

SECTION 3

Valuation Docket No. 832

New York, Susquehanna and Western Railroad Company and its Leased Lines

Location and general description of properties.—The railroad operated by the New York, Susquehanna and Western Railroad Company, herein called the New York, Susquehanna and Western, is a standard-gage steam railroad, located in New Jersey and Pennsylvania. The railroad is single track, with the exception of 17.823 miles in New Jersey, which is double tracked. The New York, Susquehanna and Western is a part of the Erie Railroad Company system, its line forming a portion of a through route from New York, N. Y., to Wilkes-Barre, Pa.

The owned and used mileage consists of a main line extending northwesterly from Jersey City, N. J., to Stroudsburg, Pa., 99.766 miles, and important branch lines extending from Beaver Lake, N. J., to the New Jersey-New York State line; Little Ferry Junction to Undercliff, N. J.; and Delaware Junction to Delaware, N. J. The mileage used under lease consists of branch lines in the vicinity of Paterson, N. J. The principal cities served by this road are Jersey City, Undercliff, Passaic, Paterson, and Hackensack, N. J., and Stroudsburg, Pa.

The New York, Susquehanna and Western wholly owns and uses 125.808 miles of road, and in addition wholly owns but does not use 10.239 miles of road consisting of detached lines near Scranton, Pa., which are leased to and operated by The Wilkes-Barre and Eastern Railroad Company. It wholly uses but does not own 7.986 miles of road owned by other carriers, of which 1.576 miles between Edgewater and Undercliff, N. J., is a portion of the property of the Erie Terminals Railroad Company. The remaining leased mileage is owned by four lessors whose entire common-carrier properties it leases and operates, as described in the paragraphs below.

The railroad of The Hackensack and Lodi Railroad Company, herein called the Hackensack and Lodi, is a single-track line, located entirely within the State of New Jersey, and extending from Lodi Junction to Lodi, 1.403 miles.

The railroad of The Lodi Branch Railroad Company, herein called the Lodi Branch Railroad, consists of 0.359 mile of single-track line at Lodi, N. J.

The railroad of the Macopin Railroad Company, herein called the Macopin Railroad, is a single-track line, located entirely within the State of New Jersey, and extending from Macopin Lake Junction to Macopin Lake, 1.533 miles.

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The railroad of the Passaic and New York Railroad Company, herein called the Passaic and New York, is a single-track line, located entirely within the State of New Jersey, and extending from Passaic Junction to Passaic, 3.115 miles.

The New York, Susquehanna and Western wholly owns and uses 239.518 miles of all tracks, wholly owns but does not use 12.412 miles of all tracks, and wholly uses but does not own 15.280 miles of all tracks. These tracks are classified in the trackage table in Appendix 1. The company also jointly owns and uses with another carrier 0.059 undivided mile of all tracks.

NEW YORK, SUSQUEHANNA AND WESTERN

Capital stock and long-term debt.—The New York, Susquehanna and Western has outstanding, on date of valuation, a total par value of \$39,323,373.24 in stocks and long-term debt, classified as follows:

| Class | Actually outstanding |
|---------------------------------|----------------------|
| Stock: | |
| Capital stock— | |
| Common..... | \$12,707,941.24 |
| Preferred..... | 12,961,892.00 |
| Stock liability for conversion— | |
| Common..... | 253,500.00 |
| Preferred..... | 33,200.00 |
| Long-term debt: | |
| Funded debt unmatured..... | 13,366,840.00 |
| Total..... | 39,323,373.24 |

In addition there is outstanding \$500 par value of funded debt matured but unpaid.

Results of corporate operations.—For the period from May 1, 1893, to December 31, 1917, covering operations of the New York, Susquehanna and Western, the aggregate railway operating expenses were 64.2 per cent of the railway operating revenues, and for the period of 10.5 years preceding December 31, 1917, 68.3 per cent. The ratios and the net railway operating income or deficit for the years ended on June 30, from 1908 to 1916, for the six months ended December 31, 1916, and for the year ended December 31, 1917, are given in the table below.

| Year | Ratio | Income | Year | Ratio | Income |
|-----------|-------|-----------|-------------------------|-------|-----------|
| 1908..... | 73.7 | \$589,240 | 1914..... | 71.5 | \$636,127 |
| 1909..... | 60.9 | 753,962 | 1915..... | 67.2 | 821,426 |
| 1910..... | 62.8 | 797,105 | 1916..... | 68.2 | 855,255 |
| 1911..... | 60.6 | 1,029,181 | 1916 ¹ | 70.2 | 393,771 |
| 1912..... | 65.2 | 770,433 | 1917..... | 79.0 | 574,739 |
| 1913..... | 70.3 | 730,122 | | | |

¹ Six months.

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The operations of the United States Railroad Administration for the period of six months ended on date of valuation. The operating ratio was 97.2 per cent and the operating deficit was \$21,269. The only dividend that has been declared was one at 1¼ per cent on the preferred stock in November, 1893.

Original cost to date.—The original cost to date of all common-carrier property of the New York, Susquehanna and Western can not be ascertained, as the necessary records are not obtainable. Such information respecting actual expenditures as can be ascertained is stated in Appendix 2.

Investment in road and equipment.—The investment of the New York, Susquehanna and Western in road and equipment, including land, on date of valuation, is stated in its books as \$37,701,945.38. With readjustments indicated by our accounting examination, this amount would be reduced to \$37,607,200.46, of which \$34,770,359.77, less an undetermined portion thereof assignable to offsetting items included in amounts recorded at \$4,705,590.09, represents considerations other than money, the cash value of which at the time of the transaction we are not able to report, because it has been impossible to obtain the necessary information. There may be included in the amount above stated, some or all of the cost of the noncarrier lands and structures owned. Further information will be found in Appendix 2.

Improvements on leased railway property.—The investment of the New York, Susquehanna and Western in improvements on leased railway property on date of valuation is stated in its books as \$28,964.56. With readjustments required by our accounting examination, this amount would be increased to \$58,069.59, all of which represents recorded money outlay by the New York, Susquehanna and Western or recorded outlay by the United States Railroad Administration. The amount stated above is applicable to properties owned by controlled companies, some of which are separately operated. Further information will be found in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land and material and supplies, owned or used by the New York, Susquehanna and Western, including owned portions of joint minor facilities, are as follows:

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| Classification | Cost of re- production new | Cost of repro- duction less depreciation |
|---|----------------------------------|--|
| <i>As a whole</i> | | |
| Owned and used | \$13,788,196 | \$10,837,033 |
| Owned but not used, leased to The Wilkes-Barre and Eastern Railroad Com- pany..... | 333,990 | 270,428 |
| Used but not owned, leased from— | | |
| Hackensack and Lodi..... | 20,550 | 22,031 |
| Lodi Branch Railroad..... | 14,391 | 10,128 |
| Macopin Railroad..... | 48,055 | 41,671 |
| Passaic and New York..... | 115,392 | 89,349 |
| Erie Terminals Railroad Company..... | 56,602 | 42,817 |
| Total..... | 264,990 | 205,996 |
| Total owned..... | 14,122,186 | 11,107,461 |
| Total used..... | 14,053,186 | 11,043,029 |
| <i>In New Jersey</i> | | |
| Owned and used..... | 9,417,172 | 7,724,613 |
| Used but not owned, leased from— | | |
| Hackensack and Lodi..... | 30,550 | 22,031 |
| Lodi Branch Railroad..... | 14,391 | 10,128 |
| Macopin Railroad..... | 48,055 | 41,671 |
| Passaic and New York..... | 115,392 | 89,349 |
| Erie Terminals Railroad Company..... | 56,602 | 42,817 |
| Total..... | 264,990 | 205,996 |
| Total owned..... | 9,417,172 | 7,724,613 |
| Total used..... | 9,682,162 | 7,930,609 |
| <i>In Pennsylvania</i> | | |
| Owned and used..... | 386,058 | 304,680 |
| Owned but not used, leased to The Wilkes-Barre and Eastern Railroad Com- pany..... | 333,990 | 270,428 |
| Total owned..... | 720,048 | 575,108 |
| Total used..... | 386,058 | 304,680 |
| <i>Not allocated to States</i> | | |
| Owned and used..... | 3,984,966 | 2,807,740 |

These amounts, classified in conformity with the classification of expenditures for road and equipment as prescribed by us, are shown in summary sheets in Appendix 1.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The New York, Susquehanna and Western owns and uses for common-carrier purposes 1,513.36 acres of lands, and owns but does not use 66.14 acres of land that is leased to other carriers for common-carrier purposes. The total original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data on their cost will be found in Appendix 2.

| Classification | Acres | Present value |
|--|------------|---------------|
| <i>As a whole</i> | | |
| Owned and used..... | 1, 513. 36 | \$2, 737, 299 |
| Owned but not used, leased to— | | |
| The New York Central Railroad Company..... | 0. 54 | 189 |
| New York, Ontario and Western Railway Company..... | 3. 56 | 13, 723 |
| The Wilkes-Barre and Eastern Railroad Company..... | 62. 04 | 89, 216 |
| Total..... | 66. 14 | 103, 128 |
| Used but not owned, leased from— | | |
| Hackensack and Lodi..... | 8. 20 | 7, 293 |
| Lodi Branch Railroad..... | 4. 36 | 13, 217 |
| Macopin Railroad..... | 19. 98 | 999 |
| Passaic and New York..... | 19. 94 | 146, 146 |
| Erie Terminals Railroad Company..... | 8. 90 | 135, 778 |
| The Warren Railroad Company..... | 1. 14 | 81 |
| Total..... | 62. 52 | 303, 514 |
| Total owned..... | 1, 579. 50 | 2, 840, 427 |
| Total used..... | 1, 575. 88 | 3, 040, 813 |
| <i>In New Jersey</i> | | |
| Owned and used..... | 1, 453. 36 | 2, 700, 955 |
| Owned but not used, leased to The New York Central Railroad Company..... | 0. 54 | 189 |
| Used but not owned, leased from— | | |
| Hackensack and Lodi..... | 8. 20 | 7, 293 |
| Lodi Branch Railroad..... | 4. 36 | 13, 217 |
| Macopin Railroad..... | 19. 98 | 999 |
| Passaic and New York..... | 19. 94 | 146, 146 |
| Erie Terminals Railroad Company..... | 8. 90 | 135, 778 |
| The Warren Railroad Company..... | 1. 14 | 81 |
| Total..... | 62. 52 | 303, 514 |
| Total owned..... | 1, 453. 90 | 2, 701, 144 |
| Total used..... | 1, 515. 88 | 3, 004, 469 |
| <i>In Pennsylvania</i> | | |
| Owned and used..... | 60. 00 | 36, 344 |
| Owned but not used, leased to— | | |
| The New York, Ontario and Western Railway Company..... | 3. 56 | 13, 723 |
| The Wilkes-Barre and Eastern Railroad Company..... | 62. 04 | 89, 216 |
| Total..... | 65. 60 | 102, 939 |
| Total owned..... | 125. 60 | 139, 283 |
| Total used..... | 60. 00 | 36, 344 |

Rights in public domain.—The New York, Susquehanna and Western owns and uses for common-carrier purposes certain rights in public domain, in New Jersey. The original cost of these rights, as supported by accounting records, is \$10,002.50. Their present value is \$10,003.

Rights in private lands.—The New York, Susquehanna and Western owns and uses for common-carrier purposes certain rights in private lands, in New Jersey. The original cost of these rights, as supported by accounting records, is \$143.65. Other data on their cost will be found in Appendix 2. Their present value is \$30.

Property held for purposes other than those of a common-carrier.—The New York, Susquehanna and Western owns and holds for non-carrier purposes 364.71 acres of lands. The original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data on their cost will be found in Appendix 2. The present

value of the noncarrier lands and improvements thereon, owned by this company, is found to be \$313,721, distributed by States as follows:

| Distribution | Acres | Present value |
|----------------------|--------|---------------|
| In New Jersey..... | 185.75 | \$259,208 |
| In Pennsylvania..... | 178.96 | 54,513 |
| Total..... | 364.71 | 313,721 |

The present value of noncarrier structures on carrier land, in New Jersey, is \$235.

The New York, Susquehanna and Western also owns and holds for noncarrier purposes \$4,691,811.73 par value of securities of and other investments in other companies, which are recorded in its accounts at \$4,608,360.13 book value, as listed in Appendix 2.

Aids, gifts, grants of rights of way, and donations.—Of the lands included in the preceding summaries of lands owned by the New York, Susquehanna and Western, the following were acquired through aids:

| Classification | Acres | Present value |
|------------------------------------|--------|---------------|
| Carrier lands, owned and used: | | |
| In New Jersey..... | 322.95 | \$201,777 |
| In Pennsylvania..... | 2.32 | 106 |
| Total..... | 325.27 | 201,883 |
| Carrier lands, owned but not used: | | |
| In New Jersey..... | .37 | 130 |
| In Pennsylvania..... | 8.64 | 4,073 |
| Total..... | 9.01 | 4,203 |
| Noncarrier lands owned: | | |
| In New Jersey..... | 7.32 | 9,050 |

Title to the lands included above was acquired through deeds reciting merely nominal or no considerations. We are not able to report their value at the time acquired.

In addition, the records show that the New York, Susquehanna and Western received cash donations aggregating \$3,596 from various individuals and companies incident to the construction of sidetracks.

Material and supplies.—The investment in material and supplies, on date of valuation, as shown in the books of the United States Railroad Administration, covering the operation of the property of the New York, Susquehanna and Western, amounts to \$226,525.14.

