

ANNUAL REPORT
OF THE
BROOKLYN RAPID TRANSIT CO.
FOR THE
YEAR ENDING JUNE 30, 1918

BROOKLYN RAPID TRANSIT CO.

BOARD OF DIRECTORS, JUNE 30, 1918

N. F. BRADY, Chairman of the Board

T. S. WILLIAMS	J. HORACE HARDING	J. C. BRADY
W. G. OAKMAN	H. C. DU VAL	COLGATE HOYT
JAMES N. WALLACE	C. D. MENEELY	G. W. DAVISON
HENRY EVANS	GEORGE B. GALLAGHER	EUGENE N. FOSS

EXECUTIVE OFFICERS

N. F. BRADY, - - - - -	Chairman of the Board
T. S. WILLIAMS, - - - - -	President
C. D. MENEELY, - - - - -	Vice-Pres. Member of Board and Treasurer
J. H. BENNINGTON, - - - - -	Secretary
GEO. D. YEOMANS, - - - - -	General Counsel

ADDITIONAL OPERATING OFFICERS

Vice-President, Operating Railroad Companies -	J. J. DEMPSEY
Comptroller, - - - - -	HOWARD ABEL
Superintendent of Surface Transportation, - - - - -	W. SIEBERT
Engineer of Way and Structure, - - - - -	C. L. CRABBS
Superintendent of Equipment, - - - - -	W. G. GOVE
Electrical Engineer, - - - - -	C. E. ROEHL
Claim Agent, - - - - -	I. ISAAOSEN
Purchasing Agent, - - - - -	L. VAN COTT
In charge of freight operation, - - - - -	A. R. PIPER
Welfare Administrator, - - - - -	GEO. W. EDWARDS
Insurance Manager, - - - - -	F. J. SPAULDING

ENGINEERS ENGAGED IN RAPID TRANSIT CONSTRUCTION

W. S. MENDEN, - - - - -	Chief Engineer
MESSRS. JACOBS AND DAVIES, - - - - -	Consulting Engineers

TRANSFER AGENTS AND REGISTRARS OF STOCKS

	REGISTRAR	TRANSFER AGENT
BROOKLYN RAPID TRANSIT Co.	U. S. MTGE. & TRUST Co.	EQUITABLE TRUST Co.
NEW YORK CONSOLIDATED R.R. Co.	CENTRAL UNION TRUST Co. of N. Y.	COLUMBIA TRUST Co.
THE NASSAU ELECTRIC R. R. Co.	NEW YORK TRUST Co.	GUARANTY TRUST Co.
THE CONEY ISLAND & BROOKLYN R. R. Co.	BANKERS TRUST Co.	THE COMPANY, 85 Clinton St., Brooklyn, N. Y.

BROOKLYN RAPID TRANSIT CO.

REPORT OF THE BOARD OF DIRECTORS TO THE STOCKHOLDERS

FOR YEAR ENDING JUNE 30, 1918

85 CLINTON STREET,
BROOKLYN, N. Y., August 12, 1918.

The summary of financial operations for the year ending June 30, 1918, with comparison for the preceding fiscal year, is as follows:

COMPARATIVE STATEMENT OF THE RESULTS OF THE OPERATIONS OF THE BROOKLYN RAPID TRANSIT SYSTEM FOR YEARS ENDED JUNE 30, 1918 AND 1917

	1918	1917	Increase + Decrease—
Gross Earnings from Operation..	\$30,506,497.21	29,504,018.96	+\$1,002,478.25
Operating Expenses.....	18,111,804.86	16,741,417.19	+ 1,370,387.67
Net Earnings from Operation	12,394,692.35	12,762,601.77	— 367,909.42
Income from Other Sources.....	407,729.16	427,814.75	— 20,085.59
Total Income.....	12,802,421.51	13,190,416.52	— 387,995.01
Less Taxes and Fixed Charges.	8,690,367.39	7,995,178.23	+ 695,189.16
Net Income.....	4,112,054.12	5,195,238.29	— 1,083,184.17
Surplus at Beginning of Year....	11,967,272.96	11,562,654.04	+ 404,618.92
Total	16,079,327.08	16,757,892.33	— 678,565.25
Other Credits to Surplus during year	14,573.21	22,603.07	— 8,029.86
Total.....	16,093,900.29	16,780,495.40	— 686,595.11
Of this amount there has been appropriated:			
Accounts written off.....	*260.35	5,515.97	— 5,776.32
Adjustment of Expenses prior years.....	3,892.77	*1,088.36	+ 4,981.13
Supercession and Depreciation	935,761.43	289,022.50	+ 646,738.93
Loss from operation of Employees' Restaurants.....	8,362.24	5,631.86	+ 2,730.38
Adjustment of Special Franchise and Real Estate Taxes		135.37	— 135.37
Contingent Reserve	83,147.35		+ 83,147.35
Direct War Expense	16,755.96		+ 16,755.96
Allowance to Employees in Military Service.....		17,345.81	— 17,345.81
Christmas Gratuities to Employees.....		29,341.29	— 29,341.29
Dividend on B. R. T. Co.'s Stock outstanding.....	2,233,659.00	4,467,318.00	— 2,233,659.00
Total Appropriations.....	3,281,318.40	4,813,222.44	— 1,531,904.04
Balance Sheet Surplus.....	\$12,812,581.89	\$11,967,272.96	+ \$845,308.93

*Credit.

It is conceded that adequate and efficient street railroad operation is vitally essential to a vigorous prosecution of the war. No argument is needed to prove that a serious impairment of service would, in the large cities, cripple the activities related to war, or that a radical curtailment of service might almost paralyze war preparations.

Yet these results are already partial realities, or imminent, because

Government at Washington

under war necessity, has directly or indirectly

Drafted tens of thousands of experienced street railroad men;

Diverted additional thousands to war industries;

Established competitive standards of wages which street railroads cannot meet with existing revenue;

Doubled the price of coal, and made it difficult to get at any price;

Increased the price of every commodity street railroads buy;

Absorbed or withheld materials essential to street railroad construction and maintenance;

Commandeered the supply of money;

Increased the rates of interest; and

Imposed millions of new taxes; while

Government at home

has in most cases

Refused, or seems reluctant to grant, even the partial relief which it could give, namely, the right to increase fares, and the suspension of expensive and onerous exactions.

There can be but one result from a continuance of these opposite influences. Only the strongest companies can long furnish transportation at less than cost, and there are few of such companies.

Whether the end be financial losses, far reaching in their affliction, or merely impairment of facilities and service, or both, the adverse effects will be a public injury and a government handicap in our national struggle.

Street railroad companies and their investors will gladly bear their part of the burden of this war. Much sacrifice they must necessarily make, and of this they do not complain. Their problem is no longer one of reduced profits but of excessive losses. It has become with some a question even of preservation of corporate existence, and with all it is a question of continued ability to serve. In any aspect of the situation grave public interest is involved. If local transportation is not an essential industry, then it must accept conditions and reconcile itself to their consequences. If it be an essential undertaking, not only to the ordinary life of communities but to the extraordinary and righteous task to which our country has so splendidly devoted its energies and resources, then street railroad systems must not merely be permitted to live but they must be fully empowered to serve.

They can not serve without men, materials and money.

Applied to our particular situation the figures presented above, covering the operations of the fiscal year, by no means reflect the measure of burdens to which our system will be subjected during the succeeding year. The renewal of our short term notes for subway financing will call for \$1,154,700 additional interest; our coal will cost at least \$1,000,000 more; our wages will increase much more than \$1,000,000; nobody now knows how much larger our taxes will be; and our other costs will correspondingly reflect the higher standards of prices and the increasing difficulties of operation. Moreover, the delays on the part of the city in furnishing for operation the new rapid transit lines which it is constructing will postpone still further the larger volume of normal revenue which we should now be enjoying, and will, unfortunately, prolong the discomforts of existing means of transportation.

Our system has been conservatively and honestly financed and its fixed charges have been comparatively low because of this fact and because so large a part of its capital funds is represented by

stock instead of bonds. This stock is now without dividends, and as a condition of financing the renewal of its \$57,735,000 of notes maturing July 1st last the directors were obliged to agree not to pay any dividends in cash during the life of the new notes. To the extent that surplus earnings are available they must be diverted temporarily to pay for improvements now under way or contracted for.

We need more revenue, therefore, not for dividends—just as such an appropriation would be—but for bare necessities, made abnormally severe by conditions for which we are not responsible. For many years we have charged lower fares than our franchises permit. We can not continue so low a schedule, either in justice to our companies or to our patrons. The legal rates, however, if applied strictly, would impose undesirable hardships upon some localities at the expense of others, and we have requested, in lieu of them during these trying times, the right to charge a generally uniform rate, higher than we are now charging, and while higher in some cases yet lower in many other cases than we have the right to charge. In this increase of fare the City, as a partner in the results of rapid transit operation, has more to gain for the relief of its taxpayers than have we. Nearly half our patrons are now being carried on rapid transit lines, built with public and private capital, and of these it may be said, as well as of those carried by the surface lines, that they are receiving their transportation for less than its cost. Certainly there is neither justice nor wisdom in such a situation.

