

PUBLICITY IN OUR LOCAL FINANCE.

BY F. I. HERRIOTT, PH. D.

The general assembly of Iowa in 1902 enacted a law (Ch. 23, acts 29 G. A.) that requires county auditors to prepare and boards of supervisors to publish annually in pamphlet form, a report in detail of all classes of county expenditures during the calendar year, together with comparative statements of each class of expenses covering, as soon as the reports will enable, periods of five years preceding each report. The new law contemplates an extensive, minute and elaborate report of the various local charges. In addition this annual report shall contain the reports of local magistrates to the board and those heretofore made by the county auditor, clerk of court, recorder, sheriff, soldiers' relief commission, and of all committees appointed to examine the affairs and accounts of any county officer. The attitude of county authorities toward this law has been more or less adverse, partly because of the added labors required of the officials, partly because of the expense of printing the report. From our information one-fourth to one-third of the county boards have neglected or refused to authorize the printing of the report, although the law makes it mandatory.

Judging from some of the observations, official and other, that have appeared in the press of the State during the past year, one may infer that the public is under the impression that the recent law requires something novel and extraordinary in our public accounting and local finance. A slight investigation, however, into the development of our statutes governing the publication of the financial transactions of local boards and officers, will convince one that the act of 1902 is not something wholly new under the sun. We may find its prototype, if not its lineal progenitor, in the ordinances enacted in the early days of Michigan which Iowa inherited when the territory was placed under the jurisdiction of Michigan in 1834.

On May 8, 1820, an "Act to provide for the appointment of county commissioners and for the raising of county rates and levies" was signed by Governor Lewis Cass and two judges. By the provisions of section 16 the commissioners were required to "publish a fair and accurate statement of all receipts and expenditures of the current year" in one of the county papers. Where there was no paper this statement was to be placed "upon the door of the court house in the month of December annually." The commissioners were to "enumerate the respective sums paid into the county Treasury and also designate the various sums expended for the erection or repair of public buildings, and Bridges, for the opening of Roads, for the support of prisoners, for the expense of public prosecution, for the support of the poor, and for the support of the commissioners and their clerks, or for any other object, together with such other items, as they may judge, will have a tendency to convey general information on the various transactions of the year." (Ter. Laws, Mich., Vol. I, 668-9.)

In 1837 the territorial legislature of Wisconsin in recasting their statutes governing county organization reduced the specifications as to what the annual report should contain to zero, and simply directed the commissioners to make annually a "fair and accurate statement" of receipts and expenditures and to "have the same set up at the court house door" and published in one county paper. A penalty of not to exceed \$200 was to be inflicted for neglect to carry out the law. (Acts Wis. 1837-8, Act of Dec. 20, 1837, Sec. 10.) This enactment was reproduced verbatim by the first territorial legislature of Iowa and continued unchanged until 1843. (Laws 1838-9, Act of Dec. 14, 1838, Sec. 10.) In the "Revised Statutes" adopted in that year the county commissioners were required to include in their statement of receipts and expenditures "a full and particular description of each item, from whom, and on what account received and to whom and on what account expended, together with an

accurate statement of the actual condition of the finances of the county at the end of each fiscal year, including all debts and liabilities of every description, and the assets and other means to discharge the same." (Act Feb. 15, 1843, Sec. 8.)

When the revolution from the county commissioners to the county judge was wrought by the Code of 1851, the county judges were directed, in brief general terms, to make out a "minute statement" of all receipts and outgo of county funds, and of the debts and assets to meet them, and to post copies at the court house door and at two other public places in the county. (Code '51, Sec. 105.) Upon the reorganization in 1860 the boards of supervisors were required to publish, "after each regular or special meeting," a "schedule" of the county income and expense which should give the names of "all claimants, the amount claimed and allowed, for what purpose allowed," and "a full statement of the amounts of the treasurer's accounts at the last settlement." (Rev. 1860, Sec. 313.) In 1866 boards were required to select two official newspapers and to have their "proceedings" printed therein (Ch. 118, 11 G. A.). This enactment was continued practically without change in the Code of 1873 (Secs. 304-305), and was continued up to 1884 when boards were required to select two official papers in which were to be printed not only the schedule of current income and expense, and the "proceedings" of the board, but "the reports of the county treasurer." (Acts 20 G. A., Ch. 197.)

