

\$620.000—leaving \$36.110 as the amount retained, by way of security or per centage, at this date. To the above amount of Bonds, paid out for work done, is to be added \$88.000 of Bonds (including the payment of this month) for the instalments of current money, paid and to be paid by the contractors or their agents to the trustee for the use of the Company; \$13.000 of Bonds for interest paid by them in July 1848, and January 1849, on the Bonds previously issued; and \$5,000 of Bonds paid by the Company to L. M. Cresap, for release of obligation to construct a Bridge, Dam, Forebay, &c., on his premises, as we shall presently explain, making the *whole amount* of Bonds issued under the Maryland act of 1844 ch. 281, and paid out to this date, \$726.000. Of this aggregate sum Bonds to the amount of \$230.000 have been endorsed with the guaranty of the State of Virginia under the provisions of the Act passed by the said State on the 8th of March 1847.

The current money paid by the contractors or their agents to the Trustee for the use of the Company, as above mentioned, consists of the instalments provided for in the contract to defray the expenses of the Engineer Corps, land claims and other expenses incidental to the completion of the Canal. At the date of our last report we stated that some of the land claims were unadjusted. The claims then alluded to have since been arranged and all placed on a common basis. Proportional payments have been made upon them at the beginning of each month, upon the receipt of the monthly instalments by the Trustee, and in a few months more they will all in this way be fully discharged. The total amount received by the Trustee to the 31st ultimo was \$84.000, and the disbursements therefrom by orders of the board and by requisitions to the same date, were \$78.781 83, leaving a balance of \$5.218 17 in his hands on the 1st inst.

Under and by virtue of one of the clauses of the contract the Board, on the recommendation of the Chief Engineer, in October last changed the plan of constructing the four Locks at or near Old Town, Nos. 68, 69, 70, 71, from cut stone to composite, the difference in cost, which is considerably in favor of the latter, to be determined by the Chief Engineer and deducted from the general consideration of the contract. The reasons for making this charge were, first—because no suitable stone for Masonry Locks could be obtained conveniently, and to require the contractors to bring it from a distance would have been calculated to retard the completion; secondly—because good Composite Locks were considered far preferable to bad Masonry Locks; and, thirdly—because the change of plan would cause a considerable saving of expense to the Company. Under a provision of the same clause of the contract, the Board have caused the bridge, reservoir or basin, and forebay, on the land of Luther M. Cresap, on Section No. 334, (which the Company were required to construct by one of the conditions contained in the Inquisition of condemnation made in Dec. 1836, and which were included in the work stipulated