while in others, notably in Chicago and other cities in Illinois, it is levied so late in the fiscal year that the tax does not become due and collectible

until some months after the beginning of the succeeding year.

CLASSES OF REVENUES REFERRED TO IN TEXT.—In the text of this report municipal revenues are given certain descriptive designations. The most important of these are commercial revenues, trust revenues, ordinary revenues, and extraordinary revenues.

Municipal commercial revenues is the term employed in this report in referring to revenues obtained by cities and other municipalities by methods and under conditions which are very similar to those which prevail in private enterprises. They include the revenues derived from the operation of productive enterprises, properties, and investments, including interest, rents, etc.

Municipal trust revenues is the designation here applied to all commercial and noncommercial revenues which are received for specified purposes, or subject to specified conditions.

Municipal ordinary revenues is a generic term employed in this report, as it is in the printed reports of many American cities, in referring to all municipal revenues other than special assessments. In this report it is used primarily as a budget accounting term rather than one of general municipal accounting.

Municipal extraordinary revenues is a specific designation employed in this report in referring to special assessments. It is here used as a municipal budget accounting term.

CLASSIFICATION OF REVENUES FOR MUNICIPAL STATISTICS.—In the census statistics, receipts from municipal revenues are classified according to source under headings which are the designations of particular revenues or specific groups of revenues, as shown in Table 3, and are also classified by division of the city government for which they are received. The most important of the municipal revenues are specifically mentioned and described in the paragraphs which follow.

TAXES AND THE SOVEREIGN POWER OF TAXATION.—In the broad significance of the word, *taxes* are amounts of money, other wealth, or services which, by virtue of that sovereign power of a nation or a state, generally spoken of as the taxing power, are exacted for the support of governments, for meeting general public needs, and for other governmental purposes. *The sovereign power of taxation*, by virtue of which taxes in this broad sense of the word are exacted, is the power which Chief Justice Marshall declared "involves the right to destroy," and which, when considered as a right of the government, "is a right which in its nature acknowledges no limit."¹ It includes the power to prescribe the conditions under which persons and corporations may engage in business and business activities, receive

¹ See Cooley's "Taxation," footnote 2, pp. 10 and 12.

franchises, and enjoy common-law rights and privileges; and also the power to prescribe the conditions under which they may take and hold title to real and other property. Exercising that power, nations and states may take away from the owners of property the legal title to lands and chattels if taxes on the same are not paid when due, and may take away from persons following given occupations or businesses, holding certain franchises, or enjoying specified privileges, the right to follow, hold, or enjoy the same unless, or until, the tax is paid for that special occupation, business, franchise, or privilege.

The sovereign power of taxation is by the courts and many writers on public finance differentiated into the so-called "taxing power" and "police power," the first including the power to raise revenue and the second the power of social, industrial, and economic regulation and control. This difference has been evolved by the courts in their efforts to reconcile or adjust the revenue-producing laws as enacted by the legislatures of the several states to the different constitutional provisions of those states. The great differences which exist in the constitutional and statutory provisions under which the 204 cities covered by this report derive their revenues render it impossible, however, for the Bureau of the Census to use this differentiation as the basis of any classification of revenue, and hence it employs the phrases "the taxing power" and "the police power" only for purposes of reference and for more exact description of certain revenues.

SUBJECTS, OBJECTS, AND METHODS OF TAXATION.—Considered as exacted under the sovereign power of taxation, taxes may be levied upon every person, natural and corporate, and with reference to every object to which the legislative power of the Nation or state extends; but the subject and object of taxation and the amounts of taxes levied upon each at any given time are always determined by public needs and public policy with reference to the conservation of order in political society, the encouragement of industry, and the discouragement of pernicious employment and injurious business or other activities. Further, the revenues exacted under the sovereign power of taxation may be levied and collected by any method that may be adopted by the legislative authority of the Nation or state under which it is exacted. Special attention is here called to two of those methods involving an exaction of revenue (1) in connection with the grant of privileges by the issue of a license or permit, and (2) by the infliction of a penalty or mulct for violation of law. When taxes are exacted by the first method the license or permit is commonly granted by the government on payment of a valuable consideration, though this is not essential. According to court decisions with reference to this subject, to constitute a privilege such as is

involved in this method of collecting taxes the grant must confer authority to do something which without the grant would be illegal, for if what is to be done under the license is open to every one to do without it the grant would be idle and nugatory. But the thing to be done may be a thing lawful in itself and restricted only for the purpose of securing revenue; that is to say, restricted in order to compel the taking out of a license. This is always the case where that which is licensed is not unlawful at the common law.

The second method is that employed by the states of Iowa and Ohio in exacting revenue from those engaged in the business of selling intoxicating liquors. The constitutions of those states expressly prohibiting the licensing of such business, the legislature exacts an annual mulct, or penalty, from those engaged therein as an assumed punishment for violation of law.

CLASSIFICATION OF TAXES.—In exacting revenues under the sovereign power of taxation as above set forth, governments may levy and collect the same (1) without reference to any actual or assumed measurable benefits conferred upon or services performed for the taxpayer, or any actual or assumed burdens imposed upon the general public by the subject or object of taxation; (2) with reference to some actual or assumed measurable benefit conferred upon or services performed for the taxpayer, including actual or assumed measurable increase in the value of his property; (3) with reference to some actual or assumed expense or burden imposed upon the general community by reason of the subject or object of taxation; or (4) with reference to some actual or assumed violation of law.

Recognizing the four distinct sets of circumstances or conditions under which compulsory revenues are levied, many writers on public finance use the word "taxes" as the exclusive designation of the revenues obtained as stated in (1), employ the terms "fees" and "special assessments" as the designations of those obtained as described in (2) and (3), and classify those referred to under (4) as "fines" or "penalties." In its classification for this report of the municipal revenues exacted under the so-called taxing and police powers, the Bureau of the Census employs the theoretical classification of the writers above referred to so far as the same is practicable. Revenues levied and collected with reference to property as described under (1) have been separated from those levied and collected as described under (2). When thus separated revenues such as those described under (1) are called property taxes, and the others are called special assessment or betterment taxes. (For a detailed statement of the differences between special assessments and the compulsory revenues tabulated in this report under the heading "Taxes," see under heading "Special assessments" in a succeeding para-

graph.) In the tabulation of compulsory revenues other than those exacted with reference to property, no such segregation has been practicable, it being impossible to differentiate that portion of such other revenues as was obtained under conditions stated in (1) from that secured under conditions described in (2), (3), and (4). For example, the revenues secured by the receipt of a so-called license fee from a dealer in intoxicating liquors are said by many writers to include (a) a compensation for the service of making out the license papers; (b) a payment for the privilege of conducting the business; (c) reimbursements for the special expenses of the government in supervising a business that naturally creates disorder; (d) a reimbursement for the special expenses of the government by reason of crime, pauperism, and disease that arise from the business; and (e) a tax in the narrow significance of the term as used by the writers on public finance above referred to. Revenues such as those referred to under (a) and (b) are identical in character with those previously mentioned in (2); and those referred to in (c) and (d) with those mentioned in (3); but how much of the money collected in connection with the issue of any liquor license represents revenues of the classes mentioned under (a), (b), (c), (d), or (e) is not susceptible of determination. In some states the statutes have been enacted under circumstances that demonstrate that the so-called license fees, even though large in amount, are levied principally for the purpose of obtaining revenue, and are therefore, according to the theory of the writers above referred to, in large part taxes. In contrast, the statutes of other states are enacted on the assumption that license fees are collected either as stated in (b), or as in (c) or (d).

