

Nor, where adopted, will the chief service of such proposals be (as in the case of the extension of examinations to higher expert positions) to aid executives who from their own impulses desire to appoint and retain in the offices under them men of proved fitness. The three proposals seem to imply a lack of confidence in publicity and responsibility as effective auxiliaries in preventing long continued or frequent abuses in appointments and removals; and their effect, where in force, will inevitably be in many instances to weaken the usefulness of highly qualified and ambitious executives by too closely limiting their responsibility and discretion in choosing and supervising their chief assistants.

Most of the charges that the customary devices of the merit system tend to cultivate routine, inflexibility and mediocrity in administration, are obviously made with partisan motives or from uninformed notions. It is important that leading advocates of the system should not develop its methods into such rigidity or extremes as to give valid ground for such criticisms or as to evoke similar apprehensions in the mind of intelligent supporters. Even in city government, it may be of as much importance to give a reasonable degree of freedom to a capable executive, possessing originality and foresight, as to restrict an incapable one.

RECENT PROGRESS IN BUDGET MAKING AND ACCOUNTING¹

BY C. E. RIGHTOR

Dayton, Ohio

EVERYWHERE is the cry for the adoption by our cities and states of a scientific budget. The necessity for this course is also being urged upon the federal government and upon towns and counties. The budget is being accepted as the only possible expression of a well organized financial plan in conducting the business affairs of government, and the widespread movement looking toward its adoption is the most significant change in public affairs in recent times.

The reason for the advances in this respect by various governmental units is due primarily to the greater participation of the American business man in public affairs. The popular demand is for a greater variety and amount of service from the government with no increase in cost, while the public official is finding it increasingly difficult to perform more extensive activities because of insufficient revenues. Men of affairs when called upon to suggest a solution for the dilemma, find that the first need is for the introduction in public affairs of business methods. This means a centralization of authority, establishment of a well-defined plan of

¹ See NATIONAL MUNICIPAL REVIEW, vol. v, pp. 403 and 631.

financing with adequate control, and modern procedure in obtaining these things.

Special studies of public finance undertaken by a variety of bodies have been influential in producing these results. Their recommendations have nearly invariably been the same, and the chief progress has been the result of their adoption by public officials.

Among the private agencies permanently established during recent months to investigate conditions, suggest improvements and assist in their adoption by the government, were several research bureaus, including those at Washington, Detroit, San Francisco, Haverhill, Yonkers, Petersburg, Va., and Winnipeg. The reports of these and other already established bureaus,² show the beneficial effects they have had and are wielding in improving governmental processes, through co-operation with officials in public office.

Reports of the nine bureaus included in the volume noted lay emphasis upon finance, accounting, reporting and budget making as subjects demanding their first attention and serving as a basis for efficiency in administration. From this beginning, their work has expanded to include every phase of governmental activity.

NEED FOR A NATIONAL BUDGET

The effect of these bureaus, however, is primarily local, where they serve as the go-between for busy but interested citizens and their government. The institute for governmental research, in Washington, has had no visible effect in national matters as yet, though the need is imperative,³ indeed was never greater than at the present time. The institute has been active in promoting interest in a national budget. The requirements of all departments are growing by leaps and bounds. There seems to be no limit to the amounts of money needed to finance and execute our policies in war time. A plank promising reform was included in the platforms of the Democratic, Republican and Progressive parties. Owing to other matters overshadowing it thus far, slow progress has been made in fulfilling platform promises. Results now depend largely upon the disposition of Senator Kenyon's resolution (S. J. Res. 46), introduced a few months ago, proposing the adoption of a complete budget procedure. This is one matter that will continue to be urged by students of public finance and publicists as the only sensible, economical and most democratic system of handling public money.

STATE BUDGETS AND ACCOUNTING

Probably the most extensive interest looking toward the adoption of a budget has been shown by state governments. Out of the 48 states,

² "Citizen Agencies for Research in Government," *Municipal Research*, no. 77; New York bureau of municipal research, September, 1916.

³ *Public Service*, nos. 27, 58, etc., institute for public service, New York, 1916-1917.

the legislatures of two-thirds of them were in session during 1917, and in nearly all cases the subject of a budget was given attention for the reasons which are operating in the cities.

