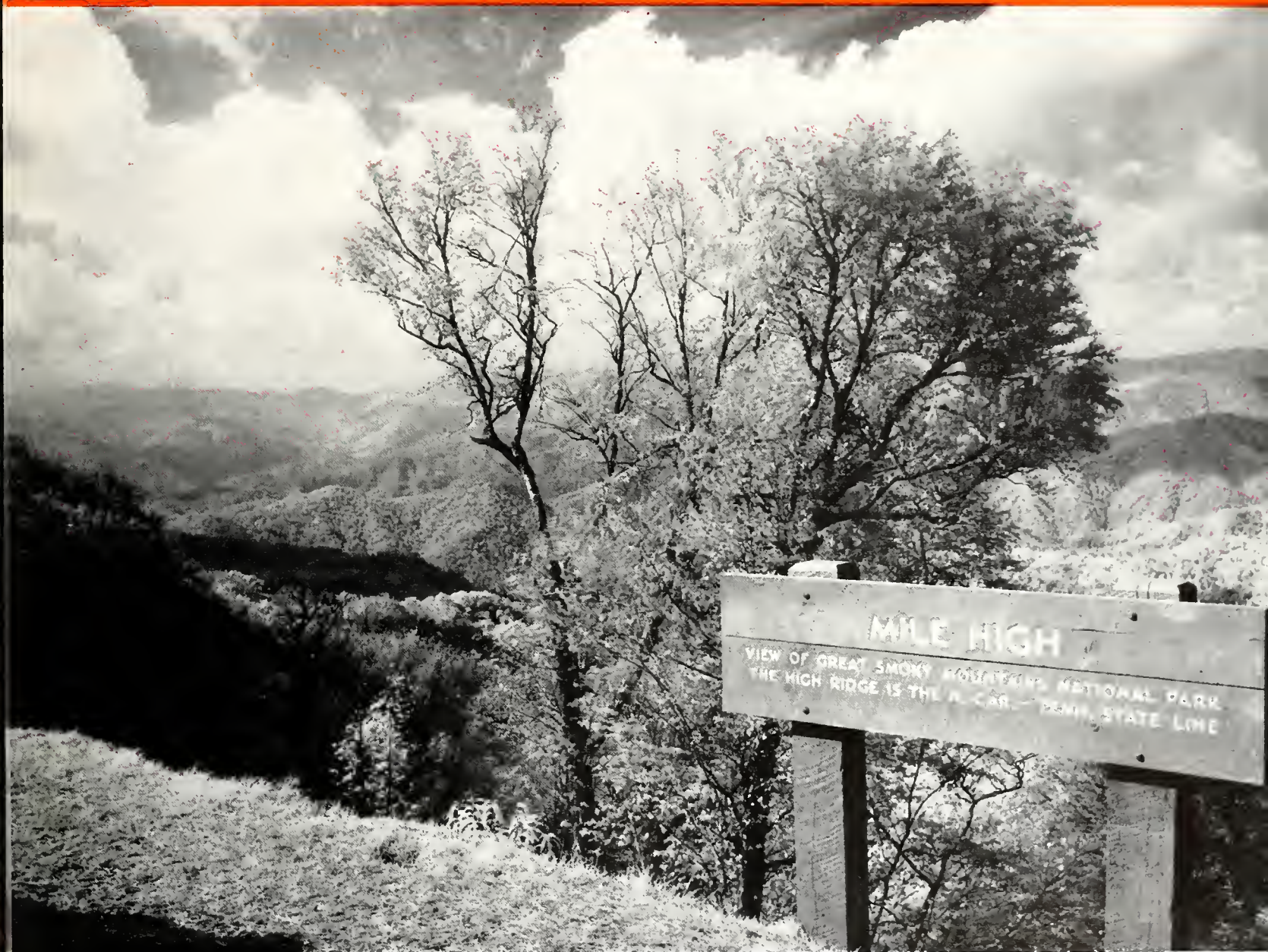


Popular Government

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COVER

Western North Carolinians were debating this month the effect upon their tourist industry of the proposed imposition of toll charges by the National Park Service on use of the Blue Ridge Parkway. Since its construction the Parkway has become the most popular attraction of all the national parks—attracting more than 4,000,000 tourists annually. The second most popular attraction is Great Smoky Mountains National Park—seen here from the Parkway.—Photo courtesy of News Bureau, N. C. Dept. of Conservation & Development.

THE CLEARINGHOUSE

NOTES

From North Carolina Counties

Courthouse Improvements

The new **Wayne County** courthouse annex has recently been completed. The structure, built at a cost of around \$400,000, includes a modern jail and office space for the welfare department, the county auditor's office, and the board of education. The county's office space problem, however, is still not solved, and discussion continues in Goldsboro as to where additional space may be found. . . . The **Gaston County** courthouse remodeling is about finished. Slated to cost around \$200,000, the remodeling will include the courtroom and the major county offices and will also result in a complete air conditioning of the building. The commissioners are now considering additional expenditures to give the front of the building a face lifting. Also under way is the construction for a new jail, to cost around \$130,000. . . . Plans are afoot in **Bertie County** to paint the courthouse and other county buildings and to repair and refinish floors and furniture. Part of the cost of the project has been included in the current budget, and the rest will be financed by short-term borrowing. . . . Voters of **Yadkin County** defeated the question of the issuance of \$350,000 in bonds to build and equip a new courthouse at the election on December 7.

Plans are being made for a complete renovation of the **Rowan County** jail, at an estimated cost of \$40,000. And the commissioners are considering the construction of a new jail and police station in North Kannapolis to serve the southern part of the county. . . . **Robeson County** commissioners are also considering either renovating and enlarging the present jail or building a new jail.

Health Centers

Chatham County's new \$41,000 health center has recently been dedicated. . . . After much discussion concerning the location of the **Yadkin** health center, the final decision resulted in the beginning of construction at a location about one mile south of Yadkinville. . . . Voters of

Columbus County approved the issuance of bonds for the county's share of the new \$67,000 health center in the November election. The county's share will total around \$20,000, and plans are progressing on the structure. . . . **Mecklenburg County** and the city of **Charlotte** are considering the construction of a new joint city-county health center. Present discussions center around the possibility of both governments saving money for a period of a few years in order to meet their respective shares of the building.

On the hospital side, a consultant employed by the **Wake County** commissioners has recommended a \$7,000,000 expansion program. The program would include the construction of a new hospital of around 300-bed capacity, of which from 100 to 125 would be for Negro patients. This new hospital would replace the facilities at St. Agnes Hospital for Negroes. In addition, four smaller hospitals would be set up in other areas of the county containing 20 to 30 beds each. . . . An expansion and improvement program at the **Moore County** hospital is under discussion. A gift of \$50,000 has already been made toward the total cost, which might run as high as \$300,000. If the program is approved, federal and state funds would be available, and the additional \$50,000 or more would have to be raised locally.

School Construction

Guilford County commissioners have recently adopted a \$16,000,000 school construction program for the next five years. Of the total, \$10,000,000 would be raised from the current levy, at a rate of around \$2,000,000 per year, and \$6,000,000 would be raised from the sale of bonds if the voters approve. At the conclusion of the program in 1960, the commissioners plan to continue to levy over \$2,000,000 per year, to complete payments of principal and interest on the proposed bonds as well as to provide \$1,000,000 per year for additional school construction in the period 1960 to 1965. The plan as proposed would leave the

county in a debt-free position by 1965. . . . Voters of **Person County** have recently approved a \$950,000 school building bond issue, and voters of **McDowell County** approved a \$1,000,000 school building bond issue. . . . Plans are being made for a school bond issue vote in **Cabarrus County** in March. Present indications are that the bond issue to be submitted will total around \$3,000,000.

Miscellaneous

The **Moore County** home has been closed, with the seven residents being transferred to private boarding homes. . . . The old **Lee County** tuberculosis building is being repaired and repainted, in order that Negro residents of the county home can be transferred from the present quarters to more comfortable surroundings. . . . **Forsyth County** has decided to open a detention home for white juveniles at the county home. Previously, these children have been kept in a home maintained by private individuals under contract with the county. The quarters of the former doctor at the county home will be used, and the home will begin to operate when a suitable matron can be secured.

The **Sampson County** board of commissioners has decided to provide space in the courthouse for the storage and preservation of important records and documents relative to the history of the county. A room in the basement formerly occupied by the Soil Conservation Department will be used for this purpose. The commissioners, working with officials of the State Department of Archives and History, have studied ways of preserving and caring for records in danger of destruction through deterioration. The records to be retained will be determined by a committee appointed by the commissioners, and other records not to be retained will be destroyed in accordance with state law. . . . **Bladen County** commissioners have ordered the purchase of a two-way radio communication system to be installed in the sheriff's department and in the cars operating out of that office. The system will consist of a base station located in the sheriff's office and three mobile units to be installed in the sheriff's automobiles. It is estimated that the equipment will cost around \$2,000.



