MESSAGE OF HIS HONOR THE MAYOR.

When Councils assembled last January, a Committee then waited upon his Honor Mayor McMichael, to know whether he had any message to send in then. He said that he had not, but he would have one ready to send in at some future day. In pursuance of that promise he prepared the following able and carefully digested document. It was presented

To the Select and Common Councils of the City of Philadelphia.

By the act of consolidation it is made the duty of the Mayor "to communicate to Councils at least once a year a general statement of the condition of the city, in regard to its government, finances and improvements," and "to recommend the adoption of all such measures as he may deem expedient for the security, health, cleanliness, improvement and welfare of the city."

The most suitable period for the presentation of such a message as is here contemplated would seem to be the beginning of the legislative year. As the law now stands, Councils are organized on the first Monday of January, when the officers and committees of the two branches are appointed. As many of the members then take their seats for the first time, "a general statement of the condition of the city," in the particulars specified, would undoubtedly be valuable and appropriate. But such a statement cannot then be accurately made. The fiscal year closes on the 31st of December, and as this affects to a greater or less degree the action of all the departments, the reports of their heads cannot be got ready for use at the date mentioned. For example, several of the reports on which the Mayor must necessarily found his statements, and out of which any recommendation he might desire to make would naturally grow, did not reach me until the close of February, and some of them not until within a day or two. The result is certainly in some respects inconvenient. How far this inconvenience is obviated by the practice which prevails, of putting these documents into print and communicating their substantial contents to the public before they are sent to this office at all, I shall not undertake to determine.

I have to congratulate you, gentlemen, on the state of our municipal affairs. Though during the past year there has been very considerable depression in the commercial and manufacturing interests of the country at large, and Philadelphia has had to take its share of the consequences, the finances of the city have improved, and its progress, so far as it is dependent on the authorities, has been satisfactory. If our material growth has not been so rapid as in some years before the war, it contrasts very favorably with the years immediately preceding the present: and all the indications point to still larger movement in the early future. It is at least certain that we have not only not retrograded, but that, in comparison with other great cities, our advance is most gratifying.

The funded debt of the city on the 1st day of January, 1866, amounted to $33,837,793 96, which was increased by the issue of city loans, as follows:

Expenses incident to the war,	-	$1,013,400 00
Other expenses, - - -	-	1,488,685 81
		$2,532,085 81
From which deduct—		
Loans redeemed by City Treasurer, - -	$195,094 72	
Loans cancelled by Commissioners of Sinking Fund, - -	1,009,163 70	
		1,204,258 42
Actual increase of the funded debt during the year, - - -	-	$1,327,827 39
Total funded debt of the city, Jan. 1, 1867, (including cash balance on hand Jan. 1, 1866.) - -	-	$35,165,621 35
The entire receipts of the city treasury during the past year were	-	9,420,802 84
The total expenditures of the city for the same period were - -	-	$8,392,379 02
From which deduct—		
Amount of temporary loan and interest paid,	$1,061,601 86	
Warrants of previous years, - - -	2,043,414 24	
		$3,105,016 10
And the amounts paid for the actual expenses of the Departments are shown to be - - - -	-	5,287,362 92
To which add the outstanding warrants of 1866, - - - -	-	1,204,841 95
And it results that the total cost of the Departments for the year was	-	$6,492,204 87

The receipts for taxes of 1866 amounted to $4,810,751 22, after allowances of $427,563 59 for prompt payments, as authorized by law.

The total amount of taxes outstanding, as appears by the Controller's statement, is $3,359,815 49.

In addition to the above, there was collected by the Receiver during the past year, for taxes of 1865 and preceding years, the sum of $273,787 87.

The Sinking Funds now form an important department of the finances of Philadelphia. One fund was created, when the old city and districts were consolidated, to cover all the loans which had been previously made by them, and were then unpaid. Thirty-one funds have been added as new loans were made, each being designed by its own operation to provide for the payment at maturity of the loan it represents. As the loans run for thirty years from date, the effect is to distribute their burden by taxation through that period. No debt is now created without a provision for its payment at maturity, and thus such a connection is formed between a debt and its discharge as ought to cause the most serious consideration before it is contracted. The taxation required for the annual appropriation to the present Sinking Funds is 26 30-100 per cent. on the value of the property assessed, or $431,445; to which add 1 37-100 per cent. for the annual interest on the loans, or $2,250,000, and the total is 1 63-1000 per cent., or $2,681,445 for 1867. A sufficient burden of the kind to satisfy every one that only improvidence could have allowed its accumulation, and that nothing but very extraordinary causes will justify its increase.

The statement of the funded debt, presented by the Commissioners of the Sinking Funds, and the documents connected with it, will be read with interest. The property held by the city is of great value, and, were it not for the eleven millions of debt created for war purposes, would represent a total exceeding the whole debt. The revenue from this property, if directly appropriated to it, would contribute largely towards paying the interest on the debt.

