CITY OF CALGARY FINANCES

System Has Been Thoroughly Revised—Provision for Arrears of Taxes

In presenting the financial statements of the city of Calgary, Macintosh and Hyde, chartered accountants, comment as follows on the condition of the city's affairs:—

"After commencing the year with an adverse balance of $12,208.51 there is, at December 31st, 1917, a debit balance of only $294.42, or a gain of $11,914.09. This is despite the fact that the annual estimate allowed for the contribution to taxation by the light department of $15,000 which, not being earned, has not been taken to the credit of general revenue; also, there has been reserved against arrears of taxes the sum of $40,000. This latter amount is available because of an underestimate of the sum accruing during 1917 for penalties on arrears.

"We welcome this reserve as a commencement towards providing for the doubtful taxes which have been separated from arrears for some time past, which amount to $81,931.81, and concerning which we have asked the city commissioners to make provision in the 1918 levy. It is also probable that the taxes on certain outlying districts may prove to be irrecoverable, and the setting up of an adequate reserve should be a matter for the immediate attention of the council.

Utilities Revenue.

"The 1917 results of the operations of the city's utilities are as follows:—

	Inc. or dec.
Electric light department	—$ 61
Street railway department	+ 21,492
Waterworks department	— 16,182
Market and scales department	— 7,437
Paving plant department	— 13,138

"The satisfactory result shown by the street railway is almost entirely accounted for by the large amount of bank interest earned on its depreciation fund and on the substantial balance owed to the street railway by the general fund. There is also a remarkable rise in the value of the inventory of material, which was certified to by the assistant superintendent in the absence of the superintendent.

"Some three years ago it was decided by the city to reduce the charge of street railway revenue for depreciation until such time as traffic conditions became normal. We have looked into the comparative figures of car earnings, which are:—

1913	$755,459.79
1914	690,197.71
1917	556,374.33

"From which it is evident the time has not yet arrived for a return of previous rates of depreciation, under the ruling then made.

Sinking Fund.

"Last year we called attention to the shortage arising from the non-payment of taxes and to the consequent loss of interest earning power. We have now to report that the substantial surplus earnings had practically disappeared at December 31st last, as shown by the following figures:—

Sinking fund reserve	$3,649,439.72
Present value of sinking fund	3,649,242.16
Surplus earnings at December 31st, 1917	$ 197.56

"The actual shortage in the fund is:—

Present value of sinking fund	3,649,242.16
Sinking fund	2,241,363.38
Shortage at December 31st, 1917	$1,407,878.78

"Prior to 1917 the utilities contributions had been kept fairly well up to date but, during the past year, only small contributions by the electric light and street railway department have been made, and any balance of sinking fund earned by utilities have become factors in the general financing. The shortage applies to the various departments to the following extent:—

General, present value	$2,395,530.39	
Sinking fund	1,224,212.85	
		$1,171,317.54
Electric light, present value	$ 279,017.36	
Sinking fund	239,563.49	
		39,453.87
Street railway, present value	$ 302,236.51	
Sinking fund	258,910.86	
		43,325.65
Waterworks, present value	$ 631,129.59	
Sinking fund	508,255.31	
		122,874.28
Market, present value	$ 14,654.76	
Sinking fund	10,420.87	
		4,233.89
Paving plant, present value	$ 26,673.55	
Sinking fund	....	
		26,673.55
		$1,407,878.78

"The debenture debt of the city is now $20,477,518, in addition to which there are $2,000,000 of treasury bills outstanding."

SILK IMPORTS INCREASE

In *The Monetary Times* of June 7th there was an error in the article "Luxuries in War Time." Figures were given to show the decrease in imports of silk into Canada, whereas the opposite has been the case. Silk is, in fact, one of the few "luxuries," the import of which is now greater than in 1913, and this is undoubtedly due to a large extent to the scarcity of woolens and cottons, and the comparative plenty of silk supplies. From the year 1913 the imports of silk and manufactures of silk was $9,723,797, while for 1917 the figure was $13,854,906.

NEXT BEST CUSTOMER

Next to Great Britain, Canada is our best customer. We have not been exporting as much to Canada as to France, but the trade has been nearer to a cash basis, with imports of raw materials gathering in indispensable importance each succeeding year.

In ten months ending with April, 1918, our exports to Canada were valued at $616,422,000, exceeded only by war trade with France and England. These exports were three-fifths of all our sales in North America, a group taking in Cuba. Imports amounted to $356,430,000, or $120,000,000 greater than from British East Indies, which is next in quantity of imports. Japan sold us $228,026,000 of goods. In considering future trade conditions, we can hardly be indifferent to the fact that nearly half our raw imports from North America already come from Canada.

A well-posted western banker estimates that Canada every year spends with us $1,000,000,000 for manufactured goods, raw materials, interest and travel. At the same time we lack much in understanding of what this means, has meant for years past, and must signify hereafter.

In Canada's fiscal year just ended, trade rose to $2,502,000,000 from $1,050,000,000 in the last pre-war year. Canada has at last reached a high plane in the marketplace of the world. It has felt the stimulus of a trade balance of $500,000,000 net in its favor against the world.

It has been troubled with the wastage of an adverse exchange rate with us, as much as 2 per cent at one time. Circumstances have mitigated this evil and the rate now stands a little over 1 per cent. Sales to us have gained steadily for some time. They were $7,000,000 more this April than last and for ten months increased $120,000,000. Gold shipments in the current movement from Ottawa run $4,000,000, with another $1,000,00, at least, to come.

Then, perhaps, a British-Canadian credit will be arranged here during the summer to cover British purchases of Canadian wheat. Meanwhile substantial orders for war material and supplies have been executed by Canada for the United States, easing the cost of funds, arousing a new feeling of fellowship and quickening the understanding of what is so obviously true, that there is an identity of interest now between Great Britain, Canada and the United States which, to all appearances, will be permanent.—"Wall Street Journal."