Several states have followed a comprehensive budget plan for years in determining upon their activities and the means of financing them, and in most of these no material changes were noted, as in Massachusetts, California, Wisconsin and Ohio. In the last named state the governor went before a joint session of the senators and assemblymen and personally explained his budget recommendations to the legislators, in order that they might be properly governed in their actions upon each item.

Literature relative to the New York state budget has been plentiful since 1907, yet progress has not always been positive, as is indicated in reviewing the actions of the legislature upon it. The question most recently requiring determination was whether an "executive" budget or a "legislative" budget should be adopted. The latter was accepted. Ohio and Wisconsin have had practical budget laws for the past few years, the former providing for a permanent budget commissioner and the latter a public affairs bureau, to analyse and make public facts about the budget. The laws of all three of these states have many features worthy of study and emulation by states aspiring to a scientific budget system. A valuable dissertation on state budgets, supporting the "executive" budget, is contained in "The Elements of State Budget Making."⁴ Certain it is that a state budget, no less than a municipal budget, to prove popular must afford opportunity to the public to know and analyse its contents before its passage.

Preliminary studies have been requested by the legislatures in a number of states, the results of which were invariably a report in favor of establishing a sound financial program and procedure. In several states, laws have been passed as a result. One of these—that of Maryland—has received extended consideration by able writers in recent numbers of the NATIONAL MUNICIPAL REVIEW, and it is unnecessary to discuss the law here.⁵ New Jersey's new law provides that the governor may call upon state officers and name assistants to aid him in carrying out the act.⁶

One of the most thoroughgoing state surveys of the administration of financial affairs was that made in Colorado.⁷ The work included every department and office except that of the attorney-general. Recommendation was made for a budget to be prepared and submitted by the governor, and for a permanent budget commission. A central account-

⁴ New York bureau of municipal research, December, 1916.

⁵ See NATIONAL MUNICIPAL REVIEW, vol. vi, p. 395.

⁶ See NATIONAL MUNICIPAL REVIEW, vol. vi, p. 579.

⁷ Summary of findings and recommendations relating to the executive branch of the state; committee on state affairs, December, 1916.

ing system and classification of expenditures for all the business of the state was recommended, to be established by the auditor, who is empowered to examine all records. Many minor provisions were included to make the proposed budget procedure effective, but the bill was lost in the finance committee.

Virginia also appointed a commission on economy and efficiency to make a survey of the state and local governments, and a budget law is being prepared. Unfortunately, an appropriation of only \$1,000 was made for the study. If it is to be done properly, the enquiry will of course cost more and its results will be commensurate with the expense incurred. Even government must divorce itself from private charity in setting its own house in order. Michigan passed a law providing for an improvement of budget methods, and appropriated a sufficient amount to enable a special committee to study budget practices in other states.

A further reference to state budgets is that of Illinois. In a radical reconstruction of its administration, whereby a large number of offices, boards and commissions were consolidated into nine main departments, the task of preparing the state budget was placed with the department of finance. The budget will be based on estimates from departments and institutions, and be revised by the director of finance and be submitted by him to the governor; who will submit it with his recommendations to the legislature. The department of finance thus serves as a budget commission, in addition to its other accounting, purchasing and investigative duties.

NEW BUDGET STEPS IN CITIES

While many cities are pursuing modern methods in voting their annual appropriations, yet comparatively the practice is still unusual. Each year sees the acceptance of a recognized budget plan by more of them. With but one or two exceptions, the segregated or itemized budget has been the only one used. The past year, however, witnessed several notable departures from the customary itemization, and in Philadelphia and Detroit the newly established budget procedure is in accord with one of the modifications suggested in "Next Steps in Budget Procedure"⁸ providing for an allotment plan in appropriating for the year's needs. Material advances were made in both of these cities. In Philadelphia the committee on charter revision⁹ recommended a requirement for the annual submission to councils of a co-ordinated budget, to be prepared by the mayor, who is made the responsible executive. The act adopted a pay-as-you-go policy of raising sufficient revenues to meet all expenses for the year. The surplus of one year may not be used to offset the deficit of a later year, whereas a deficit in any year becomes a first lien

⁸ New York bureau of municipal research, January, 1915.