The control of its finances is one of the most serious difficulties encountered in the administration of a city like Philadelphia. With a population of over seven hundred thousand people, which is rapidly increasing, and with an area of one hundred and forty-four square miles, a constant pressure on the treasury, from the circumference even to the centre, arising out of the need of essential improvements which must keep pace with the growth of the city, is inevitable; and beyond that class of demands which can be anticipated and provided for, others continually occur which no foresight can prevent. Still, experience ought to determine with sufficient accuracy an approximate amount, which should be raised at the beginning of each year, to cover both the certain and uncertain requirements. Unfortunately, however, from causes which are easily understood, low rates have been often levied, with a consciousness of their insufficiency, and thus deficiencies from year to year have occurred, to be covered by loans. The representatives of an intelligent community should be governed by fixed principles, and it is due both to themselves and their constituents that the provision by taxation, with the revenue from other sources, should be always equal to the expenditure for the year. The title of Controller would imply the existence of a power equal to the adjustment of the expenditure to the income; but no such authority has been conferred on that officer, and his recent exhibit of the finances of the city shows an existing deficiency of about $1,500,000, which it is proposed to fund. A deficiency in the treasury prevents the prompt payment of warrants drawn upon it. That depreciates their value, and the extent of their depreciation is a loss to the city in the increased cost of labor and materials. Motives of economy alone should induce more careful management, even if the dishonor, which is inseparable from unpaid obligations, were not a consequence.

The finances of several of the other large cities in the United States are more systematically managed than our own in the adjustment of their revenue and expenses, by which funding to cover current expenses is avoided. The advantage possessed by them over us by which lower rates of taxation produce larger results, is a relatively larger basis for taxation, in which is included both personal and real estate, arising from the care with which their assessments are made, and which will be apparent from contrasting their returns of the value of real estate with the returns made here:

In Philadelphia, in 1855, the assessed value of real estate was $132,000,000; 1865, $156,000,000; 1867, $150,350,000.

In Boston, in 1855, the assessed value of real estate was $136,200,000; 1865, $201,600,000; 1867, $225,200,000.

In New York, in 1855, the assessed value of real estate was $337,000,000; 1865, $427,400,000; 1867, $479,000,000.

The assessment in real estate has increased in New York in twelve years $142,000,000; in Boston $89,500,000; in Philadelphia $28,350,000. During this period the growth of Philadelphia has been very great, and the whole increase in the twelve years, as represented by the assessment, is not more than the increase of one prosperous year taken out of the twelve.

Although our system of assessment is expensive, it is very defective. Sixty-four assessors, with a salary of $750 each, elected by the voters of the several wards, are now charged with the duty. Being responsible only to their immediate constituents, their popularity is dependent on their liberality, and their neglect of duty is in many cases the assurance of their continuance in office. Recent legislation has given a limited supervision to two superior officers, and in some other particulars aimed at an improvement; but had an entire new department been created, under the supervision of the two very competent and respectable gentlemen who now fill the two superior offices just alluded to, with power to appoint an adequate number of subordinates, responsible to them and qualified for their posts, a thorough and systematic assessment, with detailed plans and particulars of all the real estate of the city, with properly equalized values, might have been made and kept up for one-half the cost which is now incurred for the unreliable and unsatisfactory returns of the present system.

But the inference is not to be drawn from the criticism which has been made upon improvident expenditure and insufficient and unreliable assessements that the annual expenses of Philadelphia contrast unfavorably with either Boston or New York, for on a careful examination it appears that the tax per capita was, in 1865, $22 in New York, $34 in Boston; while in Philadelphia, in 1866, when the tax was greater than in 1865, it was only $11. It is true that the wealth both of New York and Boston relatively to the population is greater than that of Philadelphia, and that in both places the taxation, with the revenue, covered their whole expenses, whilst in Philadelphia it fell materially short of them; but making due allowance for these differences, the comparison results very favorably for our own city.

Our funded debt, although large, ought not to be the cause of embarrassment, nor is there anything discouraging in our financial position. Improvidence in the past is to be regretted; but by its avoidance in the future, with our daily increase of population and wealth, every obligation may be readily met as it matures, without increasing the burden of taxation.

The sanitary condition of Philadelphia during the past year has been such as to demand thankfulness to the Great Disposer of all things. A pestilence which at one time threatened to extend over the whole of this continent, and which in some portions of the United States was felt with great severity, touched our city gently. For this blessing, undoubtedly, we are primarily indebted to the Almighty, who has kindly shielded us from the impending danger; but much is due, also, to the wise precautions and the energetic means employed to avert and subdue the calamity. As soon as the cholera made its appearance on shipboard in the harbor of New York, our Board of Health adopted vigorous sanatory regulations, and, with the aid of the authorities having charge of the Street Cleaning Department, secured, so far as it was possible to do so, a wholesome state of cleanliness and freedom from disease-breeding impurities.

