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PITTSBURGH GAZETTE.

FRIDAY MORNING, FEB. 8, 1856

Advance Payments.—Hereafter no subscription will be taken for the Daily or Weekly Gazette, unless payment is made in advance. Whenever the time is up to which the subscription is paid, the paper will be invariably stopped, unless the subscription is renewed by advance payment. All transient advertising, of every description, will be required to be paid in advance. The only exceptions will be where special month'ly or yearly contracts are made. sepdidw

☞ **Pittsburgh Weekly Gazette.**—The extensive circulation of our *Weekly Gazette* offers to our business men a most desirable medium of making their business known Our circulation is between four and five thousand, reaching almost every merchant, manufacturer and shop keeper in Western Pennsylvania, and Eastern Ohio.

PRESIDENT'S REPORT.

To the Stockholders of the Allegheny Valley Railroad Company:

GENTLEMEN—In presenting to the Stockholders the third Annual Report upon the affairs of the Company, the President and Managers have the pleasure of announcing to their constituents, that the first division of the work, extending from the City of Pittsburgh to the Borough of Kittanning, a distance of forty-four miles, has been opened, and is now in successful operation. Passenger cars were placed upon that portion of this division, lying between Lawrenceville and Kiskiminitas river, 24½ miles, on the 23d of October, 1855. Freight and passenger cars were run to Crooked Creek, Armstrong county, ten miles farther, on the 11th of December, and to Kittanning on the 23d day of January, 1856. During the month of December and January, a mixed train for freight and passengers has been regularly and uninterruptedly in operation. The rolling stock and motive power are sufficient to move our present tonnage, but from its rapidly increasing amounts since reaching Kittanning, a large increase of furniture will be required for its accommodation. The gross earnings for the month of December were $2,000 69. The gross earnings for the month of January were $4,205,-12. From the opening of the Road until the 7th December, the trains were compelled to stop at the Lawrenceville Station; since that time the road has been extended to the extreme eastern boundary line of the city.

The inability of the Company, from causes hereafter referred to, to reach the business portion of the city, has largely and injuriously influenced the amount of its earnings.

With due consideration of the circumstances surrounding its beginnings, and the disadvantages to which its travel and trade have been subjected by reason thereof, during the first two months of its operations, its earnings, so far, indicate pretty clearly the value of this thoroughfare to our citizens, and furnish some data upon which to base calculations of its importance when fully completed. Without the necessary information connected with the business operations of other roads, similarly situated and partially opened, it is confidently believed that few have exhibited more gratifying results.

The first division embraces that portion of the work lying between Pittsburgh and Kittanning. To its completion the efforts of the managers have been directed. North of Kittanning, no expense has been incurred, except that connected with surveys, locations and rights of way. It was the early settled policy of the Board to finish each division of the line and bring it into usefulness, before any part of the funds of the Company should be expended upon other portions of the work, that might remain for some time unconnected and unprofitable. The propriety of this conduct, although it may have subjected them to some misrepresentation and unkind remark, cannot be doubted. Unless ordered by the stockholders to act differently, the same policy will be adhered to in future. In the construction of the first division, the subscriptions of the city of Pittsburgh and county of Allegheny, and a large amount of those made by individuals, have been used. Upon the line lying in their immediate vicinity it was just to them to expend the funds provided by their enterprise and liberality.

The second division extends from Kittanning to Brookville, a distance of forty-four miles.—The estimated cost for the completion of this division, made out from actual measurements and reliable data, will be a fraction under $1,655,-000 00.

To construct this work the Company profess the following resources, to wit:

Allegheny Co. Bonds	$ 78 000	
Armstrong do do	150 000	
Jefferson do do	90 000	
Clarion do Subscription	168 000	
McKean do do	54 000	
Elk do do	39 000	
Boro' of Kittanning do	50 000	
Ind. Subscription uncollected	20,000	
	649,000	
Deduct Interest and Discount on this sum,	129,000	
	520,000	
Deduct present liabilities of Company,	160,000	
	360,000	
Applicable to 2d division, reduced to cash means without lien on present road,		360,000
Amount required to complete 2d division,		$1,295,000
Add rolling stock and buildings, say,		185,000
		$1,480,000
To obtain this sum it is proposed to mortgage the whole line lying between Pittsburgh and Brookville, at $20,000 per mile, being a less sum than has been usually raised on the amount expended by other Railroad Corporations. Thus 88 miles at $20,000 per mile yields	1,760,000	
Deduct present mortgage to be paid off	400,600	
	1,360,000	
Deduct interest and disc't	272,000	
	1,088,000	
Add 15 per cent. of stock on graduation and road structure, to be taken by contractors — the estimate of cost of these items being liberal and predicated on such supposed subscription	168,200	
		1,251,200
Deficit to complete and stock 2d division		178,800

It is the opinion of the Board, that this sum ought to be made up by private and other subscriptions, before active operations are commenced.