What has been said above with reference to the practical separation of the revenues secured from the licenses issued to dealers in the liquor traffic is, with minor modification, applicable to all revenues collected in connection with the issue of licenses or permits or the exactions of so-called mulcts. With reference to them all, it can be said that there is no practical agreement among legislators, judges, and writers on public finance as to what portion of these revenues is received as compensation for services or other benefits conferred, or for special expenses imposed upon the government, and what portion is otherwise received.

The Bureau of the Census has been unable, therefore, to employ a classification which would show for revenues other than property taxes and special assessments the relative amounts of revenue which are collected with and those collected without reference to benefits received or burdens imposed. For this reason the Bureau of the Census uses the word "taxes" in this report as the generic designation of all compulsory revenues other than fines and special assessments, but tabulates separately that portion of the aggregate

amount of these so-called taxes which is obtained in connection with the issuance of a license or permit.

In this report the revenues tabulated as taxes, in addition to being classified as above described with reference to the issue of a license or permit in connection with their collection, are classified with reference to the objects taxed. Thus classified, they are tabulated as belonging to one of four principal classes: (1) Property taxes, (2) poll or personal taxes, (3) business taxes, and (4) nonbusiness license taxes.

PROPERTY TAXES.—Property taxes are taxes upon the property of persons, natural and corporate. Under the existing laws in the United States property taxes are universally levied without reference to benefits conferred upon or enjoyed by the taxpaying property owner. A marked departure from this method of levying property taxes, which has long prevailed in both the United States and Europe, has been authorized by laws recently enacted in Germany and Great Britain under which the property tax upon the unearned increment of land values is levied with reference to measurable benefits received or accrued.

Most property taxes are apportioned according to the value of the properties upon which or by reason of which they are levied, and in so far as they are thus apportioned they are properly spoken of as *ad valorem taxes*. Others not thus apportioned are generally called *specific taxes*. Property taxes are readily separable into two groups, the general property tax and special property taxes.

The general property tax is the common designation of the direct tax upon real property, and upon other property which is apportioned and levied by substantially the methods employed in apportioning and levying taxes upon privately owned real property. Receipts from the general property tax form the largest portion of the revenue receipts of most American cities.

A general property tax, levied at the same rate upon the greater portion of the property within the territory subject to the taxing power, is here called a *general levy of the general property tax*. A similar tax levied upon a specified class of property within that territory is called a *special levy of the general property tax*; and if levied upon the property of a specified portion of that territory, it is called a *local levy of the general property tax*. A general or special levy which is applicable for a specified purpose is further designated as a *specific levy of the general property tax*.

Special property taxes are those direct taxes levied upon property which are assessed, levied, and collected by methods that are not generally applied in the case of privately owned real property. As such taxes the Bureau of the Census includes all taxes upon the property of corporations levied upon the basis of the amount of corporate stock, corporate indebtedness, or of both corporate stock and indebtedness, or by any

other method than on the basis of the valuation of all property of the corporation; taxes upon savings banks and kindred corporations, which are levied in proportion to a certain specified portion of deposits, as their excess above the value of specified investments; and taxes upon life insurance corporations assessed upon the basis of the valuations of their policies. Special property taxes also include all taxes levied upon mortgages at the time of their execution or entry of public record (as in New York), and taxes on investments, choses in action, bonds and notes for specified periods of time (as in Connecticut), and on corporation bonds held by residents (as in Pennsylvania), and all specific taxes upon property, as taxes upon land in specified amount per acre, taxes upon horses, mules, and other animals in specified amount per head, or taxes upon grain in specified amount per bushel. The greater portion of the taxes here tabulated as "Special property taxes" are taxes exacted from corporations and could with propriety be called "Property taxes of corporations."

POLL OR PERSONAL TAXES.—Under the term "poll or personal taxes," the Bureau of the Census includes all exactions by the government from private individuals which are levied without regard to the property or income of the taxpayer. These taxes comprise (1) all so-called poll or capitation taxes, whether levied in specified amounts upon all males of specified ages, or levied as *quasi* property taxes based upon an arbitrary valuation of polls; (2) all so-called poll taxes graded in amounts according to occupations; and (3) all exactions of personal service, as work upon highways or elsewhere, whether classed in local statutes as taxes or otherwise. Poll or personal taxes graded according to occupation may, with propriety, be called "occupation poll taxes." These are to be distinguished from business taxes, since they are primarily levied upon persons and not upon the business or business activity from which the taxpayer secures an income.

BUSINESS TAXES.—Business taxes are taxes upon business and business activities exacted from persons natural and corporate (1) in proportion to the volume of their business, (2) by reason of the business in which they are engaged, or (3) by reason of some business activity which constitutes a part of their business. Business taxes as here defined may be levied with or without reference to measurable or assumed measurable benefits conferred or enjoyed by the taxpayers, or special expenses imposed by them upon the government. Classified with reference to the issuance of a license or permit at the time of their collection, these taxes fall into two classes called license and non-license business taxes.

License business taxes are taxes exacted in connection with the issue of a written instrument called a license or permit, which authorizes the licensee to engage in some specified business or business activity. *Non-license business taxes* are business taxes exacted without

the issuance of a license. License and nonlicense business taxes are in this report tabulated under three headings: "Taxes on liquor traffic," "Taxes other than on liquor traffic collected without issue of license," and "Taxes other than on liquor traffic collected with issue of license."

NONBUSINESS LICENSE TAXES.—Nonbusiness license taxes are taxes other than upon business that are exacted primarily for purposes of regulation, and are collected in connection with the issue of so-called licenses or permits, and are always levied with reference to measurable or assumed measurable benefits conferred upon or enjoyed by the taxpayers. The receipts from these taxes are segregated for the purpose of this report into three classes, and are tabulated in Table 7, Financial Statistics of Cities, 1915, as taxes paid by persons granted (1) dog licenses, (2) general licenses, and (3) permits.

In the first class, *license taxes on dogs*, are included all taxes which are collected from the owners of dogs in connection with the issue of licenses or permits to keep such animals for a specified period of time, generally a year.