A Group of County Officials Attending the County Commissioners Meeting

School for New County Commissioners

A two-day school for county commissioners was held by the Institute of Government in Chapel Hill on January 18 and 19. Well over 100 county officials from almost half of the state's counties attended the school. The subject matter was designed for newly elected county commissioners, but a number of commissioners with many years of service attended, along with several county accountants and county attorneys. Around 45 of those present were newly-elected commissioners, about $\frac{1}{3}$ of the 130 county commissioners who took office for the first time last December. Some 30 additional commissioners from 15 other counties had also planned to attend the sessions, but the heavy snow on the night of January 18 prevented their attendance.

Haywood, Iredell, and Jones Counties led the attendance list, with all county commissioners present. Cabarrus, Cleveland, Richmond, and Stanly were next, with four out of five commissioners present. And Currituck, Davidson, Forsyth, Guilford, Lee, Lincoln, Mitchell, Montgomery, New Hanover, Onslow, Wayne, and Wilson Counties had three or more county officials present.

Welfare, schools, taxes, and budgets made up the bulk of the discussion. On Tuesday afternoon, the discussion centered around the duties of county commissioners in the administration of public welfare and

public schools. Tuesday night and Wednesday morning were devoted to a discussion of tax listing, assessing, and collection machinery, with particular emphasis on the part played by county commissioners. Wednesday afternoon was given over to a discussion of the various sources of revenue available to finance county

activities and the budgetary procedure provided by law for the control of county expenditures.

On Tuesday evening, Mr. J. Henry Vaughan spoke on the subject of the work of the State Association of County Commissioners and the Association's legislative program adopted at the 1954 convention.

Bond Sales

From mid-October until late January, the Local Government Commission sold bonds of the following governments (the government, the amount of bonds, the purpose for which the bonds were issued, and the effective rate are indicated):

Unit	Amount	Purpose	Interest Rate
Caldwell County	\$ 100,000	School Building and Refunding	1.48
Cherokee County	826,000	School Building and Refunding	2.89
Davidson County	89,000	School Building	1.67
Davie County	100,000	Hospital	2.08
Duplin County	90,000	Refunding	2.70
Gaston County	3,000,000	School Building	2.19
Johnston County	350,000	School Building	2.12
Mecklenburg County	4,250,000	School Building & County Home	2.15
Rockingham County	114,000	School Building	1.84
Charlotte	3,850,000	Sanitary Sewer, Auditorium, and Grade Crossing	2.23
Franklin	50,000	Town Hall	2.75
Graham	12,500	Water	2.22
Greensboro	3,300,000	Water, Sewer, and Other	2.11
Marion	250,000	Water	2.37
Roxboro	220,000	Water	2.68
Spruce Pine	35,000	Municipal Building	2.84
Statesville	400,000	Water	2.28
Wake Forest	48,000	Street Improvement	2.15
Grimesland School District of Pitt Co.	100,000	School Building	2.71
Walkertown Sanitary District	148,000	Water	3.50

NOTES

From North Carolina Cities

Bond Issues

Reflecting the recent drought, many North Carolina cities have voted or will soon vote on bond issues to improve their water supply. **Gastonia** voters have approved a \$1,500,000 bond issue for this purpose; **Statesville**, \$400,000; and **Marion**, \$250,000. . . . **Reidsville** has voted to issue \$150,000 in bonds to improve its water supply and bonds of \$1,100,000 to improve its sewage disposal system. . . . **Ramseur** voters have approved a bond issue of \$47,000 to improve the water system and an issue of \$40,000 to extend and enlarge the sewer system. . . . **Rocky Mount** has voted to issue \$1,650,000 in bonds for expanding its water facilities, which is part of a total bond issue voted of \$3,600,000. Other bonds to be issued are \$600,000 for revamping the electric distribution system and \$1,350,000 for expanding the sewer system. . . . **Smithfield** commissioners have called for a city election on the issuance of \$75,000 in bonds to enlarge and improve the water supply system. . . . **Graham** commissioners have called a \$4,500 water bond election. . . . **Taylorsville** commissioners have voted, subject to approval in a city election, to issue \$52,000 in bonds to improve the water system and \$168,000 to construct a sewage disposal plant. . . . **Wilmington** has voted on bond issues totaling \$1,320,000, of which the voters approved \$1,120,000. Approved issues were: \$450,000 for storm sewers, \$450,000 for street improvement, \$120,000 to convert the armory into a library, \$85,000 to replace grade crossing structure at Fourth Street, and \$15,000 to replace bridge over Burnt Mill Creek at Chestnut Street; disapproved issues were: \$150,000 for improvements to Legion Stadium and \$50,000 for building a Negro swimming pool. . . . **China Grove** has approved a sewage bond issue of \$90,000. . . . **Franklinton** voters have approved \$200,000 in bonds for school construction. . . . Sewer bonds of \$20,000 have been approved in **Cary**.

Public Improvements

A new water treatment plant has been placed in operation in **Warrenton**. . . . **Tryon** has dedicated a new

town hall. . . . **Siler City** has taken an option on a four acre lot upon which a new armory will be built by the federal and state governments if the lot receives National Guard approval. . . . **Weldon** has approved the purchase of a lot for construction of a municipal building which will house police headquarters, city clerk's office, city jail, municipal courtroom, and possibly city library. . . . **Wallace** has completed and occupied a new and modern town hall. . . . **Durham** has agreed to take title to air raid sirens to be purchased for the city. . . . **Winston-Salem** has optioned 16 acres of land to be used for the construction of a sewage disposal plant. It already has 50 acres of 150 acres recommended by engineers for this purpose.

NEW ORDINANCES

Among the new ordinances of North Carolina cities and towns recently received by the Institute of Government are the following:

Raleigh: Regulating sales of merchandise which are advertised as anticipatory to termination of business. The city manager is authorized to make such rules and regulations governing the advertisement and conduct of such sales "as will serve to prevent fraud and deception of the public," but any aggrieved person may appeal decisions of the manager to the council. Any merchant who proposes to hold such a sale must submit a verified application to the city manager for a license with an application fee of twenty-five dollars to pay the cost of investigating the proposed sale. The fee is not returned whether or not the license is granted. The application must describe the applicant's place of business and the conditions of his lease including termination date; contain an itemized list showing all the merchandise to be offered for sale, where each item was acquired and whether it has been held for more than fifteen days; and describe the form and content of all advertisements which are to be used in connection with the sale, including mouth. After investigation, the man-

Miscellany

The **Burlington** Police Department's annual report shows that the department has remodeled its quarters; acquired an independent radio station, an electro-dermal lie detector, a camera for photographing criminals, equipment for charting crime scenes, a movie projector, and loud speaking equipment; and sent officers to the Arson Investigating and Basic Training Schools at the Institute of Government, the Southern Police School at Louisville, and a traffic school at the University of Florida. A system proposed by the department for thumbprinting all checks cashed by merchants was adopted.

Rocky Mount's second public housing project has been completed, giving the city a total of 320 units. . . . The **Fayetteville** Planning Department has been carrying on a full-scale public relations program, through a series of newspaper articles prepared by the director.

ing advertisements by word of ager may, in his discretion, issue a license which is good for thirty days. Before the sale, the merchant must post his license at the entrance with the list of articles for sale filed with his application. If any goods are advertised, offered, or sold other than those goods contained on the itemized list, the license is automatically revoked. The list of articles which are offered for sale must be revised weekly by marking thereon all the articles which have been sold. If all the merchandise has not been sold within thirty days of the issuance of the license the merchant may apply for a renewal license on payment of another \$25 fee. A renewal license may be issued by the city manager under the same conditions as the original license but only three renewal licenses may be issued for one location within one year after the first license has been issued.

. . . Providing that no parades may be held in the City of Raleigh except by express permission of the City Council which shall prescribe the time, route and size of any parade.

Wilson: Repealing an ordinance requiring grocery stores to close after 9:45 a.m. Sundays but retaining rule that all but essential busi-

(Continued on page 6)

One Year's Progress

A Review of Council-Manager Government in Southern Pines

By TOM E. CUNNINGHAM, *City Manager, Southern Pines*

The first year's experience with Council-Manager government in Southern Pines shows how much can be accomplished within a short time when the principles of good municipal government are put to work in positive fashion.

Council-Manager government in its pure statutory form (i.e., as provided for, as "Plan D", in General Statutes sections 160-338 to 160-351) was submitted to the voters of this 70-year-old municipality in the spring of 1953, and the first Town Council under the new plan took office in May of that year. Council members chose a Mayor from among their number and began interviewing applicants for the Manager's position. In July they selected a professional Manager, trained in postgraduate college-level municipal administration. He took office on August 1.

From the beginning the Council expressed its desire to adhere to the best principles of Council-Manager government, as outlined in the statutes and as evidenced in the administration of well-run cities. A clear division of responsibility between the Manager and the Council was made. Those problems which involved promulgation of laws or general policies were the responsibility of the Council and the community at large; those involving merely efficient administration and economical management were made the responsibility of the Manager.

