

**ELEVENTH
ANNUAL REPORT**

OF

**Brooklyn-Manhattan
Transit Corporation**

FOR THE

Year Ended June 30, 1934

Brooklyn-Manhattan Transit Corporation

DIRECTORS

MATTHEW C. BRUSH	WILLIAM S. MENDEN
MORTIMER N. BUCKNER	BENJAMIN H. NAMM
ARTHUR H. BUNKER	JAMES H. POST
MURRAY H. COGGESHALL	CHARLES S. SARGENT
GERHARD M. DAHL	ROBERT ALFRED SHAW
J. SHERLOCK DAVIS	FREDERICK STRAUSS
*WILLIAM H. ENGLISH	HERBERT BAYARD SWOPE
WILLIAM M. GREVE	ELISHA WALKER
CHARLES HAYDEN	ALBERT H. WIGGIN

EXECUTIVE COMMITTEE

MATTHEW C. BRUSH	WILLIAM S. MENDEN
ARTHUR H. BUNKER	FREDERICK STRAUSS
GERHARD M. DAHL	HERBERT BAYARD SWOPE
CHARLES HAYDEN	ALBERT H. WIGGIN

OFFICERS

Chairman of Board.....	GERHARD M. DAHL
President.....	WILLIAM S. MENDEN
Vice President and General Counsel..	GEORGE D. YEOMANS
Vice President.....	GEORGE W. JONES
Secretary and Treasurer.....	FRED C. MARSTON
Comptroller.....	JAMES ADDISON

* Died April 29, 1934.

**ELEVENTH ANNUAL REPORT
OF
Brooklyn-Manhattan Transit Corporation**

385 Flatbush Avenue Extension, Brooklyn, N. Y.,
August 28, 1934.

TO THE STOCKHOLDERS:

I submit herewith the annual report giving the results of operations of your Corporation for the fiscal year ended June 30, 1934.

CONSOLIDATED RESULTS

The following is a condensed consolidated statement of operations of the B.-M.T. System for the fiscal year ended June 30, 1934, and for the preceding fiscal year. The statement includes the Brooklyn and Queens Transit System, of which the Brooklyn Bus Corporation is a part.

B.-M. T. System, Including B. & Q. T. System

	1934	1933
Total Operating Revenue.....	\$52,755,273.57	\$53,636,427.49
Total Operating Expenses, including De- preciation.....	32,393,833.18	32,504,818.13
Net Operating Revenue.....	20,361,440.39	21,131,609.36
Taxes Paid and Accrued.....	4,180,048.27	4,185,270.16
Operating Income.....	16,181,392.12	16,946,339.20
Net Non-Operating Income.....	766,224.40	765,472.58
Gross Income.....	16,947,616.52	17,711,811.78
Income Deductions.....	9,047,230.63	9,599,387.55
Balance.....	7,900,385.89	8,112,424.23
Less—Amount Accruing to Minority In- terests.....	959,566.90	1,070,146.00
Current Income Carried to Surplus... ..	\$6,940,818.99	\$7,042,278.23

The above gross income is after providing for all main-tenance charges, taxes and reserves for depreciation.

Included in the above gross income are \$910,561 for 1934 and \$1,446,792 for 1933 earned on account of the accumulated deficiency under the accounting for Contract No. 4 operations on the rapid transit lines of the B.-M.T. System. There was appropriated from Surplus during the year \$1,263,857.81 for Sinking Fund Reserves in accordance with the mortgage provisions. This appropriation includes an estimated amount of approximately \$550,000.00 for 1934 to amortize the New York

Rapid Transit Corporation's investment reverting to the City of New York at the termination of Contract No. 4 lease and of the grants under the Related Certificates.

Because your Corporation and its subsidiaries own the controlling interest in the Brooklyn and Queens Transit Corporation, there is attached to this report a copy of the Fifth Annual Report of the Brooklyn and Queens Transit Corporation, which report sets forth in detail the results of operations of the trolley and bus lines during the past fiscal year.

There were paid, during the fiscal year, on the outstanding Preferred Stock of your Corporation, four quarterly dividends of \$1.50 each.

SHORT TERM NOTES AND BANK LOANS PAID

During the fiscal year, a program of refinancing that permitted the retirement of the short term Notes and the paying off of bank loans of your Corporation was completed.

On July 1, 1933, there were outstanding \$10,250,000 of the \$13,500,000 Two-Year 6% Notes issued on August 1, 1932, to refinance the Three-Year 6½% Notes that matured on that date. Between July 1, 1933, and April 19, 1934, a total of \$3,250,000 of the Two-Year 6% Notes were redeemed, reducing the total of such Notes outstanding at the latter date to \$7,000,000.

In April 1934, your Corporation sold \$5,553,000 New York Rapid Transit Corporation First & Refunding 6% Bonds, Series A, due in 1968, and in June 1934, your Corporation sold \$8,000,000 Brooklyn-Manhattan Transit Corporation Fifteen Year Secured Sinking Fund 6% Bonds, dated June 1, 1934, and payable June 1, 1949. With the proceeds of these bonds so sold and with additional funds of the Corporation all of the outstanding short-term Notes and bank loans of your Corporation were paid by July 3, 1934.

The above transactions were effected without any increase in the bonded indebtedness of the New York Rapid Transit Corporation, as the bonds sold in the first instance and pledged as security in the second instance were part of the bonds of the Rapid Transit Corporation held in the treasury of your Corporation or pledged as collateral for the short term Notes. On July 3, 1934, your Corporation held in its treasury, free and clear, \$5,215,870 principal amount of bonds of the Rapid Transit Corporation, including \$800,000 which were pledged as collateral to Bills Payable on June 30, 1934.

REVENUES AND OPERATING COSTS

In the condensed consolidated statement of operations above, it will be observed that total operating revenues in 1934 were \$881,153.92 less than in 1933. The reduction in operating revenues is in part due to the decrease in revenue from advertising and to loss of traffic on both rapid transit and trolley lines due to the competition of the city's Independent Subway system in Brooklyn.

Total operating expenses in 1934 were \$110,984.95 less than in 1933. Cost of materials used in the operation and maintenance of the System was approximately \$360,000 higher in 1934 than in 1933.