In the second class, *general license taxes*, are tabulated all nonbusiness license taxes, that are collected in connection with the issuance of licenses or permits other than for keeping dogs, which are granted for a specified period of time, as a year, month, or day. Among taxes of this kind are those collected from persons keeping vehicles, as automobiles, bicycles, etc., irrespective of whether these vehicles are used for business or pleasure.

In the third class, *permit taxes*, are included all nonbusiness taxes that are collected in connection with the issue of so-called licenses or permits which are granted for some specified act or transaction, as marriage licenses or permits, and departmental permits, such as those authorizing the connecting of houses with sewers and water pipes. It should be noted in this connection, however, that nonbusiness license taxes collected by public service enterprises in connection with the issue of permits by them are included for accounting purposes with revenue receipts from those enterprises, although, like other revenue obtained in connection with the issue of permits, they are permit taxes.

SPECIAL ASSESSMENTS.—Special assessments are general proportional contributions of wealth levied against land and collected from its owners and occupants to defray the costs of specified public improvements made, or of specified public services undertaken, in the interest of the general public. Special assessments, like taxes, are levied and collected under the sovereign powers of the state, generally called taxing and police powers, but under very different conditions and subject to the application of widely different principles, as may be noted from the following comparisons based upon court decisions:

1. Taxes upon property are levied for the purpose of raising revenue (1) for meeting the general costs of government, (2) for providing for all general public needs, and (3) for other governmental purposes; and the only benefit which taxpayers in the United States at present receive is as members of organized society. The individual taxpayer is therefore poorer, in a sense, by reason of the payment. Special assessments are levied only for the purpose of providing for specified general public needs, and, in theory at least, do not leave the property owners who pay their assessments any the poorer, since they are fully compensated by the benefits conferred upon them by the improvements or by the services for which the assessments are levied.

2. Taxes may be levied upon personal as well as real property, and upon person, business, occupation, franchise, privilege, and right; but special assessments are levied upon land alone.

3. A tax is levied on the whole, or with reference to the whole, of a known political subdivision, as a state, county, city, town, or school district, or some special subdivision thereof or some special class of property therein; while a special assessment is levied on the property situated in a district created for the express purpose of a levy, and possessing no other function or even existence than to include the thing upon which the levy is made.

4. Certain properties may be specifically exempt from property taxes on account of their public character or from considerations of public policy, but no property is thus exempt from special assessments.

5. Receipts from taxes may be expended for any purpose or object for which the taxing authority may make appropriations; but receipts from special assessments may be expended only for those public improvements and public services from which an exceptional and plainly perceived benefit ensues to the property or to the occupant of the property upon which they are imposed.

6. Taxes are a continuing burden of recurrent charges which must be collected at stated short intervals, while special assessments are levied occasionally only, being exceptional both as to time and locality.

FINES AND FORFEITS.—*Fines* are amounts of wealth exacted from individuals, firms, and corporations under the sovereign power of inflicting punishment as penalties for violation of law, while *forfeits* are amounts accruing to governments in accordance with the terms of contracts as penalties for nonobservance of such contracts. Forfeits of one class, however, are received in lieu of fines and are classified as such. These are deposits exacted to guarantee the appearance of the depositor before a court. They, in a sense, are paid to bind the agreement to thus appear, but as the amount usually approximates the fine that would be imposed in case of appearance and conviction,

their forfeiture relates them more nearly to fines than to the usual forfeits for nonobservance of contracts. Receipts from fines, like receipts from taxes, are what writers on public finance call "compulsory revenues," while those from commercial forfeits belong to the class called "contractual." It should be noted in this connection that the revenues on account of the liquor traffic in Ohio and Iowa which are collected under what are known as "mulet" laws, or laws for imposing mullets or penalties, are tabulated in this report as business taxes and not as fines, such revenues being levied under the legal fiction of a "fine" or "mulet," just as the corresponding "license fees" are levied under the legal fiction of a benefit or service.

ESCHEATS.—Escheats are amounts of money received from the disposal of property whose owners can not be ascertained or located.

SUBVENTIONS AND GRANTS.—Subventions and grants are gratuitous contributions made by one government to another. The Bureau of the Census applies the designation *subventions* to those contributions for specified purposes made by the Nation and by states and counties to their minor civil divisions, which are granted subject to the formal compliance by the recipient with certain prescribed conditions, while the term *grants* is applied only to those contributions of one government to another which are made without the prior establishment of conditions.

DONATIONS AND GIFTS.—Donations and gifts are gratuitous contributions made by private individuals and corporations to governments. The Bureau of the Census uses the term *donations* in referring to those contributions from private sources which are for the establishment or maintenance of almshouses, hospitals, infirmaries, libraries, and kindred institutions, and applies the designation *gifts* to all other contributions by private individuals and corporations to governments.

PENSION ASSESSMENTS.—Pension assessments, as the Bureau of the Census uses the term, are amounts of money collected from policemen, firemen, teachers, and other governmental employees toward the payment of pensions and the maintenance of pension funds in the interest of the classes of employees contributing. Pension assessments are always received subject to conditions, and thus always constitute trust revenues.

FEES AND CHARGES.—When first used in private business the word "fee" was the designation of the compensation exacted for a service performed or work done, and the word "charge" was the designation of a burden imposed. In private business the word "fee" to-day retains its earlier significance, although it is most frequently applied to the compensation for the service of a physician, lawyer, or other professional person; but the word "charge" has come to have the same general meaning as "fee," although

it is applied most frequently to the compensation rendered for a service performed, work done, or something sold.

When first used in governmental business the word "fee" was employed with the significance which it had in private business, but it soon began to be also used as the designation of an amount exacted by absolute rulers by virtue of what is now called the taxing power, under the fiction that it was compensation for a special service rendered or a special benefit conferred in the form of a privilege or right that the taxpayer was permitted to enjoy or exercise. In modern statutes the word "fee" is used with both of these meanings, inherited from the Middle Ages.

Municipal compulsory revenues called "fees" which are levied and collected by virtue of the so-called taxing or police powers are in this report tabulated as "Taxes," for reasons already stated.

Only those revenues are tabulated as "Fees" which are classified by Seligman as "contractual," and which represent the actual compensation for services performed by the employees of the government as one person performs a service for another in private life. They are payments for *something done*, as compared with payments for the *privilege or right of doing something*, as are the so-called fees exacted under the taxing or police powers and tabulated as taxes.

The Bureau of the Census places in the generic group of revenues to which fees are assigned the revenues called "charges." In so tabulating charges it uses the word with its secondary or derivative meaning, which is identical, as has been pointed out, with the primary meaning of "fees." The Bureau of the Census specifically applies the term *fees* to amounts collected as compensation for such services as are performed only by governments; while it uses the word *charges* as the designation of amounts collected as compensation for governmental services that are similar in character to those performed by one individual for another. The amount of a governmental fee is usually established by statute, and the fee is generally collected in advance. On the other hand, a governmental charge can be definitely determined only upon completion of the work or service, and advance payment for such work or service, if made at all, is made only to guarantee the costs when determined.