Immediate Problems

The first problem facing the new Manager was the preparation of a budget. Since he had not assumed office until a month after the fiscal year began, this had to be a hurried job, largely based on the previous year's budget. For the first time, however, he appended to the proposed budget a "Budget Message" outlining the fiscal problems of the town. These problems were many, for the previous year had closed with a \$20,000 cash deficit out of a budget of \$250,000. With a tax rate of \$2.20 per \$100 valuation, one of the highest in the State, there was no hope of making up the deficit through increased revenues from that source. Water rates were correspondingly high, and the water fund closed the year with a \$1,000 deficit.

The general fund deficit had been

carried for almost ten years, yet many of the citizens learned of it now for the first time. Some of the deficit appeared in the audit, but a substantial portion turned up later. The latter resulted from annual installments due on street and road machinery, for which no contract had been placed in the town's accounts and for which no provision had been made in the previous year's budget.

The Council, in adopting the first budget, directed the Manager to give major attention to these financial matters and their solution.

Citizen Committees

The Council strongly desired to encourage citizen participation in the government in the highest practicable degree. After adoption of the budget, it appointed a Community Advisory Committee to study problems and policies referred by the Council and the Manager. More than 20 requests for studies were referred to this Committee, and a large network of subcommittees began to function. The many studies included refuse collection policies, fiscal policies of the sewer utility, zoning and land use planning, fiscal policies of the municipally-owned cemetery, fire service and water rates outside the corporate limits, disposition of unneeded municipal properties, planning of a proposed new town building, a plumbing code, and others.

Much of the progress in the administration of the town government since that time may be laid to this step. The work of the citizen groups was prolific and rewarding, bringing to light numerous archaic practices and policies, excessive costs of particular services, and other problems. Reports with positive recommendations stream-lined to the Council for adoption.

The work of a study group with respect to the town's refuse collection policy is a good example. Southern Pines was one of the towns left in the state in which garbage containers had to be placed on the street on collection days. These containers were of all shapes and sizes, with and without lids. Citizens had for years urged a change to rear-door collection, but the estimated cost had been deemed prohibitive. The study group found collection practices outdated, and following their survey (during which one of

the more diligent members spent a week riding the garbage truck), the ordinance was completely remodeled according to their recommendations. Containers are now standardized with lids, collection routes have been more efficiently arranged, and rear door collection recently went into effect.

Another group found the town's zoning laws to be inadequate. After long hours of study, a new zoning ordinance and land use plan were prepared and presented to the Council, which placed them in effect following further careful consideration.

Still another group discovered that while an electrical code had been adopted some years before, there was no plumbing code. One was drafted in conjunction with local builders, plumbers, and the State Board of Plumbing and Heating License Examiners, and was adopted. In addition, analysis revealed the need for a full time safety engineer, and one was employed, to fulfill the functions of building inspector, plumbing inspector, zoning administrator, and traffic safety (assisting the Chief of Police) and fire prevention (assisting the Fire Chief) inspector. His functions will later include those of the electrical inspector (now part-time) and administrator of the contemplated ordinances on minimum housing standards and television antennae.

Several citizen groups tackled the problems of obviously unneeded town properties. As a result, the town liquidated several pieces of such property, adding almost \$25,000 to the municipal exchequer while at the same time returning these properties to the tax rolls. Others are scheduled for sale at an even higher return to the taxpayer.

The problem of the town cemetery came in for prolonged studies and some itemized cost accounting. While the price of lots remained at a low point established many years previously, the town was obligated to provide perpetual care without any continuing income. An entirely inadequate reserve—only \$3,000 at the time the new government came in—had been built up to provide this perpetual care. As a result of the studies, an employee was removed from the cemetery staff and the price of lots was increased (in the case of single lots,

it was doubled). These steps lessened the burden on the ad valorem taxpayer considerably.

Fringe Area Services

The distribution of costs in line with services over the heavily-populated fringe areas outside of town was perhaps the largest achievement of the first year, calling for more studies and detailed cost accounting than any other.

Fire service had been furnished outside of town at no cost, other than a voluntary payment for a fire call which was no better than token support. The study group first rejected practices accepted by many other towns, on the basis of their inequity for the in-town taxpayer. The flat charge per call was rejected because fire protection is valuable whether you have a fire or not (most out-of-town property owners enjoyed a preferential insurance rate), and stand-by protection costs the town taxpayer regardless of whether there is a fire. Assigning the burden to the county was found undesirable, mainly because \$1 of every \$7 spent by the county was already coming from Southern Pines taxpayers. The policy finally adopted was one calling for a pre-paid annual contract with individuals or areas, under which the property-owner would pay on the basis of 25 cents for each \$100 of assessed property valuation. This policy went into effect on July 1, 1954; there are now more than 100 subscribers, providing the town with a fair revenue in return for the protection it provides.

Water had previously been furnished outside of town at varying rates. For some areas it was 50 per cent higher than the in-town rate; for others it was no higher. A uniform outside water rate of 50 per cent more than the in-town rate was established, while at the same time rates for in-town users (which had varied a good deal) were standardized. (These rates have now been reduced once, and a second reduction is expected soon.)

It was found that sewer service, never previously itemized separately, was being furnished outside of town at about 30 per cent of actual cost. A sewer service charge was adopted amounting to 50 per cent of the water bill for in-town users and 100 per cent outside. This charge was levied only upon those users who had sewer service (or to whom it was available), relieving 26 per cent of all in-town water users who did not have sewer

service of the burden of paying (through taxes) for such service.

Factual cost studies of all of these services were made by the Manager, meeting with practically no disagreement in any of the areas. The three new sources of revenue from consumers outside of town relieved the fiscal situation considerably—the water fund finishing the year with a sizeable surplus.

Several attempts in previous years to extend the city limits had met with determined opposition and defeat by out-of-town dwellers. After the above changes went into effect, the commissioners of a large adjoining sanitary district started negotiations to come into town. Instead of resentment, they expressed their approval of the new businesslike approach to municipal problems. The result was that the area unanimously petitioned for annexation. This was effected in May, 1954 (exactly one year after the Town Council assumed office), increasing the size of the town by 60 per cent and tax assessments about 17 per cent.

Internal Administration

When the Manager assumed office, the Council resolved that he should have responsibility for the appointment or removal at will of all town employees, including the Town Attorney, Clerk, Tax Collector, Chief of Police, and others. All the employees were reappointed by the Manager, and the town personnel today remains almost exactly as it was.

The Manager was also given authority in salary matters. Finding salaries extremely low and many faithful employees dissatisfied, he has authorized pay increases for nearly all of them. For many the increases have been quite substantial, to bring salaries in line with the work and responsibility of the jobs involved.

Within the town office the Manager found numerous archaic practices and procedures, some of them with alarming aspects. Receipts were written on ordinary receipt blanks and were not pre-numbered. Checks were drawn on a half-dozen bank accounts by hand, and their only reference for all purposes, including accounting and audit control, was by stub. Payrolls were paid to supervisors in cash, drawn from the bank for this purpose; no one signed any receipts acknowledging his handling of such funds. Each of the town's 1,600 water bills was individually computed, typed, proof read three times, stuffed in envelopes, and mailed at the three-cent rate. All work of town forces was assigned

verbally; no written record was kept of sewer connections or other work done. Vital town records such as tax books and water meter books were completely unprotected from fire. These and many other administrative practices left over from an earlier day were pressing for attention from the first day of the new Manager's assignment.

During the first year the office practices were completely overhauled. An entirely new and modern bookkeeping system was installed. Bank accounts were consolidated into one. The 3,000 annual checks are now written on a bookkeeping machine permitting two extra voucher copies for accounting and audit purposes. Water bills are mechanically produced in triplicate and on postcards; computation tables assign proper charges, and just one proofreading is required.

Pre-numbered receipts are now used exclusively, with provision for a "locked-in" audit copy. They are summarized in a daily cash report eliminating 80 per cent of the former account-posting entries. Payrolls are all paid by check (with provision of an endorsement section, automatically printed by an Addressograph plate on the back, which includes a place for X-mark and witness' signature, for the town's eight illiterate laborers). Fireproof files and ledger trays are used for water and tax records. Practically every form the town uses has been revamped so as to save paper, expedite typing, and provide for use in window envelopes.

Work Orders

A written work order system was begun early in the year, consisting of carbon snap-out work assignments directed to each department head. All are pre-numbered. A copy of each is retained in the Manager's office, and return of the supervisor's copy tells of completion of the work. There are no misunderstandings concerning any assignment. At the end of 11 months, the assignment slips showed more than 6,000 work orders issued and completed, ranging from the installation of 2,400 feet of sewer line to checking on a citizen's complaint that water from the street was washing his yard away.

In a small town the Manager must be in constant touch with his supervisors. Formerly, supervisors had to check back frequently at the Town Hall or the police car had to be taken off its job to serve as a messenger. Now two-way radio has been installed in mobile equipment of the police, fire, water, sewer, and street departments.

Similar equipment is to be given the safety engineer. Emergency, as well as routine, calls go out quickly via the police radio in the town hall. Many unnecessary trips are eliminated, and it is possible to locate any needed department head in a few seconds.

The clerical force at the town hall is small, and one of the most pressing needs at first was additional clerical help. The revamping of office procedures, techniques, and forms greatly relieved this situation. Voice transcribing equipment was installed for the use of the Manager and Clerk, making more efficient utilization of both executive and stenographic time. All minutes of the Council are transcribed for typing without the use of shorthand. Without the addition of a single person, the office staff is now comfortably handling all the work, and part-time help has practically been eliminated.