In the foregoing estimates, the Board have placed the securities at lower prices than they would feel warranted in disposing of them, without the express direction of the stockholders.—To throw these securities upon the market at present, in the now disturbed condition of the moneyed affairs of the world, would involve a great sacrifice from their true value. The corporation bonds in the possession of the company are issued by counties and boroughs, without debt, with abundant resources, and inhabited by an honest yeomanry, who would never consent to a repudiation of their fairly assumed obligations. The intrinsic value of these securities is equal to any of a similar kind in the United States.—Sanctioned as well by law as by popular opinion, they possess the strongest claims to public confidence. From the fact that the bonds of these counties and towns have not been on the market, they are less *saleable* than others that have had more largely to do with the financial public in that way. The mortgage bonds of the company yielding 7 per cent. interest, and based on an expenditure so largely exceeding the amount of the issue, offer an investment as perfectly safe and reliable as any in the country. If the necessary additional subscriptions to complete the work to Brookville cannot be secured, the mortgage bonds already issued ought to be used, to build that portion of the second division, lying between Kittanning and the mouth of Mahoning, a distance of ten miles.

In a former report the Board endeavored to show that this extension would add largely to the value of the work, and contribute much more to the earnings of the Company than its proportion of cost. The same motive power and employees would do the business upon the 54 miles that would be or are required to do it upon 44 miles. This part of the line is nearly level, without expensive cuttings or costly bridges. The place of departure from the Allegheny river is here reached, and however desirable it may be to progress farther with the work, it is manifest that at this important station a vast trade can be concentrated. The agricultural and manufacturing districts of Clarion and Jefferson counties, will be largely accommodated. The trade of the upper Allegheny can be here secured to our work without danger of competition. To construct this part of the line, ought to be an object of solicitude to the stockholders. To provide the necessary rolling stock, and to complete this small extension of the Road, were the inducements that influenced the Board to create the mortgage lien of $400,000. The present business of our Road, although in its very infancy, indicates that whatever the result, the interest and principal of these bonds are abundantly secure. We invite the attention of capitalists to them.

To secure complete success to our enterprise, the Board deem it of first importance that the work should be extended to the business portions of the city, as well as to Mahoning. To the latter object no difficulty exists.

However unpleasant it may be, the Board consider it a duty to say, that the right to enter the city has not been granted to the company, or the consideration of its necessity treated with that co-operating and aiding spirit which the early action of the city authorities, in subscribing to the stock, seemed to justify. The controlling importance of bringing the trade and travel seeking an avenue to and from the city into closer proximity with the business portions than that furnished by a stoppage at its extreme eastern boundary line, must be so apparent as to require no argument to sustain the simple statement of the fact. From the inception of the enterprise to the present moment, the work has been deemed peculiarly adapted for the benefit and extension of the commerce and industry of this city. In this spirit it was undertaken, and in the same faith a large subscription to its stock was made, as well by the city, as by the county authorities. In its management, or the purposes of its erection so far as the Board can control it, no change of its character has taken place.

To constitute any locality, a commercial centre, it is essential that outlets as well as inlets should be afforded to trade. To become a city locality Western produce, we must furnish Eastern outlets. To command Eastern commerce we must present to a discerning public channels for its progress and transmission. To make our citizens the carriers of a valuable, constantly increasing and calculable tonnage that will here seek an Eastern or Western market, we must remove all unnecessary exactions and restrictions upon its transit through our borders, and furnish it all the facilities that are elsewhere offered.

If we bring to our city, by these fair inducements, travel and trade, we have just cause to anticipate, from the history of other nations and cities, that the products of our own industry will, at an early date, contribute a large portion of the tonnage that will pass in every direction. Influenced, doubtlessly, by these very just and proper views, the right of entry and transit through our city has been heretofore liberally, and, indeed, somewhat unguardedly granted to *all* the various Railway Corporations, making this city the termini of their works. In some of these improvements the city holds a direct interest by subscription to their stock; in others, no such direct interest. Acting under the impression, that the same liberality of action would be extended to your company that had been exercised towards other similar works, the Board at an early day deemed it essential to the best interest and future welfare of the enterprise, that an eligible site should be secured for its depot grounds. To transfer from the river to Railroad, and *vice versa*, the vast tonnage that will forever seek the Ohio river for transmission, as cheaply and expeditiously as possible, was considered an important desideratum. Influence within their power to obtain upon fair terms the most desirable location for a Railroad depot in the United States—a point so situated as to command the tonnage of three rivers, and which would eventually become the central position, on said rivers, of the area covered by the two cities, and their adjacent boroughs and municipalities. In selecting "Duquesne Point," due consideration was given by your Board to the present and *future* extent of business and population of these cities, and to the various channels by which trade and travel would be carried from one point to another within and without their boundaries. To retain this property, and in due time to convert it to its proper use as a commercial centre, it is recommended, should be the continued policy of the Company.

