

\$499,091.40, against which are chargeable certain accounts therein shown as balances brought down from the previous fiscal year aggregating \$51,763.20, leaving a cash balance of \$447,328.20 to meet the general obligations of the State.

SINKING FUNDS.

Statement "E" will give you the operations of these Funds during the fiscal year, but Statement "F" must also be examined in order that the stock holdings in the various funds may be known. The securities in our Sinking Funds aggregated on October 1st, 1916, \$6,699,200.00, \$6,401,200.00 State of Maryland bonds and \$298,000.00 Baltimore City and Maryland Municipals, with a cash balance also of \$317,066.59 carried down into the next fiscal year. It is gratifying to you, as I am sure it is to every citizen of the State, that the investments in these funds are of the very highest order.

STATE DEBT.

In Statement "J," you will find the gross debt of the State at the close of the fiscal year to be \$26,285,880.55, but owing to the very large holdings in the Sinking Funds, together with the Mortgage of the Northern Central Railway Company, amounting to \$8,516,266.59, the net debt of the State is \$17,769,613.96. You will also see from an examination of said Statement that the "State Loan of 1902," 3%, as authorized by Chapter 200 of 1902, aggregating \$600,000.00 matures July 1st, 1917, but inasmuch as the Sinking Fund for this loan (see Statement "F") now holds \$625,200.00 in State Bonds, and \$23,226.76 in cash, the loan will be promptly retired at maturity.

While it is true the State has been increasing its bonded indebtedness to the extent shown in said Statement, nevertheless so prudently and carefully have its finances been managed and the integrity of its Sinking Funds been preserved that the credit of the State was so high on December 21st, 1916, as to command a bid of 101.601 for \$900,000.00 of "The \$3,000,000.00 Loan of 1916," 4% bonds.

GENERAL ASSEMBLY.

I respectfully invite your attention to the legislative expenses of the Session of 1916 amounting to \$128,724.88. The