Purchasing

Further savings have been realized through a strict program of competitive bidding for all of the town's services, supplies, and equipment. From the beginning the Council assigned all purchasing responsibility to the Manager. Competitive bidding on more than 100 items was put into effect, making possible some \$25,000 reduction in annual expenditures and savings on individual items ranging from five to 30 per cent. Based on his dealings with more than 300 salesmen who regularly visit Southern Pines, the Manager believes that small towns not using a centralized purchasing system and strict competitive bidding are paying a high premium indeed on their purchases.

Public Relations

All meetings of the Council are, of course, open, and there is a very good average attendance of the public. Further to stimulate citizen interest and participation, the Council and Manager have consistently sought new ways to bring town affairs to the people. Citizens have received an average of one printed information bulletin from the town every three weeks during the past year. New policies are explained and problems presented for discussion. The local newspaper and radio station have cooperated well. The Manager presents a monthly radio program, "Town News and Views," and sends out a printed "Citizen's Digest" of town affairs. These steps have been taken in line with a belief that all problems will be faced and satisfactorily solved if

presented properly to the citizens. This belief has been strengthened by experience during the past year.

One of the greatest problems of the new administration, as it had been for the old, was enforcement of the traffic ordinance and parking laws. This was also perhaps the greatest single cause of citizen complaints. Widespread disregard and complacency had made the laws worthless. In the entire previous year, collections had been made on only 16 parking violations. There was a feeling that in a resort town hospitality called for leniency, yet the resulting confusion made the streets far less than hospitable.

In October, 1953, the Manager announced that strict enforcement of all parking and traffic laws would begin. He supported the police fully in this enforcement, which aroused considerable consternation around town at first. During the ensuing year collections were made on over 2,000 parking violations, and not a single one was "turned." Today we receive practically no citizen or merchant complaints. Most who receive parking tickets pay them with astonishingly good nature, and the visitor or resident can find a parking space in Southern Pines.

Results

At the end of the first year under the Council-Manager plan, Southern Pines has made an astonishing economic recovery. The real and personal property tax rate, at \$1.75, is the lowest in 30 years—45 cents less than that of the previous half-dozen years and 85 cents less than the 1946-47 rate. Water rates have been cut to the 1930 level, after the water fund finished the year with a surplus. The town's cash position has been reversed from a \$20,000 deficit to a \$30,000 surplus. An analysis of income flow and disbursement requirements has allowed investment of approximately \$40,000 in federally insured building and loan savings accounts at 3½ per cent interest. Income exceeded expenditures last year for the first time in more than a decade.

In 1953 the voters approved a bond issue for a new fire station (while turning down one for a \$160,000 town hall). The new Council has never issued these bonds, but instead is contemplating construction on a pay-as-you-go basis of a new town building to include fire and police stations. These plans are possible even as

councilmen contemplate a further lowering of tax and water rates.

The job is far from done in Southern Pines, but under the Council-Manager form of government a good beginning has been made. Both Council and Manager believe that these accomplishments are directly attributable to the desire of the Southern Pines community for sound, dynamic, and progressive local government, and to the interest of the citizens which has made possible its practical realization.

Frequent recurrence to the principles of Council-Manager government and modern management practices have brought a year of progress to Southern Pines.

New Ordinances

(Continued from page 3)

nesses remain closed during Sunday School and church hours.

. . . Requiring that by January 1, 1955, property owners shall have removed obstructions to view at intersections. There are exceptions to this rule; e.g., permanent buildings, public utility poles, trees which are trimmed at least eight feet up from the intersection, and other plants which do not obstruct the view at intersections.

Morehead City: Adopting a sewage charge based on charges for water in the months of October, November and December with a maximum charge of \$5.00 per month. Commercial users who have their own wells for drawing water for refrigeration purposes but who also secure metered water from utilities pay a \$5.00 per month rate and summertime users pay \$.50 per month.

Washington: Requiring that all refuse which might render the streets or premises unclean be placed in receptacles at the edge of city streets for collection. Wet garbage must be placed in fly-proof containers and all refuse must be placed in containers that can be handled by two men. Tree limbs must be cut so that two men may handle them before they are placed on the street. Business establishments with large amounts of refuse to be collected may be required to erect a loading platform, box or bin in a place convenient for collection.

Rosman: Prohibiting the keeping of livestock or wild animals or insects likely to be dangerous to human life without a special permit from the mayor which may be given only
(Continued on inside back cover)

Municipal Credit Ratings

By W. KELVIN GRAY, *President, N. C. Municipal Council, Inc., Raleigh**

As Municipal Finance Officers, you are interested in the municipal credit ratings assigned to the local units of North Carolina and particularly to the unit which you individually serve. Such ratings indicate not only the financial standing and intrinsic worth of the units but they also reflect the character and efficiency of the management with which you are directly identified. Professional rating of the credit of municipal units, corporations, and equities is not a product of the present day, although the acceptance and use of such ratings have gained prominence in recent years. I recall that municipal ratings were used in a limited way thirty years ago when I entered the investment field, but their application was restricted to the more prominent units, and their acceptance was confined to the larger investors. Today, credit ratings are desired and followed by the investing public generally, and their importance has increased in direct proportion to their use.

Inasmuch as you are officers of municipalities of the state of North Carolina, we will confine our discussion today to credit ratings of the local units of this state. Municipal credit ratings are based on the intrinsic worth and financial standing of the local units and such ratings are separate and distinct from the market values of the bonds of those units. Some investors like to think that market value is a barometer of the worth of a credit, but market prices vary from time to time with money rates and business conditions and, for that reason, can be misleading. Ratings frequently affect market values of local unit bonds, but the market should never govern the rating assigned to the credit of a unit. Ratings, to be accepted, should be determined by specialists in that field who possess full current information on the financial condition and the debt program of the local units and who are experienced in analyzing the financial operations of local units. The value and acceptance of such ratings are largely dependent on the degree of confidence which the investing public has in the specialist determining the ratings.

* This article was adapted by Mr. Gray from an address he made to a meeting of the North Carolina Public Finance Officers Association at the League of Municipalities convention in Winston-Salem on October 21, 1954.

The purpose of ratings is to sum up in the form of a symbol or a figure the studied opinion of the professional rater. Rating organizations generally prepare and issue detailed reports on the financial condition of the units which they rate, and the ratings assigned are a summation of that data expressing briefly the conclusion of the professional. Because of the pressure of present day business, many investors rely on ratings to a greater extent than the complete financial reports. Ratings are very helpful to investors who do not have the means of obtaining detailed information and who lack the time and experience needed to draw accurate conclusions from such financial data as is available to them. Large investors, who have the means of obtaining full financial information and have the knowledge and experience needed to evaluate that data, use ratings extensively as a check on their own conclusions. This means of comparison is valuable where very large sums of money are involved and where an expression of more views than one is needed. Ratings also serve a useful purpose to the large investor who desires a geographic diversification of his municipal investments but who lacks the means and time to study the laws and limitations of states other than his own under which municipal obligations are issued. Municipal obligations are issued under state laws which vary greatly, and the intrinsic worth of municipal credits is thereby affected.

Reliance on municipal credit ratings is becoming a custom in North Carolina, and their use is becoming more wide-spread. Municipal bonds are a favorite form of investment by banks for surplus funds and trust accounts because of their tax-free character and their record of safety. Bank investments come under the supervision of state and federal agencies which periodically examine these securities and require a high standard of quality. Ratings are a great help to the banks and to the supervisory agencies in maintaining the desired quality of investments. Supervisory agencies generally approve bank investments which conform to certain rating requirements established by the agencies, and banks knowing these requirements are enabled thereby to purchase and hold only credits meeting

the rating standards of the agencies. Investment dealers likewise know in advance the rating quality of bonds which banks can buy without criticism and confine their offerings to banks to meet those requirements.

There are numerous systems and methods of rating municipal credits, but in North Carolina there are three rating systems which are generally recognized and followed. The oldest of these three systems are the ratings of Moody's Investors Service of New York. Moody's municipal ratings cover the entire nation but are generally limited to the larger and better known local units which have a substantial amount of bonds outstanding. Moody's ratings are indicated by symbols or letters in three groups—"A" indicating top quality, "B" denoting good quality and "C" covering less desirable credits. Each of these sections is subdivided to show relative quality as follows: Aaa, Aa, A; Baa, Ba, B; and Caa, Ca, C. Municipal credits with a rating of Baa or above are considered to be in the bank investment quality group. The method employed by Moody's Investors Service in determining these ratings is not made public but carries with it the experience of many years.

Another municipal credit system is the classification method of the North Carolina Securities Advisory Committee. This Committee consists of eleven members, five of which are commercial bankers selected by the Executive Committee of the North Carolina Bankers Association; five of which are investment dealers selected by the Dealers group and the eleventh member is the President of the North Carolina Municipal Council. This Committee was formed in 1939 to assist the banks of this state in determining municipal credits of bank quality. The Committee does not rate bonds but it classifies into three groups those North Carolina local unit bonds which it thinks are satisfactory credits for banks; Group I being the top classification, Group II being the second classification and Group III being the lowest eligible classification. The Committee does not classify or group any local units whose credit is considered below bank quality. The Committee meets periodically and acts on requests for reviews of classifications.