⁹ Report of the sub-committee on plans, committee on revision of charter, December, 1916.

on the revenues of the succeeding year. Public meetings are stipulated. The rate of taxation must be fixed to provide an amount of estimated revenue which, when added to revenue from all other sources, will produce at least sufficient revenues for the total of the budget, which includes all expenditures, including capital outlays. Appropriations are made by departments, thus leaving with the departmental heads the responsibility for spending money for all "other than personal services." This also materially reduces the number of appropriation accounts which are required. Other minor provisions as accepted by councils are also of interest in obtaining a thoroughly sound budget procedure.¹⁰

Detroit, through the efforts of the bureau of governmental research in co-operation with the city controller, prepared a modern budget for 1917-1918.¹¹ Appropriations are here made for each activity separately, in order that the relative importance of each may be measured and services be increased or decreased. As in Philadelphia, the head of each department will be given a sum of money and be permitted to get the best possible results. The procedure is a great improvement over the unintelligible facts presented in previous years, and its value has already been proved in the substantial reductions which the board of estimates was able to make notwithstanding increased costs of labor and materials, and in the population and area of the city. The installation was made possible by the abolition of the old, large board of estimates and the substitution of a board consisting of the mayor, controller, corporation counsel, city clerk, and treasurer. A uniform classification of accounts, based upon character of the goods, was also introduced. Transfers between appropriations and funds were largely eliminated.

The operation of departmental and activity plan of appropriations will be watched with interest by those cities which have grown accustomed to the segregated plan. With the expressed necessity for the executive budget, and quarterly allotments to department heads for conducting their activities, this is the plan most recently recommended by the New York bureau of municipal research. It is outlined in detail in the Jamestown, N. Y., and Columbus surveys.

As a result of a city survey by the New York bureau, San Francisco adopted a revised budget procedure. The report, incidentally, pointed out that savings of nearly a million dollars a year were possible under improved conditions. To put into effect the findings, a bureau of governmental research was established in January, 1917. An executive budget was recommended, departments making their estimates according to a new uniform classification of accounts. With the view that lump-sum estimates cover up leaks, segregated estimates were required, and a

¹⁰ *Citizens' Business*, no. 230, *et seq.*; Philadelphia bureau of municipal research, February, 1917.

¹¹ *The Public's Business*, no. 3, Detroit bureau of governmental research, June, 1917.

scientific appropriation bill drawn.¹² It was decided to follow the examples of New York, Chicago, Springfield, Mass., and other cities in this respect,—and it is probably safer until more data are available as a basis for lump-sum requests. Boston, having adopted a segregated form of budget, after a year's trial decided to continue this same method for 1917–1918.¹³

Winnipeg, Manitoba, was urged by its citizens' league¹⁴ to modify its procedure to increase effective control by the civic administration and afford a clearer guidance to officials and citizens. Earlier preparation and public hearings were recommended. A novel departure in preparing its budgets is the proposed separation of expenditures directly controllable by the city council from those that are uncontrollable. Under "uncontrollable" are items of debt charges, parks board, school board, etc.

Substantial savings were effected in Yonkers through the close analysis of the budget by the Yonkers bureau which was established in September, 1916.¹⁵ Economies of 40 per cent in four bureaus were cited as possible, together with substantial savings in interest and administrative functions like laying of water mains, etc. A valuable table of comparative statistics for six cities about the size of Yonkers is included in this report, and recommendations are made for a standard classification of expenditures and provision for publicity.

LOS ANGELES' EXPERIENCE

If proof be desired that the public is interested in the budget figures, Los Angeles furnishes an excellent example. That city has a provision in its charter for a detailed budget procedure, to be prepared by departmental officers, to be submitted to council by the auditor, and after adoption by resolution by the council to be presented to the mayor for his approval. No provision for publicity is made. Because the total appropriation is raised by taxes, less the amount from licenses and other sources of revenue, and because last year the finance committee behind closed doors voted a large increase in taxes, citizen agencies are demanding inspection of the budget prior to action upon it by the mayor. An executive budget has been proposed by the municipal league.¹⁶ Several organizations have brought such pressure upon the mayor that he has finally agreed to publicity for the 1917–1918 budget, before returning it to the council with his approval or veto. Last year through the recommendations of the efficiency commission savings of \$150,000 were made

¹² *The City*, nos. 1 and 2, San Francisco bureau of governmental research, February, 1917.