To bring the road into the city, and to reach its depot grounds, an application for the right or privilege was made to the City Councils early in the summer of 1854.

A committee of the Councils, after full examination of the subject, reported in favor of the petition as prayed for, and in their report and in the ordinance attached, indicated a route. The recommendation of the committee coincided with the opinion of the Board and the Chief Engineer of the Company. The action of Councils, however, was adverse to that of their Committee, and the privilege asked for was refused. Whatever might be the opinion of the Board, in relation to the *legal* rights possessed by the Company, under their charter and laws of the State, to occupy and use the common highways or streets of the city, they did not then and do not now, feel disposed to enter into disputation or contest with the proper authorities. If the right to enter the city cannot be obtained, and the road is refused admission to the proper points for the successful prosecution of its business, it will be the duty of the Board to give place to others, who may feel disposed to contest the right, or who may be more successful in carrying their measures, or in shaping their convictions of duty to a coincidence with those of the Councils.

Under an impression that it was probably to the allegation, founded entirely in error, that the right of entry was at that time unnecessary to the prosecution of the work, and its refusal would not impede its progress, no further action was taken on the subject until the time had arrived, when to make the grant available during the past season, it was essential to secure it. An application then made, was again refused. During all this time, the managers were embarrassed to determine upon a proper disposition of the valuable real estate held by the company at the Point. The fact that a difficulty existed in reference to the entry of the road into the city, and its consequent inability to reach a position, that its official statements had proclaimed as one of great advantage for the exchange of freight, seriously injured the credit of the Company, and thereby lessened its ability to press the work at an early date to such completion as would have enabled it to commence business operations.

Another application has been submitted to the Councils, and is now before them. It is confidently expected, that the action of the present authorities will be favorable to the petition of the Company, and that, at all events, prompt and final action may be had upon the subject.

Indisposed to do, in any manner, the slightest injustice to those charged with the performance of public duty, the Board feel bound to say that, as they understand the matter, the difficulty and difference of views have been heretofore more in reference to the proper route, than to any disposition on part of Councils to refuse a right of way in any form.

After full and repeated consideration and examination of all the circumstances attending the question, it is the conviction of the Board, that the Committee of Councils who recommended the river line, urged the adoption of the route most consistent with the success of the road, the safety of the citizen, and general commercial advantage of the city. The route along Liberty street cannot be used by the Company without endless, expensive and vexatious contests with the railroad interests already using it, or by suffering its trade to be subjected to delays and interruptions that would eventually destroy it. Other routes have been named. It is not, however, proper further to discuss the question in a report intended merely to exhibit the conduct of the Managers, and to set forth the reasons controlling their action. Whatever may be the result of the action of Councils, the Board will endeavor, if consistent with a sense of their duty, to carry it out in good faith.

For details in relation to many interesting matters connected with the road, reference is respectfully made to the Reports of the Engineer, Treasurer and Superintendent of the Company.

The interest on the bonds of the city of Pittsburgh and of Allegheny county has been regularly paid up to and including that falling due 1st of November last. The interest on mortgage bonds already negotiated has been paid up to and including that falling due on 1st January, 1856.

After the road is finished to the mouth of Mahoning, and extended into the city, its further progress presents an interesting question. The Board desire to submit their views, and in doing so shall endeavor to deal fairly with the hopes and doubts that necessarily surround such extensive enterprises.

To the present rapidly augmenting business of the work, will be added the trade and travel of the extensive and fruitful valleys of the Upper Allegheny and its tributaries, so soon as the proper arrangements are made for their accommodation. The mineral and agricultural wealth of Clarion, the large and valuable forests of Jefferson, Elk and Indiana counties will seek, to a large extent, this avenue to a market as soon as its certainty, safety and cheapness are exhibited. Along the valley of the Allegheny is to be found a country so beautifully situated, well watered and highly fertile, that the hand of improvement and enterprise will soon seek it as an abiding place and home. That the net revenue will pay the interest of its cost, at a very early period, will not be doubted by those conversant with the rapid increase in business and population that has marked the region of its traverses, within the last year. If the local trade upon an unfinished and unconnected line, indicates fair returns upon the amount expended, and if these promises are the results of a new improvement deprived of the benefits of that commerce which time and industry create and contribute to works of longer continuance, can it be doubted that its completion to extensive outlets and connections will ensure its final success?