Another rating system is that de-

veloped by the North Carolina Municipal Council, which is an association of investment dealers, banks and insurance companies, all of whom are substantial holders of North Carolina municipal bonds. The Council was organized in 1932 and has been prominently and actively interested in the financial condition of the units since that time. The Council visits all of the local units and prepares financial reports for its members. After ten years study, the Council developed a rating formula of its own, using the numerical system with 100 points being the maximum. The Council rates the credit of all counties, cities and towns in North Carolina and reviews the credit rating each time a report is issued or new bonds are sold. The Council considers that any unit with a Council rating of 75 points or more is of bank quality.

A discussion of the Council's formula for rating North Carolina municipal credits may assist you in better understanding the factors which comprise the Council ratings. We have three major factors each of which is composed of several sub-divisions. The three major factors are "Relative Debt Burden," "Administration and Financial Record," and "Payment Program and Resources." In the Relative Debt Burden section, we endeavor to determine the tax burden which the debt represents after giving effect to the special revenues other than taxes and after taking into consideration the paying ability of the community. This is a departure from the old method of comparing the debt with taxable value and population alone. Many of the units have large revenues from utility earnings and liquor store operation which supplement the regular forms of taxation and lighten the tax burden of their people. For instance, we might take as examples two hypothetical units each with 10,000 population, \$10,000,000.00 assessed valuation and \$1,000,000.00 gross debt. On that basis alone they would be entitled to the same rating but one of them might have no supplemental revenues whereas the other might have revenues, from other than taxes, which would be more than sufficient to pay all annual debt service requirements. You can readily see that the tax burden is different and that their ratings should not be the same under those circumstances. In the same manner, we find a great variety of types of local units in which some have taxpayers of high average means whereas others are composed of taxpayers of more modest circumstances. From our intimate

Charlotte Police and Fire Department Jobs

The Charlotte Civil Service Commission announces that it is receiving applications for the Charlotte Police and Fire Departments from outside the county. Applications must be filed in person on standard forms at Room 202, City Hall. Examinations are given to all applicants. Successful applicants will be required to move to the county, if they are not residents.

Minimum requirements are as follows: Age between 21 and 30 years; height, 5 feet 8 inches; weight, 160 pounds (Police Department) or 140 pounds (Fire Department); graduate of a high school or with equal educational attainments; a law observance record consistent with efficient performance of the position.

knowledge of these conditions, we are able to weigh the tax burden which the debt represents in relation to the paying ability of the people.

The Administration and Financial Record factor takes into consideration the budgetary operation of the unit, its tax collection record and its history of debt payment. This factor concerns itself with the financial management of the unit, both at present and in the past.

The third major factor, Payment Program and Resources, involves a study of the schedule and burden of annual principal and interest requirements and the trend of the debt in relation to the growth of the community. It also includes an examination of the type and diversification of industries and the general character of its citizens. We submit all of this data to our formula which gives certain weights to each factor. The results obtained have been uniformly good and, we think, reliable.

We are continually asked by local unit officials what steps they can take to improve their ratings. Unfortunately, most of the requests come to us just preceding the sale of additional bonds, which is hardly the proper time to expect improvement in rating. Enlarged debt usually is accompanied by a reduced rating because of the higher debt and larger annual debt service requirements resulting from sale of the new bonds. Generally there are certain factors that you as Finance Officers can directly improve and there are other factors in which you might have an indirect part. Under your direct control, we would suggest that you give attention to the following:

(1) Adopt a balanced budget, which anticipates and provides for your normal needs without the necessity of having to transfer funds from one account to another;

(2) Carry an ample working balance;

(3) Levy a tax rate which is adequate to meet requirements and keep in a special account that portion of the tax rate which is levied for debt service purposes;

(4) Avoid the necessity of having to issue revenue anticipation notes, which are an indication of an inadequate budget or poor management;

(5) Pay principal and interest requirements promptly at the proper paying agency and avoid refunding of maturing principal;

(6) Maintain sinking funds for the payment of outstanding term bonds at their maturity;

(7) Charge utility rates which are ample to operate and maintain the utilities and are sufficient to pay annual principal and interest requirements on bonds issued for utility purposes;

(8) Anticipate your improvement needs and, if possible, carry a moderate reserve to cover small capital essentials;

(9) Co-operate with your bondholders, who have supplied the capital for your improvement needs in the past and are good friends to have when additional capital is needed.

I also suggest that you interest yourselves in seeing that taxable property is listed on a basis which more nearly reflects conservative true values; that you seek to keep within reason the debts of overlapping units, a portion of which must be paid by the taxpayers in your units; and that you take an active part in encouraging new industries to establish themselves in your community with an eye to diversification, so that the employment of taxpayers and business conditions will be steady and dependable.

There are many advantages which accrue to the local units with good credit ratings. A good rating, like a good reputation, requires some attention but is well worth the effort. A good credit rating opens investment outlets and widens the market for your bonds with the reward of lower interest cost for new capital. The resultant smaller annual debt service requirements might justify a lower tax rate. A high credit rating is also a compliment to management and reflects the confidence of the investing public in the manner in which you are conducting the financial affairs of the units.

The Attorney General Rules...

MOTOR VEHICLES

Directional Signals. What is the liability of a dealer who sells a new car not equipped with directional signals?

To: J. D. Welborn

(A.G.) A dealer who delivers a new motor vehicle (one of a model or series designation indicating that the vehicle was manufactured or assembled after July 1, 1953) to a purchaser when the dealer has reasonable cause to believe that the purchaser intends to register it for use in this state or to resell it to another person for such registration violates G.S. 20-125.1 unless the vehicle is equipped with directional signals approved by the Commissioner of Motor Vehicles. The penalty is a fine of not more than \$100 or imprisonment of not more than 60 days, or both.

Forfeiture of Bond. What further proceedings may be taken against defendants who forfeit bonds in speeding cases?

To: Hon. Barrington T. Hill

(A.G.) There is no reference to this matter in the Motor Vehicle Laws, but the general criminal laws apply. It would clearly be within the authority of the court to cause a *capias* to be issued for such a defendant and to require him to appear in person or by counsel for the trial and disposition of the case notwithstanding the forfeiture of the bond.

I am informed by the Department of Motor Vehicles that highway patrolmen have received no instructions counter to this opinion.

Fire Engines. Must the driver of a fire engine stop for red lights and stop signs? Must the driver of a fire engine abide by speed limits? May the driver of a fire engine operate his vehicle on a one-way street in the direction opposite to that provided for vehicular traffic?

To: J. Kenyon Wilson

(A.G.) At intersections on the state highway system where traffic lights or stop signs have been erected by the State Highway and Public Works Commission, drivers of fire engines must obey the lights and signals. At intersections not on the state highway system and at which traffic lights or stop signs have been erected by municipalities, drivers of fire engines must obey the lights or signs, unless the ordinance authorizing the devices exempts fire engines. In the absence of such an exemption, failure to stop would be negligence per se. The city would be liable if this negligence was the proximate cause of an accident and the plaintiff was not guilty of contributory negligence.

The speed limits fixed by state law (G.S. 20-141[b]) do not apply to fire engines answering a fire alarm, but the exemption does not protect the drivers of fire engines from the consequences of reckless disregard of the safety of others. Speed limits established by a municipality for streets not part of the state highway system (G.S. 20-141[f1]) apply to fire engines unless the ordinance establish-

ing such speed limits exempts fire engines.

Drivers of fire engines are not authorized to operate their vehicles on one-way streets in the direction counter to one-way traffic unless the ordinance providing for one-way traffic exempts fire engines. In the absence of such an exemption, such operation would be negligence per se. In the event of an accident, a city would be liable if this negligence were the proximate cause of an accident, unless the plaintiff was contributorily negligent.

Registration: "Loggers Dream." Is a truck equipped with a "loggers dream" required to carry a license plate? This equipment is used in snaking logs to saw mills. It is permanently attached and makes it impossible to use the truck for hauling or the transportation of persons. The truck is driven on the highways only when moving it from one lumber tract to another.

To: Stewart B. Warren

(A.G.) A truck so equipped falls within the definition of "special mobile equipment" in G.S. 20-38(bb) and is subject to title registration and the payment of the \$3.00 license fee fixed for special mobile equipment in G.S. 20-87(j). The fact that the vehicle is rarely used on the highway does not exempt the owner from the requirement of the statute.

Municipal License Plates. Must a person who is a non-resident of a city pay the city registration fee of \$1.00 for a motor vehicle that he keeps in the city? The city ordinance requires "every resident motor vehicle operated in the city" to be registered.

To: Wiley L. Lane, Jr.

