

been prepared. In a number of cases the differences are material. For example:—

- (1) Under By-law No. 2692, which refers to an issue of \$270,000, the City's records show the sinking fund to be \$61,361.58; whereas it should be \$51,224.85—a difference of \$10,136.73.
- (2) Under By-law No. 1858, which refers to an issue of \$425,000, the City's records show the sinking fund to be \$206,045.12; whereas it should be \$195,934.30—a difference of \$10,110.82.
- (3) Under By-law No. 1773, which refers to an issue of \$75,000, the City's record shows the sinking fund to be \$47,733.82; whereas it should be \$37,594.06—a difference of \$10,139.76.

There are a few cases in which the City's sinking fund is less than it should be but in no instance does the defect amount to \$1,000.

In order that, hereafter, the City may maintain a correct accounting of each sinking fund, it is essential, in addition to having the correct annual levy pass to the credit of the sinking fund as heretofore indicated, that each sinking fund account in the City's records be adjusted so that the same will show the exact amount that should stand at its credit, as at 31st December, 1915.

#### **11. Investments held by Sinking Fund.**

All of the investments of the fund, as will be gathered from a perusal of Statement No. 3, are of unquestionable merit.

The bonds of the City were acquired at par, are carried in the City's records at that value, and have been entered in the balance sheet, now submitted, on the same basis. If they had been acquired in contemplation of re-sale, then they should be carried at their market value; but, as they were purchased for permanent investment—that is, to hold until they are paid off at maturity—and for the interest which they bear, it appears to be proper to take credit for them in the statement at their par value.

Dealing with the subject of purchasing securities for the sinking fund, I find that it has been the practice to acquire the City bonds at the arbitrary price of par, quite irrespective of their market value. This