Final value.—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, working capital, and all other matters which appear to have a bearing upon the values here reported, the values, for rate-making purposes, of the property of the New York, Susquehanna and Western, owned

or used, devoted to common-carrier purposes, are found to be as follows:

| | |
|--|--------------|
| Owned and used..... | \$14,463,500 |
| <hr/> | |
| Owned but not used, leased to— | |
| The New York Central Railroad Company..... | 189 |
| New York, Ontario and Western Railway Company..... | 13,723 |
| The Wilkes-Barre and Eastern Railroad Company..... | 370,000 |
| <hr/> | |
| Total..... | 383,912 |
| <hr/> | |
| Used but not owned, leased from— | |
| Hackensack and Lodi..... | 29,750 |
| Lodi Branch Railroad..... | 23,500 |
| Macopin Railroad..... | 45,000 |
| Passaic and New York..... | 237,500 |
| Erie Terminals Railroad Company..... | 180,000 |
| The Warren Railroad Company..... | 81 |
| <hr/> | |
| Total..... | 515,831 |
| <hr/> | |
| Total owned..... | 14,847,412 |
| Total used..... | 14,979,331 |

The sum of \$363,500 is included in the value above stated as owned and used on account of working capital, including material and supplies.

No other values or elements of value to which specific sums can now be ascribed are found to exist.

HACKENSACK AND LODI

Capital stock and long-term debt.—The Hackensack and Lodi had outstanding, on date of valuation, \$25,000 par value of common stock. It has no outstanding long-term debt.

Original cost to date.—The original cost to date of all common-carrier property of the Hackensack and Lodi can not be ascertained, as the necessary records are not obtainable. The data obtained on the outlay for creating the property may be stated as \$16,156.72 recorded money outlay by the New York, Susquehanna and Western which advanced the funds for the construction. Further information will be found in Appendix 2.

Investment in road and equipment.—The investment of the Hackensack and Lodi in road, including land, no equipment being owned, on date of valuation, is stated as \$25,000 in a balance sheet statement submitted by the company's comptroller. This amount is equal to the par value of outstanding capital stock, but no analysis thereof can be given, since there are no accounting records.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, owned but not used by the Hackensack and Lodi, leased to the New York, Susquehanna and Western, are \$30,550 and \$22,031, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment prescribed by us, are shown in Appendix 1. The Hackensack and Lodi uses no common-carrier property.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Hackensack and Lodi owns but does not use 8.20 acres of land that is leased to the New York, Susquehanna and Western for common-carrier purposes. The original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data on their cost will be found in Appendix 2. Their present value is \$7,293.

Property held for purposes other than those of a common carrier.—The Hackensack and Lodi owns no property held for noncarrier purposes.

Aids, gifts, grants of rights of way, and donations.—Of the lands included in the preceding statement of carrier lands owned but not used by the Hackensack and Lodi, 1.47 acres, with a present value of \$1,276, were acquired through aids, the title thereto having been conveyed by deeds reciting merely nominal considerations. We are not able to report their value at the time acquired.

Material and supplies.—The Hackensack and Lodi has no material and supplies on hand on date of valuation.

Final value.—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Hackensack and Lodi, owned but not used, leased to and devoted by the New York, Susquehanna and Western to common-carrier purposes, is found to be \$29,750. No working capital, including material and supplies, is found to be owned or used.

No other values or elements of value to which specific sums can now be ascribed are found to exist.

LODI BRANCH RAILROAD

Capital stock and long-term debt.—The Lodi Branch Railroad had outstanding, on date of valuation, \$60,000 par value of common stock. It has no outstanding long-term debt.

Original cost to date.—The original cost to date of the common-carrier property of the Lodi Branch Railroad can not be ascertained, as the necessary records are not obtainable. Such information

respecting actual expenditures as can be ascertained is stated in Appendix 2.

Investment in road and equipment.—The investment of the Lodi Branch Railroad in road, including land, no equipment being owned, on date of valuation, is stated as \$60,000 in a balance sheet statement submitted by the company's comptroller. This amount is equal to the par value of outstanding capital stock, but no analysis thereof can be given since there are no accounting records. The amount may include some or all of the cost of the noncarrier lands owned, as shown in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, owned but not used by the Lodi Branch Railroad, leased to the New York, Susquehanna and Western, are \$14,391 and \$10,128, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment prescribed by us, are shown in Appendix 1. The Lodi Branch Railroad uses no common-carrier property.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Lodi Branch Railroad owns but does not use 4.36 acres of land that is leased to the New York, Susquehanna and Western for common-carrier purposes. The original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data on their cost will be found in Appendix 2. Their present value is \$13,217.

Property held for purposes other than those of a common carrier.—The Lodi Branch Railroad owns and holds for noncarrier purposes 6.98 acres of lands, in New Jersey. The original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data on their cost will be found in Appendix 2. Their present value is \$4,208.

Aids, gifts, grants of rights of way, and donations.—The records, which are incomplete, do not show that any aids, gifts, grants, or donations have been received.

Material and supplies.—The Lodi Branch Railroad has no material and supplies on hand on date of valuation.

Final value.—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Lodi Branch Railroad, owned but not used, leased to and devoted by the New York, Susquehanna and Western to common-carrier purposes, is found to be \$23,500. No working capital, including material and supplies, is found to be owned or used.

No other values or elements of value to which specific sums can now be ascribed are found to exist.

MACOPIN RAILROAD

Capital stock and long-term debt.—The Macopin Railroad had outstanding, on date of valuation, a total par value of \$64,036.41 in stock and long-term debt, of which \$60,000 represents common stock and \$4,036.41 nonnegotiable debt to an affiliated company.

Original cost to date.—The original cost to date of the common-carrier property of the Macopin Railroad can not be ascertained, as the necessary records are not obtainable. The data obtained on the outlay for creating and improving the property may be stated as \$63,000 recorded money outlay, plus charges of \$1,036.41 for interest during the construction period, as shown in Appendix 2.

Investment in road and equipment.—The investment of the Macopin Railroad in road, including land, no equipment being owned, on date of valuation, is stated in its books as \$64,036.41. This amount consists of \$63,000 recorded money outlay, plus charges of \$1,036.41 for interest during the construction period, as shown in Appendix 2.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land owned but not used by the Macopin Railroad, leased to the New York, Susquehanna and Western, are \$48,055 and \$41,671, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment prescribed by us, are shown in Appendix 1. The Macopin Railroad uses no common-carrier property.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Macopin Railroad owns but does not use 19.98 acres of land that is leased to the New York, Susquehanna and Western for common-carrier purposes. The original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data on their cost will be found in Appendix 2. Their present value is \$999.

Property held for purposes other than those of a common carrier.—The Macopin Railroad owns no property held for noncarrier purposes.

Aids, gifts, grants of rights of way, and donations.—Of the lands included in the preceding statement of carrier lands owned but not used by the Macopin Railroad, 15.95 acres, present value \$798, were acquired through aids, the title thereto having been conveyed by deeds reciting merely nominal considerations. We are not able to report the value of these lands at the time acquired.

Material and supplies.—The Macopin Railroad has no material and supplies on hand on date of valuation.

Final value.—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value, for rate-making purposes, of the property of the Macopin Railroad, owned but not used, leased to and devoted by the New York, Susquehanna and Western to common-carrier purposes, is found to be \$45,000. No working capital, including material and supplies, is found to be owned or used.

No other values or elements of value to which specific sums can now be ascribed are found to exist.

PASSAIC AND NEW YORK

Capital stock and long-term debt.—The Passaic and New York had outstanding, on date of valuation, a total par value of \$140,000 in stock and long-term debt, of which \$70,000 represents common stock and \$70,000 funded debt.

Original cost to date.—The original cost to date of the common-carrier property of the Passaic and New York can not be ascertained, as the necessary records are not obtainable. Such information respecting actual expenditures as can be ascertained is stated in Appendix 2.

Investment in road and equipment.—The investment of the Passaic and New York in road, including land, no equipment being owned, on date of valuation, is stated as \$140,000 in a balance sheet statement submitted by the company's comptroller. This amount is equal to the par value of outstanding securities, but no analysis thereof can be given, since there are no accounting records.

Cost of reproduction new and cost of reproduction less depreciation.—The cost of reproduction new and cost of reproduction less depreciation of all common-carrier property, other than land, owned but not used by the Passaic and New York, leased to the New York, Susquehanna and Western, are \$115,392 and \$89,349, respectively. These amounts, classified in conformity with the classification of expenditures for road and equipment prescribed by us, are shown in Appendix 1. The Passaic and New York uses no common-carrier property.

Cost of lands, rights of way, and terminals at time of dedication to public use, and their present value.—The Passaic and New York owns but does not use 19.94 acres of land that is leased to the New York, Susquehanna and Western for common-carrier purposes. The original cost of these lands can not be ascertained, as the necessary records are not obtainable, but data on their cost will be found in Appendix 2. Their present value is \$146,146.

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Property held for purposes other than those of a common carrier.—The Passaic and New York owns no property held for noncarrier purposes.

Aids, gifts, grants of rights of way, and donations.—Of the lands included in the preceding statement of carrier lands owned but not used by the Passaic and New York, 0.55 acre, with a present value of \$23,157, was acquired through aids, the title thereto having been conveyed by deeds reciting merely nominal considerations. We are not able to report the value of these lands at the time acquired.

Material and supplies.—The Passaic and New York has no material and supplies on hand on date of valuation.

Final value.—After careful consideration of all facts herein contained, including appreciation, depreciation, going-concern value, and all other matters which appear to have a bearing upon the value here reported, the value for rate-making purposes, of the property of the Passaic and New York, owned but not used, leased to and devoted by the New York, Susquehanna and Western to common-carrier purposes, is found to be \$237,500. No working capital, including material and supplies, is found to be owned or used.

No other values or elements of value to which specific sums can now be ascribed are found to exist.

APPENDIX 1

NEW YORK, SUSQUEHANNA AND WESTERN AND ITS LEASED LINES

TRACK MILEAGE

The track mileage of the New York, Susquehanna and Western and its leased lines is classified in the following table.

| Classification | First main tracks | Second main tracks | Yard tracks and sidings | All tracks |
|---|-------------------|--------------------|-------------------------|-----------------|
| <i>As a whole</i> | <i>Miles</i> | <i>Miles</i> | <i>Miles</i> | <i>Miles</i> |
| Wholly owned and used..... | 125. 808 | 17. 823 | 95. 887 | 239. 518 |
| Wholly owned but not used, leased to The Wilkes-Barre and Eastern Railroad Company..... | 10. 239 | | 2. 173 | 12. 412 |
| Wholly used but not owned, leased from— | | | | |
| Hackensack and Lodi..... | 1. 403 | | 0. 768 | 2. 171 |
| Lodi Branch Railroad..... | 0. 359 | | 0. 904 | 1. 263 |
| Macopin Railroad..... | 1. 533 | | 0. 399 | 1. 932 |
| Passaic and New York..... | 3. 115 | | 3. 218 | 6. 333 |
| Erle Terminals Railroad Company..... | 1. 576 | 0. 330 | 1. 675 | 3. 581 |
| Total..... | 7. 986 | 0. 330 | 6. 964 | 15. 280 |
| Total wholly owned..... | 136. 047 | 17. 823 | 98. 060 | 251. 930 |
| Total wholly used..... | 133. 794 | 18. 153 | 102. 851 | 254. 798 |
| Jointly owned and used with another carrier, undivided (New York, Susquehanna and Western's portion, based on ownership)..... | | | 0. 059 | 0. 059 |
| | | | 0. 030 | 0. 030 |

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| Classification | First main tracks | Second main tracks | Yard tracks and sidings | All tracks |
|---|--------------------------|-------------------------|-------------------------|--------------------------|
| <i>In New Jersey</i> | | | | |
| Wholly owned and used..... | <i>Miles</i> 121. 250 | <i>Miles</i> 17. 823 | <i>Miles</i> 94. 751 | <i>Miles</i> 233. 824 |
| Wholly used but not owned, leased from— | | | | |
| Hackensack and Lodi..... | 1. 403 | | 0. 768 | 2. 171 |
| Lodi Branch Railroad..... | 0. 359 | | 0. 904 | 1. 263 |
| Macopin Railroad..... | 1. 533 | | 0. 399 | 1. 932 |
| Passaic and New York..... | 3. 115 | | 3. 218 | 6. 333 |
| Erie Terminal Railroad Company..... | 1. 576 | 0. 330 | 1. 675 | 3. 581 |
| Total..... | 7. 986 | 0. 330 | 6. 964 | 15. 280 |
| Total wholly owned..... | 121. 250 | 17. 823 | 94. 751 | 233. 824 |
| Total wholly used..... | 129. 236 | 18. 153 | 101. 715 | 249. 104 |
| Jointly owned and used with another carrier, undivided (New York, Susquehanna and Western's portion, based on ownership)..... | | | 0. 059 | 0. 059 |
| | | | 0. 030 | 0. 030 |
| <i>In Pennsylvania</i> | | | | |
| Wholly owned and used..... | 4. 558 | | 1. 136 | 5. 694 |
| Wholly owned but not used, leased to The Wilkes- Barre and Eastern Railroad Company..... | 10. 239 | | 2. 173 | 12. 412 |
| Total wholly owned..... | 14. 797 | | 3. 309 | 18. 106 |
| Total wholly used..... | 4. 558 | | 1. 136 | 5. 694 |

TERMINALS

The principal freight and passenger terminals used by the New York, Susquehanna and Western are shown in the following tabulation.

| Location | Basis of use | | Remarks ¹ |
|------------------------|------------------|--------------------|---|
| | Freight terminal | Passenger terminal | |
| Jersey City, N. J..... | Rental..... | Rental..... | Owned by The Long Dock Company (Erie Railroad Company, lessee). |
| Hackensack, N. J..... | Ownership.. | Ownership.. | |
| Paterson, N. J..... | do..... | do..... | |
| Stroudsburg, Pa..... | do..... | do..... | |

¹ The terms under which the properties not owned are used are shown in Appendix 2, under the chapter leased railway property.