TAXES

During the past few years the percentage of total operating receipts required for taxes has been constantly increasing and in the 1934 fiscal year approximately eight percent of the total operating receipts was required for taxes paid or accrued on operating properties of the System. In 1930 approximately 6½ percent of receipts was required for taxes.

TRAFFIC

The total number of fare passengers carried on all lines of the B.-M.T. System—rapid transit lines, trolley lines and bus routes—during the fiscal year ended June 30, 1934, was 1,034,231,701, a decrease of 15,699,121 passengers or 1.5% from the preceding fiscal year.

Passenger traffic in the latter part of the 1934 fiscal year compared more favorably with that of the preceding year than in the early part of the year. For the month of March, 1934, there was an increase of 5.5% in the number of fare passengers as compared with the same month of 1933. This improvement in traffic failed to continue, however, as in April there was an increase of only 1.7% and in May only 1.5%. In June traffic again had fallen below the level of the preceding year by 0.2%.

RAPID TRANSIT LINES

The total number of fare passengers carried on the rapid transit lines in the fiscal year ended June 30, 1934, was 606,437,805, a decrease of 6,560,502 passengers or 1.1% as compared with the preceding fiscal year and a decrease of 107,995,811 passengers or 15.1% as compared with the fiscal year ended June 30, 1930, which was the year of maximum traffic on the rapid transit lines.

The total car miles operated on the rapid transit lines in the 1934 fiscal year was 100,775,807, an increase of 1,725,331 car miles or 1.7% over the preceding year and a decrease of 3,469,511 car miles or 3.3% from the total car miles operated in the 1930 fiscal year.

The decrease of 3.3% in car miles operated from 1930 to 1934 compares with the decrease of 15.1% in passengers carried on the rapid transit lines in the same period.

During the fiscal year ended June 30, 1934, a total of 32,150 ties and 113,400 linear feet of guard timber were installed on the rapid transit lines. These totals compare with 28,300 ties and 103,400 linear feet of guard timber installed in the preceding fiscal year. New rails were laid on approximately 14 miles of track in the 1934 fiscal year whereas in the preceding year new rails were laid on approximately 13.5 miles of track.

MULTI-SECTION CARS FOR RAPID TRANSIT LINES

Two high-speed, light-weight, multi-section cars—one constructed of aluminum alloy and the other of stainless steel—were built for the New York Rapid Transit Corporation during the past fiscal year, and are now being operated for experimental purposes in local service on both subway and “L” lines. In the last annual report reference was made to the order for the aluminum car, construction of which was authorized by the Transit Commission on June 28, 1933. The construction of the stainless steel car was authorized by the Transit Commission on November 1, 1933. Like the aluminum car, it is particularly adapted for use in local service on both subway and “L” lines and because of its light weight it can be operated on the “L” lines without requiring any expenditures for reinforcing or reconstructing the “L” structures in Brooklyn.

The aluminum car, constructed by Pullman Car and Manufacturing Corporation, is equipped with motor, control and brake apparatus developed by the Westinghouse Electric and Manufacturing Company and the Westinghouse Air Brake Company, and the stainless steel car, constructed by E. G. Budd Manufacturing Company, is equipped with apparatus developed by the General Electric Company. This diversification of equipment provides a test under actual service conditions of the latest developments in motor, control and brake apparatus as well as the different types of light weight metals now being used in modern car construction.

RESULTS OF OPERATION UNDER CONTRACT WITH CITY

Under the provisions of Contract No. 4 with the City of New York, the New York Rapid Transit Corporation is entitled to deduct from the revenue from operation all operating expenses and certain preferential deductions, including accumulated deficiencies, ahead of any payments to the City. The condensed summary below for the fiscal year ending June 30, 1934, and for the 21-year period of this operation under the Contract shows the order in which such deductions are made from the revenues and the application of revenues thereto together with the accumulated deficit.

	Year Ended June 30, 1934	Period August 4, 1913 to June 30, 1934
Revenue.....	\$32,068,685.32	\$526,394,393.54
Operating Deductions and Corporation's First Preferential.....	24,257,070.64	439,654,721.35
Balance available for return on new money invested under Contract.....	7,811,614.68	86,739,672.19
Corporation's Second Preferential, repre- senting interest and sinking fund on Cor- poration's contribution to Construction and Equipment under Contract.....	6,901,053.47	90,233,619.59
Balance above Corporation's Second Prefer- ential.....	910,561.21	.....
DEFICIENCY, representing amount by which revenue failed to equal interest and sinking fund on Corporation's contribu- tion to Construction and Equipment un- der Contract.....	.....	3,493,947.40

A condensed consolidated balance sheet and a comparative statement of income and of surplus are appended to this report.

Respectfully submitted,

GERHARD M. DAHL,
Chairman.

NILES & NILES
CERTIFIED PUBLIC ACCOUNTANTS
165 Broadway, New York

CERTIFICATE OF ACCOUNTANTS

TO THE BOARD OF DIRECTORS
of the BROOKLYN-MANHATTAN TRANSIT CORPORATION:

We have made an examination of the consolidated balance sheet of the Brooklyn-Manhattan Transit Corporation and its subsidiary companies, including the Brooklyn and Queens Transit Corporation and its subsidiary companies, as at June 30, 1934, and of the statement of combined income and surplus of those companies for the year ending June 30, 1934. In connection therewith, we examined or tested accounting records of the companies and other supporting evidence, and obtained information and explanations from officers and employees of the companies. We also made a general review of the accounting methods and of the operating and income accounts for the year but we did not make a detailed audit of the transactions.

The amounts reserved for depreciation are computed by using (1) fixed amounts per annum for the traction properties, (2) rates per mile of operation for the buses, and (3) fixed percentages applied to the property accounts for the other depreciable properties. The amounts for the rapid transit properties are determined by the Transit Commission of the State of New York and the Lessee, New York Rapid Transit Corporation, in accordance with the provisions of Contract No. 4 with the City of New York. The rates, percentages, and amounts for the other properties are determined by the officials of each company, based on the condition and efficiency of its property and on prospective retirements. The bases for computing depreciation have been filed with the Transit Commission for all companies subject to its supervision.