The recent act of 1902 does not repeal any of the foregoing laws in force at the time it took effect, but supplements and adds to the provisions respecting the publication of the transactions and financial operations of county boards and officials. It is a bill of particulars, so to speak, of what shall be published. Its specifications are numerous and minute, the author evidently realizing that experience warrants the presumption that details will not be given unless ordered in set terms. The county auditor must now show the salaries, fees and expenses of each office, clerical hire, office supplies,

printing, postage, etc.; the expenses of elections, printing ballots, registration; the expenses for the courts, attorneys, jurors, witnesses, sheriff's or bailiff's fees; the expenses of justice's courts, coroners and constables; the outlays for the poor, whether indoor or outdoor; for the insane, whether in county or State asylums; for the care of prisoners, together with each of the various classes; the expenses for the enforcement of the liquor laws, condemning liquors and securing convictions, the amount of fines collected and the amount of mulct tax assessed and collected. Along with the statement exhibiting all these county charges, the board of supervisors must print all of the reports of county officers and special boards and committees to which we have already referred. It is to be observed that this act of 1902 is but an enlarged edition, brought up to date, of the Michigan ordinance of 1834 and the territorial statute of 1843.

An examination of the reports compiled this year shows that all sorts of constructions have been placed upon the new law by county officials. Some reports are extended, detailed, elaborate, and lucid and illuminating in method of presentation with frequent summaries and recapitulations that give complete views of aggregate receipts and expenditures. This is notably true of the report of Clayton county prepared by Auditor J. G. Hempel. The reports of Fayette, Hardin, Grundy, Lyon and Winneshiek far exceed the average compilation in the amount and variety of the information given. Some, however, are very brief, consisting in large part of official directories of county and township officers. Thus the report of Lee county contains but eight pages, only three of which are devoted to a summary of expenditures; that of Clarke county gives three pages to directory and but six to its financial statement. There is the greatest variation in contents. Some give reports of auditing committees, but most do not have them. In a few, township expenses are set out in great detail for each township; in others they are presented in the briefest sort of fashion, or not at all. The same

is to be observed as to transactions of courts and justices of the peace, land valuations, and election returns. Finally, there are a number of counties that make no report whatever under the new law.

Another extremely important measure affecting our local finances was passed by the assembly in 1902 that supplements the statute just outlined, namely, the law respecting the method of accounting for the financial transactions of cities and towns (Ch. 37, acts 29 G. A.). This act constitutes a genuine innovation in local fiscal administration in Iowa. Prior to its passage municipal accounts were kept in such wise as the local governing boards might require, but in most cases as the accounting officers themselves severally saw fit to keep them, and this was in divers fashions. There never had been a specific statutory requirement of the annual publication of the treasurer's transactions and the condition of the city's treasury, and but few cities have ever published such reports. Under the present law, however, the municipal bookkeeping must exhibit in detail, and under separate and appropriate heads, all funds whatsoever collected, received, and expended, the sources and purposes thereof. Separate accounts must be kept with each appropriation, and the date, amount, manner and payee of each payment thereof must be shown; and such accounts must be maintained for each department, public improvement, or undertaking. Furthermore each municipality must publish annually at the close of the fiscal year in at least two local newspapers, if such there are, or if none then post in a public place, a report giving in summaries all collections of funds, and the amounts due and uncollected, and all expenditures and the purposes for which made. This report must also include a statement in detail of the cost and expenses of operation, and the income from all public utilities; and a report of the amount and character of all municipal indebtedness.

The State is indebted to Hon. F. S. Payne, the representative of Appanoose county, for the introduction of the

measure affecting counties, and to the municipal code commission, of which Hon. J. H. Trewin, senator from Allamakee county, was chairman, for the law respecting municipal accounts and reports. The passage of these two acts marks a very great advance in the methods of local finance here in Iowa. For sundry reasons, taxpayers in Iowa have been rather backward, or rather indifferent, about requiring detailed public reports from their fiscal officers in cities and counties and other minor civil divisions. Repeated efforts have been made to secure greater uniformity in methods of bookkeeping, and more thoroughness in auditing, but they have usually been unsuccessful. The enactment of these two statutes constitutes, therefore, an achievement of more than usual significance.

In four important respects the present laws should be amended to render them more efficient in promoting publicity in local finance.

First. The clause of the former permitting boards of supervisors to determine the number of the county reports that shall be printed enables them, if they so desire, to nullify the law, as they have done in many instances, by simply refusing to fix upon any number at all to be printed. A minimum number to be published should be prescribed with specifications as to the distribution of a certain number *pro rata* throughout the minor civil divisions among at least local officers and boards, schools and newspapers. Those who are entitled to know what these local charges are will thus be insured the means of acquiring the information if they desire it. Our experience in Iowa has long demonstrated that it is very unwise and unsafe to give any public functionary or body having charge of the general collection, custody and disposal of public funds discretion to say what, if any, sort of a report he or they shall make to the public as to the character and range of their transactions. All sorts of reasons, from puerile and futile excuses on grounds of alleged economy and lack of time, to perverse and indefensible

purposes, will induce the non-enforcement of the law or the reduction of the reports to a miscellany of innocuous summaries. Old residents of Iowa will recall the arbitrary discretion often exercised by county boards and treasurers, years ago, regarding the publication of the tax lists, and the perversions and oppression frequently resulting.