Charges are differentiated from special assessments by the following characteristics: A *charge* is the compensation for something done by governmental employees for the benefit of a particular individual, and in determining its amount no consideration is taken of any service performed for another, or the cost of any public improvement made or service rendered to the general public, or in behalf of the people in a given territory. In contrast, a *special assessment* paid by a given individual always represents the cost of some public improvement or service which is levied

on all the land of a given territory. The difference can best be illustrated by the following concrete cases:

If in one portion of its territory a city constructs a sewer or sidewalk or lays a water pipe for one or more squares and apportions a whole or a part of the cost to the property benefited, the amount so apportioned constitutes a special assessment; while if a given individual with land outside of the line of sewer or water pipe authorized, or in front of which no sidewalks have been ordered, petitions to have his land connected with the sewer or water main or to have sidewalks laid in front of the same, and the city complies with his petition and makes the improvements requested and the petitioner reimburses the city wholly or in part for the improvement made, the payment is here called a charge and not a special assessment.

Further, if a city assumes the task of removing the snow from the sidewalks or the rubbish from the back yards of any portion of the territory and reimburses itself for the cost by a proportional levy upon those benefited by the services, the amounts levied upon the property benefited are special assessments. If, however, the city makes it obligatory upon all owners or occupiers of land to clear the snow from the walks and remove rubbish from their back yards, and, in default of compliance by a particular owner or occupier, does the work and collects the cost by a levy against the land, the amount collected is a charge and not a special assessment or tax.

Tolls is the designation given to charges made for passing over bridges or traveling over roads.

Rates is the generic designation generally applied to the revenues of water supply, gas supply, and electric light systems and similar enterprises which they earn by furnishing or supplying their respective utilities.

Rates and tolls are in reality but charges of certain classes of enterprises which are given special names. The names thus given and the classification of these revenues employed in this report are never modified by the method adopted for enforcing their payment. In some cities unless the rates of water and gas supply systems and similar enterprises are promptly paid they are made a lien upon the real property to the occupant of which water, gas, or electric current is furnished, and the amount is placed on the tax roll and collected with taxes. This is a lien, as the courts have decided, securing the payment of the debt by the individual property owner for the "rate" or "charge" for the service furnished, and not a tax.

HIGHWAY PRIVILEGE DUES.—Highway privilege dues is the generic designation applied by the Bureau of the Census to amounts of money received by cities as compensation for special privileges in, upon, under, or over the public highways granted to particular individuals and corporations beyond the privileges of other individuals and corporations. Some of the privileges granted for which these dues are received are privileges

in, upon, under, or over highways that in the case of private realty are called *licenses*, and others are rights which are most frequently spoken of as *easements*, and others, granted to public service corporations, are privileges called *franchises*. They differ from the privileges granted upon realty by lease in that they are exercised under conditions that permit the use of highways by others than the recipients of the privileges. They also differ from the privileges for which license taxes are paid in that they are privileges to make certain uses of land owned by the grantor, while the privileges secured by the payment of license taxes are merely privileges to do something. Highway privilege dues differ from fees in that fees are received as compensation for services performed or rendered, while highway privilege dues are received as compensation for specified rights or privileges upon the public highways. Highway privilege dues are divided by the Bureau of the Census into two classes, called major and minor.

Major highway privilege dues are amounts of money exacted as compensation for those privileges upon the highways which are exclusively enjoyed by public-utility corporations and which such corporations must possess in order to carry on their business. The privileges for which these dues are received as compensation are those most generally called "franchises," and are by some writers referred to as "operating franchises," to distinguish them from "corporate franchises" or authority to exist as a corporation. These dues may with propriety be called "franchise highway privilege dues."

Minor highway privilege dues are amounts of money exacted for licenses or easements granted for utilizing, for purposes specified, portions of the highway or space above or below it, including the privilege of erecting awnings and signs projecting over or extending across the sidewalk or street or constructing vaults under the sidewalk or street in front of or adjoining the property owned or occupied by the grantee. Minor highway privilege dues may be collected from corporations as well as from private individuals.

OTHER REVENUES.—Governmental revenues other than those mentioned above include interest receivable, rents, minor sales of materials and scrap when these are offsets to governmental expenses, and the sales of utilities and products furnished by public service enterprises and municipal institutions. These governmental revenues are of the same character as similar revenues of private persons and corporations to which are given the designations mentioned. None of them require any special definition or description in this connection.

MUNICIPAL BORROWINGS.—Municipal borrowings is the generic term here used in referring to (1) the money received by municipalities from the issue of long or short term bonds, or other municipal debt obligations; and (2) the bonds and other municipal

debt obligations that have been authorized but not issued. Borrowings in budget accounting are readily separable into those called funded, revenue, and special assessment borrowings.

Funded borrowings are the borrowings of cities represented by long-term bonds or certificates issued or authorized.

Revenue borrowings are the borrowings of cities which are represented by bonds and other obligations issued to secure money in anticipation of the receipt of ordinary revenues.

Special assessment borrowings are municipal borrowings represented by bonds and certificates and time warrants issued in anticipation of the collection of special assessments.

MUNICIPAL FUND ACCUMULATIONS.—Most American cities which incur indebtedness by the issue of long-term debt obligations, variously designated as "corporate stock," "bonds," and "certificates of indebtedness," provide for their final amortization through sinking fund assets accumulated for that purpose. The amounts appropriated from revenues each year to be added to the assets of sinking funds, including the earnings of the funds so added, are here called expenditures for accumulation of special funds, or, more briefly, special fund accumulations. The same term is applied to the additions made by donations, gifts, or otherwise to public trust funds for municipal uses, and to investment funds and properties held as investments.

MUNICIPAL REVENUE LEDGER ADJUSTMENTS.—On page 17 a definition has been given of "Municipal ledger adjustments," and statements have been made setting forth the methods of recording them to secure comparable statistical reports. Municipal revenue ledger adjustments include the credit and debit entries in ledger balancing accounts that, like revenues, represent increases in municipal assets which are not accompanied with increases in municipal liabilities, or represent decreases in municipal liabilities which are not accompanied with decreases in municipal assets, or at least are not so shown in the accounts. Of these ledger adjustments, special attention is here called to premiums received on original sales of city debt obligations, and to discounts obtained in connection with the purchase of such obligations for cancellation. If municipal accounts were all kept on a scientific basis the premiums on bonds sold would be credited to a liability account with "premium," and written off or amortized year by year during the life of the bond, thus calling for no special adjustment of the balancing account. Such accounting is, however, not practicable with the financial administration of our American cities at the present time, and hence the premiums and the discounts here referred to should be debited to the balancing ledger account, and so shown in city reports under some

specific descriptive designation, if they can not, because of popular prejudices, be treated as current revenues. In practice the premiums here referred to are by American cities (1) used for meeting current expenses, (2) used for meeting the cost of constructing or acquiring the properties and public improvements for which the bond issues themselves are used, (3) reserved for meeting the first payments of the bonds for which they are premiums, or (4) transferred to sinking funds and made reserves for amortizing future debts. All of these treatments call for ledger adjustment entries, if complete accounts are kept showing the effect of current transactions upon the interests of the city as a proprietor.

