

ty of the State, is levied for the payment of interest on the loan, and for investment in a sinking fund for the redemption of the principal debt. Previous to 1879, no "Special Sinking Fund" had ever been established. In that year, the treasury officers determined, that to the extent of their ability, they would create and maintain such a Sinking Fund, with the receipts from this tax, and dedicate it to the purposes for which it was intended. Since then, State bonds have been purchased and placed to the credit of this fund, to the amount of \$220,703.34, covering, after deducting the interest paid on the loan the receipts from this tax. The amount paid in premiums to obtain these investments was \$22,786.62.

The deposits to the credit of the General Sinking Fund, have also been increased since 1878, from \$125,895.84 to \$190,505.84, and \$75,000 of the new "Defense Redemption Loan" of 1884, has been taken for that fund.

The \$366,000.00 bonds of the Baltimore and Ohio Railroad Company, received in July, 1878, in the settlement made with that company under the Act of 1878, Chapter 155, have been retained and placed among the productive assets of the State.

The bonds and mortgages of the Susquehanna and Tide Water Canal, are in arrears to the State in interest, \$354,000. The Reading Railroad Company has had, for a number of years, possession of these canals under a lease from the canal companies, in which the road assumed to pay to the State her annual interest on these mortgages. The principal of the debt is \$1,000,000.00. President Gowan, of the Reading Road, has recently had some correspondence with the treasurer of the State, and will, probably, confer with the Legislature at its present session, with reference to these arrearages, and the future management of this canal.

It is to be hoped, that some arrangement will be made, which will secure to the Treasury, a more certain revenue from these large securities. Negotiations have been going on to that end, ever since I have been Comptroller, and nothing definite yet attained, but a late conference between the Board of Public Works and the counsel of the Reading Railroad Company,