RENEWAL OF MATURING NOTE ISSUE.

It became evident months before the maturity, on July 1st last, of the Company's \$57,735,000 of Six Year 5 per cent Gold Notes (issued for rapid transit purposes) that with the prevailing financial conditions caused by the war it would be impossible to pay off those notes with the proceeds of the sale of long term bonds, or to renew them except with the co-operation of the Federal Government and at a considerably higher rate of interest. The War Finance Corporation, created by Act of Congress, furnished the medium for Government assistance, and negotiations with the Board of Directors of that Corporation and with the bankers who

purchased the original issue of notes resulted in an offer to note-holders of the following options:

A—To accept for their holdings 30 per cent in cash and 70 per cent in new Three Year Seven Per Cent Secured Gold Notes.

or

B—One hundred per cent of their holdings in an equal face amount of new Three Year Seven Per Cent Secured Gold Notes.

The money necessary to enable the company to make partial payment upon the maturing notes is to be advanced by the War Finance Corporation to Brooklyn Rapid Transit Co., and for such advance the company will deliver to the War Finance Corporation its new Three Year Seven Per Cent Secured Gold Notes (of the same issue as are those delivered to assenting note-holders) to the amount of the advance.

The response from note-holders has been prompt and favorable. Up to August 12th holders of 97.39 per cent of the maturing notes had accepted the plan of renewal—holders of \$54,262,000 of notes choosing Option A and holders of \$1,967,000 Option B.

With the approval of the War Finance Corporation the plan was declared operative on July 16, 1918.

Besides the increase in rate of interest from 5 to 7 per cent the conditions attached to the new note issue require the pledge of additional collateral (referred to below) and an agreement that while the new notes are outstanding

“the Company will pay no dividends upon its capital stock in cash or in any securities or scrip unless such security or scrip shall by its terms rank subsequent to the rights of the holders of such notes as against any of the assets of the Company.”

The new note issue will be limited to \$57,735,000 face value, under an indenture to the Central Union Trust Company of New York, as Trustee, dated July 1, 1918. The notes will mature July 1, 1921, but may be redeemed, as to all or part, at the option of the Company on any interest date on thirty days' previous notice

at a premium of one-half per cent for each six months which the notes may still have to run at the date of redemption. The new issue of notes will be secured by the collateral now deposited with the Trustees to secure the retired notes, to wit:

\$57,735,000 New York Municipal Railway Corporation's First Mortgage 5 per cent Sinking Fund Gold Bonds, and

\$10,000,000 Brooklyn Rapid Transit Co.'s Refunding Mortgage 4 per cent Gold Bonds,

and additionally by \$29,000,000 face amount of Brooklyn Rapid Transit Company Consolidated and Refunding Mortgage Ten-Year 6 per cent Gold Bonds (for a description of which see below). It is expected that the \$10,000,000 Brooklyn Rapid Transit Refunding Mortgage 4 per cent Gold Bonds will subsequently be exchanged for a similar face amount of Consolidated and Refunding Mortgage Ten-Year 6 per cent Gold Bonds—making the total amount of such latter bonds deposited as collateral \$39,000,000.

The indenture further provides that the company will cause to be pledged thereunder any additional Consolidated and Refunding Mortgage Gold Bonds to an amount equal at face value to expenditures made by the Company out of its current surplus earnings for capital purposes and for which the Company may be or become entitled to draw bonds from the Trustee, as well as any New York Municipal Railway Corporation First Mortgage 5 per cent Sinking Fund Gold Bonds acquired by the Company with such current surplus earnings.

COMPANY'S NEW MORTGAGE.

Pursuant to authority conferred by stockholders at the special meeting held May 23, 1918, the Company has since the close of the fiscal year executed and delivered to the Central Union Trust Company of New York, as Trustee, its Consolidated and Refunding Mortgage, dated June 1, 1918. As previously explained to stockholders this mortgage is intended to take the place of the Refunding Mortgage of July 1, 1902, under which no bonds bearing interest in excess of 4 per cent could be issued. The new mortgage is for the same maximum amount, \$150,000,000, but is elastic in its provisions in respect to rate of interest, convertibility

into stock, maturities and redemption privileges—these being determinable by the board of directors at the time of issue of any series of bonds. The bonds of any series may, by action of the board of directors, be exchanged, after issue and before sale, for bonds of another series, bearing a different rate of interest, of different maturity and with different redemption clauses. Likewise, any bonds which may have been disposed of and which contain redemption privilege may by redemption be refunded into other bonds of the same mortgage bearing a lower rate of interest.

Thus the Company is provided with a mortgage under which bonds may be issued as capital expenditures are made and occasion requires, and disposed of from time to time according to the varying conditions of marketability, and under which bonds sold in times of high interest rates may be replaced later with bonds carrying lower interest. The weakness of the old mortgage was in its limitation of the interest rate to 4 per cent, and as a result the Company has received from the Trustee for capital expenditures made \$22,401,000 of Refunding 4 per cent bonds, which it has been unable to sell except at considerable discount because there has been for many years no market for 4 per cent bonds at prices approaching par, and which therefore it has not sold.

It is expected that in due time these treasury 4 per cent bonds will be exchanged for bonds issued under the new mortgage and bearing a higher rate of interest.

Of the \$39,000,000 Ten-year Six Per Cent Bonds to be issued under the new mortgage and deposited as collateral to the Company's Three-Year Seven Per Cent Secured Gold Notes, \$29,000,000 will be returned to the Trustee when no longer needed for that purpose. The remaining \$10,000,000 will, when released, be returned to the Company and may, before sale, be exchanged if thought desirable, for bonds of later maturity and bearing a lower rate of interest.

The Refunding Mortgage of July 1, 1902, is now closed and no more bonds may be issued under its provisions. All bonds heretofore issued under that mortgage and now outstanding will, as they are exchanged or acquired, be deposited with the Trustee of the new Consolidated and Refunding Mortgage as further protection to the lien of the latter mortgage. The amount of Refunding Mort-

gage 4 per cent bonds now outstanding is \$27,621,000 of which \$24,182,000 are in the possession of companies of the Brooklyn Rapid Transit System, and \$3,439,000 are in the hands of the public.

The bonds issuable under the new Consolidated and Refunding Mortgage of June 1, 1918, may be used as follows:

- \$7,000,000 for acquiring and retiring a like amount of bonds issued under the B. R. T. Mortgage of October 1, 1895.
- 27,621,000 for acquiring and retiring a like amount of First Refunding Mortgage Gold Bonds issued under the B. R. T. Mortgage of July 1, 1902.
- 53,033,000 for acquiring or retiring bonds of constituent companies.
- 29,619,000 as collateral for loans (to be returned to the Trustee when no longer required for such purpose but reissuable for the purposes for which remaining bonds may be issued under Section 6 of Article 2 of the Mortgage).
- 1,350,000 to reimburse the company for the cost of \$625,000 Coney Island and Brooklyn Railroad Co. Consolidated Mortgage bonds, \$650,000 Sea Beach Railway Co. Consolidated Mortgage bonds, and \$200,000 Brooklyn City Railroad Co. 1st and Refunding Mortgage Bonds.
- 31,377,000 for new properties, additions and improvements.

Total, \$150,000,000

RAPID TRANSIT PROGRESS UNDER CITY CONTRACTS

Two of the tracks in that portion of the Broadway Subway between Canal Street and Union Square, together with the connecting tracks over the Manhattan Bridge and through the Canal

Street Subway, were placed in operation on September 4, 1917, and on January 5, 1918, operation was begun on all four tracks between Rector Street and Times Square. The result of this operation has been satisfactory in respect to additional revenue, but unsatisfactory in respect to our ability to care properly for the traffic offered. This latter result is due partly to the incomplete stations and inadequate switching facilities as the subway was turned over to us, but chiefly to the great volume of transfer traffic from the Williamsburg Bridge Elevated lines on account of passengers desiring to take advantage of the longer ride in Manhattan without the payment of additional fare. This condition has brought to the Broadway Subway through the single Canal Street gateway a volume of traffic beyond the proper capacity of such gateway—resulting in tremendous congestion, considerable confusion and much discomfort, besides unduly crowding the cars operated in the Broadway Subway. The Dual System plans do not contemplate any such concentration of traffic. They require the construction by the city of:

- 1—The 14th Street-Eastern Subway, providing a direct approach to Manhattan for traffic originating in the northern and eastern sections of our Brooklyn and adjacent Queens territory;
- 2—The Montague Street-East River Tunnel, affording a direct connection from the southerly and Flatbush sections of Brooklyn with the Broadway Subway at the Battery;
- 3—An extension of the Centre Street Loop through Nassau and Broad Streets, Manhattan, to the Battery (thus relieving the Broadway Subway south of Canal Street of south-bound Brooklyn transfer passengers reaching Manhattan via the Williamsburgh Bridge, and furnishing, with the Montague Street tunnel, a convenient downtown loop in Manhattan for our Brooklyn patrons);
- 4—A direct tunnel connection between the Broadway Subway and Elevated lines in Queens.