MUNICIPAL RECEIPTS AND PAYMENTS.

RECEIPTS AND PAYMENTS IN CENSUS STATISTICS.—The census financial statistics of cities are based upon, and in large part derived from, the accounts and reports of city comptrollers and treasurers, or those of other officials discharging some or all of the duties of officers bearing those designations. Those accounts, so far as they are records of financial transactions, are with few exceptions primarily accounts with what are called in the commercial world "receipts and payments of cash." The methods employed by the Bureau of the Census in using these accounts for the purpose of compiling comparative statistics of governmental costs have already been described at length. By those methods certain receipts and payments not recorded in cash accounts are included in these statistics. The character of the receipts and payments thus included is described in the statements which follow.

RECEIPTS.—In accounts, receipts are amounts of money, bills receivable, land, materials other than money, and services that in the conduct of business are received by or placed at the disposal of or to the credit of the recipient for his own use or benefit, or for the use or benefit of another. Receipts recorded in so-called cash accounts are called *cash receipts*.

PAYMENTS.—In accounts, payments are amounts of money, bills payable, land, materials other than money, and services that in the conduct of business are paid, delivered, or transferred in the settlement of claims against or for the final discharge of the debt obligations of the payer, or for his use, benefit, or credit. Payments recorded in so-called cash accounts are called *cash payments*.

MUNICIPAL RECEIPTS AND PAYMENTS.—Municipal receipts and municipal payments are the receipts and payments recorded in the accounts of cities and other municipalities.

PRIMARY CLASSIFICATION OF MUNICIPAL RECEIPTS AND PAYMENTS.—The primary classification of municipal receipts and payments made use of in this report is one which segregates receipts with reference to

revenues, and payments with reference to governmental costs. When thus classified municipal receipts are separable into revenue receipts and nonrevenue receipts, and municipal payments into governmental cost payments and nongovernmental cost payments.

MUNICIPAL REVENUE RECEIPTS.—The term "municipal revenue receipts" is here applied to the receipts of cities and other municipalities on revenue account, less amounts which have been returned or are to be returned by reason of error or otherwise. The amounts so returned or to be returned should be recorded as payments in the same accounts with the revenue receipts, and the receipts and the counterbalancing payments are called in this report *counterbalancing receipts and payments*. The *municipal revenue receipts of a given fiscal year* included in the census municipal statistics comprise (1) amounts on revenue account recorded in local cash accounts during the year, and (2) amounts of similar receipts which the Bureau of the Census combines with the recorded cash receipts for the purpose of compiling more comparable statistics of revenue receipts and governmental cost payments.

MUNICIPAL NONREVENUE RECEIPTS.—The term "municipal nonrevenue receipts" is here applied to all receipts of cities and other municipalities other than municipal revenue receipts as previously defined. The *municipal nonrevenue receipts of a given fiscal year* included in the census municipal financial statistics comprise (a) all receipts recorded during the year in so-called cash accounts of the municipalities from (1) sales of investments, (2) sales of supplies which have been purchased for sale, (3) sales of municipal securities, (4) transactions other than sales of municipal securities which increased municipal indebtedness, and (5) counterbalancing receipts such as those mentioned in the preceding paragraphs; together with (b) receipts during the year of services whose costs have been included among the expenses and outlays of the year.

MUNICIPAL GOVERNMENTAL COST PAYMENTS.—The term "municipal governmental cost payments" is here applied to the payments of cities and other municipalities for their governmental costs, or for their expenses, interest, and outlays, less amounts which have been returned or are to be returned by reason of error or otherwise. The amounts so returned or to be returned should always be recorded as receipts in the same accounts with governmental cost payments, and the payments and counterbalancing receipts are in this report called *counterbalancing payments and receipts*. The *municipal governmental cost payments of a given fiscal year* included in the census financial statistics comprise (1) the amounts recorded in local cash accounts of the comptrollers, or other officers acting as comptrollers, as paid during the year in settlement of claims of the current year on account of expenses, interest, and outlays, including payments

for materials and supplies used during the year; (2) the amounts recorded in the same accounts as paid during the succeeding year in settlement of the expenses, interest, and outlays for the given year; (3) payments recorded in the local cash accounts of city controlling officers in preceding years, equal in amount to the excess of the value of materials and supplies charged during the year as expenses and outlays over the payments of the year for new materials and supplies; and (4) payments for interdepartmental services not recorded in local cash accounts. The payments mentioned after (1) and (2) are in most cases equal in amount to payments recorded in warrant registers, and differ from them only to the extent that some payments are made without the issue of a warrant or order, as has already been explained. With that exception those payments may be called "warrant payments" as well as "cash payments." The Bureau of the Census combines the payments mentioned in (3) and (4) with those mentioned in (1) and (2), and, for the purpose of presenting more comparable statistics of governmental cost payments, omits from the so-called governmental cost payments of this report certain payments recorded in local expense accounts.

MUNICIPAL NONGOVERNMENTAL COST PAYMENTS.—The term "municipal nongovernmental cost payments" is here applied to all payments of cities and other municipalities other than municipal governmental cost payments as previously described. *The municipal nongovernmental cost payments of a given fiscal year* included in the census financial statistics comprise all cash or warrant payments recorded during the year in the accounts of municipalities for (1) the purchase of investments; (2) the purchase of supplies in excess of those used or sold; (3) the final cash payment of municipal debt obligations in the form of bonds, notes, warrants, and audited claims; and (4) counterbalancing payments such as those described in preceding paragraphs which are recorded in revenue and governmental cost payment accounts.

SIGNIFICANCE OF PRIMARY CLASSIFICATION OF MUNICIPAL RECEIPTS AND PAYMENTS.—The segregation of municipal receipts into revenue and nonrevenue receipts and the segregation of municipal payments into governmental cost and nongovernmental cost payments is of great significance, since it permits the preparation of summaries of financial transactions that show the excess of revenue receipts over the expenses and interest for meeting which they are provided, or the reverse, and the excess of governmental cost payments over revenue receipts, or the reverse.

SECONDARY CLASSIFICATION OF MUNICIPAL RECEIPTS AND PAYMENTS.—Another classification of municipal receipts and payments made use of in this report is one which separates the receipts into those called "receipts from the public" and "transfer receipts," and the payments into "payments to the public" and "transfer payments."