TRAFFIC CONNECTIONS

The New York, Susquehanna and Western has connections with other carriers for interchange of traffic, as follows:

- | | |
|---|---|
| <p>The Delaware, Lackawanna and Western Railroad Company.</p> <p>Erie Railroad Company.....</p> <p>The Lehigh and Hudson River Railway Company.</p> <p>Lehigh and New England Railroad Company.</p> <p>83 Val. Rep.</p> | <p>Croxtan, Delaware, and Franklin, N. J.</p> <p>Croxtan, Granton Junction, Hackensack, Hawthorne, Hillside Junction, Jersey City, New Durham, Passaic, Pompton Junction, and Weehawken, N. J.</p> <p>Franklin Junction and Sparta Junction, N. J.</p> <p>Hainesburg Junction, Sussex, and Swartswood Junction, N. J.</p> |
|---|---|

Middletown & Unionville Railroad Hanford, N. J.
 Company.
 The New York Central Railroad Com- Little Ferry and Undercliff, N. J.
 pany.
 The Pennsylvania Railroad Company--- Croxton, N. J.
 Wharton and Northern Railroad Com- Charlotteburgh, N. J.
 pany.
 The Wilkes-Barre and Eastern Railroad Stroudsburg, Pa.
 Company.

PHYSICAL CONDITIONS AFFECTING CONSTRUCTION

Topography.—The eastern end of the line is located in rolling country with fertile valleys. The western part of the line traverses a hilly and mountainous region.

Geology.—The surface soil is sandy loam. The underlying strata are granite and sandstone on the eastern part of line and clay, shale, limestone, and sandstone on the western portion.

Climate.—The normal annual temperature is 50° F., varying from a maximum of 100° in summer to minus 20° in winter. The mean annual precipitation is about 45 inches.

ECONOMIC CONDITIONS RELATING TO TRAFFIC

Farm development.—The country traversed by this road is largely fertile farming land. Dairying and truck gardening are the important agricultural industries.

Industrial development.—The principal industrial centers are Jersey City and Paterson. Manufacturing furnishes about 40 per cent of the operating revenues. In conjunction with The Wilkes-Barre and Eastern Railroad Company, a separately operating controlled line, considerable coal is carried between the Pennsylvania mines and New York City.

PHYSICAL CHARACTERISTICS OF ROAD

Grades.—The maximum grade on the main line is 0.93 per cent eastbound and 1.24 per cent westbound. The heaviest grades are found on the Hanford branch between Beaver Lake and the New York-New Jersey State line, which are 1.95 per cent northbound and 1.71 per cent southbound.

Curvature.—The maximum curvature on the main line is 7°, Hanford branch 6°, and Undercliff branch 4°.

Grading.—The volume of grading for the system is comparatively heavy, averaging about 37,800 cubic yards per mile, of which approximately 24 per cent is classified as solid rock and 12 per cent loose rock.

Tunnels.—On the branch between Little Ferry Junction and Undercliff there is a double-track tunnel 5,069 feet long lined with brick for 765 feet.

Bridges, trestles, and culverts.—Metal bridges are principally of the deck-plate girder type. The most important bridges are the crossings of the Passaic and Delaware Rivers. The latter structure is 880 feet in length and consists of four through-pin truss spans on two stone and concrete abutments and three stone piers.

Ties.—About 61 per cent of the crossties are pine, 31 per cent oak, and the remainder are chestnut and creosote treated. The number of ties per mile of main track averages about 2,750.

Rails.—The main line is laid with new rail, about 84 per cent of which is 80-pound and the remainder is 90 and 100 pound. The rail is Bessemer and Open Hearth in about equal proportion.

Ballast.—The principal material used for ballast in the main track is cinders. Some gravel and a small amount of stone are used.

Station and office buildings.—Freight and passenger stations are chiefly frame construction and conventional design. Brick structures have been erected at the large cities.

Shops and engine houses.—The main shops of the system are located at North Paterson, N. J. The buildings are of brick and frame construction and are fairly modern in design.

Coal and ore wharves.—At Undercliff, N. J., there are extensive wharves for handling coal, consisting of one timber pier, 66 feet wide by 9,000 feet long; and one car dumper pier, 42 feet wide by 1,050 feet long.

Signals and interlockers.—There are 13 interlocking plants on the road, 12 of which are mechanically and 1 electrically operated. About 1.2 miles of single track and 17.823 miles of double track are equipped with automatic block signals. There are also a number of train order and yard signals in use.

SUMMARIES

The New York, Susquehanna and Western owns and uses the following units of equipment.

Steam locomotives:

| | | |
|---------------------------|----|-------|
| Passenger service..... | 19 | |
| Freight service..... | 38 | |
| Switching service..... | 25 | |
| | — | 82 |
| Freight-train cars..... | | 2,617 |
| Passenger-train cars..... | | 97 |
| Work equipment..... | | 52 |

ENGINEERING AND GENERAL EXPENDITURES

Engineering has been estimated at 4 per cent on road accounts 3 to 47. General expenditures, exclusive of interest, have been estimated at 1.5 per cent on road accounts 1 to 47, exclusive of account 2. Interest during construction has been estimated for one-half the construction period, plus three months, at 6 per cent per annum on all road and general-expenditures accounts, except 2 and 76. Interest on equipment has been estimated for three months at 6 per cent per annum.

The estimated construction periods for all properties owned or used by the New York, Susquehanna and Western are set forth in the engineering report. As illustrative of the allowances made, those for the most important sections of road are given in the following table.

New York, Susquehanna and Western:

| | |
|--|--------|
| In New Jersey— | Months |
| Jersey City to New Jersey-Pennsylvania State line..... | 24 |
| Little Ferry Junction to Undercliff..... | 24 |
| Beaver Lake to New Jersey-New York State line..... | 18 |
| In Pennsylvania— | |
| New Jersey-Pennsylvania State line to Stroudsburg..... | 24 |
| Hackensack and Lodi..... | 4 |
| Lodi Branch Railroad..... | 2 |
| Macopin Railroad..... | 6 |
| Passaic and New York..... | 8 |

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SUMMARIES

The owned or used portions of joint minor facilities are included in the following summaries.

NEW YORK, SUSQUEHANNA AND WESTERN

All sections, owned and used

| Ac- count | Classes | Cost of re- production new | Cost of re- production less depre- ciation |
|---|---|----------------------------------|---|
| I. ROAD | | | |
| 1 | Engineering..... | \$346,088 | \$346,088 |
| 3 | Grading..... | 2,473,246 | 2,447,269 |
| 5 | Tunnels and subways..... | 637,190 | 627,057 |
| 6 | Bridges, trestles, and culverts..... | 1,347,317 | 1,003,576 |
| 8 | Ties..... | 621,156 | 319,619 |
| 9 | Rails..... | 815,005 | 739,187 |
| 10 | Other track material..... | 326,815 | 212,424 |
| 11 | Ballast..... | 338,649 | 201,866 |
| 12 | Tracklaying and surfacing..... | 437,723 | 306,416 |
| 13 | Right-of-way fences..... | 26,758 | 13,451 |
| 14 | Snow and sand fences and snowsheds..... | 3,218 | 1,610 |
| 15 | Crossings and signs..... | 158,087 | 123,857 |
| 16 | Station and office buildings..... | 300,613 | 178,303 |
| 17 | Roadway buildings..... | 22,213 | 11,372 |
| 18 | Water stations..... | 44,090 | 28,321 |
| 19 | Fuel stations..... | 35,914 | 20,298 |
| 20 | Shops and engine houses..... | 221,039 | 184,587 |
| 23 | Wharves and docks..... | 56,804 | 20,703 |
| 24 | Coal and ore wharves..... | 570,111 | 402,547 |
| 26 | Telegraph and telephone lines..... | 13,322 | 8,437 |
| 27 | Signals and interlockers..... | 121,355 | 103,953 |
| 32 | Power-distribution systems..... | 7,581 | 6,754 |
| 33 | Power-line poles and fixtures..... | 1,099 | 989 |
| 35 | Miscellaneous structures..... | 1,358 | 773 |
| 37 | Roadway machines..... | 4,343 | 3,335 |
| 38 | Roadway small tools..... | 5,480 | 2,740 |
| 44 | Shop machinery..... | 29,490 | 24,505 |
| 45 | Power-plant machinery..... | 31,895 | 30,079 |
| 46 | Power-substation apparatus..... | 327 | 305 |
| Total, 1, and 3 to 47, inclusive..... | | 8,998,286 | 7,370,421 |
| II. EQUIPMENT | | | |
| 51 | Steam locomotives..... | 693,456 | 294,426 |
| 53 | Freight-train cars..... | 2,785,879 | 2,249,107 |
| 54 | Passenger-train cars..... | 395,589 | 182,266 |
| 57 | Work equipment..... | 51,151 | 40,717 |
| Total, 51 to 58, inclusive..... | | 3,926,075 | 2,766,516 |
| III. GENERAL EXPENDITURES | | | |
| 71 | Organization expenses..... | 134,974 | 110,485 |
| 72 | General officers and clerks..... | | |
| 73 | Law..... | | |
| 74 | Stationery and printing..... | | |
| 75 | Taxes..... | | |
| 77 | Other expenditures, general..... | 728,861 | 589,611 |
| 76 | Interest during construction..... | | |
| Total, 71 to 77, inclusive..... | | 863,835 | 700,096 |
| Grand total, 1, and 3 to 77, inclusive..... | | 13,788,196 | 10,837,033 |

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NEW YORK, SUSQUEHANNA AND WESTERN—Continued

In New Jersey, owned and used

| Account | Classes | Cost of re-production new | Cost of re-production less depreciation |
|--|---|---------------------------|---|
| I. ROAD | | | |
| 1 | Engineering..... | \$332,480 | \$332,480 |
| 3 | Grading..... | 2,370,592 | 2,345,314 |
| 5 | Tunnels and subways..... | 637,190 | 627,057 |
| 6 | Bridges, trestles, and culverts..... | 1,174,662 | 883,267 |
| 8 | Ties..... | 603,109 | 310,594 |
| 9 | Rails..... | 798,669 | 723,856 |
| 10 | Other track material..... | 319,175 | 207,360 |
| 11 | Ballast..... | 334,707 | 199,877 |
| 12 | Tracklaying and surfacing..... | 427,678 | 299,585 |
| 13 | Right-of-way fences..... | 25,853 | 12,998 |
| 14 | Snow and sand fences and snowsheds..... | 3,218 | 1,610 |
| 15 | Crossings and signs..... | 157,247 | 123,303 |
| 16 | Station and office buildings..... | 295,238 | 175,252 |
| 17 | Roadway buildings..... | 22,128 | 11,328 |
| 18 | Water stations..... | 44,090 | 28,321 |
| 19 | Fuel stations..... | 35,914 | 20,298 |
| 20 | Shops and engine houses..... | 221,039 | 184,587 |
| 23 | Wharves and docks..... | 56,804 | 20,703 |
| 24 | Coal and ore wharves..... | 570,111 | 402,547 |
| 26 | Telegraph and telephone lines..... | 13,241 | 8,394 |
| 27 | Signals and interlockers..... | 121,169 | 103,802 |
| 32 | Power-distribution systems..... | 7,581 | 6,754 |
| 33 | Power-line poles and fixtures..... | 1,099 | 989 |
| 37 | Roadway machines..... | 4,343 | 3,335 |
| 38 | Roadway small tools..... | 5,420 | 2,710 |
| 44 | Shop machinery..... | 29,490 | 24,505 |
| 45 | Power-plant machinery..... | 31,895 | 30,079 |
| 46 | Power-substation apparatus..... | 327 | 305 |
| Total, 1, and 3 to 47, inclusive..... | | 8,644,469 | 7,091,210 |
| III. GENERAL EXPENDITURES | | | |
| 71 | Organization expenses..... | 129,667 | 106,292 |
| 72 | General officers and clerks..... | | |
| 73 | Law..... | | |
| 74 | Stationery and printing..... | | |
| 75 | Taxes..... | | |
| 77 | Other expenditures, general..... | 643,036 | 527,111 |
| 76 | Interest during construction..... | | |
| Total, 71 to 77, inclusive..... | | 772,703 | 633,403 |
| Grand total, 1, and 3 to 77, inclusive..... | | 9,417,172 | 7,724,613 |

In New Jersey, used but not owned, leased from the Erie Terminals Railroad Company

| Account | Classes | Cost of re-production new | Cost of re-production less depreciation |
|--|--------------------------------------|---------------------------|---|
| I. ROAD | | | |
| 1 | Engineering..... | \$2,082 | \$2,082 |
| 3 | Grading..... | 6,227 | 6,170 |
| 6 | Bridges, trestles, and culverts..... | 3,844 | 3,375 |
| 8 | Ties..... | 8,650 | 4,347 |
| 9 | Rails..... | 9,789 | 9,013 |
| 10 | Other track material..... | 5,754 | 3,598 |
| 11 | Ballast..... | 3,954 | 2,136 |
| 12 | Tracklaying and surfacing..... | 7,465 | 5,076 |
| 13 | Right-of-way fences..... | 356 | 178 |
| 15 | Crossings and signs..... | 1,327 | 711 |
| 16 | Station and office buildings..... | 4,693 | 4,261 |
| Total, 1, and 3 to 47, inclusive..... | | 54,141 | 40,947 |

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NEW YORK, SUSQUEHANNA AND WESTERN

In New Jersey, used but not owned, leased from the Erie Terminals Railroad Company—Continued

| Ac- count | Classes | Cost of re- production new | Cost of re- production less depre- ciation |
|---|-----------------------------------|----------------------------------|---|
| III. GENERAL EXPENDITURES | | | |
| 71 | Organization expenses..... | \$812 | \$617 |
| 72 | General officers and clerks..... | | |
| 73 | Law..... | | |
| 74 | Stationery and printing..... | | |
| 75 | Taxes..... | | |
| 77 | Other expenditures, general..... | 1,649 | 1,253 |
| 76 | Interest during construction..... | | |
| Total, 71 to 77, inclusive..... | | 2,461 | 1,870 |
| Grand total, 1, and 3 to 77, inclusive..... | | 56,602 | 42,817 |

NOTE.—The summaries for the Hackensack and Lodi, Lodi Branch Railroad, Passaic and New York, and the Macopin Railroad, whose properties in New Jersey are used but not owned by the New York, Susquehanna and Western, are given under the headings of their own names.