Until these connecting lines are in operation our inability to care properly for the business in the Broadway Subway or on the existing tributary lines will continue. It now seems reasonable to expect that the Queens Borough Tunnel and the Montague Street Tunnel will be ready for operation early in 1919, but the completion of the 14th Street-Eastern Line is still remote, and no contract has yet been let for the extension of the Centre Street Loop Subway southerly through Nassau and Broad Streets.

Operation over the city's new West End elevated line was extended to Coney Island on July 21, 1917.

New steel cars were placed in operation on the Broadway Elevated, Brooklyn, on January 9, 1918.

The Jamaica Avenue Elevated Line was substantially completed and operation thereover was extended from Richmond Hill to Jamaica on July 2, 1918.

The new yard at East 105th Street, Canarsie Line, was placed in operation October 26, 1917.

The elevated Culver Line (under construction by the city) will probably be open for operation as far south as Avenue X, within the present fiscal year.

The connection of the Brighton Beach Line with the city subway will not be available until the connecting subways are completed, and this will probably not be until the spring of 1919.

The remaining 100 subway cars, to complete the total of 600 originally contemplated, were contracted for during the fiscal year.

The Coney Island Terminal work, Myrtle Avenue third tracking and the East New York construction have been delayed owing to prevailing labor and material conditions, but will probably be substantially completed during the present calendar year.

In connection with the equipment of rapid transit lines a temporary sub-station at Canal Street and Broadway has been completely installed and placed in operation (the capacity of station being 8,000 K.W.); equipment has been installed in the new South Sixth Street Substation and placed in operation (the capacity being 12,000 K.W.); the new Ridgewood Substation building was completed and equipment is now being installed therein; and the electric work on rapid transit lines has progressed satisfactorily.

Contracts remaining to be let to complete the equipment and construction program, as required of the New York Municipal Railway Corporation under Contract No. 4 and the Related Certificates, consist substantially of the following:

Completion of Fulton Street third-tracking from Nostrand Avenue to Brooklyn Bridge (except a portion of the steel which has been ordered)—all of which is awaiting decision of the Public Service Commission;

Line equipment and signals on the 14th Street-Eastern Line, Queens Borough Tunnel, Montague Street Tunnel and Brighton Beach Connection (awaiting further progress in construction by the city);

The connection between the Culver Line and Coney Island Terminal;

Reconstruction of Broadway Elevated Line between East New York and Jamaica Avenue;

Increase in Yard and Shop facilities at 36th Street;

An additional Sub-station.

RESULTS OF OPERATIONS UNDER JOINT ARRANGEMENT WITH CITY.

The results of operations of rapid transit lines under contract with the city continue to be satisfactory, considering that only a portion of the Broadway Subway has been completed, and that as yet it has no through track connections with Brooklyn and Queens, except in the Canal Street Subway. For the fiscal year the passenger revenue from the rapid transit lines increased \$1,584,970; operating expenses, maintenance, depreciation, taxes and rentals increased \$1,284,124, and net revenue (applicable to interest on new investment) increased \$401,999.

Since the beginning of the pooling arrangement with the city on August 4, 1913, the operating company has earned in full its first preferential of \$3,500,000 per annum, and \$2,104,296 towards its second preferential, leaving \$1,443,027 to be made up out of future earnings.

The table of joint operation is as follows:

RESULT OF OPERATIONS OF NEW YORK CONSOLIDATED RAIL-
ROAD COMPANY, LESSEE, UNDER THE PROVISIONS OF
CONTRACT NO. 4, DATED MARCH 19, 1913, BETWEEN
THE NEW YORK MUNICIPAL RAILWAY
CORPORATION
AND
THE CITY OF NEW YORK

REVENUE:	Year ending June 30, 1918	For the period August 4, 1913, to June 30, 1918
Passenger Revenue	\$12,685,497.35	\$49,513,168.93
Chartered Cars and Misc. Transp. Revenue	680.35	4,766.07
Advertising	167,665.58	496,541.35
Other Car and Station Privileges.	145,242.03	374,132.49
Rent of Buildings and Other Prop- erty	20,287.97	120,663.53
Rent of Tracks and Terminals....	10,428.99	142,564.80
Miscellaneous	27,603.82	71,918.59
Total	\$13,057,406.09	\$50,723,755.76
DEDUCTIONS:		
Rentals	\$67,400.00	\$374,206.66
Taxes	777,325.20	2,993,139.37
Operating Expenses, exclusive of Maintenance	5,497,760.12	20,472,959.27
Maintenance Fund	1,563,576.27	6,079,237.55
Depreciation Fund	390,894.07	1,519,809.34
Company's First Preferential	3,500,000.00	17,180,107.51
Total	\$11,796,955.66	\$48,619,459.70
Net over First Preferential.....	\$1,260,450.43	\$2,104,296.06
Company's Second Preferential as per Engineer's Determination of Cost	\$981,726.47	\$2,723,130.70
Reserve in respect of lines in operation—anticipating Chief En- gineer's Determination of Cost..	684,474.93	824,193.11
Total Second Preferential...	\$1,666,201.40	\$3,547,323.81
DEFICIT* IN COMPANY'S PREFERENTIALS..	\$405,750.97	\$1,443,027.75
INTEREST† PAID BY CITY ON ITS COST OF CONSTRUCTION OF PROPERTY PLACED IN OPERATION PLUS SINKING FUND AT RATE OF 1 PER CENT PER ANNUM....	\$1,428,609.98	\$4,985,854.37
TOTAL DEFICIT	\$1,834,360.95	\$6,428,882.12

* To be made good from future net income before payment of City's interest and Sinking Fund charges.

† Deficit in City's charges during temporary operation to be added to the Cost of Construction of City Owned Lines, but after "initial" operation is chargeable to the Tax Budget.

SURFACE LINE RECEIPTS.

The passenger earnings on the surface lines fell off during the year, as compared with the preceding year, \$565,851. While part of this decrease may be attributed to the competition of new rapid transit lines, any influence in this direction should have been overcome by the normal increase in traffic. It is quite evident from an analysis of the receipts that the principal cause of diminishing revenue was the inability, on account of the shortage of men, to operate the full complement of cars. The reduction in service would have been greater had it not been for the employment of women as conductors. Moreover, the great number of men leaving the service of the system on account of the war has necessitated the employment of many new men whose qualifications for their duties have been below the standard previously set, and either in fares not collected, or, if collected, not accounted for, or in transfer frauds, the operating companies have not received the revenue to which they were entitled. This evil can be overcome to the extent possible under prevailing conditions by attracting better men to our service through the offering of higher wages, by more effective methods of inspection (such as lately have been applied), and (with official approval) by more stringent regulations covering the issue and use of transfers.

ADDITIONS, IMPROVEMENTS AND MAINTENANCE.

The net capital expenditures for additions and improvements aggregated for the fiscal year \$8,669,393.78, of which \$8,518,566.05 was expended by the New York Municipal Railway Corporation on rapid transit lines pursuant to the provisions of its contract with the city, the total of such expenditures to June 30, 1918, being \$58,499,877.37, divided, subject to redistribution as to certain classifications, as follows:

On account of Contribution to City Owned Lines..	\$11,160,501.82
On account of Equipment of City Owned Lines..	11,245,213.43
On account of Additions, Extensions and Improvements of Existing Railroads.....	36,094,162.12

Less than half of this expenditure represented property in operation during the year.

The expenditures for maintenance of way and structure and of equipment aggregated \$5,113,323.97—an increase of \$111,686.64 over the preceding year.

Outside of the additions and improvements on rapid transit lines (referred to in detail elsewhere) the principal items of improvement, renewals and maintenance (chargeable mostly to operating expenses) are the following:

Surface Track.

36,027 lineal feet of single track were reconstructed, of which 28,856 feet were renewed with 7-in. 122-pound girder rail, and 7,171 feet with second hand 80-pound "T" rail.

13,476 lineal feet of single track were overhauled and repaved.

Repaving of city streets covered 44,376 square yards, of which 21,596 square yards were with new granite blocks on concrete foundation; 7,513 square yards of recut granite; 8,874 square yards of asphalt; 3,180 square yards of Belgian block; 1,048 square yards of wood block, and 2,165 square yards of second hand granite.

Considerable special work was renewed in whole or in part.

6.40 miles of overhead feeder wires were removed, and 4.98 miles installed.

16.07 miles of underground feeders were installed, and 10.71 miles removed.

93.22 miles of trolley wire were renewed.

There were 191 trolley poles installed; 209 removed; 287 reset; 661 reinforced, and 1,835 painted.