MUNICIPAL RECEIPTS FROM THE PUBLIC.—Municipal receipts from the public is the designation applied in this report to receipts from private persons and corporations, and from states, counties, and other civil divisions by cities and other municipalities for (1) their governmental uses and purposes, and (2) for the use, benefit, or credit of other civil divisions or of private persons or corporations. *The municipal receipts from the public for a given fiscal year* included in the census municipal financial statistics comprise (1) all receipts by cities and other municipalities from other civil divisions and from private individuals and corporations that during the given year are recorded in the so-called cash accounts of the officers of the various divisions of the government of the municipality; and (2) receipts during the year or during preceding years of materials and supplies, and receipts during the year of services the cost of which are included by the Bureau of the Census as expenses and outlays, but which are represented at the close of the year by unpaid warrants, orders, audits, claims, or judgments.

MUNICIPAL PAYMENTS TO THE PUBLIC.—Municipal payments to the public comprise the payments by cities and other municipalities to private persons and corporations and to other civil divisions of cash or of warrants, orders, bonds, notes, judgments, and other bills payable in settlement or adjustment of claims against or in final satisfaction of the debt obligations of the municipalities or of any of the divisions of their governments, or for their use or benefit. *The municipal payments to the public for a given fiscal year* included in the census statistics comprise (1) cash paid during the year to private persons and corporations and to other civil divisions in settlement of claims against the municipality or one of the divisions of its government, or for its use or benefit; (2) cash paid to such persons, corporations, and divisions during the year in final satisfaction of warrants, orders, and other bills payable, of the given year or of any preceding year; (3) warrants and other bills payable issued, delivered, transferred, or entered of record during the year or during the succeeding year, in settlement of the claims of private persons and corporations and other civil divisions against the municipality, or one of the divisions of its government, which arose or accrued during the given year. It should be noted in this connection that the only payments such as those mentioned in (3) as being issued, delivered, etc., during the succeeding year that are included in the census statistics are those of warrants and orders in settlement of claims audited during the year that were issued in the succeeding year, and the warrants, etc., that were issued by cities that held their books open for a limited period after the close of the fiscal year to make a complete statement of the governmental costs of that year.

MUNICIPAL TRANSFER RECEIPTS.—Municipal transfer receipts is the designation applied in this report to amounts of cash (1) which the divisions of the government of a city or other municipality place at the disposal or to the credit of their accounts with their various funds, including those for their departments and enterprises; or (2) which are transferred to one of these accounts from another; or (3) which one of these funds, departments, or enterprises receives from another. *The municipal transfer receipts for a given fiscal year included in the census statistics comprise all such receipts as those mentioned above after (2) and (3), which are recorded in the local accounts during the year, and similar interdepartmental receipts combined therewith by the Bureau of the Census for the purpose of presenting more comparable and accurate statements of governmental costs.*

MUNICIPAL TRANSFER PAYMENTS.—Municipal transfer payments are the amounts of cash which a division of the government of the city or other municipality transfers or takes from the credit of one of its funds, departments, enterprises, or accounts in settlement or adjustment of claims against it in favor of another fund, department, enterprise, or account; or which one fund, department, or enterprise delivers or pays to another in settlement of its claims. *The municipal transfer payments for a given fiscal year included in the census statistics comprise (1) all municipal interdepartmental payments recorded in the local accounts during the year, and (2) similar payments combined therewith by the Bureau of the Census for the purpose of presenting more comparable and accurate statements of governmental costs, as has previously been explained.*

SIGNIFICANCE OF THE SECONDARY CLASSIFICATION OF MUNICIPAL RECEIPTS AND PAYMENTS.—The segregation of municipal receipts and payments into the two classes termed "receipts from and payments to the public" and "transfer receipts and payments" is of great significance, since a receipt of cash or any specific equivalent thereof from the public increases the amount of such cash or specific equivalent in the possession or control of the government, and a payment or delivery to the public decreases the amount of such cash or specific equivalent; while corresponding receipts by one division, fund, or account of the city from another effect no change in the amount of cash or such equivalent. In recognition of this fact the receipts from and payments to the public are sometimes spoken of in this report as *actual receipts and payments*, and the transfer receipts and payments as *nominal receipts and payments*. The first class of receipts and payments may be called *corporate receipts and payments*, since they are the receipts and payments of the various corporations that constitute the government of a municipality; while the second class of receipts and payments may be called *fund receipts and payments*,

since they are the receipts of the funds of the city including those for the various enterprises, departments, and other objects of appropriation, or *interdepartmental receipts and payments*, for reasons that are obvious.

SUBORDINATE CLASSES OF MUNICIPAL RECEIPTS AND PAYMENTS.—Municipal revenue receipts, whether receipts from the public or transfer receipts, are classified and tabulated so as to show those from public service enterprises and those from other sources and from the various classes of those revenues. In like manner municipal governmental cost payments are classified and tabulated so as to show those paid in settlement of claims arising for expenses, interest, and outlays.

In addition to the classification of receipts from and payments to the public and transfer receipts and payments described in preceding paragraphs, attention is here called to two additional classifications of transfer receipts and payments made use of in this report: (1) A classification according to the character of the transaction, separating the transfers into those designated as general, service, interest, and investment transfer receipts and payments; and (2) a classification by the degree of independence of the divisions, departments, offices, or accounts between which the transfers are made, separating the transfers into those designated as major and minor transfer receipts and payments.

General transfer receipts and payments are amounts of cash or its equivalent received and paid by transfer between independently administered divisions, funds, or enterprises, where the receipt is not associated with the performance of services, the purchase of securities, the payment of interest on securities, or the renting of real property.

Service transfer receipts and payments included in this report are (1) the receipts by or for public service enterprises as compensation for the public utilities, such as water, gas, and electric current furnished by them for city uses; (2) certain receipts by one governmental division, fund, department, or office, as compensation for the service performed and the materials and other equivalents of cash furnished by it for another governmental division, fund, department, or office, or for a municipal enterprise, and the payments by or for a division, enterprise, department, fund, or account for which the services are performed and the materials and other equivalents of cash are furnished; and (3) certain accounting transfer receipts and payments which represent similar receipts and payments not recorded in city accounts.

Interest transfer receipts and payments are the receipts and payments included in the census statistics of municipal financial transactions which represent (1) the receipts shown on the books of city funds with investments and the counterpayments shown on those

of the city corporation or division of the city government on account of amounts paid by the corporation or division to the funds as interest on municipal securities or debt obligations held by those funds, and (2) certain accounting interest transfer receipts and payments.

Investment transfer receipts and payments are municipal receipts and payments recorded in the books of city funds with investments and in the books of the city corporation or other divisions of the government of the city, representing the value of securities or other investments received by one fund from another, or the value of those securities received by the city corporation from one of the other divisions of the city government.

Major transfer receipts and payments are amounts of cash or its equivalent transferred by one independent division or fund of a government to another.

