

Reference was made, also, to the urgent need for readjusting many of our State administrative agencies to the changed needs of the present; to the necessity for reform of our minor judiciary system with its obnoxious, out-moded features; to the State's responsibility to its citizens in the matter of road-construction and maintenance, in the protection and development of our God-given natural resources, and in the care and proper housing of the mentally and physically ill among us who were dependent upon the State for proper care. And I pledge myself without limit to the proper handling of these and the many, many other important matters that in our State presented themselves to the Chief Executive for solution.

In assuming these responsibilities it was realized, too, that the success or failure of my administration as Governor would depend in very large measure upon the character, ability, training and fidelity to the public service of the department heads, members of boards and commissions and subordinate officials and employees selected to carry on the various activities of the State Government. You will agree that upon the calibre of people selected to handle the important affairs in the various departments and agencies depends the satisfactory operation of the State Government. Accordingly, I made it clear that I would seek the services of the very best available persons, whose appointment would guarantee efficient and dutiful public effort.

And now to report upon the handling of fiscal matters. A year ago today our State Budget was badly out of balance and had been for some years preceding. Today I am happy to report to you that we have a balanced budget. But, more than a balanced budget, it is gratifying to state that at the close of the last year we had a surplus of \$4,467,725. In addition to that, during the past year, the funded debt of the State has been reduced by more than \$2,000,000, because against a funded debt of \$48,247,000 last year the figure is \$46,163,000. It will, also, interest you to know that, despite the fact that the new State bonds totalling \$2,543,000 for much needed construction work at various State hospitals and institutions will be floated during the present fiscal year, a further reduction of \$1,987,000 in the outstanding obligations of the State will have been achieved by September 30th of the present year.

All of this has been accomplished while, at the same time, we have met the additional obligation of \$5,000,000 needed for public assistance and relief, which item was super-imposed on the ordinary expenses of government and budgeted for the first time in the State's history. Another important fact is that, as the result of facing the situation squarely and of meeting existing obligations in the way that they are supposed to be met, we put a stop to diversions of gasoline tax money and, accordingly \$3,800,000 previously diverted becomes available for road construction, for which purpose it was intended by law. In a determined effort to increase the State's surplus to the highest possible point, we prevailed on the various department heads to economize in every way possible and to expend your tax money only for absolute necessities. As a result, at the close of the year, there was turned back to the State treasury the sum of \$371,280.66, representing unexpended balances from the various departmental appropriations. This was the largest amount of reversions ever to go back to the treasury in the history of the State and this money cannot now be spent, without legislative approval. And throughout our entire fiscal program there has been an avoidance of any wild-eyed theoretical