¹³ Finance commission, vol. xii, pp. 89–98; 1917.

¹⁴ Bird's-eye View of City's Budget, Bulletin no. 2, citizens' league of Winnipeg, February, 1917.

¹⁵ What Will the 1917 Budget Be? April, 1917.

¹⁶ *Municipal League Bulletin*, February 28, 1917.

in one department alone, and it is hoped again this year to force a sacrifice of politics to scientific and representative city government. The Springfield, Mass., budget is an unusually complete document, of value to any city contemplating a segregated budget.¹⁷ The document shows in detail both requests and recommendations according to a new standard plan adopted last year. In addition, certain departments submitted work programs founded upon information obtained from expense ledgers maintained by the departments. Toronto also enjoys a very complete procedure, and the analysis by the bureau of municipal research¹⁸ may be considered of even more value than a textbook on the subject for cities and students. It contains analytical tables and graphs, and separate schedules for each public service enterprise. Recommendations are made for expediting the procedure and for public hearings on the budget.

Under the guidance of able city managers, Jackson and Grand Rapids, Mich., and San José, Cal., have adopted modern budgets. The two former are segregated budgets, and the classification of expenditures adopted is by nature of the object purchased, rather than its usage. The city manager of San José followed the procedure established by the new charter adopted July 1, 1916. One item of note in this document, having a total of \$341,000, is that of \$18,000 set up as a "reserve for contingencies." The policy of establishing such a reserve, even though it be a surplus, is questionable because of demands by department heads when they are aware of this balance. Certainly it would be unjustifiable in the larger cities of Ohio, where a long established—and thoroughly antiquated—tax law precludes these cities from obtaining even the necessary revenues for financing services popularly demanded.

NEW YORK CITY'S BUDGET ANALYSIS

Because of its great population and wealth, the range of its activities and refinement of its records, New York city undoubtedly serves as the best prototype for American cities. No other city in the country has arranged to secure so much clear information about its budget and expenditures. The 1917 budget of \$211,000,000 has been exhaustively analysed, both by Comptroller Prendergast¹⁹ and Dr. F. A. Cleveland,²⁰ including a comparative study for the past fifteen years. These discussions are accompanied by numerous tables and enable any citizen to follow through the discussion and place responsibility for increases in allowances. The latter paper includes five charts of merit.

Objection is made in Dr. Cleveland's analysis to the present procedure in that no one executive, elected by the people, can be held responsible for

¹⁷ Budget for 1917, reprinted by Springfield bureau of municipal research.

¹⁸ Analysis of Toronto's Budget, bureau of municipal research, November, 1916.

¹⁹ "Extension of Municipal Activities and its Effect on Municipal Expenditures," W. A. Prendergast, February, 1917.

²⁰ *Real Estate Record and Guide*, November-December, 1916.

expenditures, the document being merely an appropriation ordinance. Recommendations are offered to make the budget a complete fiscal plan for the year, to be prepared with accurate facts to support it, and to follow a regular calendar from its preparation by departments to its passage by the aldermanic body. It would first of all place responsibility on the mayor for the entire financial plan for the year. A number of interesting conclusions are presented,—for instance, the fact that actual appropriations do not keep pace with the normal annual increase in the community's demands. This analysis is presented in more detail in the New York bureau's report.²¹

ADVANCES IN ACCOUNTING PRACTICES

Numerous other cities made further improvements in an already well developed budgetary procedure, as Akron, Springfield, Dayton, etc. Such progress has been due to local initiative in most instances, prompted by an awakened and interested citizen body, though frequently the entire credit is due to the unusual ability of public officials. An instance is the distinct contribution to the field of practical municipal accounting found in the *Manual of Accounting*, issued early this year by Controller John M. Walton of Philadelphia. Review of this text was made in the *NATIONAL MUNICIPAL REVIEW* ²² for July, so it will be unnecessary at this time to discuss the merits and value of such a volume. Progress through actual application of its own principles and methods is its story.