We have, in a former part of this Report, exhibited a fair statement of the resources of the Company. That they are sufficient in any ordinary state of the money market, to complete the road to Brookville, will be readily admitted.—This accomplished, we have eighty-eight miles of furnished railway. To reach the line of the Sunbury and Erie Railroad, at Winslow, requires the construction of forty-four miles of road. The erection of this part of the line will not be as expensive as that portion between Kittanning and Brookville. Passing over the flat table lands that separate the almost mingling waters of the Sandy and Sinnamahoning, there are no tunnels, extensive bridgings, or heavy cuts or embankments. From the best information we can obtain, it is believed the expense of completing this portion of the work would not exceed $1,500,-000. Large subscriptions by individuals, interested in the extensive forest and coal lands of that district, might be justly expected. The vast railroad interests benefited by the building of the line, would doubtlessly perceive the policy of aiding, by their credit or influence, a connection with the Ohio river and its steam marine. Permit a reference to the important and boundless openings and connections furnished by the construction of the Sinnamahoning line.

1st. Philadelphia.

By the Reading, Catawissa, and Sunbury and Erie road, a new line of railway is opened between us and our commercial metropolis. We are aware that it has been alleged that the *increased* distance by this line, would render it useless as a competitor of the Pennsylvania Railroad. It is willingly conceded that it is neither designed or expected to constitute this line a competitor of the Central route for the trade of Philadelphia. There is no reason for so doing. There are seasons, however, when this line will be used, and there are freights that will seek it in preference to all others. From Pittsburgh to Winslow, a distance of one hundred and thirty-two miles, there are no grades ascending, exceeding 26 feet to the mile, while descending there are none exceeding eleven feet to the mile. From information received from the talented and worthy Engineer of the Sunbury and Erie road, there are nearly two hundred miles of the line eastward of our proposed connection that do not exceed sixteen feet to the mile. The curvature is highly favorable on both slopes of the summit. We are here presented with a line crossing the summit of the Allegheny Mountains with no grade exceeding twenty-six feet to the mile.—The Reading Railroad is built upon a light descending grade. That heavy freights and that lumber and coal, from the summit and from the district lying between Sandy and Sinnamahoning, can be carried to Eastern markets profitably and at low rates, must be apparent from the facts above stated. It is well known to our business men, that there have been seasons already, and there is a certainty that these will again occur, when no one railroad could move all the tonnage seeking an eastern outlet from our city. If the various improvements now being erected leading to us, with those in an unfinished state striking the Ohio river below us, are completed, and at the same time a judicious improvement of the navigation of that great highway, for safe and steady transportation of tonnage is secured, the most doubting must yield to the truth, that our present railway facilities eastwardly, are inadequate to the business.

Second. New York city.

There already exists a line of well built railroads as follows:—From New York to Easton, seventy-eight miles; Easton to Tamaqua, sixty miles; Tamaqua to Catawissa, forty-seven miles; Catawissa to Danville, nine miles; Danville to Milton, fifteen miles; Milton to Williamsport, twenty-eight miles. This line is all in operation, except a few miles, less than twenty, eastward of Tamaqua. From New York to Williamsport the distance is two hundred and thirty-seven miles. A large portion of this line is located upon light grades. Between Williamsport and Lock-Haven, 26 miles, the work is far advanced toward completion, while the funds to complete it to the mouth of Sinnamahoning, 39 miles further westward, are now provided. The work in the chain from Pittsburgh to Kittanning, 44 miles, is constructed, and nearly sufficient means provided to build 44 miles in addition. From Brookville to the mouth of Sinnamahoning, and the small space eastward of Tamaqua, remain to be constructed. By this route, so highly favored in gradients and curvatures, merchandize can be placed in a car at Philadelphia and delivered without breaking bulk in New York. Travelers and tonnage from New York can be put upon our steamboats without changing cars. The absence of expensive handlings and storings, and delays in transit over cities and rivers, with the low charges, justified by such grades, must constitute this route the *great central* and *direct line* of communication between the Commercial Emporium of the United States, and the most extensive inland steam marine of the world. The amount saved to the great commercial and agricultural sections of our country by the use of this route, instead of others, would more than be enough to build the entire works in five years. Is not the building of a highway so situated, worthy the attention of the capitalists and business men in the cities interested in its construction?

3d. To State of New York, and New England.

The completion of the line to Williamsport finishes through the Williamsport and Elmira Railroad, a connection with the New York and Erie Road at Elmira, and thence by the Elmira and Niagara road, and by the New York and Erie connecting Railway outlets, brings to us a region of country, that requires the products of our soil, mines and industry; and offers us in return the riches of their skill, industry and perseverance. From the New York and Erie, the more Eastern connections have been spoken of in former reports.

4th. To the Susquehanna.

The extension of the Valley Road to Winslow, places us on the banks of the Susquehanna, at the junction of its great branches. To the traveler or tourist, the whole country is open before him. Philadelphia can be sought by the Catawissa and Reading line—by the Sunbury, Harrisburg and Lancaster route, and, in a few years, by various other well constructed highways.—New York can be reached by the Easton and Jersey Road, by Elmira and New York and Erie; the great lakes by Elmira, or Wilkesbarre and Great Bend, and by the Sunbury and Erie.