The securities owned by the companies are carried on the books at cost.

In our opinion, subject to the foregoing comments and based upon our examination, the accompanying consolidated balance sheet of the Brooklyn-Manhattan Transit Corporation and its subsidiary companies, including the Brooklyn and Queens Transit Corporation and its subsidiary companies, and the related statements of income and surplus of those companies fairly present, in accordance with accepted principles of accounting consistently maintained by the companies during the year under review, the position of the Brooklyn-Manhattan Transit Corporation and its subsidiary companies as at June 30, 1934, and the combined results of their operations for the year ending on that date.

NILES & NILES,
Certified Public Accountants.

New York, August 28, 1934.

**Condensed Consolidated
Balance Sheet
and
Comparative Statement
of Income and of Surplus**

**BROOKLYN-MANHATTAN TRANSIT CORPORATION AND
SUBSIDIARY COMPANIES**

**Including Brooklyn and Queens Transit Corporation and Subsidiary Companies
CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1934**

ASSETS

ROAD AND EQUIPMENT AT COST:

Properties owned, exclusive of Rapid Transit Expenditures under Contract No. 4 and Related Certificates.....	\$186,294,026.91		
Rapid Transit Expenditures under Contract No. 4 and Related Certificates—Less Retirements not Replaced:			
Properties Owned.....	\$44,521,254.54		
Properties Leased.....	68,056,125.95	<u>112,577,380.49</u>	\$298,871,407.40

CURRENT ASSETS:

Cash.....		3,638,880.83	
Coupon Deposit.....		2,279,342.00	
Dividend Deposit.....		599,950.16	
Mortgages Receivable.....		315,365.00	
Stocks and Bonds at Cost.....		472,107.86	
Accounts and Notes Receivable.....	460,224.45		
LESS: Reserve for Doubtful Accounts.....	41,903.56	418,320.89	
Interest Receivable.....	288,602.52		
LESS: Reserve for Interest in Default.....	109,603.58	178,998.94	
Materials and Supplies at Cost.....		<u>3,129,665.33</u>	11,032,631.01
			<u>160,649.47</u>

NOTES NOT CURRENTLY RECEIVABLE, LESS RESERVE

SPECIAL DEPOSITS OF SECURITIES AT COST AND CASH:

City of New York, Contract No. 4 and Franchises:			
City of New York Corporate Stock, Cash, etc.		400,619.84	
State Industrial Commission:			
City of New York Corporate Stock and Liberty Bonds.....		1,546,430.12	
Depreciation Fund Board:			
Securities of Associated Companies.....	1,746,047.00		
Other Securities, Cash and Interest Receivable.....	7,379,451.64	*9,125,498.64	
Trustees, Fund for Replacement of Equipment:			
Securities of Associated Companies.....	1,691,468.50		
Other Securities, Cash and Interest Receivable.....	68,050.80		
		<u>\$1,759,519.30</u>	
LESS: Securities and Interest of Associated Companies Eliminated.....	1,741,076.00	18,443.30	
Other Special Deposits.....		<u>204,236.46</u>	11,295,228.36

DEFERRED CHARGES:

Prepaid Accounts (Interest, Taxes, Insurance, etc.).....		752,621.41	
Unamortized Debt Discount, Cost of Valuation of Rapid Transit and Power Properties, Litigation Expense, Reconstructing Cars and Buildings, and Other Items in Suspense.....		2,888,951.49	3,641,572.90
TOTAL.....			<u><u>\$325,001,489.14</u></u>

*Includes \$4,275,227.02 for the Depreciation Fund for The Railroad and Equipment, the unexpended balance of which at the termination of Contract No. 4 will be payable to the City of New York.

**BROOKLYN-MANHATTAN TRANSIT CORPORATION AND
SUBSIDIARY COMPANIES**

Including Brooklyn and Queens Transit Corporation and Subsidiary Companies

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1934

CAPITAL STOCK, LIABILITIES AND SURPLUS

CAPITAL STOCK:

Brooklyn-Manhattan Transit Corporation:

SHARES

	Issued	Reacquired	Outstanding		
Preferred...	249,468	.....	249,468	\$24,946,800.00	
Common...	769,911	34,247	735,664	29,938,137.56	\$54,884,937.56

Brooklyn and Queens Transit Corporation:

Minority Interest in Capital Stock and Surplus:

Preferred Stock, 130,617.3 Shares.....	13,061,730.00	
Common Stock, 238,192 Shares.....	5,597,512.00	
Surplus.....	1,609,250.06	20,268,492.06

FUNDED DEBT AS PER SCHEDULE PAGES 14-15..... 147,780,296.67

REAL ESTATE MORTGAGE..... 150,000.00

CURRENT LIABILITIES:

Bills Payable, Secured.....	*849,031.19	
Bills Payable, Unsecured.....	3,000,000.00	
Accounts Payable.....	2,281,318.45	
Dividends Payable.....	745,204.16	
Tax Accruals.....	2,041,804.90	
Interest Accrued on Funded Debt.....	3,872,970.16	
Other Interest.....	61,899.30	
Tort Claims and Judgments.....	53,820.83	12,906,048.99

RESERVES:

General and Contingent.....	28,045,582.81	
Amortization of Capital.....	13,666,121.68	
Depreciation Fund Reserve.....	8,853,687.75	
Replacement of Equipment.....	1,759,519.30	
Damages.....	3,457,874.30	
Taxes in Litigation and Contingent Tax Liability	1,527,518.37	
Other Reserves.....	2,535,783.28	
Unadjusted Credits.....	181,589.36	60,027,676.85

EXCESS OF PAR OR STATED VALUE OVER COST OF
INTER-COMPANY SECURITIES ELIMINATED IN CON-
SOLIDATION (NET)..... 529,214.85

CAPITAL SURPLUS..... 846,131.87

EARNED SURPLUS as per Statement..... 27,608,690.29

TOTAL..... \$325,001,489.14

*Secured by collateral as follows: 5,587 shares Brooklyn-Manhattan Transit Corporation Common Stock; 31,728 shares Brooklyn and Queens Transit Corporation Common Stock; 12,000 shares Brooklyn and Queens Transit Corporation Preferred Stock; \$800,000.00 New York Rapid Transit Corporation Refunding 6s, Series "B".