Elevated and Subway Track.

There were renewed 27,341 lineal feet of rail; 1,533 lineal feet of steel guard rail; 27,012 lineal feet of wooden guard rail; numerous pieces of special work; 7,992 ties, and 55,560 lineal feet of footwalk plank.

In order to make up for the shortage of labor in painting elevated structures, a paint spraying machine was purchased, and the first results indicate that it will be an effective substitute for hand work.

Approximately 5,300 lineal feet of elevated structure were repainted.

Power Plants.

At the Williamsburg Power Station the 30,000 K.W. Turbo Unit and switchboard equipment, contracted for in 1916, was installed and placed in service; 12 Taylor stokers were installed, making a total of 36 in operation; the rebuilding of down-takes for six boilers and of ash down-takes for one boiler has been completed; one additional cinder catcher has been installed and one cinder catcher reconstructed; the two tanks for weighing water used in boiler and turbine tests have been rebuilt, and a pit provided and a pump installed to reclaim the water from tests that formerly went to the sewer; steel and concrete bulkheads have been erected in the two large coal pockets, so that in case of fire from spontaneous combustion it will be necessary to draw down only one-half the amount of coal to extinguish the fire; a bulkhead has been installed in the ash pocket dividing it into two compartments so as to facilitate repairs; a new battery room has been constructed across the Kent Avenue end of the station for the relocation of the storage battery, to provide space for the installation of additional switchboard equipment; contract has been entered into for an additional skip hoist for handling ashes; plans are being prepared for the rearrangement of station bus and station equipment to provide for increase of station capacity in the adjoining annex, and also for the installation of generator, bus tie and feeder reactance coils; an order has been placed for the feeder reactance coils, and the reconstruction of the feeder and end bell compartments for the accommodation of the reactance coils on the third and fourth sections of the high tension bus has been completed.

The old Eastern Power Station—one of the foremost plants of its kind in the world when built—is being partly demolished, with the exception of the northerly end, in order to make way for the new building which is to form an annex to the present Williamsburg Power Station. Contract for the construction of the foundations and buildings was let during the year, and the work is now under way. This annex will contain the two 35,000 K.W. Turbo Units which were contracted for during the preceding fiscal year, and are to be delivered in May and November of 1919. A 100-ton electric crane has also been ordered for this annex.

One of the two new coal bridges recently constructed at the Central Power Station was seriously damaged by accident during the year and is now being rebuilt.

Buildings.

In order to provide proper accommodations at depots, shops and terminals for the employment of women, various changes in and additions to structures were necessary.

At the DeKalb Avenue Depot a club room for employees was fitted up on the second floor.

Miscellaneous improvements were made for the preservation of buildings, protection against fire, and in compliance with official regulations.

Car Equipment.

In order to conserve labor, plans have been made (with the approval of the Public Service Commission) for what is called "trailer" car operation—such operation of two cars in tandem requiring the services of three men instead of four. Fifty of such double units will consist of our existing center entrance steel cars under multiple unit operation. Of these ten cars have now been equipped for such operation and are in service. In addition fifty steel cars (without motors) have been ordered, which will serve as "trailers" for an equal number of motor cars which are now being changed to serve as leaders. When these changes are made and the new cars are received we will thus have in operation one hundred double car units, and if the experiment is successful, both from the point of view of economy in operation and in the more effective handling of passengers during rush hour traffic, similar additional equipments will be provided.

598 elevated passenger cars; 229 subway passenger cars, and 1,895 surface passenger cars have been overhauled, repaired and repainted during the year.

WOMEN IN STREET RAILROAD WORK.

In common with other railroad systems our companies have found it necessary to employ large numbers of women to do work formerly undertaken by men. While some mistakes have been

made in selection, such as would naturally occur at the inception of any experiment so radical, it must be said for the great majority of women who have sought these new occupations that they have shown themselves to be efficient, faithful and above reproach. There are approximately 576 women now employed as guards on the subway and elevated trains; 252 as conductors on surface lines; 120 in light shop work, and 173 as car cleaners and porters. For a great many years women have been employed as ticket agents, and we have 1,150 now acting in that capacity. The employment of women has presented some new problems, particularly with reference to suitable accommodations at depots and shops, and in respect to medical and moral supervision, and these problems, requiring necessarily some experience and time, are being satisfactorily solved. In no class of work in which women are engaged do the duties require unusual physical effort. There is no discrimination against them in the matter of compensation, and the wages paid are considerably in excess of what similar women have heretofore received or been able to get in their previous occupations. To many of them such occupation has been a great boon, for it enables them to support themselves and their families, while husbands or other family wage earners are fighting for our country across the Atlantic. Had it not been for the readiness of women to fill these places street railroad service would have been much more seriously handicapped during the past year.

PROPERTY REQUISITIONED BY THE FEDERAL GOVERNMENT.

During the latter part of the fiscal year the United States Government requisitioned, for war purposes, the valuable water front property on New York Bay at 63rd Street, and the connecting rights of way and tracks between Second Avenue and Fourth Avenue—all belonging to the New York Consolidated Railroad Company. The taking of this property not only deprives the system of valuable water front and storage yard facilities (now almost impossible to get), but takes away direct railroad connections with the water front, upon which not only do the companies of our system depend for getting their materials but upon which

a large part of Brooklyn is more or less dependent for freight shipments. No adequate substitution can be provided therefor. We offered the Government the joint use of this property during the period of the war, but this would not suit the Government's purposes and permanent possession thereof has been taken. It is to be presumed that ample compensation will be paid. In the meanwhile the Government has undertaken on lands elsewhere provided by the system to furnish some substitute facilities for storage purposes.

INCREASE IN EMPLOYEES' WAGES.

At various times during the year it has been necessary, in order to retain the services of experienced employees and to meet prevailing conditions, to increase wages in the various departments of the system. The increase involving the greatest amount of money was made after the close of the fiscal year (effective August 2, 1918) to the employees of the transportation departments, and will cost in excess of a million dollars a year. Until normal conditions were upset by the war our system had in its employ a larger proportion of men tried by years of experience than most railroad systems. The men have been generally satisfied with the conditions of employment, have continuously shared the prosperity of the company; and the opportunity of steady jobs, promotion from time to time based upon merit, and fair treatment, have given us an unusually loyal and capable lot of men. Street railroads cannot expect to compete in wage payments with the temporary conditions attaching to war industries, but they can expect, by offering permanency of occupation and opportunity for advancement, to hold and invite the employment of those who are thinking further ahead for their welfare than the period of this war. In granting the increase the directors felt it to be their duty both to the public and to the property to make every effort possible to preserve the valuable asset which both the company and the public possess in the large proportion of tried men in its service. They also believe that the public is fairminded enough to appreciate that in order to pay these higher rates of wages the company must have more revenue,

and while they would have preferred to postpone a further increase in wages until a higher average unit of fare should be established, they felt that they could rely on the assistance of both public officials and patrons in maintaining this higher standard of wage by assenting to a higher rate of fare.

RESERVE ACCOUNTS.

Reserve accounts have been increased during the year as follows:

Fire Insurance	\$62,581.14	
Amortization of Capital, etc.....	786,293.56	
Employer's Liability	55,952.35	
		\$904,827.05

As against these increases the following charges have been made:

Retired Property Adjustments, etc., to the extent of.....	\$120,549.99	
And Payments on account of Employer's Liability, in the sum of.....	16,320.95	136,870.94
		\$767,956.11

leaving a net increase in Reserves for the year of..

CHANGES IN SURFACE RAILROAD OPERATION.

Owing to sewer construction on certain railroad streets, service on various lines has been diverted to other routes.

The new extension on Metropolitan Avenue from Dry Harbor Road to Jamaica Avenue was opened for operation on September 26, 1917.

FIRE INSURANCE.

The system of self-insurance, instituted some years ago under the administration of Insurance Reserve Fund Trustees, continues to give excellent results. The Insurance Fund now amounts to \$961,516.06, an increase of \$62,581.14 during the year. The average amount of insurance assumed by the Trustees during the

year was \$42,465,301, the premium on which was \$141,132.79, representing an average rate of 33.23c. per \$100. The net cost to the companies, however, after crediting interest on participation certificates was \$87,196.69, making the net average rate of 20.5c. per \$100. The Trustees reduced their liability by reinsurance to the extent of \$27,249,968, upon which the premiums aggregated \$65,396.04, representing an annual rate of 24c. Fire losses during the year aggregated \$11,460.97, of which \$1,870.86 was paid through the Trustees, and the balance of \$9,590.11 was collected through reinsurance.

The same systematic inspection of properties has been carried on during the past year as heretofore.

The par value of securities in the Insurance Reserve Fund aggregated on June 30, 1918, \$1,094,000.

GROUP LIFE INSURANCE.

The reduction in the number of employees has affected the number whose lives are insured under the Group Contract. On June 30, 1918, there were 5,171 employees availing themselves of this privilege, a net decrease of 1,075, which includes 85 deaths. The beneficiaries of deceased and disabled employees were paid the sum of \$91,068, or \$53,488 in excess of the total amount paid by all insured employees in premiums during the fiscal year.