That a route possessing all these sources of business, would find tonnage and travel to sustain it, cannot be doubted.

In seeking sources of funds necessary to complete the great work that is presented to our consideration, it cannot be expected all of this large portion of them will be obtained in this section, where already so much has been done for the enterprise. To other districts an appeal must be made. To do this effectually, the cooperating influences of this community are of paramount importance. If, among our business men, our steamboat interests, our public functionaries and our ably conducted newspaper press, a warm and earnest support be extended to the project, the Board entertain no doubt of their success in securing the confidence and aid of others, equally and deeply interested in carrying through the work. If, however, a different spirit is manifested, their labors would end in disappointment.

It is demonstrable that the improvement of the navigation of the Ohio, and the enlargement and profitable employment of its steam marine, will depend in a large degree upon the facilities that we may furnish to move with rapidity and cheapness the tonnage passing over it by eastern avenues, to the Atlantic. So intimately blended are all our interests, manufacturing, commercial and industrial, in such improvements, that it is difficult to find a good reason for our 'holding back,' in the onward way to greatness, which is the destiny of our cities.

The extension of the line to its originally designed terminus, must not even for a moment, be lost sight of. The commercial centres of business, trade and population, in which are situated Buffalo and Rochester, demand the completion of the Northern end of our road. To reach the coal fields of Pennsylvania by the most direct line—to bring a heavy tonnage upon the Genessee Valley Canal—to secure a supply of fuel for household, manufacturing, steam and gas purposes, are objects surely worthy the attention of the enterprising citizens of Western New York. The location of our road from Ridgeway, northward, is highly favorable in gradients and curvatures. That portion of the line ought to be built from funds provided by those resident along the line, and by the cities and their vicinages referred to. It was at one time confidently believed that such would be the case, when a subscription to our stock to the amount of half a million was made by Corning and Olean Road. If, however, a connection can be secured at Windsor, and the results should equal the anticipations of the board, it will follow that duty and interest will impel us to the construction of the northern end of our work.

Since the failure to comply with its agreement upon the part of the Corning and Olean Company, no efforts have been made to further the construction of the work. The pressure in the money market, arising from the European war, it was supposed would frustrate all hopes of success. The necessary measures will be taken, during the coming season, to attract public attention to that end of the line. As an inducement to move others in the work, it is suggested that a subscription of stock, on the part of our citizens, be made, to be called for and used, only upon the condition that other funds necessary to complete the work are provided elsewhere. To this subscription, the Board, individually, would contribute, from a confidance that the investment would repay them.

The valuable connections, and the local trade likely to be opened and thrown upon this northern end of our road, have been fully discussed in former reports, and to them reference is respectfully made.

The Board have endeavored to perform the trusts committed to them, with fidelity, during a long period of pressure in the money market, and through a season of unexampled scarcity of provisions, &c. They have reached in safety a resting place on their way. Their action and its results are submitted to their constituents.

To the Chief and Associate Engineers, Messrs. Roberts and Eichbaum, and to their Assistants, Messrs. Wright, Morley, Welmer, Sullivan, and others of the Engineer corps—to our Superintendent, Mr. Hopper and his Assistants, and to our Locomotive Engineers, Messrs. Copeland and Sample, and other employees on the Road, the thanks of the Board are tendered for their fidelity and skill in the conduct of the various interests entrusted to their charge.

To our worthy contractors, Messrs. Chamberlain and Leech, our thanks are due for the steadiness and unfaltering confidence with which they have pushed the work during a long period of hard times. To James Gibson, Esq., our worthy Secretary, the Board and Stockholders are justly under obligations for the clear, concise and accurate manner in which the accounts and records of the company have been kept.

Before closing their Report, the managers would feel that they had omitted a pleasing duty if they failed to present to the citizens of Kittanning their grateful remembrance for their kindness and hospitality, upon the recent "opening excursion" to that place. It was an event that all who participated in will remember with pleasurable emotions. It was a subject of deep regret that the limited number of cars, and the severity of the weather preventing the use of open cars, compelled the officers of the Company to disappoint some of the most worthy and earliest friends of our road from a participation in the celebration. To all such, the Board desire to say, that they acted from a sense of duty for the safety of those under their care; and with the belief that the friends who were disappointed, would more freely forgive them an infraction of courtesy, than they would excuse the perpetration of a wrong. All of which is respectfully submitted.

WILLIAM F. JOHNSTON, PRESIDENT.

JOHN T. LOGAN,
GEORGE W. JACKSON,
L. WILMARTH,
JOSEPH BUTTINGTON,
THOMAS MCCULLOUGH,
J. MCD. GROSSAN,
Managers.