**BROOKLYN-MANHATTAN TRANSIT CORPORATION AND
SUBSIDIARY COMPANIES**

**Including Brooklyn and Queens Transit Corporation and Subsidiary Companies
COMPARATIVE STATEMENT OF INCOME AND OF EARNED SURPLUS
TWO YEARS ENDING JUNE 30, 1934**

	1934	1933
REVENUE FROM TRANSPORTATION:		
Passenger Revenue other than Brooklyn Bus Corporation.....	\$47,595,960.95	\$48,606,910.01
Passenger Revenue, Brooklyn Bus Corporation..	3,241,675.54	3,037,460.18
Freight Revenue.....	290,693.02	225,511.05
Chartered Car Earnings.....	180.00	132.00
TOTAL REVENUE FROM TRANSPORTATION..	51,128,509.51	51,870,013.24
OTHER OPERATING REVENUES:		
Advertising.....	438,395.95	543,493.20
Other Car and Station Privileges.....	724,141.34	766,858.04
Rent of Buildings and Other Property.....	313,784.25	299,019.26
Rent of Equipment.....	86,778.24	82,661.10
Rent of Tracks and Terminals.....	41,743.08	53,699.83
Sale of Power.....	3,990.21	6,800.34
Miscellaneous Receipts.....	17,930.99	13,882.48
TOTAL OTHER OPERATING REVENUES.....	1,626,764.06	1,766,414.25
TOTAL OPERATING REVENUES.....	52,755,273.57	53,636,427.49
OPERATING EXPENSES:		
Maintenance of Way and Structures.....	3,106,717.42	3,031,667.10
Depreciation of Way and Structures.....	932,500.00	925,000.00
Maintenance of Equipment.....	4,393,483.35	4,331,362.21
Depreciation of Equipment.....	1,666,875.38	1,532,542.98
Operation of Power Plant.....	4,215,299.86	4,162,953.17
Operation of Cars—Trainmen's Wages.....	7,783,489.33	8,122,883.69
Operation of Cars—Other Expenses.....	5,793,949.66	5,772,031.86
Damages.....	1,870,477.06	1,865,743.72
Legal Expense in Connection with Damages....	497,030.31	446,779.24
General Law Expenses.....	140,989.84	156,359.25
Other General Expenses.....	1,810,710.59	1,971,864.11
Freight Expenses.....	182,310.38	185,630.80
TOTAL OPERATING EXPENSES.....	32,393,833.18	32,504,818.13
NET REVENUE FROM OPERATION.....	20,361,440.39	21,131,609.36
TAXES ACCRUED ON OPERATING PROPERTIES.....	4,180,048.27	4,185,270.16
OPERATING INCOME.....	16,181,392.12	16,946,339.20
NON-OPERATING REVENUE:		
Rents Accrued from Lease of Road.....	86,400.00	86,800.00
Miscellaneous Rent Revenues.....	149,348.84	177,904.93
Interest Revenues.....	538,473.33	536,183.00
Dividend Revenues.....	31,428.01	16,500.00
Profits from Operations of Others.....	1,748.45	.....
Miscellaneous.....	6,554.22	3,119.84
TOTAL NON-OPERATING REVENUES.....	813,952.85	820,507.77
NON-OPERATING REVENUE DEDUCTIONS:		
Rent Expense.....	6,993.58	9,542.94
Miscellaneous Non-Operating Expense.....	55.88	1,606.87
Non-Operating Taxes.....	40,678.99	43,885.38
TOTAL NON-OPERATING REVENUE DEDUCTIONS.....	47,728.45	55,035.19
NET NON-OPERATING INCOME.....	766,224.40	765,472.58
GROSS INCOME (Carried Forward).....	16,947,616.52	17,711,811.78

GROSS INCOME (<i>Brought Forward</i>)	\$16,947,616.52	\$17,711,811.78
INCOME DEDUCTIONS:		
Interest Deductions	8,488,832.15	8,902,508.86
Rent for Lease of Other Road and Equipment ..	25,924.98	25,526.26
Other Rent Deductions	326,444.11	321,720.43
Sinking Fund Accruals	658.20	76,829.87
Amortization	205,371.19	272,802.13
TOTAL INCOME DEDUCTIONS	9,047,230.63	9,599,387.55
BALANCE OF INCOME	7,900,385.89	8,112,424.23
LESS—ACCRUING TO MINORITY INTERESTS	959,566.90	1,070,146.00
CURRENT INCOME CARRIED TO SURPLUS ..	6,940,818.99	7,042,278.23
SURPLUS:		
Balance June 30, 1933, as per Company's Report	23,763,358.12	
	<u>\$30,704,177.11</u>	
DEDUCTIONS:		
Sinking Fund Reserves, in accordance with Mortgages, including approximately \$550,000 for the amortization of the investment in properties which revert to the City of New York in accordance with the provisions of Contract No. 4 and related certificates. . . .	\$1,263,857.81	
Adjustment of Reserve for Amortization of Capital, South Brooklyn Railway Company, in accordance with Interstate Commerce Commission's request	319,051.69	
Adjustment of Reserves for Damages	600,000.00	
	<u>\$2,182,909.50</u>	
Less: Miscellaneous credit adjustments, Net	26,413.81	
NET DEDUCTIONS	2,156,495.69	
ADDITIONS:		
Profit on Sinking Fund Operations and Sale of Securities	310,890.11	
	<u>1,845,605.58</u>	
LESS AMOUNT APPLICABLE TO MINORITY INTERESTS ..	246,926.76	
BALANCE	1,598,678.82	
BALANCE OF SURPLUS BEFORE DIVIDENDS	29,105,498.29	
DEDUCT DIVIDENDS ON PREFERRED STOCK OF BROOKLYN-MANHATTAN TRANSIT CORPORATION	1,496,808.00	
EARNED SURPLUS, JUNE 30, 1934	<u>\$27,608,690.29</u>	

BROOKLYN-MANHATTAN TRANSIT CORPORATION AND SUBSIDIARY COMPANIES
Including Brooklyn and Queens Transit Corporation and Subsidiary Companies

