

the result that confusion, irregularities and inefficiencies have followed. Separate investments have been, and cannot be, found for the exact amount of the different sinking funds. Each year each sinking fund increases in amount and, to follow out what has been attempted, new investments would have to be secured each year for each increase. This cannot be done.

Again, in attempting to so set apart investments as it was found that the maturity date of such investments did not coincide with the maturity date of the debt for which the sinking fund was being accumulated.

Then again, it was found that some sinking funds had been invested in securities which were yielding 5%, while others were invested in securities yielding only 3½%, and so on.

All that is necessary is to have cash, or investments aggregating in the total the sum of all the individual sinking funds for the various debenture issues, care, of course, being taken to see that the amounts and maturity dates of the investments shall relate themselves to the debenture debts which they are intended to meet. It is known that the sinking fund, in due course, will receive sufficient revenue to liquidate the whole of the City's indebtedness, so it is not important that the sinking fund should be concerned with making an investment, at present, for a debt of the City which is not due for 30 or 40 years; but it is most important that it shall make it to cover the City's debenture debts maturing in 1916, likewise in 1917, and other early years.

In making future investments for the sinking fund, the following statement No. 6 should be studied. It sets forth for each year the amount of debt which has to be met by the City, as well as the amount of investments held by the sinking fund and available for the payment of such debt.

There appears to have been considerable confusion of thought as to how individual sinking fund accounts should be treated. In some cases, the accounts shewed that the sinking fund was greater than the debt for which it was being accumulated, notwithstanding that the debt would not be due for some time yet. In other cases the accounts shewed that the fund was only approximately what it should be. The irregularities appear to have arisen from an attempt to associate