BALANCE SHEET OF THE ROAD, AS HANDED IN BY THE TREASURER.

To Capital Stock subscribed by corporations, viz:

Allegheny county,	15,000 shares,	$750,000 00	
City of Pittsburgh,	8,000	"	400,000 00
Armstrong county,	3,000	"	150,000 00
Jefferson county,	1,000	"	50,000 00
Total,	27,000	"	$1,350,000 00
Taken by contractors,	2,119	"	105,950 00
Individuals,	3,532	"	165,100 00
Total,			$1,661,050 00
Deduct sums paid in (Individual subscriptions,			23,182 50
Total amount of capital stock paid in,			$1,637,867 50
Retained per centage (five cents) on stock,			84,251 81
Bills payable,			146,229 82
Kiskiminitas, Wade & Co., notes at five years, for rolling stock, &c.,			20,000 00
Richard Bodine & Son, Phila., for balance on locomotives,			6,923 00
Kimball & Lovett, for passenger cars,			800 00
Wm. Smith & Co., Pittsb'g iron, boiling,			1,619 43
T. W. Hall & Bro., balance due on bridges,			1,000 00
amount due individuals, on book accounts,			6,814 47
Mortgage bonds sold,			48,000 00
Amount from passenger account,	4,066 97		
" freight "	2,123 34-		6,782 31
Total,			$1,958,217 76
By surveying instruments, tools, &c.,			4,627 66
Preliminary surveys,			41,578 77
Right of way and land damages,			92,274 79
Grading, excavation and masonry,			661,676 24
Railway superstructure,			458,110 09
Bridges, superstructure, &c.,			56,201 81
Ballasting, repairs of roadway, &c.,			4,853 60
Accidental, construction, &c.,			3,446 16
Engineering, First Division,			11,655 85
Real estate and fencing,			34,622 45
Expended at stations,			1,527 13
Rolling stock, locomotives, cars, &c.,			63,851 80
Incidental expenses, part incurred while laying track,			2 845 27
Salary of office, viz: President, Secretary, Treasurer, Chief and Assistant Engineers, from commencement to date,			33,664 00
Miscellaneous expenses, counsel fees, &c.,			9,414 42
Interest and discount, including coupons,			223,190 03
Commissions and other charges,			24,015 80
E. H. Wheelan & Co., Philadelphia, Bond Account,	$183,000 00		
Cash Account,	340 82 —		183,340 82
Winslow, Lanier & Co., N. Y., funds to pay coupons,			1,867 31
Mortgage bonds, collateral, with Knapp & Wright,			20,000 00
Mortgage bonds, collateral, Bank of Penna.			30,000 00
Benjamin Tausch & Co., contractors,			17,010 86
Bonds in hands of J. T. Logan, Treasurer,			48,000 00
Office expenses, &c.,			1,972 85
Printing, advertising, stationery, &c.,			3,265 18
Profit and loss and this receivable,			170 01
Due individuals on book account,			8,793 93
Cash in Treasury,			1,790 70
Total,			$1,958,217 76

JOHN T. LOGAN, Treasurer.

SUPERINTENDENT'S REPORT.

The following is the statement of earnings from freight and passengers on the Allegheny Valley Railroad to January 31st, 1856:

From passengers,	$4,656 97	
do freight,	2,125 34	
	$6,782 31	

During the month of January the tonnage over the road was as follows:

Inward,	1,706,787	Pounds.
Outward,	228,075	do
Total,	1,934,862	

Passengers' receipts for Jan.	$2,196 02	
Freight do do	2,009 10	
	$4,205 12	

A. J. HOPPER,
Feb. 5th, 1856. Superintendent.

REPORT OF THE CHIEF ENGINEER.

HON. WM. F. JOHNSTON, PRESIDENT OF THE ALLEGHENY VALLEY RAILROAD CO.—SIR—The recent successful opening of the first division of your road, between Pittsburgh and Kittanning, (44 miles,) whilst it constitutes an important epoch in the history of this improvement, will, I trust prove likewise a most powerful incentive to its immediate extension. Circumstances during the past year prevented the Board from ordering the commencement of work north-eastward from Kittanning, and various causes have contributed to delay its completion to that point. Even now it has only a temporary terminus at the eastern boundary of the city of Pittsburgh; the right to construct it to its final destination in the city, not having yet been granted by the proper authorities. Nevertheless, this division of the line is now in regular operation, trains having been run to Kittanning, January 23d 1856; the formal opening, under pleasant auspices, having taken place on the 29th of the same month. It is doing a handsome business in its commencement; furnishing desirable and convenient accommodations for freight and travelling to the people of the Valley, and thus early giving earnest of great future usefulness to the city and country.