EMPLOYEES' WELFARE.

In addition to the benefits of Group Life Insurance referred to above, the companies of the system have continued, so far as war conditions would permit, their efforts to improve the welfare of their employees.

Restaurants at the depots are still maintained, furnishing palatable food at reasonable prices, notwithstanding continued losses; free medical assistance has been given to employees, and some measure of social activities has been undertaken.

Miss Grace F. Bullock (sister of Captain Harry A. Bullock, an officer of the system, who was killed in France in May last while serving his country) has been made Assistant Welfare Director,

with duties pertaining to the supervision of women employees. A competent physician has also been employed to look after the physical welfare of such employees.

Employees of the system have bought \$54,164.25 worth of United States Thrift and War Savings Stamps between April 20th and August 3rd, 1918. Numerous War Savings Societies have been organized in the various departments.

Out of the original subscription by employees of \$578,850 to the first Liberty Loan, \$312,350 has been paid on account thereof.

Employees of the system through individual subscriptions have bought and presented to the United States Government an ambulance for use abroad.

IN MEMORIAM.

Mr. Bernard Gallagher, for many years a director in the Brooklyn Rapid Transit Company, and long identified with the transportation and other interests of Brooklyn, died on April 19, 1918.

On May 30, 1918, Captain Harry A. Bullock, the Secretary of the New York Municipal Railway Corporation, was killed by an aerial bomb near the fighting line in France.

RECOGNITION OF FAITHFUL SERVICE.

The directors desire to express their appreciation of the spirit of devotion which has animated the officers and employees during the very trying times of the last year. Confronted by unusual difficulties and with depleted ranks they have been faithful and efficient. In this demonstration of their willingness and industry they have not only indicated their loyalty to the company and its system but have rendered a patriotic public service.

Respectfully submitted,

T. S. WILLIAMS,
President.

COMPARATIVE SUMMARY OF OPERATIONS

FOR YEARS ENDING JUNE 30, 1918 AND 1917

REVENUE FROM OPERATION	1918	1917	Inc. + or Dec. —	Per Cent.
Transportation.....	\$29,979,308.81	\$28,992,110.86	+ \$ 837,197.95	3.06
Miscellaneous.....	627,188.40	511,908.10	+ 115,280.30	22.52
Total.....	\$30,506,497.21	\$29,504,018.96	+\$1,002,478.25	3.40

OPERATING EXPENSES

Maintenance of Way and Structures.....	\$2,430,439.30	\$2,505,288.10	— \$ 24,848.80	.99
Maintenance of Equipment	2,632,884.67	2,496,349.23	+ 136,535.44	5.47
Operation of Power Plant.	2,667,808.87	2,041,616.64	+ 626,192.23	30.67
Operation of Cars—Train- men's Wages.....	5,730,108.10	5,605,533.23	+ 174,574.87	3.11
Operation of Cars—Other Expenses.....	2,264,439.44	1,978,088.53	+ 286,350.91	14.48
Damages.....	872,944.62	713,768.51	+ 159,176.11	22.30
Legal Expense in Conne- ction with Damages.	258,110.74	269,523.88	— 11,412.14	4.23
General Law Expenses ...	63,658.53	57,394.32	+ 6,264.21	10.91
Other General Expenses...	811,023.07	768,990.90	+ 42,032.17	5.47
Freight Expenses.....	230,099.58	304,666.22	— 24,566.64	8.06
American Railway Traffic Co.—Expenses.....	287.94	198.63	+ 89.31	44.96
Total.....	\$18,111,804.86	\$16,741,417.19	+\$1,370,387.67	8.19

NET REVENUE FROM OPER- ATION.....	\$12,394,692.35	\$12,762,601.77	— \$367,909.42	2.88
INCOME FROM OTHER SOURCES.....	407,729.16	427,814.75	— 20,085.59	4.69
TOTAL.....	\$12,802,421.51	\$13,190,416.52	— \$387,995.01	2.94

DEDUCTIONS

Taxes.....	\$2,443,652.48	\$2,351,104.16	+ \$ 92,548.32	3.94
Interest and Rentals (Net) .	6,246,714.91	5,644,074.07	+ 602,640.84	10.68
Total.....	\$8,690,367.39	\$7,995,178.23	+ \$695,189.16	8.70

SURPLUS.....	\$4,112,054.12	\$5,195,238.29	—\$1,083,184.17	20.85
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COMPARATIVE CONSOLIDATED

JUNE 30

ASSETS	JUNE 30, 1918			JUNE 30, 1917			INCREASE + DECREASE -
COST OF ROAD AND EQUIPMENT:							
Properties owned in whole or in part by Brooklyn Rapid Transit Company, exclusive of Rapid Transit expenditures.....	\$138,691,586.18			\$137,634,443.30			
Construction Expenditures, Constituent Companies, not yet funded.....	1,505,904.34	\$140,197,490.52		2,577,397.16	\$140,211,840.46		
Bonds of Brooklyn City Railroad Company deposited with Trustee of Brooklyn Rapid Transit Company Refunding 4% Bonds....		800,000.00			800,000.00		
Advances to Leased Companies, account of Additions and Betterments to Leased Lines.		11,502,189.48			11,513,172.74		
Securities deposited with Trustee to guarantee performance of terms of Lease of Brooklyn City Railroad		4,153,945.00			4,153,945.00		
(Comprising \$2,000,000 Brooklyn, Queens Co. & Suburban Railroad Co. 1st Mortgage 5% Bonds at 103½, \$25,000 Brooklyn Rapid Transit 5% Bonds at par, \$1,627,000 Brooklyn City Railroad Consolidated 5's at 103½, \$125,000 Brooklyn City Railroad Refunding 4's at par, and \$250,000 Brooklyn Rapid Transit 1st Refg. 4% Bonds at par)							
Capital Expenditures account of Subway and Rapid Transit Lines.....	57,822,996.44			49,170,943.70			
Unapportioned Debt Discount chargeable to Cost of Construction and Equipment, etc., under Rapid Transit Contract.....	676,880.93	58,499,877.37	\$215,153,502.37	810,367.62	49,981,311.32	\$206,660,269.52	+ \$8,493,232.85
MATERIAL AND SUPPLIES.....			1,877,382.09			1,416,553.41	+ 460,828.68
CURRENT ASSETS:							
Accounts Receivable		1,109,749.60			693,784.63		
Bills Receivable		115,814.13			103,705.98		
Investments		1,373,812.55			784,282.80		
Cash on Hand and in Bank.....		1,159,571.43			2,240,430.77		
Employes' Subscriptions to Liberty Bonds..		268,171.87	4,027,119.58		538,283.31	4,360,487.49	- 333,367.91
In addition there are the following Treasury Bonds and Stocks available for sale not included in Assets or Liabilities:							
Brooklyn Rapid Transit Company, Capital Stock, par value	64,840.63			64,840.63			
Bonds of Brooklyn Rapid Transit and Constituent Companies, par value	82,379,072.50			81,067,072.50			
CASH FUND FOR CONSTRUCTION AND EQUIPMENT OF SUBWAYS AND RAPID TRANSIT LINES.....			1,840,232.81			10,554,926.96	- 8,714,694.15
SPECIAL DEPOSITS OF SECURITIES AND CASH:							
Insurance Reserve Investments.....		961,516.06			898,934.92		
City of New York.....		1,021,201.88			1,019,700.00		
Sinking Fund Deposits (The C. I. & B. R. Co.).....		17,392.65			17,392.65		
City of New York Corporate Stock and Cash deposited with State Workmen's Compensation Commission		159,428.78			171,159.72		
Sink. Fd. for N.Y. M. Ry. Corp. 1st Mort. Bds.		190,500.00	2,350,039.37			2,107,187.29	+ 242,852.08
ACCOUNTS IN LITIGATION AND ITEMS IN SUSPENSE..			170,518.75			150,690.83	+ 19,827.92
UNAMORTIZED DEBT DISCOUNT AND EXPENSE			114,062.50			117,187.50	- 3,125.00
PREPAID ACCOUNTS			228,013.84			178,343.28	+ 49,670.56
			\$225,760,871.31			\$225,545,646.28	+ \$215,225.03