In Pennsylvania, owned and used

| Ac- count | Classes | Cost of re- production new | Cost of re- production less depre- ciation |
|---|--------------------------------------|----------------------------------|---|
| I. ROAD | | | |
| 1 | Engineering..... | \$13,608 | \$13,608 |
| 3 | Grading..... | 102,654 | 101,955 |
| 6 | Bridges, trestles, and culverts..... | 172,655 | 120,309 |
| 8 | Ties..... | 18,047 | 9,025 |
| 9 | Rails..... | 16,336 | 15,331 |
| 10 | Other track material..... | 7,640 | 5,064 |
| 11 | Ballast..... | 3,942 | 1,989 |
| 12 | Tracklaying and surfacing..... | 10,045 | 6,831 |
| 13 | Right-of-way fences..... | 905 | 453 |
| 15 | Crossings and signs..... | 840 | 554 |
| 16 | Station and office buildings..... | 5,375 | 3,051 |
| 17 | Roadway buildings..... | 85 | 44 |
| 26 | Telegraph and telephone lines..... | 81 | 43 |
| 27 | Signals and interlockers..... | 186 | 151 |
| 35 | Miscellaneous structures..... | 1,358 | 773 |
| 38 | Roadway small tools..... | 60 | 30 |
| Total, 1, and 3 to 47, inclusive..... | | 353,817 | 279,211 |
| III. GENERAL EXPENDITURES | | | |
| 71 | Organization expenses..... | 5,307 | 4,193 |
| 72 | General officers and clerks..... | | |
| 73 | Law..... | | |
| 74 | Stationery and printing..... | | |
| 75 | Taxes..... | | |
| 77 | Other expenditures, general..... | 26,934 | 21,276 |
| 76 | Interest during construction..... | | |
| Total, 71 to 77, inclusive..... | | 32,241 | 25,469 |
| Grand total, 1, and 3 to 77, inclusive..... | | 386,058 | 304,680 |

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NEW YORK, SUSQUEHANNA AND WESTERN—Continued

In Pennsylvania, owned but not used, leased to The Wilkes-Barre and Eastern Railroad Company

| Ac-count | Classes | Cost of re-production new | Cost of re-production less depre-ciation |
|---|--------------------------------------|---------------------------|--|
| I. ROAD | | | |
| 1 | Engineering..... | \$12, 111 | \$12, 111 |
| 3 | Grading..... | 90, 285 | 88, 832 |
| 6 | Bridges, trestles, and culverts..... | 93, 047 | 70, 205 |
| 8 | Ties..... | 31, 848 | 16, 223 |
| 9 | Rails..... | 36, 823 | 34, 536 |
| 10 | Other track material..... | 12, 261 | 8, 154 |
| 11 | Ballast..... | 12, 021 | 6, 012 |
| 12 | Tracklaying and surfacing..... | 20, 580 | 14, 406 |
| 13 | Right-of-way fences..... | 264 | 132 |
| 15 | Crossings and signs..... | 3, 169 | 2, 354 |
| 27 | Signals and interlockers..... | 1, 570 | 1, 272 |
| 37 | Roadway machines..... | 906 | 716 |
| Total, 1, and 3 to 47, inclusive..... | | 314, 885 | 254, 953 |
| III. GENERAL EXPENDITURES | | | |
| 71 | Organization expenses..... | 4, 723 | 3, 826 |
| 72 | General officers and clerks..... | | |
| 73 | Law..... | | |
| 74 | Stationery and printing..... | | |
| 75 | Taxes..... | | |
| 77 | Other expenditures, general..... | 14, 382 | 11, 649 |
| 76 | Interest during construction..... | | |
| Total, 71 to 77, inclusive..... | | 19, 105 | 15, 475 |
| Grand total, 1, and 3 to 77, inclusive..... | | 333, 990 | 270, 428 |

Not allocated to States, owned and used

| Ac-count | Classes | Cost of re-production new | Cost of re-production less depre-ciation |
|---|-----------------------------------|---------------------------|--|
| II. EQUIPMENT | | | |
| 51 | Steam locomotives..... | \$693, 456 | \$294, 426 |
| 53 | Freight-train cars..... | 2, 785, 879 | 2, 249, 107 |
| 54 | Passenger-train cars..... | 395, 589 | 182, 266 |
| 57 | Work equipment..... | 51, 151 | 40, 717 |
| Total, 51 to 58, inclusive..... | | 3, 926, 075 | 2, 766, 516 |
| III. GENERAL EXPENDITURES | | | |
| 76 | Interest during construction..... | 58, 891 | 41, 224 |
| Grand total, 1, and 3 to 77, inclusive..... | | 3, 984, 966 | 2, 807, 740 |

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HACKENSACK AND LODI

Owned but not used, leased to the New York, Susquehanna and Western

| Ac- count | Classes | Cost of re- production new | Cost of re- production less depre- ciation |
|---|--------------------------------------|----------------------------------|---|
| I. ROAD | | | |
| 1 | Engineering..... | \$1,129 | \$1,129 |
| 3 | Grading..... | 2,823 | 2,823 |
| 6 | Bridges, trestles, and culverts..... | 1,233 | 1,011 |
| 8 | Ties..... | 5,932 | 2,969 |
| 9 | Rails..... | 5,932 | 5,207 |
| 10 | Other track material..... | 2,192 | 1,396 |
| 11 | Ballast..... | 2,530 | 1,265 |
| 12 | Tracklaying and surfacing..... | 3,941 | 2,562 |
| 15 | Crossings and signs..... | 180 | 120 |
| 16 | Station and office buildings..... | 8,163 | 2,510 |
| 17 | Roadway buildings..... | 60 | 36 |
| 20 | Shops and engine houses..... | 250 | 150 |
| Total, 1, and 3 to 47, inclusive..... | | 29,365 | 21,178 |
| III. GENERAL EXPENDITURES | | | |
| 71 | Organization expenses..... | 440 | 317 |
| 72 | General officers and clerks..... | | |
| 73 | Law..... | | |
| 74 | Stationery and printing..... | | |
| 75 | Taxes..... | | |
| 77 | Other expenditures, general..... | 745 | 536 |
| 76 | Interest during construction..... | | |
| Total, 71 to 77, inclusive..... | | 1,185 | 853 |
| Grand total, 1, and 3 to 77, inclusive..... | | 30,550 | 22,031 |

LODI BRANCH RAILROAD

Owned but not used, leased to the New York, Susquehanna and Western

| Ac- count | Classes | Cost of re- production new | Cost of re- production less depre- ciation |
|---|--------------------------------------|----------------------------------|---|
| I. ROAD | | | |
| 1 | Engineering..... | \$535 | \$535 |
| 3 | Grading..... | 1,633 | 1,633 |
| 6 | Bridges, trestles, and culverts..... | 671 | 268 |
| 8 | Ties..... | 1,888 | 945 |
| 9 | Rails..... | 8,287 | 2,983 |
| 10 | Other track material..... | 1,658 | 1,027 |
| 11 | Ballast..... | 524 | 263 |
| 12 | Tracklaying and surfacing..... | 1,302 | 924 |
| 13 | Right-of-way fences..... | 6 | 3 |
| 15 | Crossings and signs..... | 384 | 228 |
| 18 | Water stations..... | 1,348 | 580 |
| 19 | Fuel stations..... | 664 | 398 |
| Total, 1, and 3 to 47, inclusive..... | | 13,900 | 9,785 |
| III. GENERAL EXPENDITURES | | | |
| 71 | Organization expenses..... | 209 | 146 |
| 72 | General officers and clerks..... | | |
| 73 | Law..... | | |
| 74 | Stationery and printing..... | | |
| 75 | Taxes..... | | |
| 77 | Other expenditures, general..... | 282 | 197 |
| 76 | Interest during construction..... | | |
| Total, 71 to 77, inclusive..... | | 491 | 343 |
| Grand total, 1, and 3 to 77, inclusive..... | | 14,391 | 10,128 |

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MACOPIN RAILROAD

Owned but not used, leased to the New York, Susquehanna and Western

| Ac- count | Classes | Cost of re- production new | Cost of re- production less depre- ciation |
|---|--------------------------------------|----------------------------------|---|
| I. ROAD | | | |
| 1 | Engineering..... | \$1,768 | \$1,768 |
| 3 | Grading..... | 27,023 | 27,023 |
| 6 | Bridges, trestles, and culverts..... | 1,128 | 790 |
| 8 | Ties..... | 5,674 | 2,838 |
| 9 | Rails..... | 4,442 | 3,705 |
| 10 | Other track material..... | 1,116 | 717 |
| 11 | Ballast..... | 1,731 | 1,019 |
| 12 | Tracklaying and surfacing..... | 2,829 | 1,811 |
| 15 | Crossings and signs..... | 255 | 183 |
| Total, 1, and 3 to 47, inclusive..... | | 45,966 | 39,854 |
| III. GENERAL EXPENDITURES | | | |
| 71 | Organization expenses..... | 689 | 599 |
| 72 | General officers and clerks..... | | |
| 73 | Law..... | | |
| 74 | Stationery and printing..... | | |
| 75 | Taxes..... | | |
| 77 | Other expenditures, general..... | 1,400 | 1,218 |
| 76 | Interest during construction..... | | |
| Total, 71 to 77, inclusive..... | | 2,089 | 1,817 |
| Grand total, 1, and 3 to 77, inclusive..... | | 48,055 | 41,671 |

PASSAIC AND NEW YORK

Owned but not used, leased to the New York, Susquehanna and Western

| Ac- count | Classes | Cost of re- production new | Cost of repro- duction less depreciation |
|---|--------------------------------------|----------------------------------|--|
| I. ROAD | | | |
| 1 | Engineering..... | \$4,225 | \$4,225 |
| 3 | Grading..... | 29,371 | 29,318 |
| 6 | Bridges, trestles, and culverts..... | 13,288 | 10,613 |
| 8 | Ties..... | 16,339 | 8,203 |
| 9 | Rails..... | 16,613 | 14,587 |
| 10 | Other track material..... | 6,430 | 4,091 |
| 11 | Ballast..... | 5,006 | 2,504 |
| 12 | Tracklaying and surfacing..... | 10,292 | 6,793 |
| 15 | Crossings and signs..... | 1,127 | 710 |
| 16 | Station and office buildings..... | 5,281 | 3,204 |
| 17 | Roadway buildings..... | 495 | 331 |
| 18 | Water stations..... | 433 | 260 |
| 20 | Shops and engine houses..... | 942 | 236 |
| Total, 1, and 3 to 47, inclusive..... | | 109,842 | 85,075 |
| III. GENERAL EXPENDITURES | | | |
| 71 | Organization expenses..... | 1,648 | 1,269 |
| 72 | General officers and clerks..... | | |
| 73 | Law..... | | |
| 74 | Stationery and printing..... | | |
| 75 | Taxes..... | | |
| 77 | Other expenditures, general..... | 3,902 | 3,005 |
| 76 | Interest during construction..... | | |
| Total, 71 to 77, inclusive..... | | 5,550 | 4,274 |
| Grand total, 1, and 3 to 77, inclusive..... | | 115,392 | 89,349 |

APPENDIX 2

NEW YORK, SUSQUEHANNA AND WESTERN

INTRODUCTORY

The New York, Susquehanna and Western is a corporation of the States of New Jersey and Pennsylvania, having its principal office at Jersey City, N. J. Although the New York, Susquehanna and Western acquired title to its property on April 25, 1893, it did not commence recording the results of the operations of its property in its books until May 1, 1893. The accounting data in this report, therefore, cover the period from May 1, 1893.

The New York, Susquehanna and Western is controlled by the Erie Railroad Company through ownership of a majority of its outstanding capital stock. The New York, Susquehanna and Western controls, through ownership of their entire outstanding capital stock, the following named companies, whose several common-carrier properties were operated by the New York, Susquehanna and Western when its property was taken over for operation by the United States Railroad Administration, as stated hereinafter: Hackensack and Lodi, Lodi Branch Railroad, Macopin Railroad, and Passaic and New York.

