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THE REPUBLICAN, THE STATE FINANCES, A DEFALCATION OF \$2,988,164! Speech of HON. JOHN H. ORVIS, Mr. SPEAKER—I would have preferred, if time had permitted, going into committee on the whole measure...

The discrepancies and inconsistencies which appear in the financial statement of the year ending November 30, 1877, have been investigated and the result is as follows: In the last annual message of Governor Geary to the present legislature, a summary of the financial policy of his administration is thus given: 'During the last six years payment on the debt has been made as follows: Amount paid in 1871, \$1,744,644 30; Amount paid in 1872, \$1,744,644 30; Amount paid in 1873, \$1,744,644 30; Amount paid in 1874, \$1,744,644 30; Amount paid in 1875, \$1,744,644 30; Amount paid in 1876, \$1,744,644 30; Amount paid in 1877, \$1,744,644 30; Total, \$11,067,865 80.'

As these certificates have no date, none attached thereto would be paid when the principal was paid, as no part of the principal has been redeemed, it is but fair to assume that no interest has been paid on account of this portion of the debt. The discrepancy between the interest accruing and the amounts repaid was paid will appear by the following recapitulation: Total interest paid over period accrued during the time, \$275,501.83. It will be noticed that the excess in the year 1877 was \$150,500.95. This may be explained by saying that when the new loan was negotiated during that year, coupons partially matured were attached to the bonds and sold with them. This is probably true, as we find the treasurer charges himself during that year with items of \$150,500.95 per cent. on the debt which accrued \$275,501.83; still this leaves \$135,251.00 unexplained. During the year 1872 the excess was \$29,791.83. If, as I submit would be fair, we assume that the loans redeemed each year, were on an average redeemed in the middle of the year, the above calculation of the interest accruing should be reduced to the extent of one-half a year's interest upon the amount of loans redeemed; as these were mostly five per cent. loans it would be two and a half per cent upon \$109,922,552.54; this would make \$274,816.56, which added to the excess before shown would make a total excess of interest paid during the six years over the whole amount accruing during that time of \$50,685.27. I desire to impress upon the minds of gentlemen the fact that this is not a question of the misapplication of a money belonging to the sinking fund, which should have been used for other purposes than paying the public debt. It is a question of the misapplication of the sinking fund, in that during the last six years the treasury department has been credited with paying more both of the principal and interest of the public debt than have been actually paid. During this time, no new debt has been created or authorized, excepting the twenty-three million loan, heretofore referred to, the proceeds of which were applicable solely to the payment of the over due claims of Chambersburg amounting to \$297,877.83, and the amount representing the endowment fund of an agricultural college for \$500,000.00. In the first two messages of Governor Geary, the people were furnished with separate statements of the sinking fund. During the next two years no such statements were contained in his message or in the reports of the auditor general and state treasurer. By the fifth section of the act of April 13, 1870, the state treasurer was compelled to publish such separate statement, and we have them given in the last two reports of the auditor general. I found it therefore impracticable to give a complete exhibit of the administration in order to obtain the desired information, on the 22d of January, I had the honor of offering a resolution requesting the state treasurer to furnish the house with a statement showing the receipts and disbursements on account of the sinking fund from its organization to November 30, 1872. Statement furnished in response to the resolution is given on pages 438 and 439 of the report of the auditor general and state treasurer, and I find other facts and figures as curious as those already given. I desire to call the attention of the people of the state, to these figures. I find the amount paid as interest upon the public debt the last six years exceeds the amount of interest accruing upon the entire debt for that time several hundred thousand dollars. This might fairly occur in any one particular year, as the coupons falling due the preceding year may not all have been presented for payment during that year; but this excess appearing in one year would be balanced by the deficiency in other years. I submit that during a period as long as six years the average would be reached, and no more interest actually paid than would accrue upon the entire interest bearing debt during that period. I have made a careful calculation of the interest upon the public debt during each of the last six years. This calculation I admit is not strictly accurate, but is unduly favorable to the treasury department, because I have allowed the interest upon the entire amount outstanding at the beginning of the year for a full year, although large amounts were redeemed during the year, while upon that portion of the debt redeemed during the first half of each year, only six months' interest could possibly have been paid. With this exception I believe my calculation is strictly accurate, and I submit it to the inspection of the gentlemen upon the other side of the house.