

From the foregoing it will be observed that the aggregate moneys which the tax payers would be called upon to pay, during the twenty years, to discharge the \$1,000,000 debt, according to the three methods would be as follows:—

- (1) According to Sinking Fund Method \$1,744,314.20
- (2) According to Annuity Instalment Method. 1,604,851.80
- (3) According to Serial Instalment Method.. 1,606,250.00

EFFECT ON DEBT.

By the Annuity or Serial Instalment Method the amount of the debt repaid each year is a definite quantity, and the bonds corresponding thereto are redeemed and cancelled. As a result, the net indebtedness of the municipality at any given time can be determined with accuracy. By the Sinking Fund Method the entire debt and the bonds representing it remain outstanding until the end of the period, and, through the Sinking Fund, the debt is then paid off. The yearly reduction of a debt of any enterprise unquestionably tends to create a much more favorable impression of its financial position than a stationary liability of many years' standing, although there is an increasing asset (the Sinking Fund) to offset it.

ELIMINATION OF SINKING FUND.

Both Instalment Methods, which provide for the repayment of the debt gradually from year to year as the annual taxes are received, do away with the necessity of establishing a Sinking Fund, the management and conduct of which are always fraught with difficulties, dangers and temptation. The misuse of, the low rate of interest earned on, the failure to efficiently manage, the expense and time involved in administration of and the losses involved in Sinking Funds are thoroughly well known to those versed in municipal finance. Undoubtedly the best Sinking Fund ever devised is the partial payment of the debt year by year.

MARKET STANDPOINT.

More and more is it becoming recognized that the Instalment Method of repaying loans is the safest, surest and most economical. Bond houses and important investors in bonds, here and in the United States, are showing a preference for issues so made payable. They then have absolute knowledge that the municipality is steadily improving its financial position by the annual reduction of its bonded liability. It is only necessary to mention that such