And in this connection I may say that the system of cleaning the streets by contract, inaugurated in April last under the sanction of Councils, has worked admirably. It will be conceded by all, I think, that at no period since consolidation have the streets of Philadelphia been in so good a condition as during the latter half of the year 1866; and, taking into view the extraordinary character of the recent winter, the same may be claimed for so much of the year 1867 as has already passed. Occupying as Philadelphia does an almost level surface, and, (partly owing to this cause, and partly to the imperfect system of sewage entailed upon us by previous generations,) having insufficient drainage, it offers unusual obstacles to thorough cleansing. And when in addition to these difficulties we bear in mind that our cobble-stone pavements gather and preserve the debris of the carriage ways, and that our horse railways accumulate a large amount of filth, it is creditable to the contractor, Mr. Henry Hickley, that he has performed his arduous undertaking so much to the general satisfaction.

The operations of the Police Department, the only one of all the executive departments over which any direct control is exercised by the Mayor, have, in the main, been satisfactory. As a rule the men composing the force are orderly, attentive and efficient, and on several occasions during the past year, when they have been called upon to perform extraordinary and delicate duties, they have shown such courage, endurance and forbearance as entitle them to high commendation.

Since January 1, 1866, a harbor police, consisting of ten persons, specially appointed for the purpose, has been organized for the river Schuylkill and its vicinity. The concurrent testimony of the officers of the Schuylkill Navigation Company, and of the property owners generally near the banks of the stream, as well as those whose business requires them to occupy its waters, in addition to the increased security given to the public works and grounds, sufficiently attest the value of this organization. Besides these ten, two telegraph operators, one in the Twenty-second and one in the Twenty-third wards, making in the whole twelve men, have been added to the force since the date last mentioned. As now constituted, the Police Department comprises:

1 Chief of Police.
1 Fire Marshal.
1 Chief of Detectives.
8 Detectives. "
7 High Constables.
18 Lieutenants of Police.
32 Sergeants "
8 Day Sergeants "
36 Telegraph Operators.
8 Park Policemen.
20 Harbor " .
688 Patrolmen.
15 Turnkeys.
— making a total of
843.

When it is considered that the closely-built portions of Philadelphia cover a vastly larger territorial area, and embrace some thirty thousand more houses, than the corresponding portions of the city of New York, the statement of the fact that in the latter city there are eighteen hundred patrolmen, while in the former there are only seven hundred, carries with it its own commentary. As it is not pretended that the patrol force of New York is beyond the needs of that great city, it cannot be doubted that the patrol force of Philadelphia is far below the needs of our own great city. It is, indeed, wholly inadequate to meet the requirements made upon it, and while this is true of the thickly-settled wards, it is especially true of the semi-rural districts, in which, owing to the necessities of the case, officers are assigned to beats which take them hours to pass over in a single direction.

I am quite aware that it is undesirable to add to the heavy burdens already imposed upon the citizens. But as ample protection to persons and property is a principal element of good government, the cost of obtaining this is among the most economical of all expenditures. Indeed, as I have upon former occasions submitted to your consideration, projected improvements have been suspended, if not abandoned, by reason of apprehensions on the score of insufficient security, which improvements, if carried to completion, would have largely augmented the public revenues. In view of the facts presented, I renew the recommendation heretofore made, both by myself and my predecessor, that such an increase of the police force shall be authorized as will at least partially meet the existing wants of this prosperous metropolis.

But not only is the amount of the force inadequate. In many respects the present geographical arrangement of the Police Districts is objectionable. It would be superfluous to argue the manifest proposition that a Station-house should be as nearly as possible in the centre of the area traversed by the officers for whose accommodation it is intended. Every motive of convenience, economy and efficiency requires this. There are reasons why such a desirable end cannot be more than approximated here; but there is no reason why the Station-houses should be, as, in several cases, in the distant corners, and, in one case, on the extreme border, of the districts to which they belong. The public interests suffer from this cause, and it ought to be removed. How shall it be done? In a matter of detail like this, that so closely concerns the proper discharge of his particular duties, the Mayor should have positive control; but if it be necessary to circumscribe his action in the premises, surely nothing more than the previous sanction of the Police Committee ought to be required; and I ask that such authority, so restricted, if you prefer it, be conferred on him.

And here I am glad to say that in all measures connected with the administration of the Police Department, so far as it was proper to invoke their aid, I have found willing and judicious coadjutors in the Police Committees of your bodies. Whatever legislation was needed to enhance the comfort, and so promote the value of the force, they have freely assisted me in procuring; and the improved condition of the station-houses, and other beneficial changes, have been in no inconsiderable degree owing to their ready personal co-operation.

In the year 1866, 13,684 warrants were issued from the office of the Mayor for the aggregate sum of $914,833 69, of which $697,679 09 were chargeable to the Police Department, the balance having been disbursed for public lights, defence of the city, cleansing streets, and other specific purposes.