BALANCE SHEET—B. R. T. SYSTEM

1918—1917

LIABILITIES	JUNE 30, 1918		JUNE 30, 1917		INCREASE + DECREASE —
CAPITAL STOCK:					
Brooklyn Rapid Transit Company—					
Capital Stock	\$74,520,000.00		\$74,520,000.00		
Less—In Treasury	64,840.63	\$74,455,159.37	64,840.63	\$74,455,159.37	
Constituent Companies—					
Shares not owned by the Brooklyn Rapid Transit System		1,116,208.98	\$75,571,368.35	1,117,608.98	\$75,572,768.35
					— \$1,400.00
FUNDED DEBT:					
Issued—					
Brooklyn Rapid Transit Company.....		34,621,000.00		33,309,000.00	
The Brooklyn Heights Railroad Company....		250,000.00		250,000.00	
The Nassau Electric Railroad Company.....		14,750,000.00		14,750,000.00	
Brooklyn, Queens Co. and Suburban R. R. Co.		6,624,000.00		6,624,000.00	
New York Consolidated Railroad Company....		23,650,000.00		23,650,000.00	
B. R. T. Co.'s 6 Year 5% Secured Gold Notes..		57,735,000.00		57,735,000.00	
New York Municipal Railway Corporation— 5% Bonds		60,000,000.00		60,000,000.00	
The Coney Island & Brooklyn R. R. Co.....		6,232,000.00		6,232,000.00	
		203,862,000.00		202,550,000.00	
Less in Treasury or pledged as collateral....	82,379,072.50		81,067,072.50		
Deposited with Trustees of Mortgages.....	1,894,000.00	84,273,072.50	119,588,927.50	1,894,000.00	82,961,072.50
					119,588,927.50
REAL ESTATE MORTGAGES.....			409,562.16		438,062.16
					— 28,500.00
CURRENT LIABILITIES:					
Bills Payable (secured by deposit of Brooklyn Rapid Transit Company Refunding Bonds and C. I. & B. Consolidated Bonds).....		3,600,000.00		4,450,000.00	
Liberty Bond Loan (a/c employees' subscrip- tions, see contra)		266,500.00		549,500.00	
Accounts Payable		3,544,737.07		4,487,695.03	
Taxes Accrued		585,501.82		684,119.39	
Interest Accrued on Funded Debt.....		601,629.18		601,866.68	
Interest and Rentals Accrued.....		864,335.85	9,462,703.92	202,131.45	10,975,312.55
					— 1,512,608.63
RAPID TRANSIT CONSTRUCTION AND EQUIPMENT LIABILITIES:					
Payable from Special Fund as per Contra....			802,417.11		685,173.12
					+ 117,243.99
PROCEEDS FROM SALE OF REAL ESTATE AND PROP- ERTY AWARDS			258,171.71		230,947.08
					+ 27,224.63
UNEARNED DISCOUNT:					
N. Y. M. Ry. Corp'n's Bonds.....		1,732,050.00		1,732,050.00	
The C. I. & B. R. R. Co.'s Cons. Mtge. Bonds..		125,000.00	1,857,050.00	125,000.00	1,857,050.00
RESERVES:					
Insurance Reserves		1,012,944.33		950,363.19	
Accrued Amortization of Capital and Sinking Fund Accrual		2,890,961.76		2,180,616.31	
Special Reserve		955,761.64		1,000,363.52	
Employer's Liability Reserve		138,420.94	4,998,088.67	98,789.54	4,230,132.56
					+ 767,956.11
SURPLUS			12,812,581.89		11,967,272.96
					+ 845,308.93
			\$225,760,871.31		\$225,545,646.28
					+ \$215,225.03

Comparative Statistics for the Fiscal Years Ending June 30, 1902-18, both inclusive.

	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902
Passenger Earnings																	
Surface Division	\$16,588,976	17,154,827	16,708,189	16,335,943	15,444,844	14,680,066	13,944,850	12,976,397	12,346,325	11,645,569	11,543,992	11,323,084	11,531,125	10,845,112	9,757,629	9,284,157	9,049,229
Elevated Division	12,903,303	11,331,034	10,355,046	9,127,014	9,264,081	8,773,016	8,619,166	8,377,966	8,130,820	7,413,124	7,386,172	7,120,899	6,055,597	5,304,289	4,671,917	3,802,683	3,272,036
Total Passenger Earnings..	29,492,279	28,485,861	27,063,235	25,462,957	24,708,925	23,453,082	22,564,016	21,354,363	20,477,145	19,058,693	18,930,164	18,443,983	17,586,722	15,649,401	14,429,546	13,086,840	12,321,265
Freight, Mail, Express, etc.	*855,804	*839,038	*728,185	*837,192	*735,363	*609,797	*571,903	*540,034	*427,376	635,769	940,403	937,604	886,606	684,044	309,163	193,481	189,357
Other Earnings.....	*566,143	*606,934	*596,058	*566,252	*545,733	*429,356	*408,622	*389,671	*353,807	605,817	677,824	555,166	323,935	252,135	211,853	277,493	252,046
Total Earnings.....	30,914,226	29,931,833	28,387,478	26,866,401	26,010,021	24,492,235	23,544,541	22,284,068	21,258,328	20,300,279	20,548,391	19,936,753	18,797,263	16,585,580	14,950,562	13,557,814	12,762,663
Operating Charges and Bet- terments	18,111,805	16,741,417	15,693,908	14,960,381	13,994,552	12,833,456	12,612,059	12,254,903	11,845,671	11,460,084	12,169,360	11,907,768	11,021,720	10,257,155	9,144,145	8,139,562	8,268,325
Net Income.....	12,802,421	13,190,416	12,693,570	11,906,020	12,015,469	11,658,779	10,932,482	10,029,166	9,412,657	8,840,195	8,379,031	8,028,985	7,775,543	6,328,425	5,806,417	5,418,252	4,494,343
Taxes	2,443,652	2,351,104	1,837,683	1,700,035	1,752,880	1,750,083	1,775,041	1,465,535	1,454,213	1,337,620	930,008	893,783	882,862	827,951	748,258	757,788	742,817
Interest and Rentals.....	*6,246,715	*5,644,074	*5,244,055	*4,633,424	*4,946,884	*5,411,768	*5,446,219	*5,503,687	*5,455,409	5,631,396	5,604,931	5,132,604	4,730,072	4,350,540	4,052,957	3,904,068	3,732,633
Total Fixed Charges.....	\$8,690,367	7,995,178	7,081,738	6,393,459	6,699,764	7,161,851	7,221,260	6,969,222	6,909,622	6,969,016	6,534,939	6,026,387	5,612,934	5,178,491	4,801,215	4,661,856	4,475,450
Surplus.....	\$4,112,054	5,195,238	5,611,832	5,512,561	5,315,705	4,496,928	3,711,222	3,059,944	2,503,035	1,871,179	1,844,092	2,002,598	2,162,609	1,149,934	1,005,202	756,396	18,893
Passenger Earnings.....	\$29,492,279	28,485,861	27,063,235	25,462,957	24,708,925	23,453,082	22,564,016	21,354,363	20,477,145	19,058,693	18,930,164	18,443,983	17,586,722	15,649,401	14,429,546	13,086,840	12,321,265
Increase over preced'g year	3.53%	5.26%	6.28%	3.05%	5.35%	3.94%	5.66%	4.28%	7.44%	0.68%	2.64%	4.87%	12.38%	8.45%	10.26%	6.21%	10.26%
Passengers Carried.....	771,044,274	760,519,397	728,465,567	689,822,507	659,147,331	626,304,156	598,553,794	571,881,446	569,438,773	530,149,597	515,184,967	511,839,437	452,604,203	387,213,469	361,701,049	333,365,269	321,501,524
Revenue Mileage.....	97,333,571	98,593,632	98,748,451	92,908,994	87,535,247	82,217,451	81,604,127	79,619,831	77,984,651	74,200,436	73,674,770	68,273,181	63,657,323	57,599,743	54,573,384	52,292,501	52,684,980
Increase or decrease over preceding year	1.28%	0.16%	6.28%	6.14%	6.47%	.75%	2.49%	2.10%	5.10%	0.71%	7.91%	7.25%	10.53%	5.55%	4.36%	0.74%	23.4 cts.
Earnings per Revenue Mile	30.3 cts.	28.8 cts.	27.4 cts.	27.4 cts.	28.2 cts.	28.5 cts.	27.6 cts.	26.8 cts.	26.3 cts.	25.7 cts.	25.7 cts.	27.0 cts.	27.6 cts.	27.2 cts.	26.4 cts.	25.0 cts.	23.4 cts.

Units per Passenger

Passenger Earnings.....	3.82 cts.	3.74 cts.	3.72 cts.	3.69 cts.	3.75 cts.	3.74 cts.	3.77 cts.	3.73 cts.	3.60 cts.	3.60 cts.	3.68 cts.	3.60 cts.	3.88 cts.	4.04 cts.	3.99 cts.	3.87 cts.	3.83 cts.
Miscellaneous Earnings....	.19	.19	.18	.20	.20	.17	.16	.16	.14	.23	.31	.29	.27	.24	.14	.14	.14
Total Earnings.....	4.01	3.93	3.90	3.89	3.95	3.91	3.93	3.89	3.74	3.83	3.99	3.89	4.15	4.28	4.13	4.01	3.97
Operating Charges.....	2.35	2.20	2.16	2.17	2.12	2.05	2.11	2.14	2.08	2.17	2.36	2.33	2.43	2.65	2.53	2.41	2.57
Taxes .....	.32	.31	.25	.24	.27	.28	.29	.26	.26	.25	.18	.17	.20	.21	.21	.22	.23
Interest and Rentals.....	.81	.74	.72	.68	.75	.86	.91	.96	.96	1.06	1.09	1.00	1.04	1.12	1.12	1.16	1.16
Total.....	3.48	3.25	3.13	3.09	3.14	3.19	3.31	3.36	3.30	3.48	3.63	3.50	3.67	3.98	3.86	3.79	3.96
Surplus .....	.53	.68	0.77	0.80	0.81	0.72	0.62	0.53	0.44	0.35	0.36	0.39	0.48	0.30	0.27	0.22	0.006 cts.