It controls, further, through ownership of their entire outstanding capital stock, The Wilkes-Barre and Eastern Railroad Company and the Susquehanna Connecting Railroad Company, whose properties are separately operated and for which companies a separate report has been made.

It controls jointly with the Erie Railroad Company, through ownership of approximately 12 per cent of its capital stock, the Erie Terminals Railroad Company, whose entire property is leased to this company and the Erie Railroad Company and for which company a separate report has been made.

The property of the New York, Susquehanna and Western was operated by its own organization from May 1, 1893, to December 31, 1917, except several branches that have been operated by the Wilkes-Barre and Eastern under lease from the Susquehanna Connecting Railroad Company, from February 26, 1897, to December 31, 1917. On January 1, 1918, the common-carrier property of the company was taken over for operation by the United States Railroad Administration, which operates it on date of valuation.

CORPORATE HISTORY

The New York, Susquehanna and Western was incorporated under the general laws of New Jersey and Pennsylvania, through filing with the secretaries of State, of New Jersey on April 25, 1893, and of Pennsylvania on April 26, 1893, an agreement dated April 5, 1893, for the purpose of consolidating and merging the property, rights, and franchises of the New York, Susquehanna and Western Railroad Company (first corporation) and The Hudson River Railroad and Terminal Company. The date of organization was April 29, 1893.

Pursuant to the above purpose, the New York, Susquehanna and Western acquired at its organization the property, rights, and franchises of the two railroad corporations named. The New York, Susquehanna and Western, itself, and those corporations, together with their predecessors, total 14 different corporations, and comprise the line of corporate succession culminating in the New York, Susquehanna and Western as at present constituted.

The following chart shows the names of the corporations, the respective dates of incorporation, and for each predecessor the date of succession, the immediately succeeding corporation, and the manner of succession. Reference to each of these corporations is made in the last column by the respective number shown in the first column.

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| No. | Name | Incorporation | Succession |
|-----|---|--|---|
| 1 | New York, Susquehanna and Western Railroad Company. | Under general laws of New Jersey and Pennsylvania, through articles of consolidation and merger; dated Apr. 5, 1893; filed in New Jersey Apr. 25, 1893; Pennsylvania Apr. 26, 1893. | |
| 2 | The Hudson River Railroad and Terminal Company. | Under general laws of New Jersey, Mar. 31, 1892. | Consolidated and merged Apr. 25, 1893, with 3 to form 1. |
| 3 | New York, Susquehanna and Western Railroad Company. | Under general laws of New Jersey and Pennsylvania, through articles of consolidation and merger; dated May 26, 1881; filed in New Jersey June 17, 1881; Pennsylvania, June 22, 1881. | Consolidated and merged Apr. 25, 1893, with 2 to form 1. |
| 4 | Midland Railroad Company of New Jersey. | Under general laws of New Jersey, Mar. 25, 1880. | Consolidated June 17, 1881, with 9, 10, 11, 12, and 13 to form 3. |
| 5 | New Jersey Midland Railway Company. | Under special act of New Jersey, Mar. 17, 1870, and through articles of consolidation and merger; dated Apr. 26, 1870; filed July 13, 1870. | Sold at foreclosure Feb. 21, 1880, after receivership begun Apr. 5, 1875, to interests which conveyed property to 4, Mar. 25, 1880. |
| 6 | New Jersey, Hudson and Delaware Railroad Company. | Under special act of New Jersey, Mar. 8, 1832. | Consolidated and merged Apr. 26, 1870, with 7 and 8 to form 5. |
| 7 | Sussex Valley Railroad Company. | Under special act of New Jersey, Mar. 14, 1867. | Consolidated and merged Apr. 26, 1870, with 6 and 8 to form 5. |
| 8 | The New Jersey Western Railroad Company. | Under special act of New Jersey, Mar. 31, 1867. | Consolidated and merged Apr. 26, 1870, with 6 and 7 to form 5. |
| 9 | The Water Gap Railroad Company. | Under general laws of Pennsylvania, Dec. 21, 1880. | Consolidated and merged June 17, 1881, with 4, 10, 11, 12, and 13 to form 3. |
| 10 | The North Jersey Railroad Company. | Under general laws of New Jersey, Mar. 17, 1881. | Consolidated and merged June 17, 1881, with 4, 9, 11, 12, and 13 to form 3. |
| 11 | The Paterson Extension Railroad Company. | Under general laws of New Jersey, Apr. 18, 1881. | Consolidated and merged June 17, 1881, with 4, 9, 10, 12, and 13 to form 3. |
| 12 | The Midland Connecting Railway Company. | Under general laws of New Jersey, May 7, 1881. | Consolidated and merged June 17, 1881, with 4, 9, 10, 11, and 13 to form 3. |
| 13 | The Pennsylvania Midland Railway Company. | Under general laws of Pennsylvania, May 24, 1881. | Consolidated and merged June 17, 1881, with 4, 9, 10, 11, and 12 to form 3. |
| 14 | The Blairstown Railway Company. | Under general laws of New Jersey, July 18, 1876. | Consolidated and merged Jan. 24, 1883, into 3. |

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage of the New York, Susquehanna and Western, amounting to 136.047 miles, was acquired by it as indicated hereunder.

| | |
|--|----------|
| | Mileage |
| By construction..... | 3. 416 |
| By consolidation and merger..... | 136. 393 |
| | 139. 809 |
| Less mileage abandoned or reclassified..... | 5. 499 |
| | 134. 310 |
| Total recorded mileage..... | 134. 310 |
| Difference between total recorded mileage and mileage inventoried as of date of valuation..... | 1. 737 |
| | 136. 047 |

Of the 13 corporations that comprise the line of succession culminating in the New York, Susquehanna and Western as at present constituted, six corporations did not construct any road, or other common-carrier property. These companies were the Sussex Valley Railroad Company, The Water Gap Railroad Company, The North Jersey Railroad Company, The Paterson Extension Railroad Com-

pany, The Midland Connecting Railway Company, and The Pennsylvania Midland Railway Company.

The property constructed by the remaining corporations and by the New York, Susquehanna and Western itself, the years when the various portions of the line were constructed, and the manner in which the New York, Susquehanna and Western acquired the property are indicated in the following table, wherein, to facilitate comparison with the table showing the corporate succession, previously given, the same order of corporations is maintained.

Acquired by construction:

| | Mileage |
|--|---------|
| Constructed partly by The Hudson River Railroad and Terminal Company and completed by the New York, Susquehanna and Western, Little Ferry Junction to Undercliff, N. J., 1894..... | 3. 174 |
| Connection to Undercliff Branch at Little Ferry Junction, N. J., 1894..... | . 038 |
| Connection to Macopin Lake Branch at Macopin Lake Junction, N. J., 1896..... | . 135 |
| Connection to Dolph Branch at Jessup, Pa., 1901..... | . 032 |
| Rearrangement of tracks at Croxton, N. J., 1911..... | . 037 |
| | 3. 416 |

Acquired by consolidation and merger, Apr. 25, 1893:

From the New York, Susquehanna and Western Railroad Company (first corporation)—

Constructed by that company—

| | |
|---|---------|
| Beaver Lake to Blairstown, N. J., 1882..... | 29. 211 |
| Columbia Junction, N. J., to Gravel Place, Stroudsburg, Pa., 1882..... | 13. 088 |
| Jermyn No. 2 Branch at Taylor, Pa., 1882..... | 1. 467 |
| Minton to Priceville, Pa., 1884..... | 4. 405 |
| Various branch lines and connecting tracks, 1884 to 1893..... | 5. 698 |
| Constructed partly by the Midland Railroad Company of New Jersey and completed by the above-named company, Broadway, Paterson, N. J., to Paterson City, N. J., 1881-1882..... | 0. 731 |
| Constructed partly by the New Jersey, Hudson and Delaware Railroad Company and completed by the New Jersey Midland Railway Company, Beaver Lake, N. J., to the New Jersey-New York State line at Hanford, 1868 to 1872..... | 19. 774 |
| Constructed partly by The New Jersey Western Railroad Company and completed by the New Jersey Midland Railway Company, Hawthorne, N. J., to a point 3 miles west of Bloomingdale, N. J., 1869 to 1871..... | 17. 000 |
| Constructed by the New Jersey Midland Railway Company— | |
| West End, Jersey City, N. J., to Hawthorne, N. J., 1871..... | 19. 482 |
| From 3 miles west of Bloomingdale to Beaver Lake, N. J., 1872..... | 14. 436 |

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Acquired by consolidation and merger, Apr. 25, 1893—Contd.
From the New York, Susquehanna and Western Railroad
Company (first corporation)—Continued.

| | Milage |
|--|-----------------|
| Constructed by The Blairstown Railway Company, Blairstown to Delaware, N. J., 1881..... | 11. 101 |
| | 136. 393 |
| Total | 139. 809 |
| Less mileage abandoned or reclassified by the New York, Susquehanna and Western: | |
| Tracks abandoned— | |
| Rushbrook or Tinkle Pough spur, about 1894..... | 0. 642 |
| Portion of Dolph (Sunnyside) Branch, Jessup, Pa., about 1900..... | 0. 445 |
| Portion of Sibley Branch, Taylor, Pa., subsequently to 1901..... | 0. 175 |
| Stroudsburg (Gravel Place), Pa., about 1908..... | 2. 203 |
| Croxtton, Jersey City, N. J., rearrangement of tracks, about 1911..... | 0. 526 |
| Tracks reclassified from first main to third main— | |
| Stroudsburg (Gravel Place), Pa., 1893..... | 1. 034 |
| Croxtton, Jersey City, N. J., 1911..... | 0. 474 |
| | 5. 499 |
| Total recorded mileage | 134. 310 |

HISTORY OF CORPORATE FINANCING

Syndicating, banking, and other financial arrangements.—The records of the New York, Susquehanna and Western do not indicate that any syndicating arrangements were made in connection with the issuance of its securities.

The properties of the New York, Susquehanna and Western Railroad Company (first corporation) and The Hudson River Railroad and Terminal Company were acquired by the New York, Susquehanna and Western under an "Agreement of consolidation and merger" dated April 5, 1893. The agreement provided that the outstanding capital stock of the consolidating companies be exchanged for stock of the new company as follows:

"\$13,000,000 par, common stock of the New York, Susquehanna and Western Railroad Company (First corporation) to be converted into common stock of the new company share for share.

"\$8,000,000 par, preferred stock of the New York, Susquehanna and Western Railroad Company (First corporation) to be converted into preferred stock of the new company at the rate of \$120 for each \$100 of old stock outstanding. The holders of the old preferred stock to receive from the new company in addition a cash payment of \$1.25 per share for each share of old stock converted.

"\$5,000,000 common stock of The Hudson River Railroad and Terminal Company to be converted into preferred stock of the new company, receiving therefor \$20 of new preferred stock for each \$100 of old stock converted."

The agreement provided also that the new company assume all liabilities of the companies consolidating and merging.

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The current and other assets and liabilities of the consolidating companies taken over by the New York, Susquehanna and Western were as follows:

| | |
|---|-------------------|
| Assets: | |
| Cash..... | \$31, 836. 31 |
| Sinking fund..... | 4, 425. 00 |
| Loans and bills receivable..... | 50, 000. 00 |
| Material and supplies..... | 174, 861. 14 |
| Investments in other companies— | |
| Hudson Connecting Railway Company stock..... | 94, 000. 00 |
| The Lodi Branch Railroad Company stock..... | 12, 000. 00 |
| Middletown, Unionville and Water Gap Railroad Company stock..... | 74, 735. 00 |
| Middletown and Unionville Telegraph Company stock..... | 1, 500. 00 |
| New York, Susquehanna and Western Coal Company stock..... | 291, 500. 00 |
| Passaic and New York Railroad Company stock..... | 70, 000. 00 |
| Hudson Connecting Railway Company bonds..... | 400, 000. 00 |
| Pennsylvania Anthracite Coal Company bonds..... | 111, 000. 00 |
| New York, Susquehanna and Western Coal Company bond..... | 30. 00 |
| Pennsylvania Anthracite Coal Company advances..... | 28, 385. 00 |
| Other miscellaneous assets..... | 683, 907. 75 |
| | \$2, 028, 180. 20 |
| Liabilities: | |
| Loans and bills payable..... | 728, 538. 86 |
| Other miscellaneous liabilities..... | 704, 239. 06 |
| | 1, 432, 777. 92 |
| Excess of assets over liabilities..... | 595, 402. 28 |

The New York, Susquehanna and Western has issued its securities, assumed securities issued by others and incurred other indebtedness, and reacquired certain of its securities and other indebtedness under conditions and for considerations described in detail in the sections of this chapter devoted to capital stock, and long-term debt, and other obligations.

