

Toronto, 21st December, 1858.

The sections of the Municipal Acts bearing on the question with the Treasurer, submitted to me the other day, are the following:

14 and 15 Vic.,
c. 109, sec. 7.

Two separate accounts shall be kept—one for the "Special Rate," and one for the "Sinking Fund."

Section 8.

If there shall be a residue at the credit of the Special Rate Account, after the payment of the interest and the appropriation to the *Sinking Fund*, more than sufficient to meet the interest for the year next after the occurrence of such residue, the same shall be carried to the Sinking Fund.

14 and 15 Vic.,
c. 109, sched. A
24, amending 12
Vic., c. 51, sec.
177.

Any part of the Special Rate which cannot be applied to the payment of the debt or interest shall be invested in the Government securities of the Province, or in such other securities as the Governor in Council shall direct; and to apply all interest or dividends to arise thereon to the like purpose as the amount levied by the Special Rate.

The 22d Vic., c. 99, sec. 228, permits the Governor to authorize their own Debentures to be redeemed by the Municipal Council, by applying such residue to that purpose instead of investing it.

But this clause came only into force on the 1st of this present month, and has no relation whatever to past transactions.

The Finance Committee of Halton, by their Report of the 9th of March, 1858, recommended that "authority be obtained by the Warden from the Governor in Council to apply the *Sinking Fund* on hand, or what may hereafter be received, in the purchase of outstanding Debentures not matured, upon the best terms that can be arranged with the holders of such Debentures, at a rate of abatement not less than seven per centum per annum; and in the event of this authority not being granted, that the same be placed in one of the chartered banks, at the best rate of interest obtainable."

This report, I presume, was adopted by the Council.

Upon the same, the Warden, without applying to the Governor for authority so to apply the Sinking Fund, or without obtaining it at any rate, directed the Treasurer to buy up all the Debentures he could; and accordingly the Treasurer bought from his relations and himself Debentures, which they held with the proceeds of the Sinking Fund, and also with the general County Funds, to the extent of \$6,600.

At this time there was at the credit of the Sinking Fund Account, if properly kept,—for everything was entered under the head of the "Special Rate Account"—only \$1,729 5-100; yet the redemption of Debentures was \$4,870 95-100 beyond the money in hand.

It was represented, also, that the Treasurer has either lent to the County, or intended to do so, money of his own and of his friends, and has paid to himself and to himself interest therefor—when there was, in fact, either money enough on hand without the necessity of borrowing at all, or there was no kind of occasion for borrowing.

It appears, also, that in the Report of the Treasurer of the 9th of June, 1857, he stated that \$2318 would have to be raised for interest on Debentures \$3.5 and 12.

When that \$590 15s. was required for the Special Rate, which he calls the Sinking Fund. Now, this amount includes interest over again.