The arrests in the various police districts for the year were reported to be 43,226, besides 565 made by the detectives, and 194 by the high constables—in all 43,985, or 8741 more than were returned in the year 1864, and 4197 more than were returned in 1865.

The most important cases of arrest compare with similar returns of 1864 and 1865 as follows:

	1864.	1865.	1866.
Breach of peace, -	4,792	5,609	6,006
Intoxication, - -	8,972	8,809	9,732
Intoxication and disorderly conduct, -	11,228	14,481	16,347
Assault and battery, -	2,305	2,418	2,264
Larceny and suspicion of the same, - -	2,189	2,533	2,622
Vagrancy, - - -	756	971	1,339
Misdemeanors, - -	1,078	1,238	1,359
Passing of counterfeit money, - - -	73	152	73
Disorderly houses, -	254	265	135
Corner lounging, -	291	362	715
Interference with officers, - - -	107	69	179
Beating wives, - -	65	50	40
Riot, and inciting thereto,	114	102	274
Picking pockets, -	131	104	87
Burglary and attempts,	75	82	81
Murder, - - - -	13	21	29
Arson, - - - -	22	61	34
Breaches of ordinances,	629	454	537
Other crimes, - -	2,257	1,534	1,473
	35,244	39,315	43,226

By the preceding table it will be seen that while the increase in most offences, as compared with 1864 and 1865, corresponds to the growth of the population, there is an excess in what is technically termed "corner lounging." This is due to the fact that unusual efforts have been made to disperse the crowds of idle men and boys who gather at street corners, and other places on the public highways, and insult and annoy the neighbors and passers-by. In all large towns this is a common nuisance, but in some parts of Philadelphia it had assumed such proportions that I determined, at least, to try to abate it. For this purpose I issued stringent orders not to permit its continuance, and where parties were indisposed to yield they were arrested and punished. To some extent, notwithstanding all efforts to suppress it, the evil still exists, but it shall not be my fault if this and other practices that mar the enjoyment of our public thoroughfares are not effectually put a stop to.

The arrests made by the patrol force were classified as follows:

White males, - - - -	34,027
White females, - - - -	6,477
Colored males, - - - -	2,048
Colored females, - - - -	671
Single, - - - - -	24,640
Under twenty years of age, - -	3,056
Natives of Ireland, - - -	20,949
" United States, - - -	18,842
" Germany, - - -	2,130
" England, - - -	870
" Scotland, - - -	227
" France, - - -	65
" other countries, - -	143

Accommodations in the station-houses at night during the year for sleep and shelter were furnished to 46,250 persons, classified as follows:

White males, - - - -	29,716
White females, - - - -	10,654
Colored males, - - - -	4,277
Colored females, - - - -	1,673
Born in foreign countries, - -	27,178

The detective officers recovered, during the year, stolen property valued in the aggregate at $64,291 85.

And upon this subject I desire to state that, having entered upon the duties of my office with many doubts as to the efficacy of the detective system, and with strong prejudices as to the manner of its execution, I have observed its workings as closely as my opportunities would permit, and I am now satisfied that it is a most valuable agency in preventing, discovering and punishing crime, and that the clamor which is occasionally raised against those who compose the detective force in this city is the result of misapprehension or misrepresentation.

The officers specially detailed for the prevention of street begging and vagrancy arrested 378 adults and 178 children. From the latter class, 35 were sent to the House of Refuge, 19 to the Northern Home, 1 to the Southern Home, 16 to St. John's Orphan Asylum, 1 to St. Joseph's Orphan Asylum, 3 to the House of the Good Shepherd, 20 to the Almshouse, and 12 were returned to their homes.

The following is an abstract of the work performed by the High Constables during the year:

Number of violations of ordinances abated on notice given, - - - -	1,382
Number of violations of ordinances reported to proper departments, - - -	322

The number of arrests as shown previously was 194, as follows:

For violations of ordinances, - - -	145
Other causes, - - - - -	49

Of the number arrested for violations of ordinances 98 were fined and 47 were discharged on their promises to obey the law and abate the cause of complaint.

There were also taken up under the immediate supervision of the High Constables, during the months of May, June and July, 1592 dogs, which were disposed of in the following manner:

Redeemed, - - - - -	389
Returned to owners without charge, - -	25
Killed, - - - - - -	1,178

Alderman Beitler, sitting at the Central Station, by appointment of the Mayor, has disposed of 2063 cases. In 179 of these, embracing the most important arrests made by the officers, the parties charged were convicted and sentenced to various terms of imprisonment.

The report of the Fire Marshal shows the number of fires occurring within the limits of the city of Philadelphia to have been 594.

The value of the property destroyed was estimated at $3,192,997, of which $1,975,855 were covered by insurance.

