

wholesome and abundant; order prevailed throughout the extensive shops, and the great principles of silence and labor, are duly enforced. And so far as your committee had time to observe, the subordinate officers of the institution were faithfully and effectively engaged in executing their appropriate duties.

3. Pecuniary condition of the Penitentiary.

The condition of the finances of the institution as represented in the annual report of the present board of Directors, and ascertained more minutely by our own examination, is such as demands the immediate attention of the General Assembly.

From answers of interrogatories propounded by your committee to the clerk [Doc. C.] it appears, that in 1829 the active capital of the institution amounted to \$79,902 40, and that in 1830 & 31, it had increased to \$81,657 51—but since the last mentioned period, it has been gradually reduced (with a small exception in 1836,) until, on the 12th February 1839, it amounted to but \$4457 03, excluding bad and suspended debts to the amount of \$7005 56. This great diminution of the available means was caused, as is shown by Doc. C.—in part by the investment of \$22,664 79 in buildings, and an extension of the premises,—improvements which were doubtless very necessary, and the sum expended on them, was therefore judiciously applied.

The capital has been further reduced by payments on former loans, in the amount of \$17,500, and by additions to the stock of implements to the extent of \$4,603.67, making in the aggregate, an expenditure from the operative funds of \$44,768.46, which may still be considered as existing in another than its original form, and not lost to the uses of the State although abstracted from the business operations of the Institution.

The positive loss to the manufacturing operations, closed by profit and loss account in 1834, in the period referred to, has been \$23,671.35, including bad debts; which, added to the before named expenditure, had reduced the means of the institution to less than \$5,0000 in February 1839, as before stated.

The *loss* by the manufacturing departments, it will be observed, has been sustained since the 30th November, 1837; for, excluding the losses reported for the period that has elapsed since that date, a nett gain of \$11,906.66, on the whole, had been realized since 1829. But in consequence of the heavy application of the funds of the institution as stated before, to new buildings and other improvements, together with a large amount of suspended debts, due to the institution, the active capital in 1838 was reduced to an amount which, even in better times, would have been inadequate to carry on the business of the Penitentiary. Owing to the difficulty under which they laboured, the directors of that year were compelled, in order to meet their engagements, to force their goods into a stagnant market and submit to the heavy sacrifices incident thereto.