RELATING TO THE FIRST DIVISION, 44 MILES IN LENGTH—PITTSBURGH TO KITTANNING.—It has been finished with the track laid mostly on the sub-grade, from Taylor street at the eastern boundary of the city of Pittsburgh to Walnut street in the borough of Kittanning. A portion of it, between Lawrenceville and Kiskiminitas river, was opened for use on the 23d of October, extended to Crooked Creek on the 11th of December last, and to Kittanning on the 23d of January.

The report of your efficient Superintendent, Mr. Hopper shows that the receipts from local business during the month of January, including one week's running to Kittanning, amount to $4205,12. This will compare very favorably with the first business done on one of your principal extensions—the Ohio & Pennsylvania railroad, on which the receipts have reached the sum of a million of dollars yearly.

ESTIMATED COST OF FIRST DIVISION.

Graduation and Masonry,	$487,204 71
Trestle work, chiefly in Lawrenceville, 4,558 00	
Bridging, superstructures, 32,194 16	
Track, including iron, spikes, &c., 458,378 21	
	$1,182,835 08

For the cost of right of way, and various items not belonging under the above heads, I respectfully refer you to the Treasurer's statements.

In the cost of Graduation and Masonry, are included the work of removing hill slides during the year, and rebuilding the abutment of Plum Creek bridge injured by the great flood of June last. In the cost of bridging, is included the rebuilding of the superstructure of said bridge. All repairs up to this time are also included.

The buildings, at present in use are as follows: In the city; Clark & Thaw's former canal warehouse, rented for freight and passenger depot. Taylor street station, a small passenger and freight house—now.

Outer depot; engine house, for three engines; water station, wood sheds and turntable. Hulton Station; passenger and freight house, water station, and wood sheds—complete. Kiskiminitas River; engine house and water station.—Donnelly's Station water house furnished with running water through three inch cast iron Pipes. Logansport Station; one turntable. Kittanning; passenger and freight house, rented.

The cost of buildings to this date has been about $8000.

ROLLING STOCK OF THE ROAD.

8 Locomotives, Norris & Son builders; 4 Passenger Cars; 2 Baggage Cars; 20 eight wheeled Freigt Cars; 20 do Platform Cars; 24 four do Gravel Cars; 4 Truck Cars; 2 Hand Cars.

It is greatly to be regretted that the work on the ten mile section, next above Kittanning, to the mouth of Mahoning, could not have been commenced during the past season. It is well known, not only to the officers of your Company, but to thousands of citizens residing in Clarion, Butler, Jefferson and Armstrong counties, that a heavy trade which could certainly be secured to the road at the mouth of Mahoning, cannot be obtained at any other point; more especially the business of numerous furnaces in Clarion and Armstrong counties.

The importance of its prolongation to that commanding point, where the line leaves the immediate river valley, was the well understood at the period of your last annual meeting, that I then entertained no doubt of the early accomplishment of the work, and referred to the possibility of its completion within the year. Permit me in conclusion to call your attention again to this feature of the road, to express the conviction that the traveling and commercial interests to be accommodated by the short and easily constructed section of ten miles are of sufficient importance to warrant not only extraordinary exertions, but some present approved pecuniary sacrifice to secure it.

The entire trade of the furnaces mentioned, added to the general business of an extensive area of well populated country in the counties named, will be brought not only over these ten miles, it will pass over the entire distance from Pittsburgh, 54 miles. This business does not now reach the railroad, because it cannot bear the tax created by the additional ten miles of transportation over an inferior common road. It will therefore continue, as heretofore, to depend upon the uncertain navigation of the river. Once embarked at Canoe, Brady's Bend, or at other places above Kittanning, it will not be transferred to upon the railroad. Run with the railroad as the mouth of Mahoning, which is now, and has been for years, a prominent shipping point on the road for the Furnaces and country mentioned; arrangements will be made by the inhabitants to improve the road's leading thitherto and a large trade can undoubtedly be concentrated there.

I think it safe to assume, that between the mouth of Mahoning and Pittsburgh, the business will pay a fair interest on the cost of the road. It must, however, until extended farther and brought in connection with other railroads now in process of completion, be regarded merely as a local work.

As a local work it holds within its influence the elements of success, first, from its geographical position in a rich, well settled valley; secondly, from its command of a superior and vast coal field on its entire length; thirdly, on account of the heavy iron and lumber trade that will be concentrated upon it at the mouth of Mahoning; fourthly, from the large business that will be thrown upon it at the mouth of Kiskiminitis and Freeport, on the completion of the Northwestern Railroad, both from its west and Kiskiminitis valley; and fifthly, from its reasonable cost per mile and its remarkably favorable grades and easy curvatures. These strong characteristics will ultimately insure its prosperity as a local improvement—an improvement which must bring to the city of Pittsburgh an increase of business that will be sensibly and advantageously felt by all classes of her community. Still, all this embraces but a small portion of the great scheme originally contemplated by its projectors.