The Police and Fire Alarm Telegraph transmitted 59,556 messages during the year 1866. In addition to its inestimable value as a means of communication for purposes strictly belonging to the department, the telegraph was instrumental in restoring 3081 lost children to their homes, 2487 missing adults to their friends, 356 vehicles and 887 strayed or stolen animals to their owners, besides notifying the Coroner 571 times that his presence was required in cases of suspected violent death. The mount expended during the year for the maintenance of this branch of the department (exclusive of salaries) was $5701 16.

The report of the late Chief Engineer of the Water Department, which has for some time been in possession of your honorable bodies, is an interesting document. From this it appears that the income from all sources during the year 1866 amounted to $676,920 13, whilst the expenses were $278,160 17, showing the net profit of the department to be $392,106 96. The length of pipes connected with the various works is about 408 miles, of which 12 miles were laid during the past year.

"The amount of water furnished this year," says the report, "was 436,226,720 gallons less than last year, while the number of new attachments made was 1348, and the revenue from water was $30,614 more than in 1865. This has been the result of repairing the numerous leaks in the mains and the prevention of useless waste of water, in which the police have rendered valuable assistance. By stopping this useless waste $5829 60 has been saved in pumping expenses.

"Several times during the summer the demands upon the works exceeded their utmost capacity, and the reservoirs were almost exhausted. One of the days when the largest demands were made upon the works was the 9th of July, when 46,408,917 gallons were furnished from the different works and reservoirs. At Fairmount 38,494,997 gallons were pumped; at the Schuylkill works 2,689,920 gallons; at the Delaware works 6,279,000 gallons; at the Twenty-fourth ward works, 3,592,000 gallons, and at the Germantown works 650,000 gallons. From the reservoirs at Fairmount 1,500,000 gallons were drawn; from Corinthian avenue 2,000,000 gallons; from Spring Garden 1,000,000 gallons; from Kensington 1,000,000; from Mount Airy 200,000.

"These reservoirs are all in a satisfactory condition.

"In introducing the water from the forty-eight inch main into the Corinthian avenue reservoir, the water was taken over the top, instead of into the bottom of the reservoir, as has been the case in all the other connections. This was done in order to avoid the risk of disturbing the embankment. The connection between this reservoir and Kensington is also completed, and answers perfectly.

"The works are now more deficient in reservoir capacity than in any other feature; the reservoirs, as compared with the amount of water furnished, are only equal to two days' supply. Last summer they were frequently almost exhausted, and the failure of one of the works would doubtless have exhausted them entirely.

"The Roxborough reservoir will be ready for use in June.

"Work has been commenced on the Twenty-fourth ward reservoir, but this cannot be finished under two years. Your action, increasing its capacity from 25,000,000 gallons to 200,000,000 gallons, will greatly benefit the entire city. The water in this reservoir will be at an elevation superior to that in any other, except the one at Roxborough, and by connecting it with the other reservoirs, deficiency can be supplied. It can also be made to supply the higher parts of the Twentieth ward, at a small expense.

"The present works require reservoir capacity to store at least 500,000,000 gallons, and even with the new reservoir we shall still be deficient in storage capacity."

In the facts here stated there is matter for serious reflection. No topic is more intimately connected with the prosperity, the comfort, nay, even the existence, of a large city than the quantity and quality of the water furnished to its inhabitants. For years past the annual messages of my predecessor have directed attention to the pressing necessity for some decisive action in regard to the future supply of this city. The reports of the Chief Engineer have constantly urged the same necessity, and I have myself, on more occasions than one, presented it for consideration. The intelligent gentlemen who composed the former committees, as well as those who compose the present Committee on Water, have been and are impressed with a conviction of its vital importance; and I am sure the members of Councils at large are not less sensible of its exceeding gravity. In addition to this, the public press has earnestly insisted on a practical recognition of the public demand that something effective shall be done; and yet we do not seem to be any nearer a positive result than we were when the subject was first agitated. Why this is I do not pretend to explain, but it is a state of things that ought not to continue. The people have a right to the best and wisest and most determined action of their representatives in this behalf, and hesitation will certainly be culpable, and may possibly prove disastrous.