In most of the cities already enumerated as pointing the way in accepted budgetary methods, corresponding improvements in record keeping for purposes of making the budget plan effective may be recited. While modern and scientific accounting is striven for, it must be remembered that it is merely means rather than an end, the aim desired being the availability of facts about public business. The opportunities are legion, according to those working for their adoption, of introducing methods which will furnish new and valuable statistics or result in lowered costs and better control.

The annual reports of several bureaus of municipal research—Akron, Rochester, Toronto, Milwaukee, Detroit, Minneapolis, Dayton—show that through co-operation with those in public office progress is being made. It is recognized that activity is not always progress, but results of activity are the gauge. Akron completed the installation of a modern accounting system during 1916, based upon the practice in several Ohio cities which still operate under the general state code and are, therefore, subject to supervision by a state bureau of accounting. This is one of a small handful of cities in the country able to compile a complete financial

²¹ Some Results and Limitations of Central Financial Control, *Municipal Research*, January, 1917.

²² See *NATIONAL MUNICIPAL REVIEW*, vol. vi, p. 541.

statement, including a balance sheet, revenue and expense statement, records of city property and equipment, accurate and scientific sinking fund records, and other data comparable to those obtained by up-to-date private business.

Centralized accounting, providing for the co-ordination of all accounting and auditing in one department, is a primary requisite of a sound municipal accounting system. This is accomplished in many cities, Akron, Oakland, Milwaukee and Toronto having fallen in line recently. In Akron this includes the central collection of revenues.

Another improvement in Akron is the adoption of mechanical methods in keeping all possible records, through the introduction of special tabulating machines, typewriter forms, etc. Akron's step constitutes a valuable contribution to governmental accounting practice. Toronto also has introduced the use of accounting machines for work in some of its departments and Milwaukee is contemplating the use of tabulating machines for cost accounting purposes.

Expense ledgers, to afford a basis for budget requests, have been introduced in Springfield, Oakland, and Akron departments, and are under way in Dayton, Detroit and other cities, to furnish the compilation of unit costs in connection with every operation or function which may be so measured. Numerous other features promoting central financial control and effective administration, as centralized payrolls, centralized purchasing, unit cost records, monthly departmental reports, uniform classifications of receipts and expenditures, established fund accounting, and maintenance of subsidiary ledgers and records, are all too many to attempt individual mention.

The placing of Oakland in the front ranks of cities enjoying complete financial systems rests not upon a governmental or research agency, but upon a firm of public accountants, employed by the city and every indication is that their task was thoroughly done.²³ Thus far, though public accountants are manifesting a greater interest than ever before in obtaining government installations and audits, there has not come to light another instance of such intelligent and comprehensive handling. A real danger to the movement for better government exists when incompetents undertake to improve conditions, but succeed only in dampening the spirits of public officials.

UNIFORM CLASSIFICATIONS OF ACCOUNTS

A study of cities first adopting a budgetary procedure discloses the unfortunate absence of any central clearing house to suggest uniformity in classifications and definitions. Each city casts about for a satisfactory classification in use elsewhere or attempts a home-grown one. The resulting diversity does not affect any one city as much as those cities which

²³ "Practical Municipal Accounting," Klink, Bean & Co., San Francisco, 1916.

come after and are seeking a generally accepted standard, as well as those desiring to avail themselves of comparative statistics. The classifications of accounts outlined by the President's commission on economy and efficiency and the United States bureau of the census are generally accepted standards, although local requirements result in minor modifications. One of the most carefully prepared and thoroughly tried out classifications is that of objects of expenditure used by Rochester. It is based upon the economy and efficiency commission's proposals, while experience of over a year has enabled it to be strengthened as necessary for adoption by a city. The volume is in two parts,—the classification itself and the index. It is felt that the classification itself would prove wholly impractical without the index, and that even now it may be necessary to popularize the nomenclature of certain classifications—as supplies—before it will prove really workable.²⁴

Another classification meeting with satisfaction in actual operation is that in use in Dayton, St. Augustine and Jackson, and which has just been adopted by Detroit and Grand Rapids. In both of these classifications the nature of the object is the determining factor in classification, and they differ materially from the old classifications in which usage of the object is the basis.

