

It was also increased by the issue of the remainder of the Defence Redemption Loan to amount of \$7,550.00, making a total increase during the year of \$9,429.89.

But this small increase is more than compensated by the large reduction which we have been able to make by augmenting the Sinking Funds to the amount of \$525,947.81, and by the redemption of the Maryland Defence Loan, amounting to the sum of \$5,000.00, and making a total reduction during the fiscal year of \$530,947.81, and after deducting the increase there remains a net reduction in the debt of the State during the year just closed of \$521,518.92. Since the close of the fiscal year, we have further reduced the debt by the increase of the Sinking Fund before referred to by the sum of \$97,030.00, and making a total reduction in the debt of the State since the 30th day of September, 1884, of the sum of \$618,548.92.

A portion of the State's debt is due and will have to be provided for. The bonds authorized by the Act of 1870, Chap. 275, on account of the Chesapeake & Ohio Canal, amounting to the sum of \$528,355.00 bearing interest at the rate of 6 per cent. per annum, are now due. Also, the loan authorized by the Act of 1870, Chap. 422, on account of the Deaf and Dumb Asylum, amounting to the sum of \$100,000.00, bearing interest at the rate of 6 per cent. per annum, is also due.

While we have bonds of the Baltimore and Ohio Railroad in the Sinking Funds applicable to the last named loan, sufficient to pay the same, yet we think, as the State annually receives interest at the rate of six per cent. on these securities, it would be better for the State to hold them, and refund at a lower rate of interest.

These loans can now be readily renewed by a loan bearing not more than  $3\frac{1}{2}$  per cent., and thus a considerable sum of money can be annually saved to the Treasury.

#### TO WHOM CREDIT IS DUE.

It gives me pleasure to state that to the valuable services of the late Treasurer, Hon. Barnes Compton, and to