

\$2,273,619.61, the excess of cash over dedicated funds of \$640,419.84, but also a balance of \$372,043.17 in general funds to meet the obligations of the State, including balances brought down.

ESTIMATES.

In making estimates for the fiscal year ending September 30, 1918, we use the figures of preceding years as a basis, and after considering each source of revenue and determining as best we can whether there may be an increase or decrease therein, and to what extent, we submit the amounts so revised and determined as the probable amount of income into the General Funds. If for any reason the General Assembly changes the sources of expected income, then the estimates which have been submitted will be augmented or depleted to such extent as the law applies. I deem it prudent to refer to this so that your Honorable Body may in case of any changes in the laws affecting State revenues take such action as will provide for sufficient income to meet the required expenditures of the General Funds from the Treasury.

SINKING FUNDS.

An examination of Statements "E" and "F" will give you a very concise and interesting exhibit of the operations of these funds during, and at the close of the Fiscal Year. The first Statement will show you the receipts into the Treasury for each Fund, and the investments made therefor, while Statement "F" will give in detail the stock holdings for each separate Fund, aggregating at the close of the year \$6,873,000, with a cash balance of \$419,897.67 carried down into the next Fiscal year. While this balance may appear large, yet the Treasury officials deemed it wise to carry the same down in order to invest it in the "Second Liberty Loan" Bonds, which has been done, the bonds thereof being now placed with the State's other securities in its safe deposit boxes.

Permit me to call your attention to the high character of these investments, \$6,873,000, being in our own State bonds, while \$283,000 is represented in the issues of the several municipalities and counties of this State, as therein set forth.

STATE DEBT.

Your attention is respectfully called to Statement "J," showing the gross debt of the State at the close of the fiscal year, as