(A.G.) The interpretation of a city ordinance would be for the city attorney rather than for this office, but there is nothing in the ordinance as quoted that indicates any intention to stop short of the full power of the city. G.S. 20-97 authorizes cities and towns to levy a license tax of \$1.00 per year on any vehicle "resident therein." Under both the statute and the ordinance quoted, it is the vehicle rather than the owner which must be "resident" in the city. A vehicle is a "resident" in a city when it is customarily parked or garaged in the city when not in use. In such cases, the city registration fee must be paid and city license plates obtained regardless of the residence of the owner.

Speeding within City Limits: Jurisdiction of Justices of the Peace. May a justice of the peace or mayor's court try cases of speeding within city limits?

To: J. B. Woodard

(A.G.) A justice of the peace or mayor's court may not try offenses of speeding which are violations of state law even though such offenses occur within city limits. The reason is that the penalty in such speeding cases may be as much as a fine of \$100 or imprisonment of 60 days, or both.

However, a justice of the peace or

mayor's court may try an offense of speeding which is a violation of a municipal ordinance enacted pursuant to G.S. 20-141(f1), which authorizes local authorities to fix speed limits on city streets that are not part of the state highway system and are not maintained by the State Highway and Public Works Commission. Since the penalty is a fine of not more than \$50 or imprisonment of not more than 30 days, a justice of the peace or mayor's court has jurisdiction if the defendant is charged with violating such a city ordinance.

Hit and Run: Dogs. Does a driver who collides with a dog and leaves the scene of the accident without stopping violate any criminal law?

To: Hon. Edward Scheidt

(A.G.) G.S. 20-166(b) requires the driver of a vehicle to stop if involved in an accident resulting in damage to property. Failure to stop is a misdemeanor, punishable in the discretion of the court. Under the provisions of G.S. 67-15, a dog becomes personal property when listed for taxes. Therefore, a driver would violate G.S. 20-166(b) if he failed to stop after a collision with a dog that had been so listed.

Powell Bill Funds. May Powell Bill funds be used to pave a street that is part of the state highway system?

To: Joanne Baldwin

(A.G.) Although Powell Bill funds may be used to pay one-third of the cost of widening or relocating old streets that are part of the state highway system, or to pay one-third of the cost of acquisition of the right of way for new streets that are part of the state highway system, such funds cannot be used for the maintenance, repair, improvement, construction, or reconstruction of such streets.

Seizure and Sale of Automobiles Used in Illegal Transportation of Liquor. From what fund should the county pay the expenses of the sale of a forfeited automobile when the sale fails to bring enough to cover the expenses?

To: W. W. Speight

(A.G.) It would seem that the expenses should be paid out of the general fund of the county, since when these sales result in surplus funds over and above expenses of the sale this surplus goes to the county for the use of the school fund. The sale procedure is made mandatory by a statute, and it is one of the expenses of the operation of government.

Authority of Cities to Erect Stop Signs. On one of its streets maintained by the State Highway & Public Works Commission may a city erect stop signs requiring vehicles to come to a stop before entering another street not maintained by the Commission?

To: Henry C. Doby, Jr.

(A.G.) G.S. 20-158 authorizes local authorities, with reference to highways under their jurisdiction, to erect signs at intersections notifying drivers of vehicles to bring their vehicles

to a stop before entering highways designated as through highways. The mere fact that the State Highway & Public Works Commission maintains a street does not prevent the city authorities from requiring vehicles traveling along it to stop before crossing or entering another intersecting street.

COUNTIES

Authority to Spend Money for Roads. May a county spend money for the purchase of right of way for a state highway?

To: W. Harold Mitchell
(A.G.) G.S. 136-98 prohibits a county from participating in the purchase of right of way for a state highway.

Expenditure of County Library Funds. In the past, county funds appropriated for library purposes have been turned over periodically to the library treasurer, and this money is deposited to the account of the library. The checks are written on this account, and the library treasurer signs all checks. The county accountant does not countersign these checks. Is this procedure legal under present statutes?

To: Miss Marianne R. Martin
(A.G.) The General Assembly of 1953 rewrote the library law, and the present G.S. 160-70 governs the expenditure of library funds. That section, which had as its purpose to provide that public library funds would be handled in the same way that other county funds are handled, provides that all monies received for a county public library shall be paid into the county treasury, shall be earmarked for the use of the library, and shall be paid out on warrants signed by the treasurer of the library, and countersigned by the county accountant. This provision is mandatory, and public library funds can be legally handled in no other manner. Thus checks written in payment of library expenditures must be signed by the treasurer and countersigned by the county accountant.

MUNICIPALITIES

Use of Powell Bill Funds to Build Breakwater. A storm has washed away the shore line to such an extent that unless something is done to protect the street from the encroachment of the water, the street will be washed away and lost to the town. May the town use Powell Bill funds to build a breakwater and thus protect the street?

To: James E. Regan
(A.G.) Powell Bill funds may be used as provided in G.S. 136-41.3(f) or the purpose of maintaining, repairing, constructing, reconstructing, or widening of any street or public thoroughfare, including bridges, drainage, curb and gutter, and other necessary appurtenances. The construction of a breakwater which is necessary to protect a city street from being washed away would probably be considered a necessary appurtenance to the street and so Powell Bill funds could be used for this purpose, provided of course that this particular street is not a part of the state highway system.

Purchase of Site in Which a Member of the Purchasing Board is Interested. The board of trustees of a city administrative unit wants to buy a portion of a tract of land for the erection of a new school. The chairman of the board has an interest in the tract. Is there any way in which the board can acquire the property while the chairman is serving on the board?

To: Messrs. Dees and Dees
(A.G.) It would be a violation of G.S. 14-234 for the board of trustees to purchase the land in question while the present chairman has an interest therein and while he is serving as a member of that board. However, if there were a *bona fide* division of the tract of land involved, with the chairman allotted a portion of the tract other than that in which the board is specifically interested and if other members presently owning an interest were allotted that portion of the tract in which the board is interested, then the board could deal at arm's length with the then owners of the tract and the cited statute would not be involved.

Condemnation of Land in Which a Member of the Board is Interested. A town desires to purchase land on which is located a dam for the purpose of increasing the water supply. One of the members of the town board owns a one-third interest in the property. Would it be possible to condemn the property and obtain title in that way, thus avoiding the prohibition against a member of the board contracting with himself?

To: Messrs. Davis and White
(A.G.) I believe that the town would have a right to condemn this property. By proceeding in this way, the member of the board having an interest in the property would not be violating the provisions of G.S. 14-234. I suggest, however, that the member should not vote on any resolution which might be adopted authorizing condemnation of the property or any other resolution having to do with this purchase.

Industrial Development. May a municipality use non-tax funds for the construction of a building to be leased to a new industry?

To: W. P. Jones
(A.G.) There is no statutory authority for such an expenditure, and the constitutionality of a statute granting such authority would be questionable. I advise that interested citizens form a corporation to construct the building, instead of involving the municipality.

Expansion of Water System to Serve Outside Customers. A municipality has been planning to expand its water system at some time in the future, although such system is presently adequate to meet its demands. A new industry now proposes to locate just outside town. May the municipality expand its water system now, so as to meet the needs of the industry?

To: Leroy H. Haskett
(A.G.) G.S. 160-255 permits a municipality to supply water to outside consumers "where the service is available." It is my opinion that the town may provide for its future

needs and incidentally for outside consumers. But if the primary purpose of the expansion is to serve the outside consumer, I do not believe you can spend municipal funds for this expansion.

SCHOOLS

Payment of Funds by City Administrative Units. May a board of trustees of a city administrative unit appoint a temporary chairman and authorize the temporary chairman to sign vouchers when the chairman is out of town?

To: Edwin Gill
(A.G.) G.S. 115-368 provides that state and local school funds of a city unit shall be paid out on warrants signed by the chairman and the secretary of the board of trustees of a city administrative school unit. This section does not mention a temporary chairman. Moreover, the local act creating the city administrative unit in question makes no provision for a temporary chairman. Thus it seems doubtful that there is authority to appoint a temporary chairman, and the only safe course to pursue is to require vouchers to be signed by the regular chairman and the secretary of the board.

Re-election of School Teachers. What is the procedure for the re-election of school teachers?

To: Dorothy F. Glenn
(A.G.) G.S. 115-354 provides that the contracts of public school teachers shall continue from year to year until the teacher is notified as provided in G.S. 115-359. The latter section was interpreted in *Board of Education v. Dixon*, 235 N.C. 359. In that case the court said:

When G.S. 115-359 is read aright, it provides these things by express declaration or necessary implication: The school committee of a district in a county administrative unit has power to dismiss or reject a principal or teacher of a school of the district as of the end of the current year, but such dismissal or rejection is subject to the approval or disapproval of the county board of education and has no validity whatever until it has been approved by the county board of education. And even though the county board of education approves the action of the district school committee in dismissing or rejecting a principal or teacher as of the end of the current school year, the dismissal or rejection does not become effective unless the county superintendent of schools notifies the principal or teacher by registered mail of his dismissal or rejection prior to the close of the current school term.