Charges Per Cent. of Operating Earnings

Repairs and Renewals	16.85	17.06	17.97	18.22	17.03	16.13	16.39	16.21	16.53	14.65	14.39	13.66	13.30	15.13	12.35	9.85	13.81
General Operating.....	38.89	36.48	35.17	35.15	34.67	33.53	33.89	34.59	35.21	37.48	39.45	39.69	37.95	38.77	40.33	42.67	42.85
Damages.....	2.88	2.44	2.17	2.31	2.14	2.51	2.95	3.43	2.66	3.66	4.14	3.86	3.48	4.25	4.77	5.31	6.88
Legal Expense	1.06	1.11	1.16	1.20	1.12	1.16	1.28	1.34	1.75	2.07	2.11	1.95	1.79	1.87	1.92	1.89	1.87
Total Operating	59.68	57.09	56.47	56.88	54.96	53.33	54.51	55.57	56.15	57.86	60.09	59.16	56.52	60.02	59.37	59.72	65.41
Taxes	8.05	8.02	6.61	6.47	6.88	7.27	6.67	6.69	6.96	6.79	6.63	6.61	6.78	5.07	5.07	5.70	5.94
Interest and Rentals (net)..	18.72	17.18	16.73	15.69	17.28	20.71	21.78	23.36	24.40	25.52	24.80	23.61	23.85	25.10	26.15	27.31	27.82
Special Appropriations....	.....	.....	.....	.....	.....	.....	.....	.40	.52	.33	1.15	2.28	3.14	2.77	2.60	1.57	.68
Surplus.....	13.55	17.71	20.19	20.96	20.88	18.69	16.04	13.98	11.97	9.50	9.28	10.34	11.71	7.04	6.81	5.70	.15
Total.....	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

* Inter-Company items eliminated and classification changed to meet Public Service Commission's requirements.

Tax Charges for the Fiscal Years Ending June 30, 1902-18, both inclusive.

	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902
Real Estate	\$676,140.97	716,287.98	637,631.41	518,496.48	507,129.02	516,760.76	586,145.22	339,977.36	326,916.06	307,107.28	187,975.66	178,744.60	178,709.94	185,722.39	174,987.51	146,400.00	138,000.00
Special Franchise	664 412.94	801,476.92	432,971.65	393,664.79	464,200.47	530,640.37	496,534.75	476,075.17	482,355.47	464,526.01	222,517.50	224,980.00	215,900.00	205,800.00	187,800.00	187,800.00	187,800.00
Tax on Earnings	815,280.77	280,576.86	317,258.58	304,385.42	300,011.51	283,300.12	270,064.06	250,052.47	238,808.45	220,501.05	217,866.06	214,936.14	204,497.39	174,592.05	160,863.40	147,824.26	146,443.30
Car License	36,446.63	36,653.87	35,666.82	33,366.08	31,724.09	31,119.67	30,209.26	29,746.83	26,260.01	26,589.95	26,051.53	25,188.51	23,598.32	21,935.02	22,469.00	21,824.32	20,773.33
Capital Stock	1*3,959.57	162,800.12	101,008.61	119,545.19	111,381.09	48,830.83	32,543.91	46,456.66	55,890.00	55,890.00	55,870.00	53,790.00	67,514.96	63,613.13	36,561.87	90,131.20	81,600.00
Bridge Licenses.....	180 631 50	198 263.70	221,033.80	240,432.85	253,496.97	270,102.44	276,848.54	273,172.10	276,986.23	263,005.85	219,726.72	196,193.19	192,641.41	176,288.55	165,576.53	163,808.63	168,200.68
Federal Tax.....	406 780.10	155,039.71	92,111.65	90,144.59	84 936.60	69,328.88	82,695.68	50 054.20	46,996.94								
Total.....	\$2,443,652.48	2,351,104.16	1,837,682.52	1,700,035.40	1,752,879.75	1,750,033.07	1,775,041.42	1,465,534.79	1,454,213.16	1,337,620.14	930,007.47	893,782.44	882,862.02	827,951.14	748,258.31	757,788.41	742,817.31

Capital Expenditures for the Fiscal Years Ending June 30, 1903-18, both inclusive.

	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	July 1, 1902 to June 30, 1904	Total
Right of Way	*\$55,339.48	6,722.45	9,579.28	42,814.21	363.07	23,255.06	73,353.01	14,783.41	16,759.71	25,302.13	25,177.32	84,784.72	93,459.87	166,075.83	499,894.99	1,026,985.58
Track and Roadway	172,360.21	543,029.78	216,824.96	234,829.47	306,270.87	229,539.79	216,985.60	378,146.70	346,540.40	492,756.10	1,607,618.11	1,934,453.57	1,286,718.68	1,311,451.97	809,097.01	10,086,623.22
Electric Line.....	*43,743.87	11,105.24	*7,523.23	57,506.83	39,395.49	37,843.11	*8,018.13	59,738.36	140,898.79	83,180.92	529,795.80	495,688.36	433,467.54	384,811.55	548,675.15	2,767,816.91
Real Estate.....	*17,678.75	42,708.43	*79,500.45	183,716.65	*18,160.42	539,921.92	84,616.11	289,166.82	42,396.07	29,122.52	48,117.30	37,367.20	134,851.60	168,804.64	678,422.86	2,163,872.50
Buildings and Fixtures.....	*59,570.26	65,745.31	50,562.16	81,750.24	75,619.11	*82,142.07	*60,744.08	28,043.52	54,534.67	258,498.27	465,501.51	728,209.56	1,111,659.50	828,584.84	501,660.13	4,047,912.41
Power Plant.....	120,510.76	*412,313.79	*20,082.15	83,114.88	129,552.41	39,708.10	57,597.94	195,567.87	413,420.82	901,956.78	1,948,252.38	1,434,318.86	1,718,398.38	387,948.26	2,731,606.02	9,729,557.52
Shop Tools and Machinery.....	354.26	8,714.81	9,131.14	10,889.01	15,244.84	13,669.43	15,112.15	12,401.47	12,390.21	15,273.45	11,150.35	134,623.73	106,397.75	19,878.50	925.00	386,161.10
Cars and Electrical Equipment ..	18,826.95	52,391.34	166,083.39	433,915.71	957,739.32	311,004.80	21,954.70	310,840.25	145,310.13	154,613.03	1,821,970.47	762,787.39	3,460,833.93	2,254,050.20	4,059,118.11	14,931,459.72
Miscellaneous Equipment.....	439.92	14,940.01	44,735.09	3,753.26	37,290.97	20,640.14	5,664.88	7,910.59	9,026.24	4,863.10	1,052.65	13,166.48	46,480.63	35,995.39	35,130.77	281,120.12
Miscellaneous	6,365.96	*40,917.87	10,628.55	1,125.80				2,790.25		5,286.82	18,323.14	77,736.17	16,867.90	39,210.48	44,062.40	181,529.60
Rapid Transit Expenditures made pursuant to provisions of Contract of March 19, 1913, between the City of New York and New York Municipal Railway Corporation.....	8,518,566.05	9,146,736.03	10,823,715.51	15,333,752.63	11,003,214.46	3,673,892.69										58,499,877.37
Rapid Transit Expenditures in suspense.....	8,302.03	12,603.77	209,910.02	*5,632.87		593,486.70										818,669.65
Total.....	\$8,669,393.78	9,451,465.51	11,434,059.27	16,461,565.82	12,546,530.12	5,400,819.67	406,522.18	1,299,389.24	1,181,277.04	1,970,858.12	6,476,959.03	5,703,186.04	8,414,135.78	5,596,811.66	9,908,592.44	104,921,565.70