Decrease of stocks, bonds, or other securities in the consolidation of April, 1893.—The par value of capital stock and long-term debt issued or assumed by the New York, Susquehanna and Western in the consolidation of April, 1893, was \$2,442,967.83 less than the par value of the actually outstanding securities of the consolidating companies, immediately prior thereto, as shown by the tabulation that follows.

| Security | Rate of Interest | Outstanding securities of consolidating companies | Securities issued or assumed by the new company |
|---|------------------|---|---|
| Capital stock: | <i>Per cent</i> | | |
| Common | | | \$12,272,113.24 |
| New York, Susquehanna and Western Railroad Company (first corporation) | | \$12,161,013.00 | |
| The Hudson River Railroad and Terminal Company | | 5,000,000.00 | |
| Preferred | | | 10,513,092.00 |
| New York, Susquehanna and Western Railroad Company (first corporation) | | 7,899,259.00 | |
| Total | | 25,060,272.00 | 22,785,205.24 |
| Stock liability for conversion: | | | |
| Common | | | 684,207.00 |
| Preferred | | | 70,000.00 |
| Total | | | 754,207.00 |
| Long-term obligations: | | | |
| Bonds— | | | |
| New York, Susquehanna and Western Railroad Company (first corporation)— | | | |
| Mortgage bonds | 4½ | 452,235.00 | 452,235.00 |
| Mortgage bonds | 5 | 5,071,510.00 | 5,071,510.00 |
| Mortgage bonds | 6 | 3,736,000.00 | 3,736,000.00 |
| Debenture bonds | 6 | 93,500.00 | 93,500.00 |
| Income bonds | 6 | 746,652.07 | |
| Real-estate mortgages | | 46,888.00 | 46,888.00 |
| Scrip | | 175,456.00 | |
| Coupon obligations | 6 | 11,755.00 | 11,755.00 |
| Total | | 10,333,996.07 | 9,411,888.00 |
| Total capital stock and long-term obligations | | 35,394,268.07 | 32,951,300.24 |

In addition to the securities listed above, the consolidating companies had \$728,538.86, par value of short-term notes outstanding which were assumed by the New York, Susquehanna and Western.

Capital stock and long-term debt.—From the date of its incorporation, April 26, 1893, to date of valuation, the New York, Susquehanna and Western has issued or assumed stock and long-term debt, as indicated by its records, aggregating \$45,392,492.12 par value, of which \$39,323,873.24 are actually outstanding and \$2,160 are held by the company. Of the funded debt actually outstanding \$500 is matured but has not been presented for payment. The details are summarized in the following table.

| Class | Issued or assumed | Retired or held by the company | Actually outstanding |
|--|-------------------|--------------------------------|----------------------|
| Stock: | | | |
| Capital stock, par value— | | | |
| Common | \$12,707,941.24 | | \$12,707,941.24 |
| Preferred | 12,962,392.00 | \$500.00 | 12,961,892.00 |
| Total | 25,670,333.24 | 500.00 | 25,669,833.24 |
| Stock liability for conversion, par value— | | | |
| Common— | | | |
| Incurred | 684,207.00 | 430,707.00 | 253,500.00 |
| Preferred— | | | |
| Incurred | 70,000.00 | 36,800.00 | 33,200.00 |
| Total | 754,207.00 | 467,507.00 | 286,700.00 |
| Long-term debt: | | | |
| Funded debt, par value— | | | |
| Unmatured— | | | |
| Issued | 9,556,063.88 | 1,707,968.88 | 7,848,095.00 |
| Assumed | 9,411,388.00 | 3,892,643.00 | 5,518,745.00 |
| Total | 18,967,451.88 | 5,600,611.88 | 13,366,840.00 |
| Matured, but unpaid— | | | |
| Assumed | 500.00 | | 500.00 |
| Grand total | 45,392,492.12 | 6,068,618.88 | 39,323,873.24 |

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The securities held by or for the company consist of \$500 par value of its preferred stock and \$1,660 par value of its funded debt.

Capital stock.—The authorized capital stock is \$26,000,000 par value, divided into shares of \$100 par value each, of which \$13,000,000 is classified as common stock and \$13,000,000 as preferred stock. The company has issued and reacquired capital stock in exchange for the following recorded considerations.

| Par value | Consideration | Recorded value |
|--------------------|---|----------------------|
| <i>Issued</i> | | |
| \$22,785,205.24 | Unapportioned part of properties forming the New York, Susquehanna and Western..... | \$22,785,205.24 |
| 467,507.00 | Liquidation in part of stock liability for conversion..... | 467,507.00 |
| 2,400,000.00 | Unapportioned part of \$3,000,000 par value of investment in capital stock of the Wilkes-Barre and Eastern Railroad Company..... | 2,400,000.00 |
| 17,621.00 | Cash (discount \$14,111)..... | 3,510.00 |
| 25,670,333.24 | Total issued for considerations..... | 25,656,222.24 |
| <i>Reacquired</i> | | |
| \$1,000,000.00 | Surrendered by the North Jersey Construction Company for release from its contract to construct the railroad of The Hudson River Railroad and Terminal Company, credited to the investment in road and equipment account..... | 1,000,000.00 |
| 500.00 | Reacquired without apparent consideration and credited to the profit and loss account. | |
| 1,000,500.00 | Total par value reacquired. | |
| <i>Resold</i> | | |
| \$600,000.00 | Unapportioned part of \$3,000,000 par value of investment in capital stock of the Wilkes-Barre and Eastern Railroad Company..... | 600,000.00 |
| 400,000.00 | Cash (discount \$331,000)..... | 69,000.00 |
| 1,000,000.00 | Total resold for considerations..... | 669,000.00 |
| <i>Held</i> | | |
| \$500.00 | | |
| <i>Outstanding</i> | | |
| \$25,669,833.24 | | |

The difference between the par value of capital stock issued or resold and the considerations recorded as received in exchange therefor, being discounts aggregating \$345,111, was charged to the investment in road and equipment account. A statement of the capital stock actually outstanding or held by or for the company on date of valuation follows.

| Title of security | Held by the company | Actually outstanding |
|----------------------|---------------------|----------------------|
| Common stock..... | | \$12,707,941.24 |
| Preferred stock..... | \$500 | 12,961,892.00 |

Stock liability for conversion.—The New York, Susquehanna and Western has incurred stock liability to the amount of \$754,207 par value for the conversion of funded debt to its predecessor companies in part consideration at par value for property, of which \$467,507 has been discharged by the issue of stock.

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Funded debt.—The New York, Susquehanna and Western has issued, assumed, and reacquired funded debt in exchange for the following recorded considerations:

| Par value | Consideration | Recorded value |
|-------------------------------|---|----------------|
| <i>Issued</i> | | |
| \$9,181,500.00 | Cash (premium \$180,425, discount \$449,925)..... | \$8,912,000.00 |
| 6,595.00 | Funded debt previously assumed, reacquired and retired..... | 6,595.00 |
| 287,979.94 | Unapportioned part of equipment..... | 287,979.94 |
| 78,328.94 | Interest on notes..... | 78,328.94 |
| <i>Assumed</i> | | |
| \$9,411,888.00 | Unapportioned part of properties forming the New York, Susquehanna and Western..... | 9,411,888.00 |
| 18,966,291.88 | Total issued or assumed for considerations..... | 18,696,791.88 |
| 1,660.00 | Total issued to treasury. | |
| 18,967,951.88 | Total par value issued or assumed. | |
| <i>Reacquired and retired</i> | | |
| \$5,592,356.88 | Cash (\$536.25 in excess of par value)..... | 5,592,893.13 |
| 6,595.00 | Funded debt issued..... | 6,595.00 |
| 5,598,951.88 | Total reacquired for considerations..... | 5,599,488.13 |
| <i>Held</i> | | |
| \$1,660.00 | | |
| <i>Outstanding</i> | | |
| \$13,367,340.00 | | |

The difference between the par value of funded debt issued and assumed and the considerations recorded as received in exchange therefor, being discounts aggregating \$449,925, and premiums aggregating \$180,425, together with commissions paid aggregating \$1,000, and expense incurred in the amount of \$1,739.79 in the issuance of such securities, was distributed as detailed hereunder:

| Account | Premium credited | Discount charged | Expense charged |
|---------------------------------------|------------------|------------------|-----------------|
| Income..... | \$5,749.99 | | \$504.19 |
| Profit and loss..... | 174,675.01 | \$45,000 | 2,235.60 |
| Investment in road and equipment..... | | 404,925 | |

The difference between the par value of funded debt reacquired and the recorded cost of reacquisition, being an amount of \$536.25, was adjusted by charging that amount to profit and loss account.

A statement of the funded debt actually outstanding or held by the company on date of valuation follows.

| Title of security | Held by the company | Actually outstanding |
|--|---------------------|----------------------|
| Unmatured: | | |
| Issued— | | |
| Second-mortgage 4½ per cent bond scrip of the New York, Susquehanna and Western Railroad Company (first corporation), dated Feb. 1, 1887, due Feb. 1, 1937..... | \$660 | \$105 |
| First-mortgage 5 per cent refunding bonds and scrip of the New York, Susquehanna and Western Railroad Company (first corporation), dated Jan. 1, 1887, due Jan. 1, 1937..... | | 1,490 |
| General mortgage 5 per cent bonds of the New York, Susquehanna and Western Railroad Company (first corporation), dated Aug. 1, 1890, due Aug. 1, 1940..... | 1,000 | 1,223,000 |
| Terminal mortgage 5 per cent bonds, dated May 1, 1893, due May 1, 1894..... | | 2,000,000 |
| Midland Railroad first-mortgage 5 per cent bonds, dated Apr. 1, 1910, due Apr. 1, 1940..... | | 2,488,500 |

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| Title of security | Held by the company | Actually outstanding |
|--|---------------------|----------------------|
| Unmatured—Continued. | | |
| Issued—Continued. | | |
| Paterson Extension first-mortgage 5 per cent bonds, dated June 1, 1910, due June 1, 1950..... | | \$200,000 |
| Equipment, 4½ per cent car-trust notes, series A, dated Aug. 1, 1911, due \$40,000 semiannually to Aug. 1, 1921..... | | 280,000 |
| Equipment 5 per cent car-trust notes, series B, dated Apr. 30, 1913, due \$21,000 semiannually to Apr. 30, 1923..... | | 215,000 |
| Equipment, 4½ per cent car-trust notes, series C, dated July 1916, due \$55,000 annually to June 30, 1926..... | | 440,000 |
| Total..... | \$1,660 | 7,848,095 |
| Assumed— | | |
| From the New York, Susquehanna and Western Railroad Company (first corporation), May 1, 1893— | | |
| Second-mortgage 4½ per cent bonds of the New York, Susquehanna and Western Railroad Company (first corporation), dated Feb. 1, 1887, due Feb. 1, 1937..... | | 447,235 |
| First-mortgage 5 per cent refunding bonds of the New York, Susquehanna and Western Railroad Company (first corporation), dated Jan. 1, 1887, due Jan. 1, 1937..... | | 3,743,510 |
| General-mortgage 5 per cent bonds of the New York, Susquehanna and Western Railroad Company (first corporation), dated Aug. 1, 1890, due Aug. 1, 1940..... | | 1,328,000 |
| Total..... | | 5,518,745 |
| Total unmatured..... | | 13,366,840 |
| Matured but unpaid: | | |
| Assumed— | | |
| First-mortgage 6 per cent bonds of the Midland Railroad Company of New Jersey, dated Apr. 1, 1880, due Apr. 1, 1910, unrepresented for payment..... | | 500 |
| Grand total..... | 1,660 | 13,367,340 |

Short-term notes.—The New York, Susquehanna and Western has issued or assumed short-term notes of \$4,932,720.46 par value to date of valuation, of which \$4,582,720.46 has been retired, leaving \$350,000 outstanding on date of valuation. The considerations recorded as passed in connection with the incurring, assumption, and retirement in part of these notes were as detailed hereunder.

| Par value | Consideration | Recorded value |
|-------------------------------|---|---------------------|
| <i>Issued</i> | | |
| \$3,318,000.00 | Cash..... | \$3,318,000.00 |
| 883,120.80 | Accounts payable liquidated..... | 883,120.80 |
| 3,060.80 | Interest on accounts payable..... | 3,060.80 |
| <i>Assumed</i> | | |
| \$728,538.86 | Unapportioned part of properties forming the New York, Susquehanna and Western..... | 728,538.86 |
| 4,932,720.46 | Total issued or assumed for considerations..... | 4,932,720.46 |
| <i>Reacquired and retired</i> | | |
| \$4,582,720.46 | Cash..... | 4,582,720.46 |
| <i>Outstanding</i> | | |
| \$350,000.00 | | |

RESULTS OF CORPORATE OPERATIONS

The results of corporate operations, as shown in the income and profit and loss accounts of the New York, Susquehanna and Western and the United States Railroad Administration, are given separately below.