FUNDED DEBT—JUNE 30, 1934

	Maturity	Interest Rate	Outstanding	Intercompany Holdings	In Sinking Funds	In the Hands of Public
BROOKLYN-MANHATTAN TRANSIT CORPORATION:						
Rapid Transit Security, Series "A".....	7/1/68	6%	\$93,988,000.00	\$1,304,000.00	\$10,034,000.00	\$82,660,000.00
Fifteen Year Secured Series "A".....	6/1/49	6%	8,000,000.00	.....	.....	8,000,000.00
			\$101,988,000.00	\$1,304,000.00	\$10,034,000.00	\$90,660,000.00
NEW YORK RAPID TRANSIT CORPORATION:						
Refunding Mortgage, Series "A".....	7/1/68	5%	\$91,164,500.00	(a) \$85,240,870.00	\$5,923,000.00	\$630.00
Refunding Mortgage, Series "B".....	7/1/68	6%	17,000,000.00	(a)(b)(c) 16,200,000.00	800,000.00	6,799,000.00
First and Refunding Mortgage, Series "A".....	7/1/68	6%	6,908,000.00	30,000.00	74,000.00	15,949,000.00
Brooklyn Union Elevated Railroad Company First Mortgage..	2/1/50	5%	15,987,000.00	(e) 18,000.00	.....	(d) 6,467,000.00
Kings County Elevated Railroad Company First Mortgage.....	8/1/49	4%	6,467,000.00	.....	.....	(d) 6,467,000.00
			\$137,501,500.00	\$101,488,870.00	\$6,797,000.00	\$29,215,630.00
WILLIAMSBURGH POWER PLANT CORPORATION:						
General Mortgage, Series "A".....	7/1/68	5%	\$17,885,600.00	(a) \$16,723,600.00	\$1,162,000.00	.....
General Mortgage, Series "B".....	7/1/68	6%	1,000,000.00	1,000,000.00	.....	.....
			\$18,885,600.00	\$17,723,600.00	\$1,162,000.00	.....
BROOKLYN AND QUEENS TRANSIT CORPORATION:						
Brooklyn and Queens Transit Corporation:						
Consolidated Mortgage.....	1/1/40	5%	\$1,500,000.00	.....	.....	\$1,500,000.00
Contract, Osgood Bradley Car Corp.....	(g)	6%	33,000.00	.....	.....	33,000.00
Brooklyn, Queens County and Suburban Railroad Co.:						
First Mortgage.....	7/1/41	5%	3,002,000.00	1,601,000.00	.....	1,401,000.00
First Consolidated Mortgage.....	7/1/41	5%	2,884,000.00	(e) 560,000.00	.....	2,324,000.00
The Brooklyn City Rail Road Company:						
First Consolidated Mortgage.....	7/1/41	5%	6,000,000.00	(e) 295,000.00	.....	5,705,000.00
Refunding Mortgage.....	8/1/56	4%	925,000.00	925,000.00	.....	.....
Equipment Trust Certificates.....	(h)	5%	375,000.00	.....	.....	375,000.00
Brooklyn City and Newtown Railroad Company:						
Consolidated First Mortgage.....	7/1/39	5%	2,000,000.00	(e) 65,000.00	.....	1,935,000.00
The Coney Island and Brooklyn Railroad Co.:						
First Consolidated Mortgage.....	7/1/48	4%	2,000,000.00	98,000.00	.....	1,902,000.00
Nassau Electric Railroad Company:						
First Mortgage.....	4/1/44	5%	660,000.00	.....	.....	660,000.00
First Consolidated Mortgage.....	1/1/51	4%	13,749,000.00	(e) (f) 3,498,000.00	.....	10,251,000.00
			\$33,123,000.00	\$7,042,000.00	.....	\$26,086,000.00

BROOKLYN BUS CORPORATION:
 Bus Purchase Notes
 Conditional Sale Agreement—Mack International Motor
 Truck Corporation.....

(i)	5%	\$476,666.67	.....	\$476,666.67
(j)	5%	250,000.00	.....	250,000.00
		<u>\$726,666.67</u>	.....	<u>\$726,666.67</u>

B. AND Q. SERVICE COMPANY, INC.:
 Car Lease Warrants.....

(k)	5%	\$1,092,000.00	.....	\$1,092,000.00
		<u>\$293,331,766.67</u>	<u>\$127,558,470.00</u>	<u>\$17,993,000.00</u>
				<u>\$147,780,296.67</u>

TOTAL.....

- (a) Pledged under Trust Indenture of B-M-T. Rapid Transit Security 6s, Series "A", due July 1, 1968:
 - N. Y. R. T. Refunding 6s, Series "A"..... \$85,085,000.00
 - N. Y. R. T. Refunding 6s, Series "B"..... 1,560,000.00
 - W. P. P. General 5s, Series "A"..... 16,723,600.00
- (b) Pledged under Trust Indenture of B-M-T. Fifteen Year Secured Sinking Fund 6s, due June 1, 1949:
 - N. Y. R. T. Refunding 6s, Series "B"..... \$9,600,000.00
- (c) Pledged as Security for Bills Payable due on or before November 8, 1984:
 - N. Y. R. T. Refunding 6s, Series "B"..... \$800,000.00
- (d) Held by Depreciation Fund Board under Contract No. 4:
 - N. Y. R. T. First and Refunding 6s, Series "A"..... \$1,246,000.00
 - B. U. El. First 5s..... 514,000.00
 - K. C. El. First 4s..... 108,000.00

(e) Deposited in Fund for Replacement of Equipment:

B. U. El. First 5s.....	\$ 7,000.00
B. Q. C. & S. First Consolidated 5s.....	47,000.00
B. C. First Consolidated 5s.....	285,000.00
B. C. & N. Consolidated First 5s.....	13,000.00
N. E. First Consolidated 4s.....	51,000.00
(f) Deposited with Trustee.....	1,171,900.00

- (g) Payable in semi-annual installments of \$6,600.00 each.
- (h) Payable January 15, 1985.
- (i) Payable in monthly installments of \$18,333.33 each.
- (j) Payable in semi-annual installments of \$50,000.00 each.
- (k) Payable in annual installments of principal of \$180,000.00 each and semi-annual installments of interest.