It is admitted on all hands that, in the present condition of the Schuylkill, the works at and adjacent to Fairmount cannot much longer be made available for the supply of even that portion of the city which is now dependent on them. Supposing their capacity to be sufficient, which we know it is not, the steadily increasing impurities thrown into the stream along both its banks, and especially the eastern, between Flat Rock and Fairmount, afford reasonable ground for apprehension that the water may become permanently unwholesome, as it is now frequently unpalatable. Huge establishments of various descriptions, which constantly discharge offensive refuse, already exist in large numbers and are multiplying in the vicinity referred to; and the question is forced upon us whether these shall be permitted to go on unmolested, or such measures shall be adopted as will secure the Schuylkill from further pollution. And this question involves grave considerations. Philadelphia owes much of her unexampled growth and prosperity to the facilities she has furnished for manufacturing under favorable conditions, and her progress hereafter will be materially influenced by similar causes. How far it may be expedient to interfere with this growth and prosperity, and to limit this progress, is a pregnant inquiry; but at the same time no commercial sacrifice can be equal to the want of pure and healthful water. Happily, however, we need not be embarrassed by either alternative. If it be desirable to seek other sources of supply than the Schuylkill, they can be found within convenient distance and under favorable auspices; or if it be more desirable to continue the use of that stream, means of purification and enlargement can be employed which will enable us to do so without harsh disturbance of vested rights, or damaging interposition against promised advantages. But measures must be immediately adopted to solve these problems, and provide a remedy for the threatened evil. As a first step in the right direction, I renew the recommendation so often made, and so generally concurred in, but hitherto never reduced to suitable action, that a commission of scientific and mechanical experts, clothed with ample powers and provided with ample means, shall be organized, with instructions to proceed at once to examine the whole subject, in all its aspects and bearings. When such a commission shall have faithfully performed the duties confided to it, and the results of its investigations are laid before Councils, prompt and conclusive action will certainly follow, and our citizens will be relieved of anxiety in a matter which affects alike all classes.

The total amount appropriated during the past year for the support of the School department was $894,363 97, of which there was expended the sum of $877,757 93, leaving a balance to merge of $16,546 04.

Of the "Million Loan" authorized by Councils in 1864, there had been expended on the 1st of January, 1867, the sum of $137,529 09, as follows:

For new schoolhouses, - -	$119,362 42
For lots, - - - - - -	18,166 67

leaving yet to be expended the sum of $862,970 91.

There are 374 schools in active operation, containing 77,164 scholars. The cost of educating each child per annum is $11 19, which is less than in any other large city in the United States.

Philadelphia is justly proud of her public schools. In the character and attainments of the teachers, in the numbers, discipline and progress of the pupils, as well as in the moral tone that pervades them, these institutions will compare favorably with any to be found elsewhere. With the expansion of the city, and the more advanced standards of education, the cost of maintaining our schools has necessarily increased; but relatively we are in this respect far below any other great city. Our school edifices, with a few distinguished exceptions, have not, heretofore, been so complete in their appointments as was desirable; but with the liberal appropriations recently made for this object it is believed that Philadelphia will soon possess grammar schools as nearly perfect in their design and construction as the existing conditions will allow.

In the report hereto appended, Mr. Shippen, the energetic President of the Board of Controllers, makes special allusion to the merits and the wants of the Girls' High and Normal School. To the merits of this school I can bear personal witness. The brightness, the vivacity, the thoroughness that characterize its operations, both among instructors and instructed, I have never seen surpassed, and it would not be easy to overestimate the beneficial results which it helps to accomplish. As a means of preparing a large number of boys for pursuits requiring a closer intellectual training than can be supplied in the Grammar Schools, the Boys' High School, under the able administration of Professor Riche, is effecting much good in the community; but the Girls' High School, as the source from which our ablest female teachers are supplied, is indispensable to the successful working of our whole system. Gentlemen of the highest culture and widest experience, representing the most famous public schools of the land, have in my hearing proclaimed its superiority, and I trust that whatever may be required to enable it to sustain its reputation and usefulness will be accorded.

The expenses of the Department of City Property for 1866 were $153,487 81, and the revenue derived therefrom amounted to $11,215 29. The real estate of the city under the control of the Commissioner has been well cared for during the year, although many of the buildings are reported by him to be very much in need of repair. The subjoined extract from the report of the Commissioner is particularly recommended to the attention of Councils:

"I beg leave especially to recommend to your Honor and City Councils the sale of all public properties that are not available for police or school purposes, most of which do not pay a revenue to the city sufficient for their support. These structures are by no means desirable properties. None of them are substantially built, and the constant necessity for repairs upon them must continue to involve unceasing and annoying expense. The rental derived from them has never been sufficient to keep them even in tenantable repair, and I earnestly recommend that every building not kept in perfect repair be disposed of, and the sooner this is done the better."

The improvements at Fairmount Park have steadily increased under the supervision of the Commissioner, and during the past year several attractions have been added.