Minor transfer receipts and payments are amounts of cash or its equivalent received by one office or account from another, or transferred from one account of a division of a government to another. Most of such transfers recorded in city accounts are treated by the Bureau of the Census as accounting credits and debits and are not included in its published statistics.

MUNICIPAL ASSETS, PROPERTIES, PUBLIC IMPROVEMENTS, LIABILITIES, AND PROPRIETARY INTERESTS.

MUNICIPAL ASSETS.—Municipal assets is the designation employed by the Bureau of the Census in referring to the cash and other wealth in the possession of cities and other municipalities, or at their disposal, which have been acquired or provided for meeting their governmental costs, for investment, and for paying debts, including those which have been incurred by accepting private or public trusts. The cash and other wealth that constitute governmental assets as here defined are sometimes referred to as *funds*. This meaning of the word *funds* is to be distinguished from that of the word *fund* in the singular, and also in the plural, as the designation of an amount of money or other wealth available for a specified purpose.

MUNICIPAL PROPERTIES.—Municipal properties is the designation employed by the Bureau of the Census in referring to land used by cities and other municipalities for governmental purposes, to buildings and other more or less permanent structures on said land (other than those here called public improvements), and to furniture, tools, apparatus, and other equipment having a life in service of more than one year.

These properties are further classified as productive and nonproductive. *Municipal productive properties* include the land, buildings, structures, furniture, machinery, tools, and other equipment that are used by cities and other municipalities in connection with the

operation of their public service enterprises. All other properties of municipalities are spoken of as *municipal nonproductive properties*.

MUNICIPAL PUBLIC IMPROVEMENTS.—No statistics of the public improvements of cities appear in this report, for the reason that the data pertaining thereto collected for the year 1915 were not deemed sufficiently accurate. The discussion which follows will, it is hoped, assist to a clearer understanding of the subject and a realization upon the part of city officials of the importance of accurate accounts of municipal governments with the values of their public improvements.

Municipal public improvements is the term employed by the Bureau of the Census as the designation of those permanent structures used by cities and other municipalities for community purposes, which have a value in use but not in exchange, and whose value in use is reflected in the enhanced value of the property of private persons and corporations. They are readily separable into three classes, here called municipal highway improvements, municipal sewers, and other municipal public improvements.

Municipal highway improvements is the designation used in speaking of the structures and other improvements upon the land belonging to cities and other municipalities which are employed for highway purposes, including pavements, sidewalks, curbs, bridges, tunnels, grades, and fills for highway purposes, but not structures for public service enterprises, such as railroads, street railways, and revenue-earning canals. Under the designation *municipal sewers* are included not only the structures bearing that name, but all structures, such as manholes and catch basins, forming parts of sewer systems, and also all drainage canals and open drains. Under the designation *other municipal public improvements* the Bureau of the Census would include such public structures as retaining walls, unproductive docks and wharves, and unproductive waterways.

ACCOUNTS WITH ASSETS, PROPERTIES, AND PUBLIC IMPROVEMENTS.—When the accounts of governments with the value of their properties and public improvements are properly kept, they contain approximately correct statements of their value in use as determined either by their original cost or the cost of their replacement, less depreciation. When, however, these accounts are improperly kept, they do not contain correct statements, and for that reason lose much of their accounting and administrative importance and can not be taken as a basis for a correct judgment concerning the financial condition of governments or the results of governmental methods of constructing and financing improvements.

Few cities have any trustworthy records of the cost or present value of their properties; a still smaller number have any intelligible or trustworthy accounts of

the original cost of their public improvements or any data for estimating the present cost of replacing them, and few prepare any trustworthy estimates of the probable amount to be realized from their uncollected revenues. Some improvement has been made, however, in this branch of accounting during the last few years. Of the factors bringing about this improvement, one of the most potent has been the repeated attempts made by the Bureau of the Census to secure correct information with reference to the value of governmental properties and public improvements. As a result of the progress made in this field of accounting, the bureau has been able this year to make its statistics of the value of governmental properties more trustworthy than those of any previous year, although even now they are confessedly far from perfect. Unfortunately, the same statement does not apply to the statistics of public improvements, the publication of which can not be resumed until such time as the accounts of the cities justify it. Statistics of uncollected revenue have not been included in the report for any year, since the data obtained with reference to this class of municipal assets have not been deemed sufficiently trustworthy to warrant publication, and this extension of census statistics of assets, properties, and public improvements is therefore deferred until approximately correct statements of these values shall have been prepared by the cities.

DEBTS OR DEBT LIABILITIES.—In the accounts of private individuals and corporations, and also in those of governments, the most important items listed in balance sheets under the term “liabilities” are debts or debt liabilities. The debts of private individuals, corporations, and governments are separable into those called “contract” and “fiduciary,” according as they are founded on or arise from simple contract, or from some trust or confidence imposed upon the debtor. The greater portion of debts arise from contract, and call for no special explanation or discussion in this connection. The character of those created by assuming trusts can best be stated by defining trusts and their principal classes.

Trusts are the obligations to hold, use, or expend money or wealth in the interest of specified persons, or for specified purposes or objects, and may be grouped into two general classes: (1) Obligations or responsibilities which are strictly trusts in the legal sense of the word; and (2) obligations or responsibilities in the nature of trusts which involve the relation of agent and principal, such as those arising in the case of a city acting as agent for the state or other civil division. The trusts belonging to the first class are of two kinds, private and public.

Private trusts are those which concern individuals and families and are limited in duration. They are obligations and responsibilities to hold or use specified amounts of money or other wealth in the interest of

specified individuals, or to expend such wealth in their interest or at their behest, or in accordance with the specified conditions of the trust.

Public or charitable trusts are those which are established for the benefit of the public at large or of some designated portion of the public, such as the young, the poor, or the insane. These trusts are obligations to expend specified amounts of money or other wealth for specified objects or purposes, or responsibilities for holding the same in the interest of such objects and purposes.

All public or charitable trusts assumed by private individuals and corporations and all *quasi* trusts assumed by them when acting as agent create fiduciary debts which are scheduled as such in balance sheets. It is otherwise with municipal and other governments. The only municipal trusts that give rise to fiduciary debts are private trusts, the *quasi* trusts arising from agency transactions, and a class of public trusts to which the Bureau of the Census gives the designation *public trusts for nonmunicipal uses* or public trusts for objects and purposes for which the municipality has no authority to make appropriations. Public trusts assumed by municipalities for objects and purposes for which the municipality has authority to make appropriations are here called *public trusts for municipal uses*. The obligations created by accepting these trusts should be shown in balance sheets after the title “Reserves,” the definition of which is given later under “Municipal proprietary interests.”

MUNICIPAL DEBTS OR DEBT LIABILITIES.—Municipal debts or debt liabilities are the amounts of money or of property or services expressed in terms of money which the municipalities owe, or are under obligation to pay, deliver, or render. They include, in addition to the debts arising from contracts, the fiduciary debts above described.