Thus, if no action is taken by the school authorities, the continuing contract of a teacher remains in full force and effect, and it is not necessary to re-elect teachers each year. However, if a teacher or principal is re-elected, G.S. 115-354 provides that such teacher or principal must give notice to the superintendent of schools within ten days after notice of re-election of his or her acceptance of

employment. G.S. 115-359 stipulates that principals and teachers desiring to resign must give to the superintendent, in writing, not less than thirty days notice prior to the opening of school. If a contract of a teacher already in service is to be discontinued, the local school committee must take action, which action must be approved by the county superintendent of schools and the county board of education. Unless the teacher is dismissed by action of the local committee, with the approval of the county superintendent and the county board of education, and is notified by the county superintendent by registered mail prior to the close of the school term, his continuing contract remains in full force and effect. In the case of *Davis v. Moseley*, 230 N.C. 645, the court held that the notice of dismissal must be dispatched by the superintendent by registered mail no later than the last day of school, since "the notification is complete when the letter containing it is both mailed and registered."

PROPERTY TAXATION

Exemption of Charitable Property. Associations and societies whose charters or constitutions bring them within the legal meaning of charitable or benevolent organizations do not all take the same outward form of organization. For example, some benevolent or charitable groups take the form of fraternal lodges; others do not. Does the form in which the charity is organized have any bearing on the exemption of its real and personal property from ad valorem taxation?

To: Robert D. Holleman

(A.G.) With respect to the exemption of real property, G.S. 105-296(6) states: "Buildings, with the land actually occupied, belonging to . . . any benevolent, patriotic, historical, or charitable association *used exclusively for lodge purposes* by said societies or associations, together with such additional adjacent land as may be necessary for the convenient use of the buildings thereon" shall be exempt. [Italics added.]

With respect to the exemption of personal property, G.S. 105-297(6) states: "The furniture, furnishings, and other personal property belonging to . . . any patriotic, historical, or any benevolent or charitable association, when used wholly for lodge . . . purposes and meeting rooms by said association or when such personal property is *used for charitable or benevolent purposes*" shall be exempt. [Italics added.]

In my opinion, real property owned by a charitable organization of the non-lodge-type would not be exempt from ad valorem taxation under G.S. 105-296(6) because the real property exempted is limited to that "used exclusively for lodge purposes." On the other hand, the personal property exemption of G.S. 105-297(6) is broader, and the personal property of both the lodge-type and non-lodge-type charitable organization would be exempt so long as it is used "for charitable or benevolent purposes."

Dog Tax Credits. May dog vaccination fees paid prior to 1953 be credit-

ed against delinquent taxes accruing prior to 1953?

To: W. J. Webb

(A.G.) The 1953 General Assembly amended the dog vaccination statute to delete the requirement that credit for the vaccination fee be allowed against dog tax, but the operation of this new law is prospective only. It does not, in my opinion, prevent the allowance of such credits for vaccination fees paid in prior years with respect to taxes accruing for such prior years.

Jurisdiction to Tax Personal Property

In the five factual situations listed below the question before the Attorney General was the same: What governmental unit has jurisdiction to tax the trucks described?

(1) The owner of certain trucks lives in County A outside the corporate limits of Town X, a municipality located in County A. In Town X the truck owner operates a filling station at which he greases, changes oil, puts in gasoline, and does minor repairs to his trucks. These trucks are used in long distance hauling, usually taking Southern products to Northern markets. When possible the owner leases the trucks to I.C.C. carriers for the return trips South. When not on the road the owner keeps the trucks parked on a lot near the filling station in Town X.

To: J. E. Webb

(A.G.) The trucks should be listed for taxation in Town X. While the owner's residence is not in the town the facts indicate that the case falls within the exception to the general rule found in G.S. 105-302(4).

(2) The owner of certain trucks lives in County A outside the corporate limits of Town X, a municipality in County A. The truck owner also controls or wholly owns the B Company, a corporation whose main office is located in Town X. The trucks in question are leased by their owner to the B Company.

To: H. C. Dockery

(A.G.) The situation described does not fall within the exceptions of G.S. 105-302(4), and the trucks should be listed in the township in which the owner lives, not in Town X. The fact that the owner controls or wholly owns the lessee corporation and the fact that the corporation has its main office in Town X would not affect the result.

(3) Company Y, a North Carolina business firm with its principal office in County A, leases trucks from B, a resident of Virginia. Company Y keeps the trucks at its main office when not in use.

To: E. R. Eller

(A.G.) Since the trucks are owned by a nonresident of the state but are located in North Carolina, G.S. 105-302 requires that they be listed for taxation in County A. Nevertheless, under G.S. 105-304 the trucks must be listed in the name of the Virginia owner; no exception is made in the case of leased property.

(4) The owner of certain trucks lives in County A outside the corporate limits of Town X, a municipality in County A. The trucks in question are used in shuttling back and forth from gas storage plants in

Town X to points outside the town. All the trucks except one are regularly garaged at night at the owner's residence outside Town X.

To: George H. McNeill

(A.G.) It is clear, leaving aside for the moment the one truck regularly garaged in Town X, that the trucks are subject to taxation only by County A. On the other hand, it would appear that the one truck housed at night in the town would fall within the exception in G.S. 105-302(4) and be subject to taxation by Town X.

(5) Company Y, a foreign corporation doing a delivery business in North Carolina but having no principal office in this state, operates a daily delivery truck service between a Virginia town and Town X in North Carolina. While Company Y uses a number of different trucks on this daily run, one truck—not always the same one—remains in Town X overnight every night.

To: W. A. Blount

(A.G.) Whether Town X and the county in which it is situated may tax any of Company Y's trucks is far from clear. The United States Supreme Court indicated in *Northwest Airlines v. Minnesota*, 322 U.S. 292, 88 L.Ed. 1283 (1944), that, perhaps in a situation similar to this one, a certain portion of the property used (i.e. the trucks of Company Y) might be treated as having acquired a taxable situs in North Carolina. On the other hand, the wording of the Machinery Act with respect to the listing and assessing of taxes on tangible personal property apparently contemplates that the tax is applicable to specific, identified tangible personal property. The question in this case would be which truck would Town X and the county attempt to tax as the one having a North Carolina tax situs. The simplest and perhaps best procedure would be to assess the particular truck found in Town X on January 1. I am not sure such a practice could be sustained under the present wording of the Machinery Act, although I think it constitutionally possible to reach the equivalent of one truck in this case if the Machinery Act were amended appropriately.

Passage of Title in Highway Condemnation; Listing Results. In July 1953 the owner of a lot received from the State Highway Commission written notice of the Commission's intention to appropriate the lot in fee simple in connection with the construction of a highway. Appropriation of the lot for Highway Commission purposes took place in September 1953. The final agreement as to compensation for the lot was reached during January 1954; but compensation had not been paid by April 1954. Should this lot have been listed for ad valorem taxation by its original owner in January 1954?

To: J. C. Ellis

(A.G.) No. In *Highway Commission v. Young*, 200 N.C. 603 (1931), the Court said at page 608: "Complete appropriation occurs when the property is actually taken for the specified purpose after due notice to the

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Books of Current Interest

Public Libraries

COUNTY AND REGIONAL LIBRARY DEVELOPMENT. *By Gretchen Knief Schenk. Chicago: American Library Association. 1954. \$5.25. Pages 263.*

Since 1945 intensive study of local public library service has resulted in conclusions that better services would result from the establishment of library systems covering larger areas, serving more readers and supported by larger budgets. In these studies particular stress has been laid on "centralizing technical processing and routine administration and decentralizing and strengthening a greater variety of real services to a greater number of people in a larger geographic area." This study presents the arguments for library systems covering larger areas—counties or groups of counties—and sets forth how administration of these larger libraries would differ from administration of existing city and county libraries. In view of the interest shown in North Carolina in regional library development along the lines set forth in this study, public librarians and governmental officials interested in library service will find this book of value. Librarians and library trustees will remember that Miss Elaine van Oesen advocated a similar system of library organization in a talk to library trustees in 1952 which is published in *Public Libraries in North Carolina* (Chapel Hill: Institute of Government, 1952). Counties and groups of counties interested in putting these ideas into effect will get helpful information in this new book. (GHE)

Schools

THE LAW OF LOCAL PUBLIC SCHOOL ADMINISTRATION. *By Madaline Kinter Remmlein. New York 36: McGraw-Hill Book Company, Inc., 330 West 42nd Street. 1953. \$4.50. Pages xi, 271.*

This book, written for school board members, superintendents, principals, and other school officials, contains a general statement of the law governing public schools in the United States. The topics considered include the legal status of school boards, school finance, the creation and alterations of school districts, acquisition and financing of buildings and sites, pupil

transportation, personnel administration, pupil regulation, the relationships between public schools and private schools, and the liabilities of school boards.

