

bonds payable by the contract on its completion, a balance of \$262,500, of which, more than half will be due to the subscribers at the rate of 60 per cent., and the residue may be disposed of at the market prices. Should the whole be sold at an average rate of 70 per cent., the produce will be \$183,750. How far this amount is likely to be absorbed, by payments chargeable upon it, for the completion of the contract, it is impossible to determine at present. It is the hope of the Trustees that there may be a considerable surplus. It is proper to state, that the above amount of expenditures, includes no part of the personal expenses, and no compensation for the services of the petitioners, from the commencement of their engagements to the present time.

The principal causes of this unfavorable balance, are the following :—

First, the large discounts of  $25 \frac{9}{10}$  per cent. on the average proceeds of the bonds. The causes of so large a discount, have been in part explained, but an additional cause remains to be stated. It was anticipated when the arrangements for the resumption of the work were made from the high credit of the guaranteed bonds, that they would be saleable nearly at par. A small portion of them have been sold during an easy state of the money market at that rate. But from the stringent state of the money markets, during the periods in which the greater part of these bonds, were necessarily disposed of, most of them have been sold at much less favorable rates, and they have produced no more than an average of 95 per cent., after deducting the interest paid, in cases in which advances have been obtained on hypothecation.

Second, the increased cost and the embarrassment in the advantageous prosecution of the work, from the beginning, occasioned by the insufficiency of the proceeds of the bonds paid, on the monthly estimates of work done, to meet the monthly expenditures. The monthly estimates of work done were graduated, until May 1848, by the engineer's estimates, made before the date of the contract, of the actual cost of each description of work. On these monthly estimates a reserve of 20 per cent. was made according to the terms of the contract, and the balance of 80 per cent. was paid in bonds. The prices paid to sub-contractors, were for the most part established at lower rates, and a similar reserve was made in their contracts, until completion; but the prices were not low enough to admit of their being met by the proceeds of the bonds, without any allowance from the contingent item in this contract, after the large discount made in the sale of the bonds. This difficulty was, in part obviated by a reduction in the rates of reserve, after the date above mentioned, but the proceeds of the bonds issued on the monthly estimates, have rarely, if ever, equalled the payments of the months work, and the deficit has been necessarily supplied from the private funds, and credit of the contractors.

Third, A serious increase of cost arising from the suspension of the work from April 1846, to November 1847. This increased cost arose, in part, from the loss of the contracts with some of the