**FIFTH
ANNUAL REPORT**

OF

**Brooklyn and Queens
Transit Corporation**

FOR THE

Year Ended June 30, 1934

Brooklyn and Queens Transit Corporation

DIRECTORS

FRANK BAILEY	FRED C. MARSTON
MATTHEW C. BRUSH	EDWIN P. MAYNARD
IRVING T. BUSH	WILLIAM S. MENDEN
DANIEL J. CREEM	H. HOBART PORTER
GERHARD M. DAHL	CHARLES S. SARGENT
WILLIAM N. DYKMAN	FREDERICK STRAUSS
CHARLES HAYDEN	HERBERT BAYARD SWOPE
JOHN V. JEWELL	ALBERT H. WIGGIN

EXECUTIVE COMMITTEE

MATTHEW C. BRUSH	EDWIN P. MAYNARD
GERHARD M. DAHL	WILLIAM S. MENDEN
WILLIAM N. DYKMAN	H. HOBART PORTER
CHARLES HAYDEN	FREDERICK STRAUSS
ALBERT H. WIGGIN	

OFFICERS

Chairman of Board.....	GERHARD M. DAHL
President.....	WILLIAM S. MENDEN
Vice President and General Counsel.....	GEORGE D. YEOMANS
Vice President.....	WILLIAM T. ROSSELL
Vice President.....	GEORGE W. JONES
Secretary and Treasurer.....	FRED C. MARSTON
Comptroller.....	JAMES ADDISON

FIFTH ANNUAL REPORT
OF
Brooklyn and Queens Transit Corporation

385 Flatbush Avenue Extension, Brooklyn, N. Y.,

August 28, 1934.

TO THE STOCKHOLDERS:

I submit herewith the annual report showing the condition of your Corporation on June 30, 1934, and the results of its operations for the year ended on that date.

CONSOLIDATED RESULTS

The following condensed statement of operations includes both the trolley lines and the bus routes for the fiscal year ended June 30, 1934, and also for the preceding year.

	B. and Q. T. System	
	1934	1933
Total Operating Revenue	\$21,148,100.71	\$21,644,259.85
Total Operating Expenses, including Depreciation	15,974,966.79	15,911,408.00
Net Operating Revenue	5,173,133.92	5,732,851.85
Taxes Paid and Accrued on Operating Properties, including Contingent Reserve for Federal Income Taxes	1,517,823.50	1,594,387.67
Operating Income	3,655,310.42	4,138,464.18
Net Non-Operating Income	200,657.92	210,685.02
Gross Income	3,855,968.34	4,349,149.20
Income Deductions—Interest, Rentals, etc.	1,565,822.47	1,687,594.34
Current Income Carried to Surplus	\$2,290,145.87	\$2,661,554.86

The above gross income is after providing for all maintenance charges, taxes and reserves for depreciation.

TRAFFIC

The total number of fare passengers carried on all lines of the Brooklyn and Queens Transit System including the routes of the Brooklyn Bus Corporation for the respective fiscal years ended June 30, are as follows:

	1934	1933	%
			Inc. or Dec.
Trolley lines.....	360,804,362	374,365,915	-3.6%
Bus lines.....	66,989,534	62,566,600	+7.1
Total.....	427,793,896	436,932,515	-2.1%

The decrease in traffic on trolley lines is largely due to the loss of traffic to the Independent Subway System, the operation of which was extended on October 7, 1933, into the Park Slope and West Flatbush areas of Brooklyn. Many passengers who formerly used the trolley lines in those areas now use the new subway line.

The total car miles operated on trolley lines in the fiscal year ended June 30, 1934, was 48,840,221, being a decrease of 1,438,133 car miles or 2.8% of the total car miles operated in the previous year and a decrease of 1,498,896 car miles or 3% of the total car miles operated in the fiscal year ended June 30, 1930.

The decrease of 3% in car miles operated in 1934 as compared with 1930 compares with a decrease of 22.4% in passengers carried on trolley lines in the same period and indicates the extent to which the quality of service has been maintained in an endeavor to attract as many passengers as possible to the trolley lines.

REVENUES AND OPERATING COSTS

In the condensed consolidated statement of operations above, it will be observed that the total operating revenues in 1934 were \$496,159.14 less than in 1933. The total operating expenses in 1934 were \$63,558.79 more than in 1933. Costs of material used in operation and maintenance of the System were approximately \$260,000 higher in 1934 than in 1933. Also the charges to "Depreciation" for equipment were \$134,000 higher than the previous year.

Approximately 20 miles of surface track were reconstructed in the fiscal year ended June 30, 1934 as compared with 13.25 miles of track reconstructed in the preceding year.

BUS ROUTES

Passenger traffic on the bus routes operated by the Brooklyn Bus Corporation increased 7.1 percent in the fiscal year ended June 30, 1934, as compared with the preceding fiscal year. The total number of fare passengers carried on the bus routes in 1934 was 66,989,534 whereas the total number in 1933 was 62,566,600. The total number of bus miles operated in the 1934 fiscal year was 9,904,110, an increase of 484,597 bus miles or 5.1 percent over the preceding fiscal year.

The bus system now comprises 21 routes. As originally operated it included 20 routes. The franchise contract was amended by the Board of Estimate and Apportionment on July 20, 1933, so as to convert one of the original routes into two routes, with some extensions added to the parts of the original route. The revised routes were placed in operation on September 1, 1933. Further extensions and modifications of the routes of the bus system, so as to provide bus service in sections of the borough not directly served by existing routes, are under discussion at present with representatives of civic organizations in the areas affected with a view to working out a program of further extensions and improvements in surface transportation in Brooklyn.

Because of the increase in passenger traffic on the bus routes, orders were placed in May and June for 35 new buses at a total net cost of approximately \$275,500, of which sum \$163,000 is to be paid within six months after the delivery of the buses and the remaining \$112,500 to be paid in ten semi-annual installments. Of these new buses, 28 are additional units and seven are being used to replace an equal number of buses that had been in operation since 1928 and 1929 and were sold as part of the transaction for the purchase of new buses.