The book will be helpful to persons who wish to know what the law concerning a certain aspect of school administration is throughout the United States, not in particular but in general. It will not be of much help, except in limited areas, in dealing with a particular situation in a particular state, for the author has made no attempt to go into such detail, and of course an attempt to do so would be beyond the scope of a single volume. The book will provide its greatest service to those interested in public school law generally rather than those who wish to find a legal answer to a given problem or problems. (JAM)

Planning

CONSERVATION AND REHABILITATION OF MAJOR SHOPPING DISTRICTS (Technical Bulletin No. 22). *By Richard L. Nelson and Frederick T. Aschman. Washington: Urban Land Institute, 1737 K Street, N.W. 1954. \$5.00. Pages 44.*

Pointing out that a major portion of every community's tax values is concentrated in its existing shopping districts, the authors make a strong case for active measures to conserve these values in the face of competition from new outlying shopping centers. They present a detailed program of private and public action, including preliminary analyses of the problem, achievement of architectural harmony, provision of off-street parking facilities, better handling of traffic, cooperative marketing practices, and elimination of particular blighted structures. City planners in general will be interested in a chapter presenting suggested zoning classifications for business districts. (PPG)

URBAN LAND ECONOMICS. *By Richard U. Ratcliff. New York: McGraw-Hill. 1949. Price ? Pages xii, 524.* A major work in what is still regarded as a comparatively new field of study, this book will give city planners and others interested in the reasons underlying urban development a broad background of knowledge. The author has run the gamut in his coverage, ranging from a general discussion of types of property rights

and the economic and sociological bases of urbanization to descriptions of the demand for various types of property, the construction industry and its processes, the financing and marketing of homes, city growth and structure, urban land policies, and the economics of housing policy. (PG)

Municipal Insurance

INSURANCE PROGRAMS IN MICHIGAN MUNICIPALITIES (Michigan Municipal League Information Bulletin No. 72). *Ann Arbor, Michigan: Michigan Municipal League, 205 State Street. 1954. \$3.50. Pages 79.*

This bulletin analyzes the various types of insurance carried by cities and villages in Michigan, including fire, motor vehicle liability, workmen's compensation, public liability, and burglary and theft insurance. Information is given on the placement of insurance with stock companies and mutual companies, as well as the use of partial self-insurance and complete self-insurance. Information is also given on the use of competitive bidding and the use of brokers, individual agents, and insurance associations. And information is given on the types of activities and structures insured and on loss ratios.

The bulletin is quite valuable in its summary of insurance practices, and will give the municipal official responsible for insurance a number of ideas in the possible ways to improve his own insurance program. (JAM)

Community Betterment

GUIDE TO COMMUNITY ACTION. *By Mark S. Matthews. New York: Harper and Brothers. 1954. \$4.00. Pages 434.*

Persons interested in community action for all types of programs will find this a helpful handbook. It is not limited to organizations for securing community action in the area of local government, as were the excellent pamphlets published by the National Municipal League last year, but to the contrary considers organization for community action in practically every field of service. Separate chapters are devoted to discussions of volunteer citizen groups in support of community arts, sports and recreation, safety and fire prevention, health, welfare, brotherhood, religion, international relations, Americanism, education, vocational guidance and rehabilitation, labor-management cooperation, conservation, government, community development, and national security. In addition chapters are devoted to the basic fundamentals of

establishing an organization. There are helpful bibliographies at the end of each chapter. (GHE)

MAKING GOOD COMMUNITIES BETTER (Revised ed.). By Irwin T. Sanders, Lexington, Ky.: University of Kentucky Press, 1953. \$2.50. Pages 197. Referred to by the author as a "headbook" rather than a "handbook," this slim, easily-read volume is a gold mine of useful information for the citizen or official seeking to learn how to "push through" a civic program.

Taxation

STATE TAXATION OF INTER-STATE COMMERCE. By Paul J. Hartman. Buffalo: Dennis & Co. 1953. \$7.50. Pages 323.

This is an interesting and well-organized study of a problem common to state and local tax administrators. County and municipal tax officials—especially North Carolina tax supervisors—can read the portions of this book dealing with the Property Tax with great practical benefit. It is unfortunate that Professor Hartman's book appeared before the Supreme Court handed down its decision in *Braniff Airways, Inc. v. Nebraska State Board of Equalization and Assessment*, 74 S. Ct. 757 (June 1, 1954). It would have been helpful to have had his views on the relation of the new opinion to that in *Northwest Airlines, Inc. v. Minnesota*, 322 U.S. 292 (1944). (HWL)

Miscellany

VOTING. By Bernard R. Berelson, Paul F. Lazarfeld, and William N. McPhee. Chicago: The University of Chicago Press. 1954. \$7.50. Pages 395.

Using Elmira, New York, in the Truman-Dewey contest of 1948 as the testing ground, the authors—in the tradition of the Roosevelt-Willkie election study called *The People's Choice*—through a series of interviews with a sampling of one thousand citizens followed shifts of political thought. Thoughtful voters, especially those studying voting patterns in civic groups, will learn much from this book. (HWL)

AMERICAN LIBERTY AND "NATURAL LAW." By Eugene C. Gerhart. Boston: The Beacon Press. 1953. \$3.00. Pages xi, 212.

THE CONSTITUTIONAL PRINCIPLES OF THOMAS JEFFERSON. By Caleb Perry Patterson. Austin, Texas: University of Texas Press. 1953. \$4.00. Pages xi, 211.

A. G. Rulings

(Continued from page 11)

owner; and the owner's right to compensation arises only from the actual taking or occupation of the property by the Highway Commission." I am inclined to the view that the original owner was not the "owner" for tax purposes on January 1, 1954. If the party acquiring ownership had been a private party rather than the Highway Commission, I would take the view that title would not pass until the deed in fee simple was executed. But we are faced with a different situation when property is acquired either pursuant to actual condemnation proceedings, or under threat of condemnation proceedings, and, for all practical purposes the original owner was divested of all rights of ownership when the Highway Commission assumed dominion over the lot. His sole remaining right was to receive just compensation for the lot based on the value as of the date it was appropriated.

ELECTIONS

Voting Machine Adoption Referendum. G.S. 163-187.2, applicable only in counties with a population of 50,000 or more, authorizes boards of county commissioners upon the petition of 500 registered voters, or upon their own motion, in their discretion, to submit to the voters the question of adopting voting machines. The statute also provides: "If a majority of the voters casting votes in said election approve the same, the board of commissioners of the county . . . may adopt, for use in primaries and elections, such type or kind of voting machines as shall be approved by the State Board of Elections. . . . [Italics supplied.]" (1) What would be the proper wording for the ballot in such a referendum? (2) If a majority of the voters approve adoption of voting machines, may the county commissioners still use their discretion as to whether to obtain them?

To: Nat S. Crews

(A.G.) (1) It would be preferable to use the precise wording of the statute in framing the issue: "May the board of commissioners of the county of [insert name] adopt voting machines for use in primaries and elections in [insert name] County?"

(2) It is my understanding that no question of debt limitation is involved in this question nor any other question as to financing acquisition of the machines.

The North Carolina Supreme Court in *Jones v. Commissioners*, 137 N.C. 580, said: "Where a statute provides for the doing of some act which is required by justice or public duty, as where it invests a public body, municipality, or officer with power and authority to take some action which concerns the public interests or the rights of individuals, though the language of the statute be merely permissive in form, yet it will be construed as mandatory, and the execution of the power may be insisted upon as a duty."

If the county commissioners decide to submit this matter to a vote and the vote is favorable to adoption of voting machines, I am inclined to say that the Court would hold that the acquisition and use of the voting machines by the county would be mandatory. This, however, is not a matter about which I can be certain. The statute uses the word "may" and the Court might hold that the matter would not come within the principle stated in the *Jones* case.

New Ordinances

(Continued from page 6)

after the approval and on such conditions as the Town-County Health Department prescribes. Regulations under which permits are to be issued are specified.

Greensboro: Requiring the owner of any premises annually to procure a permit before any well may be dug or operated on the premises if it is within the city limits or if it is outside the city limits and served by city water. An annual inspection is to be made by the Director of Public Service to see that the use of the well is in accordance with the provisions of city ordinances.

. . . Prohibiting taxicab companies from allowing drivers to work more than fourteen hours out of twenty-four or more than twelve hours consecutively.

New Bern: Making it a misdemeanor to sell anything from vehicles or stands located on the streets, sidewalks, or the area between.

Reidsville: Prohibiting taxi companies from parking taxicabs on the streets of the business district during business hours, except that each company may park three taxicabs in front of the company's base of operations but not more than six parking spaces away in either direction.

Statesville: Authorizing, pursuant to an agreement with Iredell County, regular and volunteer firemen to fight fires within twelve miles of the city limits.

Hickory: Adopting a modified 1953 edition of the Fire Prevention Code recommended by the National Board of Fire Underwriters and creating for the enforcement of the Code a Bureau of Fire Prevention in the Fire Department.

Justice J. Wallace Winborne
Supreme Court of North Carolina
Raleigh, N. C.

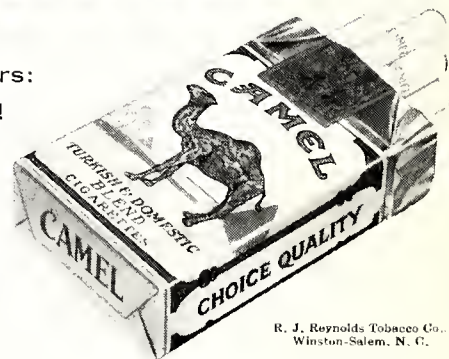
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