

The Disbursements will be found in detail, with the particular Act of Assembly under which each payment was made, set forth in "Statement B."

Among the Securities held by the State are Bonds of the Susquehanna and Tide Water Canal Companies secured by Mortgage, amounting to one million of dollars, bearing six per cent. interest, and hitherto classed among her productive capital. I have not yet had the time and opportunity to make myself familiar with the nature and character of these Securities, and have therefore continued them in the class in which I found them in my List of the State's Assets given in "Statement I." I learn, however, that the Philadelphia and Reading Railroad Company has leased and is working these Canals, and that as part of the terms of the lease the said Company has agreed to pay to the State the interest on these bonds, and that the only alternative which the State has upon the failure of the Company to pay the interest, is to take possession of the Canals. I do not even know whether this information is entirely correct. Your Excellency is, however, doubtless familiar with the matter, and my object now in calling attention to it is to report that the interest is due upon these bonds from the first day of January 1877.

Last winter, as your Excellency knows, the President of the Philadelphia and Reading Railroad Company manifested on behalf of the Company a desire and willingness to pay the interest in cash up to the first of January 1878, provided the interest bearing scrip of the Company would be received for five years' interest in advance. The Legislature upon the recommendation of the Board of Public Works, passed an Act in conformity with this wish, which on account of a serious defect in its language could not be approved by your Excellency. The Treasury Officers, however, indicated to the President of the Philadelphia and Reading Railroad Company, through the kind offices of Mr. Enoch Pratt, Vice-President of the Philadelphia, Wilmington and Baltimore Railroad Company, their willingness to accept the proposed payment in cash, and carry out as far as in their power the desire of his Com-