**Condensed Consolidated
Balance Sheet
and
Comparative Statement
of Income and of Surplus**

**BROOKLYN AND QUEENS TRANSIT CORPORATION AND
SUBSIDIARY COMPANIES**

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1934

ASSETS

ROAD AND EQUIPMENT AT COST.....		\$108,495,723.48
CURRENT ASSETS:		
Cash.....	\$849,481.11	
Coupon Deposit.....	22,136.50	
Dividend Deposit.....	444,785.07	
Mortgages Receivable.....	290,500.00	
Accounts Receivable—Associated Companies...	47,753.86	
Accounts Receivable—Other....	\$157,249.90	
LESS: Reserve for Doubtful Ac- counts.....	37,114.04	120,135.86
Interest Receivable.....	25,594.66	
Materials and Supplies, at Cost.....	976,247.60	2,776,634.66
NOTES NOT CURRENTLY RECEIVABLE, LESS RESERVE		160,649.47
SPECIAL DEPOSITS OF SECURITIES AT COST AND CASH:		
City of New York re Franchises:		
City of New York Corporate Stock, Cash, etc.	132,519.84	
State Industrial Commission:		
City of New York Corporate Stock and Liberty Bonds.....	620,509.07	
Trustees, Fund for Replacement of Equipment:		
Securities of Associated Com- panies.....	1,691,468.50	
Other Securities, Cash and In- terest Receivable.....	68,050.80	
	1,759,519.30	
LESS: Securities and Interest of Associated Companies Elim- inated.....	1,734,885.16	24,634.14
Other Special Deposits.....	69,468.24	847,131.29
DEFERRED CHARGES:		
Prepaid Accounts (Interest, Taxes, Insurance, etc.).....	417,722.06	
Unamortized Debt Discount, Reconstructing Cars and Buildings and Other Items in Sus- pense.....	738,069.15	1,155,791.21
TOTAL.....		\$113,435,930.11

**BROOKLYN AND QUEENS TRANSIT CORPORATION AND
SUBSIDIARY COMPANIES**

CONDENSED CONSOLIDATED BALANCE SHEET—JUNE 30, 1934

CAPITAL STOCK, LIABILITIES AND SURPLUS

CAPITAL STOCK—ISSUED AND OUTSTANDING:

Preferred Stock, 283,250 Shares.....	\$28,325,000.00	
Common Stock, 800,000 Shares.....	18,800,000.00	\$47,125,000.00

FUNDED DEBT AS PER SCHEDULE PAGE 14.....		28,264,666.67
--	--	---------------

REAL ESTATE MORTGAGE.....		150,000.00
---------------------------	--	------------

CERTIFICATES OF INDEBTEDNESS, TO ASSOCIATED COMPANIES.....		499,865.84
--	--	------------

CURRENT LIABILITIES:

Bills Payable—Unsecured.....	3,000,000.00	
Accounts Payable, Associated Companies.....	893,615.15	
Accounts Payable, Miscellaneous.....	900,294.56	
Dividends Payable.....	444,785.07	
Tax Accruals.....	728,381.87	
Interest Accrued on Funded Debt.....	586,424.64	
Other Interest.....	26,949.30	
Tort Claims and Judgments.....	22,472.06	6,602,922.65

RESERVES:

Contingencies.....	17,886,720.35	
Amortization of Capital.....	2,517,782.40	
Replacement of Equipment.....	1,759,519.30	
Damages.....	2,332,908.71	
Taxes in Litigation and Contingent Tax Liability	625,498.92	
Other Reserves.....	203,628.99	
Unadjusted Credits.....	62,532.60	25,388,591.27

EXCESS OF PAR OR STATED VALUE OVER COST OF INTER-COMPANY SECURITIES ELIMINATED IN CONSOLIDATION (NET).....		65,239.00
--	--	-----------

CAPITAL SURPLUS.....	2,537,098.85	
LESS: Amount Eliminated in Consolidation.....	1,071,526.49	1,465,572.36

EARNED SURPLUS as per Statement.....		3,874,072.32
--------------------------------------	--	--------------

TOTAL.....		<u>\$113,435,930.11</u>
------------	--	-------------------------

**BROOKLYN AND QUEENS TRANSIT CORPORATION AND
SUBSIDIARY COMPANIES**

**COMPARATIVE STATEMENT OF INCOME AND OF EARNED SURPLUS
TWO YEARS ENDING JUNE 30, 1934**

	1934	1933
REVENUE FROM TRANSPORTATION:		
Passenger Revenue other than Brooklyn Bus Corporation.....	\$17,271,898.89	\$17,955,250.85
Passenger Revenue, Brooklyn Bus Corporation..	3,241,675.54	3,037,460.18
Freight Revenue.....	290,693.02	225,511.05
TOTAL REVENUE FROM TRANSPORTATION..	20,804,267.45	21,218,222.08
OTHER OPERATING REVENUES:		
Advertising.....	63,545.95	146,593.20
Other Car and Station Privileges.....	2,500.00	4,250.00
Rent of Buildings and Other Property.....	140,684.34	126,746.36
Rent of Equipment.....	83,334.77	80,256.63
Rent of Tracks and Terminals.....	39,519.53	52,028.52
Sale of Power.....	2,315.33	4,954.66
Miscellaneous Receipts.....	11,933.34	11,208.40
TOTAL OTHER OPERATING REVENUES.....	343,833.26	426,037.77
TOTAL OPERATING REVENUES.....	21,148,100.71	21,644,259.85
OPERATING EXPENSES:		
Maintenance of Way and Structures.....	876,441.88	813,029.22
Depreciation of Way and Structures.....	612,500.00	605,000.00
Maintenance of Equipment.....	1,938,810.73	1,769,234.64
Depreciation of Equipment.....	886,875.38	752,542.98
Operation of Power Plant.....	2,244,945.78	2,246,544.82
Operation of Cars—Trainmen's Wages.....	4,644,989.63	4,960,137.37
Operation of Cars—Other Expenses.....	2,067,219.14	2,062,467.68
Damages.....	1,316,255.26	1,288,099.33
Legal Expense in Connection with Damages....	323,865.63	285,117.71
General Law Expenses.....	65,784.98	79,446.16
Other General Expenses.....	814,968.00	864,157.29
Freight Expenses.....	182,310.38	185,630.80
TOTAL OPERATING EXPENSES.....	15,974,966.79	15,911,408.00
NET REVENUE FROM OPERATION.....	5,173,133.92	5,732,851.85
TAXES ACCRUED ON OPERATING PROPERTIES.....	1,517,823.50	1,594,387.67
OPERATING INCOME (Carried Forward) ..	3,655,310.42	4,138,464.18