Income statement of the New York, Susquehanna and Western.—A condensed summary of the income accounts for the year ending December 31, 1917, and for the period May 1, 1893, to date of valuation, follows.

| | Year | Period |
|--|-------------------|----------------------|
| Operating income: | | |
| Railway operating revenues..... | \$3,478,993.25 | \$59,929,759.33 |
| Railway operating expenses..... | 2,749,866.12 | 38,425,112.37 |
| Net revenue from railway operations..... | 729,127.13 | 21,504,646.96 |
| Railway tax accruals..... | 172,001.05 | 2,296,726.62 |
| Uncollectible railway revenues..... | 625.61 | 12,942.76 |
| Total operating income..... | 556,500.47 | 19,194,977.58 |
| Nonoperating income: | | |
| Hire of equipment..... | 54,017.75 | 76,676.67 |
| Joint-facility rent income..... | 83,497.55 | 618,471.72 |
| Income from lease of road..... | | 410,197.08 |
| Miscellaneous rent income..... | 7,402.86 | 88,750.12 |
| Separately operated properties, profit..... | 73,046.37 | 1,620,704.14 |
| Dividend income..... | 1.44 | 221,922.88 |
| Income from funded securities..... | 49,974.05 | 507,488.47 |
| Income from unfunded securities and accounts..... | 15,942.77 | 373,932.56 |
| Miscellaneous income..... | 297.24 | 51,206.83 |
| Total..... | 284,180.03 | 3,969,350.47 |
| Gross income..... | 840,680.50 | 23,164,328.05 |
| Deductions from gross income: | | |
| Hire of equipment..... | 40,404.32 | 855,126.92 |
| Joint-facility rents..... | 78,872.51 | 615,599.90 |
| Rent for leased roads..... | 3,887.61 | 601,339.99 |
| Miscellaneous rents..... | 25.00 | 121,251.17 |
| Separately operated properties, loss..... | | 180,330.30 |
| Interest on funded debt..... | 670,847.50 | 16,501,404.54 |
| Interest on unfunded debt..... | 20,265.50 | 187,484.73 |
| Amortization of discount on funded debt..... | | 499.25 |
| Maintenance of investment organization..... | 551.70 | 1,958.11 |
| Miscellaneous income charges..... | 1,604.38 | 347,251.82 |
| Total..... | 816,458.52 | 19,412,246.73 |
| Net income..... | 24,221.98 | 3,752,081.32 |
| Disposition of net income: | | |
| Income applied to sinking and other reserve funds..... | | 33,300.00 |
| Income appropriated for investment in physical property..... | 13,540.53 | 708,559.77 |
| Expenditures on the property of the Susquehanna Connecting Railroad Company..... | | 38.34 |
| Expenditures for additions and betterments to road and equipment..... | | 440,479.90 |
| Expenditures on property of The Wilkes-Barre and Eastern Railroad Company..... | | 30,232.36 |
| Expenditures for improvements on leased railway property..... | | 5,008.80 |
| Total..... | 13,540.53 | 1,217,619.17 |
| Income credit balance transferred to profit and loss..... | 10,681.45 | 2,534,462.15 |

An examination showed that, under the present classification of accounts, certain items included in other accounts would be includible in the income statement for the period. Also, certain income items recorded in the profit and loss account would be includible in the income statement for the period. These items, grouped according to their effect on the income for the period, are as follows:

Additions to income:

| | |
|--|-------------|
| Transferable from delayed income credits in profit and loss account— | |
| Addible to railway operating revenues..... | \$24,450.05 |
| Deductible from railway operating expenses..... | 19,757.33 |
| Deductible from railway tax accruals..... | 129.01 |

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Additions to income—Continued.

Transferable from delayed income credits in profit and loss account—Continued.

Addible to nonoperating income—

| | | |
|---------------------------------|---------------|---------------|
| Joint-facility rent income..... | \$52, 279. 58 | |
| Dividend income..... | 3, 504. 00 | |
| | | \$55, 783. 58 |

Deductible from deductions from gross income—

| | | |
|------------------------------|-------------|-------------|
| Rent from leased roads..... | 32, 683. 13 | |
| Interest on funded debt..... | 11, 179. 90 | |
| | | 43, 863. 03 |

Transferable from investment in road and equipment account—

| | | |
|---|--|--------|
| Addible to nonoperating income for income from funded securities..... | | 52. 50 |
|---|--|--------|

| | | |
|------------|--|---------------------|
| Total..... | | <u>144, 035. 50</u> |
|------------|--|---------------------|

Deductions from income:

Transferable from delayed income debits in profit and loss account—

| | | |
|--|--|--------------|
| Deductible from railway operating revenues..... | | 3, 439. 74 |
| Addible to railway operating expenses..... | | 100, 884. 39 |
| Addible to railway tax accruals..... | | 10, 320. 59 |
| Deductible from nonoperating income for dividend income..... | | 11, 679. 00 |

Addible to deductions from gross income—

| | | |
|--------------------------------|--------------|-------------|
| Miscellaneous rents..... | \$1, 471. 82 | |
| Interest on funded debt..... | 10, 971. 84 | |
| Interest on unfunded debt..... | 5, 609. 54 | |
| | | 18, 053. 20 |

Transferable from investment in road and equipment account—

| | | |
|--|--|-------------|
| Addible to deductions from gross income for interest on funded debt..... | | 86, 945. 61 |
|--|--|-------------|

| | | |
|------------|--|---------------------|
| Total..... | | <u>231, 322. 53</u> |
|------------|--|---------------------|

| | | |
|---------------------------------|--|--------------------|
| Net deductions from income..... | | <u>87, 287. 03</u> |
|---------------------------------|--|--------------------|

If the income accounts were adjusted to the extent indicated, and if the items then contained therein were taken at their recorded amounts, the credit balance transferable to profit and loss would be decreased by \$87,287.03, or to \$2,447,175.12.

In December, 1897, the New York, Susquehanna and Western received \$500,000 par value of capital stock of the Susquehanna Connecting Railroad, at a recorded value of \$500,000 as a consideration for leasing certain tracks and property owned by it in Lackawanna County, Pa., to the Susquehanna Connecting Railroad for a period of 999 years from February 26, 1897. The recorded value of this stock was credited to the investment in road and equipment account.

If the \$500,000 were applied in annual installments over the life of the lease as additional rental received, the income credit balance transferred to profit and loss would be increased by the proportion of the \$500,000 that would be thus added

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to income from lease of road from the date of the lease to date of valuation, but that amount is not separately recorded.

During the period January 1, 1918, to date of valuation the New York, Susquehanna and Western has accrued rental as due from the United States Railroad Administration for the use of its road amounting to \$410,197.08. This amount is included in the income statement of the company as income from lease of road.

For the period from May 1, 1893, to December 31, 1917, the aggregate railway operating expenses have been 64.2 per cent of the railway operating revenues, and for the period of 10.5 years preceding December 31, 1917, 68.3 per cent. The ratios and the net railway operating income or deficit for the years ended on June 30, from 1908 to 1916, for the six months ended December 31, 1916, for the year ended December 31, 1917, and for the six months ending on date of valuation, are given in the table below.

| Year | Ratio | Income | Year | Ratio | Income |
|-----------|-------|-----------|-------------------------|-------|-----------|
| 1908..... | 73.7 | \$589,240 | 1914..... | 71.5 | \$636,127 |
| 1909..... | 60.9 | 753,962 | 1915..... | 67.2 | 821,426 |
| 1910..... | 62.8 | 797,105 | 1916..... | 68.2 | 855,255 |
| 1911..... | 60.6 | 1,029,181 | 1916 ¹ | 70.2 | 393,771 |
| 1912..... | 65.2 | 770,433 | 1917..... | 79.0 | 574,739 |
| 1913..... | 70.3 | 730,122 | | | |

¹ Six months.

The operations of the United States Railroad Administration for the period of six months ended on date of valuation. The operating ratio was 97.2 per cent and the operating deficit was \$21,269.

Profit and loss statement of the New York, Susquehanna and Western.—A condensed summary of the profit and loss accounts for the period May 1, 1893, to date of valuation follows:

Credits:

| | |
|---|----------------|
| Credit balance transferred from income..... | \$2,534,462.15 |
| Profit on road and equipment sold..... | 323.78 |
| Delayed income credits— | |
| Railway operating revenues..... | \$24,450.05 |
| Railway operating expenses..... | 19,757.33 |
| Railway tax accruals..... | 129.01 |
| Joint-facility rent income..... | 52,279.58 |
| Dividend income..... | 3,504.00 |
| Rent for leased roads..... | 32,683.13 |
| Interest on funded debt..... | 11,179.90 |
| | <hr/> |
| | 143,983.00 |
| Unrefundable overcharges..... | 266.08 |
| Donations..... | 3,596.00 |
| Miscellaneous credits— | |
| Profit on securities of other companies sold..... | 111,165.00 |
| Premium on funded debt issued..... | 174,675.01 |
| Capital stock of the company reacquired without apparent cost..... | 500.00 |
| Capital stock of the New York and Wilkes- Barre Coal Company acquired without cost..... | 2,000.00 |
| Assessments collected in the conversion of securities of predecessors..... | 14,073.63 |

Credits—Continued.

Miscellaneous credits—Continued.

| | | |
|---|------------|----------------------------|
| Adjustment of sinking-fund reserve account..... | \$8,704.50 | |
| Other miscellaneous credits..... | 14,305.46 | |
| | | <u>\$325,423.60</u> |
| Total..... | | <u><u>3,008,054.61</u></u> |

Debits:

| | | |
|---|------------|-------------------|
| Dividend appropriations of surplus..... | | 120,000.00 |
| Debt discount extinguished through surplus..... | | 47,235.60 |
| Loss on retired road and equipment..... | | 584,660.27 |
| Delayed income debits— | | |
| Railway operating revenues..... | 3,439.74 | |
| Railway operating expenses..... | 100,884.39 | |
| Railway tax accruals..... | 10,320.59 | |
| Dividend income..... | 11,679.00 | |
| Miscellaneous rents..... | 1,471.82 | |
| Interest on funded debt..... | 10,971.84 | |
| Interest on unfunded debt..... | 5,609.54 | |
| | | <u>144,376.92</u> |

Miscellaneous debits—

| | | |
|---|------------|----------------------------|
| Losses resulting from the sale of investment securities..... | 27,417.98 | |
| Investments in other companies written off as being valueless..... | 572,235.00 | |
| Debits resulting from adjustments required to bring to par securities issued or assumed and reacquired at a cost exceeding the par value..... | 536.25 | |
| Other miscellaneous debits..... | 132,027.77 | |
| | | <u>732,217.00</u> |
| Total..... | | <u><u>1,628,489.79</u></u> |

Credit balance on date of valuation..... 1,379,564.82

An examination shows that, under the present classification of accounts, certain items included in other accounts would be includible in the profit and loss account, and that an item recorded therein would be transferable elsewhere. These items, grouped according to their effect on the credit balance in the profit and loss account, are as follows:

Increase:

| | | |
|---|--------------|--|
| Transferable from credit of investment in road and equipment account— | | |
| Capital stock of the New York, Susquehanna and Western Coal Company, \$359,500 par value, received as a consideration for the execution of certain coal contracts.... | \$359,500.00 | |
| Cash received from the Macopin Railroad Company as a consideration for leasing the property of that company and of guaranteeing the payment of principal and interest on its bonds..... | 44,000.00 | |
| Profit on securities of other companies..... | 7,992.00 | |

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Increase—Continued.

Transferable from credit of investment in road and equipment account—Continued.

Adjustment in book value of securities of other companies_ \$2, 601. 14

Total..... 414, 093. 14

Decrease:

Transferable from debit of investment in road and equipment account—

Discount on funded debt that has been retired..... 50, 000. 00

Uncollectible accounts written off..... 12, 042. 40

Transferable from debit to improvements on leased railway property account—

Charge in December, 1917, for improvements made prior to June 30, 1914, on the property of the Middletown, Unionville and Water Gap Railroad Company..... 183. 45

(This property is not now controlled or operated by the New York, Susquehanna and Western.)

Transferable to credit of investment in road and equipment account—

Assessments collected in the conversion of securities of predecessors..... 14, 073. 63

Total..... 76, 299. 48

Net increase in credit balance..... 337, 793. 66

If the profit and loss account were adjusted to the extent indicated, if the net debit of \$86,893.11 hereinbefore referred to as being transferable from the investment in road and equipment account to the income accounts, were so transferred, and if the items then contained therein were taken at their recorded amounts, the credit balance in the profit and loss account would be increased by \$250,900.55, or to \$1,630,465.37.

If the \$500,000 recorded as the value of a consideration received for a 999-year lease of certain tracks and property in Lackawanna County, Pa., were applied in annual installments over the life of the lease as additional income from lease of road, as referred to hereinbefore, the credit balance in the profit and loss account would be further increased by the proportion of the \$500,000 that would be thus added to income from the date of the lease to date of valuation, but that amount is not separately recorded.

Income statement of the United States Railroad Administration.—A condensed summary of the income accounts for the period January 1, 1918, to date of valuation follows.

Operating income:

Railway operating revenues..... \$1, 848, 691. 26

Railway operating expenses..... 1, 796, 414. 41

Net revenue from railway operations..... 52, 276. 85

Railway tax accruals..... 89, 499. 96

Uncollectible railway revenues..... 89. 24

Total operating deficit..... 37, 312. 35

Nonoperating income:

| | |
|---|-------------|
| Hire of equipment..... | \$62,466.54 |
| Joint-facility rent income..... | 13,266.65 |
| Separately operating properties, profit..... | 42,216.79 |
| Income from unfunded securities and accounts..... | 836.65 |
| Miscellaneous income..... | 341.10 |

| | |
|------------|------------|
| Total..... | 119,127.73 |
|------------|------------|

| | |
|-------------------|-----------|
| Gross income..... | 81,815.38 |
|-------------------|-----------|

Deductions from gross income:

| | |
|-----------------------------------|-----------|
| Hire of equipment..... | 26,234.59 |
| Joint-facility rents..... | 33,455.25 |
| Interest on unfunded debt..... | 3.48 |
| Miscellaneous income charges..... | 1,990.10 |

| | |
|------------|-----------|
| Total..... | 61,683.42 |
|------------|-----------|

| | |
|-----------------|-----------|
| Net income..... | 20,131.96 |
|-----------------|-----------|

Disposition of net income:

| | |
|---|-----------|
| Income credit balance transferred to profit and loss..... | 20,131.96 |
|---|-----------|

During this period the United States Railroad Administration has not accrued any rental as payable to the New York, Susquehanna and Western for the use of its road.

Profit and loss statement of the United States Railroad Administration.—The credit balance in the profit and loss account of the United States Railroad Administration on date of valuation is \$20,131.96, representing the credit balance transferred from income.