PUBLICITY OF ACCOUNTING RECORDS

A study of the reports of city auditors through a period of years usually shows but little improvement in the nature or value of their contents. It does reveal great possibilities for furnishing more pertinent, complete and prompt information to administrative officials and the public.

However, among the great number of auditors' reports found in circulation each year, a few valuable ones are worthy of special mention, because they reveal the kind of bookkeeping records maintained to make them possible. The report of the auditor of Springfield, Mass., for 1916 may well be cited as another instance of a municipal report thoroughly modern and complete, and which would be a credit to the vast majority of our cities to-day. Oakland's report is also an indication of the practical accounting system installed, and Oklahoma City is also thoroughly complete and informing. A high standard is established in each of these reports.

Of special interest to administrators are such analytical reports as are currently prepared by the New York bureau of municipal investigation and statistics, on various phases of the city's activities,—as health, parks, corrections, bridges, condition of sinking funds, etc. All cities must some day depend upon unit costs to measure each service rendered,

²⁴ "Classification of Objects of Expenditure," E. S. Osborne, controller, Rochester, N. Y., May, 1916.

just as New York is preparing them now. Is it not of value, for instance, to know that in the New York children's hospital²⁵ the average cost per bed for 1,729 patients was \$275 in 1915, and that this was \$25.75 more than in 1914? And to know the items of supplies caused the increase?

As stated by the president of the National Municipal League at the 1916 convention, pension funds are being given much attention by local governments to-day. This phase of financing was studied in Akron, Toronto, New York city and elsewhere. Of even more importance from a point of view of sound municipal finance are sinking fund accounts. Owing to a law passed in Ohio in 1913, the cities of that state are required to establish a sinking fund for bond issues, and as a result investigations were made in several of them to allocate to each bond issue its exact mathematical sinking fund for the current year and every year until the debt matures. A need was felt for such studies in Ottawa²⁶ and Toronto,²⁷ and the valuable reports after thorough investigations in both cities disclosed the security of their funds. However, one recommendation was the approval of the issue of debentures on the instalment rather than the sinking fund principle, because it "does away with the necessity of erecting and administering the sinking fund, and is unquestionably a much cheaper and less cumbersome method of financing." This is a universal conclusion of investigators, though sinking funds continue with us.

Another principle of sound financing which is receiving increased attention is that of the pay-as-you-go policy, adopted in New York in 1914. This plan was adopted as a result of an examination of the city's records by the bankers, and the disclosure of existing conditions. By this policy nonproductive improvements are paid for out of taxation, and increased costs result for the first few years, but an immense saving is made ultimately. It is interesting to note that schools, police stations, fire houses, etc., are now being paid for out of current revenues. Philadelphia is the latest city to introduce the principle in compiling its annual budget.

An emphatic note of warning to the cities of the United States is contained in all recent Canadian reports, reiterating the conclusion that it is absolutely imperative that the policy recently adopted shall be strictly adhered to, viz.: that under no circumstances whatever, except for absolute necessities, shall new capital undertakings be launched for a considerable period—not at least until the assessment and population of the cities have substantially increased.

²⁵ Report on department of public charities, May, 1917.

²⁶ "Study of a City's (Ottawa) Sinking Fund," by T. Bradshaw, finance commissioner of Toronto, 1917.

²⁷ "Report on Funded Debt and Sinking Fund of Toronto," T. Bradshaw, commissioner of finance, May, 1917.

STATE SUPERVISION OF LOCAL FINANCES

Not all progress in accounting and financing methods in cities is due to the cities themselves and to private citizens. State legislatures have never attained a greater interest in local financial systems than in recent months. From New Hampshire²⁸ and New Jersey²⁹ to California many states have given full consideration to the growing problem in towns and cities of providing new services and improvements without raising sufficient revenue to pay for them.