Municipal debts may be evidenced by written instruments, such as those called bonds, certificates of indebtedness, mortgages, notes payable, warrants payable, audits payable, or by decrees of courts called judgments. Further, some municipal debts, like private debts, are represented by accounts without the issue of any formal instrument acknowledging the indebtedness. The terms *bonds* and *certificates of indebtedness* are generally applied to all written instruments evidencing municipal liabilities given under the seal of the city or other municipality issuing the same. These instruments are generally given specific names when the money for redeeming them is to be obtained from certain specified sources. Thus bonds and certificates of indebtedness to be redeemed from the proceeds of special assessments are called *special assessment bonds* or *special assessment certificates*; and instruments given as evidence of debts to be paid from the current tax levy are called *revenue bonds*, *anticipation tax bonds*, *anticipation tax warrants*, *warrants*, and kin-

dred designations. Instruments evidencing municipal indebtedness less formal than those mentioned above are called *notes payable*, *warrants payable*, and *audits payable*. Liabilities recorded only in books of account are called *accounts payable*, and those evidenced by the decisions of courts are called *judgments*.

The debts or debt liabilities of municipalities, when classified with reference to creditor, are here called actual and nominal debts or debt liabilities; classified according to the provision made for meeting them, they are called current, fixed, and floating liabilities; and classified according to the time when due and payable, they are called due and demand debt liabilities, debt liabilities not due, and unadjusted debt liabilities and claims.

The actual debts or debt liabilities of municipalities are the amounts of money or of property, or services expressed in terms of money, which cities and other municipalities are under obligation to pay or render to private persons and corporations and to other civil divisions.

The nominal debts or debt liabilities of municipalities are (1) the amounts which cities and other municipalities owe to their funds, departments, or enterprises, or which one of their funds, departments, or enterprises owes or is under obligation to pay to another; (2) debts and debt liabilities which under specified circumstances or subject to specified conditions municipalities may be called upon to pay, deliver, or render in the future, but for the payment, delivery, or rendering of which there are no present obligations; and (3) other debts or debt liabilities of municipalities represented by credit entries in liability accounts that are balanced by identical debit entries in asset and other accounts. The nominal liabilities of municipalities which do not represent amounts which are present obligations to pay or render, but which under certain circumstances may become such obligations, are generally *contingent debts or contingent debt liabilities*.

The current debts or current debt liabilities of municipalities are the debts or debt liabilities of cities and other municipalities for the payment or redemption of which provision is fully made by cash on hand, by revenues (including special assessments) levied but uncollected, or by other current assets provided and appropriated for the specific purpose of their payment and redemption. The current liabilities of cities and other municipalities are readily separable into those evidenced by special assessment certificates, revenue bonds, warrants, and similar instruments, and the fiduciary debts arising from the acceptance of private trusts for nonmunicipal uses and from acting as agent for other civil divisions.

The current debts evidenced by *special assessment certificates* are those which will be redeemed from the proceeds of special assessments that have been levied and collected or are to be collected. The current

debts evidenced by *revenue bonds* and by *warrants* and *accounts payable* are those which will be redeemed from the proceeds of the general property taxes already levied, or from cash or other assets from the city treasuries; and the *current fiduciary debts* are those arising from the acceptance of private trusts and public trusts for nonmunicipal uses, and those arising from acting as agent, for meeting which the city has cash in the treasury.

The fixed or funded debts of municipalities are those debts or debt liabilities of cities that are evidenced by bonds or certificates of indebtedness which have a number of years to run, or upon which interest is to be paid in perpetuity, but for the amortization of which no assets other than those of sinking funds have been specifically provided or appropriated. Governments at one time applied the term "funded debts" only to those of their debts for whose amortization sinking fund provisions had been made; but at the present the term is used more or less interchangeably with "fixed debts" in speaking of the debts evidenced by the long-term bonds and certificates of indebtedness specifically mentioned above.

The floating debts or floating debt liabilities of municipalities are those debts or debt obligations of cities and other municipalities for the payment of which there is no cash in the treasury, or other assets specifically provided and available for meeting them when due. Under this heading the Bureau of the Census has tabulated for this report (1) all debts evidenced by special assessment certificates, revenue bonds, warrants, and accounts payable that have been incurred in excess of the amounts received or receivable on account of the levies of special assessments and general property taxes provided for redeeming them; (2) all debts evidenced by special assessment bonds to be redeemed from the levies of a succeeding year; (3) all debts evidenced by short-term bonds to be redeemed from the proceeds of long-term debt obligations; (4) all judgments outstanding; (5) all indebtedness to public trust funds not evidenced by formal bonds or certificates of indebtedness; (6) all mortgages; (7) all liabilities growing out of the relation of agent and principal or the acceptance of private trusts where no assets to meet them are in the treasury; and (8) all debts or debt liabilities which have a number of years to run and which are not evidenced by bonds or certificates of indebtedness.

GROSS AND NET DEBTS.—The term *gross debt* or *gross indebtedness* is employed in this report as the designation of the aggregate of all outstanding obligations, including current, funded, and floating indebtedness; and the term *net debt* or *net indebtedness* is used as the designation of the gross debt less the assets specifically appropriated for meeting them. The amount of that indebtedness as shown for the individual cities included in this report is computed in

each case by subtracting from the total funded and floating debt the amount of all sinking fund assets less those provided for the payment of special assessment debt. It is assumed that the current debt is balanced by the current assets. The method of computing net debt or net indebtedness secures only approximately correct statements, owing to the fact that the current assets are not always identical with current debts; but until cities generally provide more accurate statements of the value of such current assets as uncollected taxes and uncollected special assessments, no more accurate or comparable figures of net indebtedness are practicable for all cities.

MUNICIPAL PROPRIETARY INTERESTS.—Municipal proprietary interests is the designation here applied to the excess of the value of municipal assets, properties, and public improvements over the amount of the municipal indebtedness. This excess, having all been obtained from revenue, may with propriety be spoken of as *municipal revenue accumulations*. Municipal proprietary interests, or revenue accumulations, are of two distinct kinds—the reserved and the free or unreserved.

Municipal reserves is the designation given by accountants to the *reserved proprietary interest of municipalities*. These reserves are of several distinct classes, each bearing a descriptive designation. The most important of these classes are (1) *sinking fund reserves*, or proprietary interests which represent assets that have been set aside or reserved for the final amortization of debts; (2) *public trust reserves*, or proprietary interests which represent (a) assets that have been received and must be expended for specified purposes or the income of which must be so expended, or (b) real property that has been acquired under conditions that require its continual future use for specified purposes; (3) *appropriation reserves or budget reserves*, or proprietary interests that represent assets that must be expended for the purposes stated in appropriation acts; and (4) *reserves for contingencies*, or proprietary interests which represent assets that have been set aside in special funds, or otherwise appropriated, to meet specified future contingencies, such as losses by fire, bad debts, bad investments, or depreciation.