

With regard to the items of Drainage Debentures and Drainage Assessments, \$495,526, it will be recollected that last year I stated it had come to my knowledge—in making an examination of the manner in which it would be practicable to carry out the provisions of the proposed Act for the reduction of interest on these loans—that although it was true that in some cases where reductions had been made to the municipalities the accountant had not made the corresponding reductions in the Drainage Investment Account, which, if done, would have the effect of reducing this asset. Yet, on the other hand, the equal annual instalments provided by the Drainage Assessment Act, had by the accountant been altogether credited as payments in reduction of principal, although the greater portion of these annual payments represent interest and should be credited to interest account. I stated that I thought these excessive credits to principal would fully equal the reductions which had been made, but not carried into the account. I found that to arrive accurately at the present value of these loans they would have to be recast from the beginning, and I am happy to say, having made thorough calculations in regard to every loan and every debenture that has been purchased, the amount stated now in our estimates is the accurate present value of the debentures now held, and the result is that it has added about \$17,000 to the amount that we had estimated before.

Coming now to the item of bank balances—current account \$226,666.93, and special deposits \$346,579.75—we have a total of \$573,246.68. If hon. gentlemen have my statement of last year in their hands, they will see that we had at that time cash in bank—Current account \$107,549, and special, \$87,295, or a total of \$194,845, while now we have \$573,246.68 at our credit in banks.

The House will have observed, from the Auditor's report which prefaces the volume of Public Accounts, that the Legislature is informed that a discrepancy was found to exist between the balance in banks, as shewn by the Accountant's Ledger balance in the Public Accounts, and the balances as they appear in the books of the banks; and that a thorough examination has taken place of the whole bank accounts from 1867 to the present time, resulting in the discovery of errors and omissions during that period affecting the balances to the amount of \$14,680. In further explanation of this, I may say that in 1885 it was brought to my notice that the bank balance appearing in the Accountant's ledger did not apparently