

The General Assembly, at its 1941 Session, anticipating to some extent that there would be a generous surplus on hand at September 30, 1941, and feeling that some relief should be given to owners of property subject to the State tax rate, passed an Act authorizing the transfer of excess surplus to the Annuity Bond Fund and providing that the amount transferred should be reflected in a reduction of the State tax rate. Accordingly, it was determined, after considering the probable fiscal situation for the years 1942 and 1943, to use \$4,000,000.00 of the surplus existing at September 30, 1941, to give effect to the mandate of the General Assembly, and this amount divided evenly between the years 1942 and 1943 permitted reductions of eight cents (8c) in each year, or a reduction from 22 cents to 14 cents in 1942, and from 20.75 cents to 12.75 cents in 1943.

Your attention is invited to statement "MM," being a summary of our estimated general fund surplus at September 30, 1942. This statement shows an estimated surplus figure of \$6,816,558.14, which is made up of a working fund of \$2,000,000.00 and unappropriated funds of \$4,816,558.14. This represents a very healthy financial condition, but since we will be sailing on troubled waters for some months to come, with the possibility of our revenue picture being affected adversely by the war situation, I feel we have reason to be gratified because of being in a splendid position to absorb any reasonable shock to our financial set-up.

I will not elaborate on many items of the report which are worthy of mention, but I do want to assure you that I have endeavored to make this report as complete and intelligent as possible so that those who are interested in our state finances will have readily available whatever information they desire.

With assurances of my desire to cooperate wherever possible, I remain,

Respectfully,

J. MILLARD TAWES,

Comptroller.