FUNDED DEBT AND REAL ESTATE MORTGAGES

BROOKLYN RAPID TRANSIT CO. AND CONSTITUENT COMPANIES AS OF JULY 1, 1918

Class of Bonds	Amount Authorized	Amount Authenticated by Trustee	Owned by Constituent Companies	Net Amount Outstanding	Rate %	Interest payable	Annual Interest	Maturity Date	Coupon Interest Payable at
Brooklyn Rapid Transit Co.:									
Fifty (50) Year Gold	\$7,000,000	\$7,000,000	\$30,000	\$6,970,000	5	A-O	\$348,500.00	Oct. 1, 1945	Central Union Trust Company of New York, Manhattan.
*First Ref. Gold Mortgage ..	150,000,000	27,621,000	24,182,000	3,439,000	4	J-J	137,550.00	July 1, 2002	" " " " " " " " " "
Six Year Notes	60,000,000	57,735,000	.....	57,735,000	5	J-J	2,886,750.00	July 1, 1918	" " " " " " " " " "
New York Municipal Ry. Corporation:									
First Mortgage Bonds	100,000,000	60,000,000	57,775,000	2,225,000	5	J-J	111,250.00	Jan. 1, 1966	" " " " " " " " " "
Bklyn Heights R. R. Co.:									
First Mortgage	250,000	250,000	.....	250,000	5	A-O	12,500.00	Apr. 1, 1941	Peoples' Trust Company, Brooklyn.
Bklyn. Queens Co. & Sub. R. R. Co.:									
First Mtge	3,500,000	3,500,000	2,000,000	1,500,000	5	J-J	75,000.00	July 1, 1941	Brooklyn Trust Company, Brooklyn.
First Consol. Mtge	4,500,000	2,884,000	50,000	2,834,000	5	M-N	141,700.00	July 1, 1941	" " " " " " " " " "
Jamaica & Brooklyn Road Co.:									
Mortgage	240,000	240,000	8,000	232,000	5	J-J	11,600.00	Jan. 1, 1930	" " " " " " " " " "
Sea Beach Railway Co.:									
Consol. Mortgage	650,000	650,000	650,000	.....	.....	.....	.....	.....	.....
Nassau Electric R. R. Co.:									
First Mortgage	660,000	660,000	.....	660,000	5	A-O	33,000.00	Apr. 1, 1944	Central Union Trust Company of New York, Manhattan.
**First Consol. Mtge	15,000,000	11,508,000	1,161,000	10,347,000	4	J-J	413,880.00	Jan. 1, 1951	" " " " " " " " " "
Atlantic Ave. R. R. Co.:									
Gen. Consol. Mtge	2,241,000	2,241,000	.....	2,241,000	5	A-O	112,050.00	Apr. 1, 1931	" " " " " " " " " "
Improvement Mtge	220,000	220,000	.....	220,000	5	J-J	11,000.00	Jan. 1, 1934	" " " " " " " " " "
B'klyn. Bath & W. E. R. R. Co.:									
General Mortgage	121,000	121,000	.....	121,000	5	A-O	6,050.00	Oct. 1, 1933	" " " " " " " " " "
Brooklyn Union El. R. R. Co.:									
†First Mortgage	16,000,000	16,000,000	.....	16,000,000	5	F-A	800,000.00	Feb. 1, 1950	" " " " " " " " " "
Kings Co. El. R. R. Co.:									
First Mortgage	7,000,000	7,000,000	.....	7,000,000	4	F-A	280,000.00	Aug. 1, 1949	" " " " " " " " " "
Coney Is. & Brooklyn R. R. Co.:									
First Consol. Mort. Gold Bonds	2,000,000	2,000,000	13,000	1,987,000	4	J-J	79,480.00	July 1, 1948	" " " " " " " " " "
Consol. Mortgage Bonds	2,232,000	2,232,000	732,000	1,500,000	4	J-J	60,000.00	Jan. 1, 1955	" " " " " " " " " "
Brooklyn City & Newtown R. R. Co.:									
Consol. First Mort. Bonds	2,000,000	2,000,000	7,000	1,993,000	5	J-J	99,650.00	July 1, 1939	" " " " " " " " " "
Totals		203,862,000	86,608,000	117,254,000			\$5,619,970.00		
Average rate of Interest on Bonded Debt.					4.793				
Real Estate Mortgages				409,562			20,872.00		
Average rate of Interest on Real Estate Mortgages					5.096				
Total Bonded Debt and Real Estate Mortgages				117,663,562					
Total Interest on Bonds and Real Estate Mortgages							\$5,640,842.00		
Average Rate of Interest on Bonded Debt and Real Estate Mortgages					4.794				

* Of the \$150,000,000 First Refunding Gold Mortgage Bonds of the Brooklyn Rapid Transit Company, \$52,179,000 are reserved for the purpose of purchasing, taking up, exchanging, or retiring Bonds now issued, or to be issued, under mortgages of constituent companies; and an additional amount of \$7,000,000 is reserved for taking up and eventually retiring the outstanding \$7,000,000 Five Per Cent. Fifty Year Gold Mortgage Bonds of the Brooklyn Rapid Transit Company.

** Of the \$15,000,000 First Consolidated Mortgage Bonds of Nassau Electric Railroad, \$3,242,000 are reserved to retire prior lien Bonds of Nassau, Atlantic Ave. and B. B. & W. E. R. R. Companies.

† 5% since February 1, 1905.

**BONDED INDEBTEDNESS OF THE BROOKLYN CITY RAILROAD
COMPANY, LESSOR, as of July 1, 1918**

	Author- ized	Issued	Held by B. R. T. Co.	Out- standing in hands of Public	Rate %	Interest when payable	Annual Interest	Due
First Consol. Mtg.....	\$6,000,000	\$6,000,000	\$1,627,000	\$4,373,000	5	J-J	\$218,650.00	July 1, 1941
Refunding Mortgage.....	6,925,000	925,000	925,000	.....	4	F-A	.....	May 1, 1956
Totals.....	\$12,925,000	\$6,925,000	\$2,552,000	\$4,373,000			\$218,650.00	

MILEAGE CONTROLLED BY STOCK OWNERSHIP

	SURFACE LINES			TOTAL SURFACE	RAPID TRANSIT LINES					TOTAL R. T. LINES	GRAND TOTAL
	First Track	Second Track	Sidings and Turnouts		First Track	Second Track	Third Track	Fourth Track	Additional Tracks, Sidings and Turnouts		
*Brooklyn Heights Railroad.....	3.156	1.851	.198	5.205	.....	.....	.....	.....	.....	.....	5.205
Brooklyn, Queens County & Sub- urban Railroad.....	29.712	28.987	3.223	61.922	.....	.....	.....	.....	.....	.....	61.922
Nassau Electric Railroad	69.323	67.564	7.507	144.394	.....	.....	.....	.....	.....	.....	144.394
Coney Island & Gravesend Rail- way	3.950	3.188	.348	7.486	.....	.....	.....	.....	.....	.....	7.486
*Coney Island & Brooklyn Railroad	22.844	22.156	7.039	52.039	.....	.....	.....	.....	.....	.....	52.039
South Brooklyn Railway .....	.459	.459	4.468	5.386	.....	.....	.....	.....	.....	.....	5.386
New York Consolidated R. R. & New York Municipal Ry. Corp.	.....	.....	.....	.....	50.004	49.974	17.187	9.335	15.181	141.681	141.681
Total Miles Surface and Rapid Transit Lines Owned.....	129.444	124.205	22.783	276.432	50.004	49.974	17.187	9.335	15.181	141.681	418.113

* Owned jointly .296 mile of single track.

CONTROLLED UNDER 999-YEAR LEASES

Brooklyn City Railroad.....	106.901	101.941	23.076	231.918	.....	.....	.....	.....	.....	.....	231.918
Prospect Park and Coney Island Railroad.....	9.281	8.399	8.327	26.007	.....	.....	.....	.....	.....	.....	26.007
Total.....	116.182	110.340	31.403	257.925	.....	.....	.....	.....	.....	.....	257.925

SPECIAL LEASES

	SURFACE LINES			TOTAL SURFACE	RAPID TRANSIT LINES					TOTAL R. T. LINES	GRAND TOTAL
	First Track	Second Track	Sidings and Turnouts		First Track	Second Track	Third Track	Fourth Track	Additional Tracks, Sidings and Turnouts		
New York & Brooklyn Bridge....	1.802	1.707	.....	3.509	1.762	1.762	.....	.....	.231	3.755	7.264
Williamsburg Bridge.....	1.741	1.741	.218	3.700	.....	.....	.....	.....	.....	.....	3.700
New York Municipal Railway Lessee City of N. Y.....	.....	.....	.....	.....	22.434	22.386	13.635	8.818	.549	67.822	67.822
Total.....	3.543	3.448	.218	7.209	24.196	24.148	13.635	8.818	.780	71.577	78.786

RECAPITULATION

TOTAL MILEAGE OF BROOKLYN RAPID TRANSIT SYSTEM

Stock Ownership.....	129.444	124.205	22.788	276.432	50.004	49.974	17.187	9.335	15.181	141.681	418.113
999-Year Leases.....	116.182	110.340	31.403	257.925	.....	.....	.....	.....	.....	.....	257.925
Special Leases.....	3.543	3.448	.218	7.209	24.196	24.148	13.635	8.818	.780	71.577	78.786
Total.....	249.169	237.993	54.404	541.566	74.200	74.122	30.822	18.153	15.961	213.258	754.824