The recent purchase by Councils of the property known as the Lansdowne estate, on the west bank of the Schuylkill, accompanied as it was by legislation which looks beyond the present hour, may be regarded as the inauguration of a new era in regard to our public parks. Until now the custody and management of the grounds set apart for these uses have been confided to the Commissioner of City Property. The report of that officer shows that he has not been unmindful of his duties. But while cheerfully acknowledging his capacity and diligence, it is clear, from his own statements, that with a large amount of property in various and remote places requiring his care, he cannot bestow that attention and thought on the cultivation and improvement of the parks which are indispensable to their proper development. If this be so now, when our public grounds are few and small, how much more will it be so when they have been multiplied and enlarged so as to meet the needs and satisfy the tastes of a great metropolis? A commission chosen with reference to the fitness of its members for the work they are to perform, and so guarded as to prevent whatever patronage it may have to dispense from becoming an element of disturbance, must in the nature of things be better qualified for such service than any individual who has no special training for it, and who can only give to it an inconsiderable fragment of his time. In the selection of these commissioners it is not to be doubted that the courts will scrupulously examine into the competence of those whose names may be presented to them. A failure to do so might, from the outset, embarrass a movement which, if fairly and wisely carried out, will ultimately prove of immense benefit. Destined as, in my judgment, Philadelphia is to become the largest city on this continent in numbers and territorial extent, and occupied as her countless miles of streets will be by an eager, busy and striving population, sanitary precautions demand that provision should be made, while it can be done on reasonable terms, for extended open spaces, in different parts of the town, through which fresh air can circulate, and in which men, women and children can enjoy out-door relaxation or rest. And while in this way they contribute to the health and recreation of the citizens, the elegant aspects they may be made to assume and the inviting drives and walks they will afford, will attract and detain strangers from all quarters. At the same time, the vast impulse they will communicate to improvement in their respective vicinities will so enhance the price of real estate, that the outlay for their original acquisition and maintenance will be more than repaid by contributions to the public treasury.

The admissions to the Blockley Almshouse during the year 1866, inclusive of 232 births, were 5996, and the discharges during the same period 3676, leaving a population of 2309 in the house on the 1st day of January, 1867. The average number of inmates was 3673. The Children's Asylum received 267, and retained 171; of 53 foundlings received in the institution, 51 died whilst there. The Insane Department had 971 under treatment, of whom 565 remained on the 31st of December, 1866; and as compared with 1865, the admissions during the year 1866 were 44 more, the discharges 53 more, and the total increase for the year 3. In the Hospital, 5940 cases were treated, of which 4163 were cured, 714 died, and 572 were left in the wards; the others being relieved and discharged.

The mortality during 1866 was 58 greater than in 1865, and 182 more than in the year 1864. The expenditures for house purposes were $331,388 49, and for out-of-door demands $92,091 77, which, with $18,881 80 expended for improvements and repairs, amounted to $442,342 06. The receipts during the year amounted to $15,614 29. The whole number of persons receiving out-door relief from the 1st day of January, 1866, to the 31st of December, 1866, was 69,398, classified as follows: Americans, 13,091; foreigners, 17,588; children, 38,719. The Steward reports that the health of the institution compares favorably with the previous year.

The commitments to the Philadelphia County Prison for the past year were 19,648, being an increase of 3000 over the year 1865. The cost of maintaining this institution was $124,617 44—an increase over the previous year of $18,215 32.

The cry for a House of Correction, so frequently raised in former years, has again been renewed, and, let us hope, with some substantial reason for believing that it will be heard. It is difficult to understand how, with the universally admitted necessity for such an institution, and the efforts which philanthropic citizens have so often made to secure it, it has never until now seemed to be more than a subject for fruitless disputes. Even yet there is a disposition manifested to defer its organization rather than surrender some favored location for its site; but the vigorous action of the committee appointed by Councils, and the hearty co-operation of the Prison Inspectors and the Guardians of the Poor, are likely to accomplish an actual beginning of the work. I trust that this may speedily prove to be the case, for almost every day's experience in this office brings to my notice some urgent reason why it should be no longer delayed.

The amount collected and paid into the city treasury by the Law Department for municipal claims was $17,345 76. There has also been collected by this department the sum of $46,334 75 in suits against the various passenger railroad companies for the tax upon their dividends, and $8956 38 from other suits and awards of damages.

Besides the above, $9000 was obtained from the executors of the estate of Lawrence Todd, late of Carlinville, Macoupin county, Illinois, which, with the sum of $7000 previously collected, makes a total of $16,000 received from this legacy, which sum was invested in city loan, by the Superintendent of Girard Estate, agreeably to a resolution of Councils of May 5, 1866.

The report of the Chief Engineer of the Survey Department shows that during the year 1866, 53 sewers were authorized by the Board; and numerous grades and lines in the Fifteenth, Twentieth, Twenty-first and Twenty-second wards were adjusted, and much other work performed. It represents all the bridges belonging to the city as being in good repair. Chesnut street bridge, one of the finest structures of its kind extant, was opened to the public on the 1st of September, 1866, and has proved of immense value to residents in and beyond West Philadelphia.

The expenditures upon Chesnut Street Bridge up to the date of the report were $474,576. The expenses of the Survey Department for the year were $28,741 79.

There are various subjects connected with the improvement of the city, discussed at considerable length and with great fullness of information by Mr. Kneass in this able and elaborate paper. I recommend these to the careful consideration of Councils, especially in reference to the remedies which are suggested for the correction of existing evils.