The general route of the entire line, its various partly-built and projected connections, particularly in Western New York, have in former reports and communications been adverted to in detail. Although the Company has not the means at hand to proceed immediately with the Northern portion of the line, I desire here to record an opinion, based upon my personal knowledge of the region between Ridgway and the Lakes, and of the enterprise and energy of the people in Northern Pennsylvania and Western New York, that within a very short period, a railroad, or railroads will be extended from the coal fields of Jefferson and McKean counties, uniting with the lines in New York, running to Rochester, Attica and Buffalo, even without one dollar of aid from your Company. At the same time I regard it as important that the control and management of the Northern end of your line in this State, here referred to, should not be parted with by your Company.

But our surveys have established another great fact, namely, that without swerving the main line from its ultimate destination through Ridgway and Smethport to the New York State line, a convenient connection may be effected with the Sunbury and Erie Railroad, which can be completed and brought into use at a still earlier day. The difficulties in the way of the speedy and successful prosecution of this portion of your route, from the mouth of Mahoning to a point at or near Brookville, and thence by Sandy Lick and Bennett's branch to the proposed junction at Winslow, 132 miles from Pittsburgh, are chiefly of a financial character; inasmuch as our instrumental examinations, and locations carefully made from Kittanning to Brookville, and the instrumental surveys and reconnoissance beyond Brookville, conclusively prove, that we have a route possessing highly favorable features, entirely practicable at a moderate cost per mile. These surveys have been conducted partly by the Allegheny Valley Company, and partly by the Sunbury and Erie Company, the latter under the direction of Robert Faries, Esq., Chief Engineer, to whom I am under obligations for valuable information.

In my annual report of last year, a minute description is given of our improved location between Kittanning and Brookville, as developed by Franklin Wright, Esq., Principal Assistant Engineer, fixing the maximum gradient ascending Northward and Eastward, at 26 4-10 feet per mile, and mention is made of a careful reconnoissance by your Engineer, Mr. Eichbaum, between Brookville and Bennett's branch of the Susquehanna, from which an opinion was then expressed, that a feasible and direct railroad route existed between the Allegheny and Susquehanna waters, passing up Sandy Lick and down Bennett's branch, with no grade exceeding 26 4-10 feet per mile, being the same as the maximum ascending grade fixed between Pittsburgh and Brookville.

The recent additional surveys of Mr. Faries, have finally settled this opinion as a confirmed fact. Placing a common junction point between the Allegheny Valley and the Sunbury and Erie roads on the summit or flat dividing ground, 22 miles north eastward from Brookville, the Sunbury & Erie road attains said junction point with the following extraordinary maximum gradients, namely, commencing at Sunbury:

From Sunbury, westward,	65 miles,	rise	10 ft. per mile.
Thence westward,	142 "	do.	15 " "
Thence to Summit,	5 "	do.	26 " "
	212 "		

Whilst on the Allegheny Valley side of the same favorable summit, the average ascending gradient from Brookville, 22 miles, is much less than 26 feet per mile, and the maximum need not exceed 26 4-10 feet per mile; and even with these light gradients, presenting but one summit between Pittsburgh and Sunbury.

Here, then, we have 266 continuous miles between Pittsburgh and Sunbury, overcoming the table land summit of the Allegheny mountain, with a maximum gradient of only 26 4-10 feet per mile. And on 65 miles of the Susquehanna side, and 73 miles of the Allegheny side, making 138 miles, the maximum is less than 11 feet per mile; and only 44 miles of the whole distance contain maximum grades as high as 26 4-10 feet per mile.

No line of railroad between the waters of the east and west, from the northern boundary of New York to the southern boundary of Virginia, presents a profile at all comparable with it. It is proposed, in this connection, to show that by no other railroad route between the waters of the Ohio and the Atlantic, can freighting be carried on more cheaply, and to prove, that in this economic aspect, this continuation of the Allegheny Valley and Sunbury & Erie routes, is almost a commercial necessity, and that the sooner it is finished the better for the general interests of Pennsylvania, as well as the particular interests of Pittsburgh and Philadelphia, and the eastern cities generally.

This could be established by taking the canal engineering formulas, showing the different loads that engines of given power can haul over different grades; but aware that calculations of this character are often merely glanced at, without making a very definite, practical impression, I adopt the simple plan of referring to the daily working of several well known roads of different characteristics. Nearly all of this information was furnished to me by the Superintendents of the respective roads two years ago. For convenient reference the substance of the communications received is thrown into tabular form.—This table is not offered as an empirical guide, but merely as a practical, working approximation, which may be safely used for general comparison.

It may be further stated in reference to these roads, in general terms; that the Blossburg railroad abounds in curves, some of them having only 600 feet length of radii. The Buffalo, Carrying and New York railroad has much less curvature, and most of the curves has large radii. The Philadelphia and Columbia railroad haves a