Second. The publication of the report of municipal finances in newspapers is inadequate. There are precisely the same reasons for a regular report in pamphlet form of our city finances, particularly in cities exceeding 5,000 inhabitants, as there are for the publication of the county finances. The publication in a newspaper is, of course, a tremendous advance over the previous condition of things; but a newspaper is a transient record, and is not a practicable or convenient permanent record for such financial statements for our cities as are urgently needed. They are difficult for the average citizen to preserve because bulky and so easily mutilated. As a matter of fact, few people do keep them and when a community suddenly becomes greatly interested, especially in a political campaign, in some outlay, they find it very difficult to recover the information. Whereas an annual report in pamphlet form can and will be preserved in private collections, and public libraries, and archives, and be readily accessible when needed. What is pertinent, too, the cost of printing will not be very materially greater while the usefulness of the pamphlet report is a thousand fold more than the same printed in the official newspaper.

Third. It is not quite clear what the effect of the recent act is upon the publication of the proceedings of boards of supervisors. The act of 1884, as incorporated in the Code of 1897, seems to be unaffected. The objections just urged against newspapers as forms for publishing financial reports, apply with equal, if not greater, force to the quarterly or semi-annual reports of the doings of supervisors. Taxpayers would have a much more satisfactory and serviceable record of their proceedings if they were printed annually in

book or pamphlet form. This provision for such reports should be made to apply to the proceedings of city councils. For obvious reasons these reports should be printed separately. The cessation of the printing in official papers three or four times every year of the proceedings of the several sessions of county boards should be authorized. The substitution of the annual report here suggested would do away with the chief objection now urged against the new statute, viz: the duplication of records and the expense of printing. It is to be remembered that between eighty and ninety per cent. of our tax burdens in Iowa are local. The citizens and taxpayers are, therefore, much more decidedly interested in their city and county taxes and expenditures than they are in their state taxes and outlays. The reasons that make it advisable to publish the biennial proceedings of the legislature are therefore more cogent as regards supervisory and aldermanic bodies. Taxpayers desire to know, and should know, not only what their public burdens are and who receives the benefits from the public treasuries, but who or what was responsible for their ordering. Printed thus in serviceable form, showing in detail, as do our legislative journals, the proceedings from day to day, or session to session, in which each man's doings, his measures, votes, absences and actions are set out without mitigation just as they took place—the annual reports of meetings of boards and councils, would afford taxpayers a fund of valuable and necessary information. Public debate would be keener and more intelligent, and this would have a marked tonic effect upon the minds and activities of members of such bodies. They would be more zealous, alert, and conscientious in the performance of their duties. Experience has demonstrated this in unmistakable fashion.

Fourth. County and city officers are not required to forward to some state officer, as the secretary of the executive council or the auditor of state, their annual reports, by whom their showings should be compiled into a report of the local

finances of the entire State. For purposes of legislation this is essential. Law-makers, under the present law, can not secure ready access to the results of local taxation and expenditures, and profit by a comprehensive study of the general expense of the State. It is astonishing that Iowa has gone so long without any State report that would show not only the local receipts and disbursements, but the nature and financial costs and results of local public activities for the supply of water and light, etc., the receipts from franchises and the like. Important advantages would be gained if the State officer having the compilation of such a State report in charge, were given general supervisory powers that would enable him to secure some degree of uniformity in the terms, schedules, and methods of presentation.

COUNCIL BLUFFS RAILROAD.—Among the many enterprises projected in our day, none possess more intrinsic importance than the one named at the head of this article. This road is designed to form a link in the great western railroad, that will, at no distant day, pass beyond the Rocky Mountains and meet the commerce of Asia on the shores of the Pacific. We have not time nor room, at present, to go into an elaborate argument to show the merits of this work. It can not be doubted seriously by any one that this place is deeply interested in the success of this road. When built and brought into successful operation, Bloomington will sustain her relative advantage to the neighboring towns. Our citizens will present an undivided front, and work together for once, undoubtedly. Let there be no flagging of spirits, but one united effort, and the thing can be done.—*Bloomington (Muscatine) Herald, December 2, 1848.*

Copyright of Annals of Iowa is the property of State of Iowa, by & through the State Historical Society of Iowa and its content may not be copied or emailed to multiple sites or posted to a listserv without the copyright holder's express written permission. However, users may print, download, or email articles for individual use.