OPERATING INCOME (<i>Brought Forward</i>)	\$3,655,310.42	\$4,138,464.18
NON-OPERATING REVENUE:		
Rents Accrued from Lease of Road.....	85,200.00	85,200.00
Miscellaneous Rent Revenues.....	81,720.44	103,006.36
Interest Revenues.....	57,984.88	57,602.41
Profits from Operations of Others.....	1,748.45	.....
Miscellaneous.....	2,196.75	.....
TOTAL NON-OPERATING REVENUES.....	228,850.52	245,808.77
NON-OPERATING REVENUE DEDUCTIONS:		
Rent Expense.....	5,857.47	8,571.53
Non-Operating Taxes.....	22,335.13	26,552.22
TOTAL NON-OPERATING REVENUE DEDUCTIONS.....	28,192.60	35,123.75
NET NON-OPERATING INCOME.....	200,657.92	210,685.02
GROSS INCOME.....	3,855,968.34	4,349,149.20
INCOME DEDUCTIONS:		
Interest Deductions.....	1,510,090.88	1,566,495.14
Rent for Lease of Other Road and Equipment..	825.00	426.24
Other Rent Deductions.....	37,469.00	35,243.12
Sinking Fund Accruals.....	658.20	76,829.87
Amortization.....	16,779.39	8,599.97
TOTAL INCOME DEDUCTIONS.....	1,565,822.47	1,687,594.34
CURRENT INCOME CARRIED TO SURPLUS.....	2,290,145.87	2,661,554.86
SURPLUS:		
Balance June 30, 1933, per Company's Report..	4,112,763.33	
	6,402,909.20	
DEDUCTIONS:		
Adjustment of Reserve for Amortization of Capital, South Brooklyn Railway Company, in accordance with Interstate Commerce Commission's request.....	\$319,051.69	
Adjustment of Reserves for Damages	600,000.00	
	\$919,051.69	
Less: Miscellaneous Credit Adjustments, Net.....	89,714.81	
NET DEDUCTIONS.....	829,336.88	
BALANCE OF SURPLUS BEFORE DIVIDENDS.....	5,573,572.32	
DEDUCT DIVIDENDS ON PREFERRED STOCK OF BROOKLYN AND QUEENS TRANSIT CORPORATION.....	1,699,500.00	
EARNED SURPLUS, JUNE 30, 1934.....	\$3,874,072.32	

**BROOKLYN AND QUEENS TRANSIT CORPORATION AND SUBSIDIARY COMPANIES
FUNDED DEBT—JUNE 30, 1934**

	Maturity	Interest Rate	Outstanding	Intercompany Holdings	In the Hands of Public
BROOKLYN AND QUEENS TRANSIT CORPORATION:					
Brooklyn and Queens Transit Corporation:					
Consolidated Mortgage.....	1/1/40	5%	\$1,500,000.00	.....	\$1,500,000.00
Contract—Osgood Bradley Car Corporation.....	(a)	6%	33,000.00	.....	33,000.00
Brooklyn, Queens County and Suburban Railroad Company:					
First Mortgage.....	7/1/41	5%	3,002,000.00	1,593,000.00	1,409,000.00
First Consolidated Mortgage.....	7/1/41	5%	2,884,000.00	(f) 228,000.00	2,656,000.00
The Brooklyn City Rail Road Company:					
First Consolidated Mortgage.....	7/1/41	5%	6,000,000.00	(f) 295,000.00	5,705,000.00
Refunding Mortgage.....	8/1/56	4%	925,000.00	925,000.00	.....
Equipment Trust Certificates.....	(b)	5%	375,000.00	.....	375,000.00
Brooklyn City and Newtown Railroad Company:					
Consolidated First Mortgage.....	7/1/39	5%	2,000,000.00	(f) 45,000.00	1,955,000.00
The Coney Island and Brooklyn Railroad Company:					
First Consolidated Mortgage.....	7/1/48	4%	2,000,000.00	98,000.00	1,902,000.00
Nassau Electric Railroad Company:					
First Mortgage.....	4/1/44	5%	660,000.00	.....	660,000.00
First Consolidated Mortgage.....	1/1/51	4%	13,749,000.00	(f) 3,498,000.00	10,251,000.00
			\$33,128,000.00	\$6,682,000.00	\$26,446,000.00
BROOKLYN BUS CORPORATION:					
Bus Purchase Notes.....	(c)	5%	\$476,666.67	.....	\$476,666.67
Conditional Sale Agreement—Mack International Motor Truck Corporation.....	(d)	5%	250,000.00	.....	250,000.00
			\$726,666.67	.....	\$726,666.67
B. AND Q. SERVICE COMPANY, INC.:					
Car Lease Warrants.....	(e)	5%	\$1,092,000.00	.....	\$1,092,000.00
TOTAL.....			\$34,946,666.67	\$6,682,000.00	\$28,264,666.67

(f) Deposited in Fund for Replacement of Equipment:

B. Q. C. & S. First Consolidated 5s.....	\$ 47,000.00
B. C. First Consolidated 5s.....	295,000.00
B. C. & N. Consolidated First 5s.....	13,000.00
N. E. First Consolidated 4s.....	51,000.00
(g) Deposited with Trustee.....	1,171,000.00

(a) Payable in semi-annual installments of \$6,600.00 each.
 (b) Payable January 15, 1935.
 (c) Payable in monthly installments of \$18,333.33 each.
 (d) Payable in semi-annual installments of \$50,000.00 each.
 (e) Payable in annual installments of principal \$130,000.00 and semi-annual installments of interest.