

the good will and readiness of tax-payers, to respond to the demand made upon them.

The aggregate debt, at the end of the last fiscal year, was \$15,909,981 18, and large as this amount is, under our existing financial system, it is apparent that it can readily be extinguished without the imposition of additional taxes.

The receipts into the Treasury, during the year 1849, were		\$1,315,439 80
Balance in Treasury, 1st December 1848,		315,945 32
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		\$1,631,385 12
Interest on State debt,	\$715,555 95	
Ordinary expenses of Gov., &c.,	170,628 40	
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		886,184 35
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Balance above interest and expenses,		\$745,200 77
This was subject to charges,		57,000 55
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Clear balance,		\$688,200 22
At the date of resumption of payment of State debt, arrears of interest were funded to the amount of \$878,739 49, 6 per cent: and payable at pleasure, of this amount the Treasurer has paid during the year 1849,		260,307 81
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		\$427,892 41

This appropriation was made under the provisions of the act of 1846, which applies the surplus revenue to the payment of funded interest, and the increase of the sinking fund.

The amount of funded arrears of interest at the end of the fiscal year, was \$618,621 11

Which has since been reduced, and should at once have applied to its further reduction, at least \$200,000 00 of the balance in the Treasury.

The committee regard it of the first importance to apply the receipts to the prompt liquidation of this portion of the public debt, retaining in the Treasury, only funds to secure the punctual payment of the accruing interest. This course would prevent the heavy loss on inactive deposits, which are always more or less liable to hazard; and whilst it reduces the debt, and keeps down the interest, cannot involve the slightest risk of delinquency, as under existing laws, the Treasurer is empowered to raise by temporary loan, on the Bank stocks owned by the State, ample means to supply an accidental deficit. This committee are satisfied that nearly the whole amount of the funded interest can be, and ought to be paid from the surplus of the current year.

The bonds of the State now due and redeemable and those maturing, will afford the true investment for several years to come, and may be purchased for the sinking fund, or paid and cancelled as may hereafter be deemed most advisable.