

Funds. It has been my constant care to see that every dollar, notwithstanding the large demands upon the Treasury necessarily incidental to a legislative year, should be carried to these funds, in order that their sanctity should be preserved inviolate. In this I have been more than successful, as the above record clearly demonstrates.

The above large uninvested balance of \$497,298.64 may at first blush occasion some surprise, but the wisdom of the Treasury officials in thus carrying this large balance is very apparent upon a closer examination of the situation. This balance could not be used to liquidate so much of the Defence Redemption Loan maturing January 1, 1899, inasmuch as the holders of said loan had the option, under Chapters 219 of the Acts of 1898, to exchange such holdings for the new issue of the "Consolidated Loan of 1899," issued under said Act—a privilege accepted by \$1,104,187.00 out of \$1,151,787.00 outstanding—leaving only \$47,600.00 of said loan to be retired at maturity.

Had the Treasury officials gone into the market to purchase safe and reliable securities to this extent, a very heavy premium, likewise a commission, would necessarily have been paid, but inasmuch as the State on the first of January, 1899, only a few days distant, will issue a new loan, as authorized by the Act above referred to, to be known as the "Consolidated Loan of 1899," not only to refund the outstanding debt of the State, but to issue for new improvements to the extent of \$900,000.00, viz.:

Maryland Penitentiary, completion of .....	\$300,000 00
Armory Fifth Regiment, Infantry .....	300,000 00
Second Hospital for Insane, additional buildings..	220,000 00
House of Correction, new buildings.....	80,000 00

it was deemed the part of wisdom to retain this balance and invest every dollar that may be to the credit of its Sinking Funds on that date in this new loan, virtually retiring the State debt to that extent.

#### SINKING FUNDS—STOCK ACCOUNT.

In Statement "F" is shown the stock account of the six Sinking Funds and the cash to the credit of those Funds, together with the stocks held for the benefit of the Common Free School Fund and for schools in sundry counties, aggregating \$5,086,205 25.

Several changes have occurred in this statement during the fiscal year. As before mentioned in these remarks, all of the Baltimore City Stock held in these funds, amounting to \$501,200.00, was sold, and with a part of the proceeds of such sale there was purchased for the Defence Redemption Loan Sinking Fund \$439,952.00 of its own stock. By treating the cash to the credit of these funds