

Municipal Finance

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FINANCIAL STATEMENTS FOR 1914.

During the last two months the Journal has been receiving by every mail the financial statements of the municipalities for 1914, which, on the whole, make good reading, particularly when it is taken into account that during the latter part of last year so much industrial depression was caused by the war. It is true that this year will be the real test of the financial standing of Canadian municipalities, because of the large army of unemployed thrown on the cities, and dear money, but in spite of the doleful pessimism of "blue funks," they will come out as strong as ever. In fact, the municipalities, by a courageous optimism, born of rugged honesty of character will do infinitely more to keep up the financial credit of Canada than the average municipal official thinks. Municipalities, with few exceptions, have shouldered their extra responsibilities splendidly. But they must not go too quickly. The British market is not only closed to Canadian securities, and will be until the end of the war, but Great Britain will expect Canada to pay her obligations promptly, and it would be a bad day for Canadian Municipals to fail in their obligations. Meanwhile, Canada must look to the United States for money needed by municipalities. Buyers there must be convinced. So that especial care should be taken in financing to see that coupons are promptly paid exactly when and where they are due.

Bond Certificates.

The other day when visiting a Bond house, I was shown some debenture certificates that had been issued by certain small municipalities. These certificates had been printed by the local printers and they certainly did not look very impressive, in fact, I was hard to convince of their genuineness, and yet those municipalities were financially strong, but because the certificates of their issues were badly printed, the Bond house was having some difficulty in disposing of them.

In taking the question up with other bond houses, I found these cheap printed certificates were a sore point with them, and some bond houses even went to the expense of having the certificates printed themselves. This question of appearance may be a small question, but it is an important one, particularly when at this time the United States is the big market for our municipals. There the certificates are elaborately drawn up—with sworn affidavits as to the validity of the signatures and so on—and one can quite understand American houses returning Canadian certificates for better guarantees and more information.

Opening Tenders in Public of Municipal Issues.

There has been much dissatisfaction expressed in regard to the somewhat common practice in this country of the opening of tenders for Bond issues behind closed doors. While no doubt those municipalities which do carry on this practice have their legitimate reasons for so doing, yet, it must not be forgotten that a certain amount of suspicion of favouritism is liable to arise in the minds of those who have tendered. There are comparatively few financial houses in Canada which make a specialty in municipals, and these will not be played with, and it would seem that the wisest policy for municipalities is to give a certain date and a certain hour when debenture tenders are opened—and then cause them to be opened publically. The City of Ottawa did this recently, and this action was highly commended by the Bond houses, and Mayor Church, though not successful, urged that the same practice prevail in the recent City of Toronto issue. As Mayor Church is not the man to take defeat lying down, he will certainly fight until he gains his point.

Answering Enquiries.

In the Jan. 1914 Journal, the necessity of municipal officials answering all enquiries of a financial nature was urged in the following words, which are worth repeating at a time when Canadian municipal finance is very much to the fore:—

"Sometime back a client of a Canadian Bond house made some enquiries re the bonds of a certain municipality, with the object of buying. The bond house not having the desired information sug-

gested the client writing direct to the secretary-treasurer of the town in question, which was done, but up to this writing the secretary-treasurer, has not had the courtesy to answer. At this point we might state that it is the common experience of bond dealers to be refused information in regard to municipal bonds by the town officials. Too many officials are under the impression that the bonds of their town are sold direct from the underwriters to the investors. This is hardly ever done, most of the bond issues being distributed among a number of bond houses and by them sold to the investor, so that when an official gets an enquiry for anything in regard to his municipality he cannot attend to it too quickly or too courteously, if he has the welfare of his town at heart. The enquiry may be from a large investor, and no town or city in Canada can afford to snub a client. The competition is too keen.

"To counteract this lack of courtesy this Journal has been, for sometime, securing and supplying the information desired by bond dealers, and our staff is always ready to answer any enquiry in reference to the standing of the different municipalities of Canada."

MUNICIPAL FINANCE.

During the last month this office has been examining the financial statements of many municipalities for the year 1914—from the hand written one of the small municipality to the complicated ones of the larger cities—and hardly two are worked out along the same lines, which to say the least confuses the minds of those who would get the mean values of the municipal securities of this country. If comparisons were made some of the balance sheets would look bad for certain municipalities, one reason being that what would be a debit in one municipality is on the credit side of another. Such a mixup need not be if a uniform system of book-keeping and accounting was in force in Canada.

DELAYED PAYMENTS OF TAXES.

Following the complaints of citizens, the finance committee of the city council of Calgary, decided to recommend to the council that the interest charge for one year, the penalty for not paying taxes in the year in which they are due, be not charged. They also are recommending that such payments as have been made of this interest be refunded upon application.

The arrangement at present is that when taxes are not paid during the year in which they fall due, upon being paid, interest at the rate of six per cent for the entire year in which they should have been paid is charged up against them. Taxes due in 1914 paid in 1915 carry a penalty of six per cent for the entire year of 1914.

The proposal of the committee is that the interest be not charged on the unpaid taxes of 1914, if paid before March 1, after which interest will be charged.

CANADIAN MUNICIPALS IN NEW YORK.

Since the beginning of December, at least \$40,765,000 Canadian provincial government, municipal and corporation bonds have been sold in the United States. The following list gives the municipalities and public utilities:—

Toronto Harbor Commission	\$1,000,000
Toronto Railway Company	1,500,000
Victoria Rolling Stock and Realty Company (guaranteed by Canadian Pacific Railway)	12,690,000
City of Montreal	6,900,000
Winnipeg Electric Railway	1,500,000
City of Toronto	1,000,000
University of Alberta	1,000,000
City of Ottawa (1-year notes)	1,000,000
City of Sault Ste. Marie	500,000