The results of the New Hampshire and New Jersey reports have been noted in the July issue of the NATIONAL MUNICIPAL REVIEW,³⁰ and discussion of these thoroughly constructive reports is therefore omitted. In Maine towns, the prevailing procedure was studied,³¹ and a complete statement of the essential steps in budget-making was found necessary for their guidance.

Iowa³² and Minnesota³³ also found—as have all states making a detailed investigation—that very few of the local units have ever introduced an acceptable budget procedure or financial control. The results of the Iowa survey are stated in the July NATIONAL MUNICIPAL REVIEW.³⁴ The unsatisfactory conditions found in Minnesota were stated to apply also to the cities and towns of the state. It was pointed out that there is not even a law compelling the establishment of a scientific sinking fund except in first class cities.

North Carolina and Nebraska are among the states which passed at the last session of the legislature a bill providing for a uniform system of accounting in cities, and the former also provides for restrictions in taxation and contracting of debts.

The lack of control by cities generally over incurrence of liabilities and check on expenditures, as is found in these many investigations, is proven by the recent report of the U. S. bureau of the census, which finds that of 213 cities over 30,000 in population, 149 exceed their revenues in expenditures, including capital outlay and debt requirements.

Several states (New York, Ohio, Pennsylvania and Iowa) have established permanent bureaus to compile general financial statistics of cities and towns and to have supervision over their methods of accounting and record keeping. The reports of these bureaus are illuminating, and their efforts are proving salutary. One of these reports deserving special mention is the Ohio one,³⁵ which contains a valuable lot of information in

²⁸ "Budget-Making for New Hampshire Towns," by E. C. Mabie, Concord, 1917.

²⁹ Report of the committee for survey of municipal financing, N. J., 1916.

³⁰ See NATIONAL MUNICIPAL REVIEW, vol. iv, pp. 534 and 563.

³¹ "Budget-Making for Maine Towns," by O. C. Hormell, Bowdoin College, 1916.

³² Municipal Accounting, University of Iowa, Bulletin no. 22, October, 1916.

³³ "Minnesota Municipalities," Minnesota league of municipalities, June, 1917.

³⁴ See NATIONAL MUNICIPAL REVIEW, vol. iv, p. 543.

³⁵ "Ohio Comparative Statistics for 1914," auditor of state, 1916.

clear and compact form, made more readily intelligible through graphs of the statistics presented. It is unfortunate that such reports are not available to the public within a few months after the close of the year.

COUNTY BUDGETS

Finally, a mention of budgets in the "dark continent of American politics," the county. Next in importance to the agitation for consolidation of county and city governments, is that seeking improvement in the financial affairs of counties. The laws relative to the procedure to be followed by the county board of supervisors are found in New York to be ambiguous and incomplete, and remedial legislation is much needed.³⁶ With this done, and ample provision made for the state to supervise accounting methods, a gradual solution through the reorganization of county government is suggested.

County government in California is held responsible for much of the increased expenditure of to-day, due to its duplication and overlapping of offices and functions of the city.³⁷ To correct the condition a federation of the two is urged, together with the adoption of the corporation form of management for public offices. The efficiency league of Cuyahoga county (Cleveland) introduced a bill into the last session of the Ohio general assembly seeking to combine the local governments in four counties of Ohio, and presented extended arguments proving possible economies and more effective business principles in administration. However, the law was not passed.

In Minneapolis, the city and county recently completed the installation of the allocated system of budget, similar to that installed at Rochester. Milwaukee county adopted for the first time a segregated budget amounting to \$3,741,000, prepared under the direction of the county auditor in accordance with a new law providing for the budget. In Philadelphia, in the advanced steps earlier cited as having been effected, the entire budget procedure was prepared with consideration of the fact that the city and county of Philadelphia are one and the same, thus simplifying the problem of financing and control.

This review does not purport to be exhaustive, because of both the limitations of space and maze of material available. It is apparent that a movement is started, and is gaining momentum, to apply every business principle to governmental finances. The trend is irresistible; every state and every city must profit by the lesson and bring its own system into line.

³⁶ "Better County Government," pp. 74-87; second annual conference, New York state, December, 1916.

³⁷ Alameda county tax association, Bulletin no. 25, February, 1917.