For the Girard Estate, during the year 1816, including a balance of $36,881 99 from 1865, the whole sum received was $369,481 48, and the expenses were $336,632 79. The cost of maintaining Girard College was $115,826 19, and there were applied as damages for widening Girard avenue $55,632 65. It is gratifying to know that the income of the estate has increased very considerably during the past three years, and that a still larger increase is anticipated.

The quantity of gas manufactured during the year 1866 was 915,956,000 cubic feet, which is a large increase over the production of 1865. The total quantity of gas manufactured from the erection of the works to the beginning of the present year is 9,460,399,000 cubic feet. The public lamps of the city number at the present time 7622, of which 427 are supplied from the Northern Liberties Gas Works, and 15 are supplied with fluid. 53,945 feet of main pipe were laid during the year, which, with that laid previously, makes a total of 2,566,612 feet, or over 486 miles.

The expenses of the Fire Department during the past year were $112,635 86, which was mostly disbursed in the maintenance of 47 steam fire engines, 13 hand engines (used in the outer districts only), 107 hose carriages and 9 hook and ladder trucks. The number of fires occurring during the year was 594. The loss occasioned by these fires is estimated in the aggregate to be about $3,192,177, of which $1,975,855 was covered by insurance—showing the loss over the amount insured to be $1,217,142.

The ambulances, 33 in number, belonging to various companies (which during the war were used for the conveyance of sick and wounded soldiers and sailors), were used during the year 1866 for charitable purposes only.

While it is pleasant to note that valuable services have continued to be rendered by the Fire Department at large, it is not to be denied that some of the companies belonging to it have evinced a disposition to renew those scenes of tumult and disorder which in former years too frequently brought disgrace upon the city. In the present state of the organization the remedies for these troubles cannot be applied as promptly and effectually as a proper regard to the public peace and security demands, and it is much to be regretted that the salutary measures of restraint and redress proposed in Councils were not matured and adopted. The subject is worthy of early attention.

The amount paid into the city Treasury as the receipts of the Department of Highways for the year 1866 was $26,301 25, being an increase over the receipts of the previous year of $1,797 37. The amount expended during the same period was $375,033 87, being a considerable decrease from that expended in 1865.

The Commissioner reports that $132,170 91-100 square yards of streets were newly paved during the year, making in all about 9¾ miles; and that there were 26,949 square yards of repaving. The bridges over the Wissahickon creek, which were swept away by the flood of July, 1865, have been reconstructed, at a cost of $23,485 91. The Penrose Ferry bridge, part of which was carried away by the same flood, has also been rebuilt, at a cost of $56,140. The Wire bridge has been repaired, and is reported to be in good condition.

The total receipts of the Department of Market Houses for the year 1866 amounted to $89,487 44, of which $44,237 were from rents of markets, being an increase of $795 over the year 1865 for the same item. The receipts for rents of Wharves and Landings during the same period were $45,250 44, being an increase over the year 1865 for the same item of $6549. The amounts appropriated for the year sum up $36,582 01; and the expenses were $36,242 83, showing a balance at the end of the year of $339 18.

The Building Inspectors report the erection, during the year 1866, of 2570 buildings, of which 1913 were dwellings, and for other purposes 657. The increase in the number of new dwellings over the previous year was 747. The receipts of this Department for the year 1866 were $10,102 28, and the expenditures $7,584 90. During the past year the Inspectors ordered the removal of 83 wooden structures, and condemned 96 dangerous walls and buildings.

The City Ice Boat was placed in service on the 6th of January, 1866, from which time she was actively employed until the 29th of the same month, when a notice was received from the "United States Inspector of Steamboats" that until she was inspected she must not tow any vessels except those in distress. She then went out of service, except for the purpose of keeping the channel clear, which materially lessened her revenue. She towed and rendered service to 19 vessels, earning $2215 31. The boat was laid up and her crew discharged on the 28th of February, 1866. A new iron ice boat has since been built by authority of City Councils. The contract was given to W. Cramp & Sons on the 1st of June, 1866, for the sum of $92,500. This boat was launched on the 3d of November last, and completed on the 31st of December, when she made her trial trip. The trustees do not feel authorized as yet to offer any opinion in regard to her until further trials are made, but they express the hope that she will succeed to their satisfaction. Councils appropriated $17,350 for the ordinary expenses of the boat for the year 1866, of which $10,581 were expended, leaving a balance of $6769 to merge into the city treasury.

The number of cars which have passed over the City Railroad during the past year, according to the report of the Superintendent, was 136,886, and the amount of tolls received therefrom amounted to $17,594 62. The expenses of the road for the same period were $7,254 77; showing a net profit for one year of $10,339 85.

The report of the Board of Health shows the number of deaths for 1866 was 16,803, being a decrease of 366 as compared with those of 1865, and 779 with those of 1864.

The report of the Health Officer shows 7,067 marriages and 17,437 births during the year, being an increase as compared with the year 1865 of 223, for the former, and 2