Dividends.—The New York, Susquehanna and Western in November, 1893, declared a dividend at the rate of 1¼ per cent on its preferred capital stock, amounting to \$120,000, which amount has been charged to the profit and loss account. The records reviewed do not indicate that this amount was payable otherwise than in cash.

INVESTMENT IN ROAD AND EQUIPMENT

The investment of the New York, Susquehanna and Western in road and equipment, including land, on date of valuation is stated in its books as \$37,701,945.38, of which the following is a general analysis.

For property acquired in the consolidation of April, 1893, inseparable as between the consolidating companies:

| | |
|--|---------------|
| Recorded money outlay..... | \$99,337.50 |
| Common stock issued at par value..... | 12,272,113.24 |
| Preferred stock issued at par value..... | 10,513,092.00 |
| Stock liability for conversion, incurred, recorded amount..... | 754,207.00 |
| Funded debt assumed at par value..... | 9,411,888.00 |
| Current liabilities assumed, recorded amount..... | 1,432,777.92 |

| | |
|---------------------------|---------------|
| Total of above items..... | 34,483,415.66 |
|---------------------------|---------------|

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Less—

| | |
|--|-------------------|
| Current and other assets taken over at recorded value of..... | \$2, 028, 180. 20 |
| Preferred stock of the company received in consideration of releasing the North Jersey Construction Company from contract to construct the road of one of the consolidating companies..... | 1, 000, 000. 00 |
| Cash assessments received in the conversion of securities of predecessors..... | 201. 41 |

Total deductions..... 3, 028, 381. 61

\$31, 455, 034. 05

For construction:

| | |
|--|-----------------|
| Recorded money outlay, including \$73,260.43 for interest during construction..... | 1, 536, 568. 04 |
|--|-----------------|

For additions and betterments:

| | |
|---|------------------------|
| Recorded money outlay— | |
| Road..... | 2, 236, 213. 32 |
| Equipment..... | 3, 663, 459. 77 |
| Credit given the United States Railroad Administration in open account for recorded outlay by it— | |
| Road..... | 87, 966. 57 |
| Equipment..... | 10, 335. 10 |
| Equipment-trust notes issued at par value..... | 287, 979. 94 |
| | <u>6, 285, 954. 70</u> |

Total of the above items..... 39, 277, 556. 79

Retirements:

| | |
|-----------------------------|------------------------|
| Road, credited at..... | 311, 196. 51 |
| Equipment, credited at..... | 1, 346, 031. 97 |
| | <u>1, 657, 228. 48</u> |

Net of above items..... 37, 620, 328. 31

Other items, not in accordance with the present classification of accounts, net charges..... 81, 617. 07

Total recorded as of date of valuation..... 37, 701, 945. 38

Other item.—The item of \$81,617.07 in the above general analysis, representing net other charges, is further analyzed as follows:

Charges:

| | |
|--|-----------------|
| Transferable to balance sheet account, Discount on Capital Stock..... | \$345, 111. 000 |
| Transferable to balance sheet account, Discount on Funded Debt, or other accounts— | |
| Discount on funded debt..... | 354, 925. 00 |
| Transferable to profit and loss account— | |
| Discount on funded debt that has been reacquired and retired..... | 50, 000. 00 |
| Uncollectible accounts written off..... | 12, 042. 40 |

Charges—Continued.

| | |
|--|---------------|
| Transferable to deductions from gross income— | |
| Interest on equipment obligations..... | \$78, 328. 94 |
| Accrued interest on bonds to date of sale, for which no consideration was received..... | 8, 616. 67 |
| Transferable to improvements on leased railway property account— | |
| Charges for improvements to properties of— | |
| The Wilkes-Barre and Eastern Railroad Company.. | 3, 837. 55 |
| The Lodi Branch Railroad Company..... | 1, 964. 50 |
| Passaic and New York Railroad Company..... | 4, 548. 43 |
| The Hackensack and Lodi Railroad Company.... | 3, 337. 89 |
| Transferable to investments in other companies account, for advances to The Wilkes-Barre and Eastern Railroad Company..... | 85, 711. 90 |
| Not includible in any account— | |
| Charges, with offsetting credits to a sinking-fund re- serve account in connection with the acquisition of property through consolidation..... | 24, 886. 17 |
| Charge erroneously made, with offsetting credit to the improvements on leased railway property account.. | 22, 452. 26 |
| | <hr/> |
| Total charges..... | 995, 762. 71 |
| | <hr/> <hr/> |

Credits:

| | |
|--|--------------|
| Transferable to profit and loss account— | |
| Par value of New York, Susquehanna and Western Coal Company stock received as a consideration for the execution of certain coal contracts..... | 359, 500. 00 |
| Credit representing cash received from the Macopin Railroad as a consideration for leasing the property of that company and of guaranteeing the payment of principal and interest on its bonds..... | 44, 000. 00 |
| Profit realized in sale of investment in the Hackensack and Lodi Railroad Company bonds..... | 7, 992. 00 |
| Credit resulting from adjustment of book value of in- vestment in capital stock of the Macopin Railroad Company..... | 2, 601. 14 |
| Transferable to nonoperating income for income from funded securities— | |
| Interest collected at time of sale of The Hackensack and Lodi Railroad Company bonds..... | 52. 50 |
| Transferable in undetermined part to income account “in- come from lease of road” and in undetermined part to an unadjusted credit account— | |
| Par value of capital stock of the Susquehanna Connect- ing Railroad Company that was received from that company as a consideration for a 999-year lease to it of certain tracks and property owned by the New York, Susquehanna and Western in Lackawanna County, Pa..... | 500, 000. 00 |
| | <hr/> |
| Total credits..... | 914, 145. 64 |
| | <hr/> <hr/> |

An examination showed that, under the present classification of accounts, certain items included in other accounts would be includible in the investment in road and equipment account, detailed as follows.

Increase:

| | |
|---|--------------|
| Transferable from debit to improvements on leased railway property account— | |
| Recorded money outlay for additions and betterments to road..... | \$6, 852. 15 |

Decrease:

| | |
|---|--------------------|
| Transferable from credit to profit and loss account— | |
| Assessments collected in the conversion of securities of predecessors incident to the consolidation of April, 1893..... | 14, 073. 63 |
| Not included in any account— | |
| Equipment retired by the United States Railroad Administration not recorded in the accounts of the company as of date of valuation..... | 5, 906. 37 |
| Total decrease..... | <u>19, 980. 00</u> |
| Net decrease..... | <u>13, 127. 85</u> |

If the above items were transferred to the investment in road and equipment account, if the other items set out in the general analysis were eliminated, and if all the items then contained therein were taken at their recorded values, the balance in the account would be reduced by \$94,744.92, or to \$37,607,200.46.

This adjusted amount would be the result, on the one hand, of gross outlays that consist, in part, of considerations other than cash recorded at \$34,770,359.77, and, on the other hand, of items deductible from the gross outlays and recorded at \$4,705,590.09, but not specifically deductible at the recorded amounts. The cash value at the time of the transactions of the considerations other than cash and of the items other than cash deductible from the gross outlays is not known and can not be definitely determined.

The balance in the investment in road and equipment account, if adjusted to this extent, so far as it is resolvable into the kinds of considerations, would comprise the following classes of recorded outlay:

| | |
|---|--------------------|
| Recorded money outlay, including \$73,260.43 for interest during construction..... | \$7, 542, 430. 78 |
| Capital stock issued at par value..... | 22, 785, 205. 24 |
| Stock liability for conversion, incurred, recorded amount..... | 754, 207. 00 |
| Funded debt issued at par value..... | 287, 979. 94 |
| Funded debt assumed at par value..... | 9, 411, 888. 00 |
| Current liabilities assumed at recorded value of..... | 1, 432, 777. 92 |
| Credit given the United States Railroad Administration in open account for recorded outlay by it..... | <u>98, 301. 67</u> |

Less whatever portions, not definitely determinable, that represent—

| | |
|---|-----------------|
| Current and other assets taken over at recorded value of.... | 2, 028, 180. 20 |
| Preferred stock of the company received in consideration of releasing the North Jersey Construction Company from contract to construct the road of a predecessor..... | 1, 000, 000. 00 |
| Cash assessments received in the conversion of securities of predecessors..... | 14, 275. 04 |
| Retirements of road and equipment, credited at..... | 1, 663, 134. 85 |

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Besides the several classes of outlay above summarized, the New York, Susquehanna and Western has charged to its income account items aggregating \$440,479.90, purporting to be expenditures for additions and betterments to road and equipment. It also credited its sinking-fund reserve account with \$1,000, recorded as proceeds from sale of land at Paterson, N. J. However, since it is not possible, solely from an analysis of the accounts, to determine whether such charges represent the cost of additional property still in existence on date of valuation and do not represent renewals or replacements, in whole or in part, of property retired and not written out of the accounts, and in the absence of information as to why such credit was made to the sinking-fund reserve account instead of to the investment in road and equipment account, the amounts have not been included in the above summary. On the other hand, it has not been determined whether there should not be further deductions for property retired.

These outlays may include some or all of the undetermined costs to the New York, Susquehanna and Western of certain lands and structures classified herein as noncarrier and some or all of the undetermined portions, assignable to noncarrier lands, of the costs of lands classified herein as partly carrier and partly noncarrier. The New York, Susquehanna and Western has not charged to its miscellaneous physical property account any amounts that represent these non-carrier lands and structures. The costs of these lands at time of dedication to public use, so far as indicated by accounting records, together with certain amounts reported as the costs of such lands, but not supported in the accounts, are stated in the following chapter.

ORIGINAL COST TO DATE

The original cost to date of the road and equipment, including land, owned by the New York, Susquehanna and Western and used for common-carrier purposes, has not been definitely ascertained. For the following such property constructed by its predecessors in ownership, no accounting or construction records of the outlays for its original construction have been found.

| Property | Recorded mileage |
|---|---------------------|
| The Hudson River Railroad and Terminal Company (partly constructed an undetermined amount)..... | |
| New Jersey, Hudson and Delaware Railroad Company (partly constructed an undetermined amount)..... | |
| The New Jersey Western Railroad Company (partly constructed an undetermined amount)..... | |
| The Blairstown Railway Company..... | 11. 101 |
| Less mileage abandoned..... | 5. 499 |
| Total | 5. 602 |

For completing and improving the remaining 125.292 miles of road and equipment, including land, acquired from predecessors, for the construction of 3.416 miles and for additions and betterments by the New York, Susquehanna and Western to the entire property, the data obtained are as follows:

New York, Susquehanna and Western:

| | |
|---|-------------------|
| Recorded money outlay, including \$73,260.43 for interest during construction..... | \$7, 443, 093. 28 |
| Funded debt issued at par value..... | 287, 979. 94 |
| Credit given the United States Railroad Administration for recorded outlay by it..... | 98, 301. 67 |

New York, Susquehanna and Western—Continued.

Less any portions, not definitely determinable, that represent—

| | |
|--|------------------|
| Road retired, credited at..... | \$311, 196. 51 |
| Equipment retired, credited at..... | 1, 351, 938. 34 |
| New York, Susquehanna and Western (first corporation): | |
| Recorded money outlay..... | 1, 939, 160. 29 |
| Capital stock issued at par value..... | 10, 205, 200. 00 |
| Funded debt issued at par value..... | 3, 661, 013. 00 |
| New Jersey Midland Railway Company: | |
| Recorded money outlay..... | 3, 423, 862. 69 |
| Capital stock, par value \$504,688.02, issued at an agreed value of..... | 364, 688. 02 |
| Funded debt, par value \$238,724.99, issued at an agreed value of..... | 225, 173. 74 |
| Interest during construction, nature of outlay not determined..... | 687, 210. 64 |
| <hr/> | |
| Less any portions, not definitely determinable, that represent equipment retired, credited at..... | 41, 434. 97 |
| The Hudson River Railroad and Terminal Company: | |
| Recorded money outlay, including \$19,835.70 for interest during construction by the New York, Susquehanna and Western Railroad Company (first corporation)..... | 566, 294. 40 |
| New Jersey Western Railroad Company: | |
| Recorded money outlay..... | 203, 167. 96 |
| Capital stock issued at par value..... | 206, 300. 00 |
| Erie Railroad Company: | |
| Recorded money outlay charged to the improvements on leased railway property account..... | 7, 500. 29 |

The several classes of outlay by the companies above detailed are summarized by classes as follows:

| | |
|---|--------------------|
| Recorded money outlay, including \$93,096.13 for interest during construction..... | \$13, 583, 078. 91 |
| Outlay in securities issued at par value..... | 14, 360, 492. 94 |
| Outlay in securities, par value \$743,413.01, issued at an agreed value of..... | 589, 861. 76 |
| Credit given the United States Railroad Administration for recorded outlay by it..... | 98, 301. 67 |
| Interest during construction, nature of outlay not determined..... | 687, 210. 64 |
| <hr/> | |

Less any portions, not definitely determinable, that represent—

| | |
|-------------------------------------|-----------------|
| Road retired, credited at..... | 311, 196. 51 |
| Equipment retired, credited at..... | 1, 393, 373. 31 |

Besides the several classes of outlay summarized, the New York, Susquehanna and Western has charged to its income account items aggregating \$440,479.90, and one of the predecessors, the New York, Susquehanna and Western Railroad Company (first corporation), charged to its profit and loss account items aggregating \$74,137.63 purporting to be for additions and betterments to road and equipment. The New York, Susquehanna and Western also credited its sinking-fund reserve account with \$1,000, recorded as proceeds from sale of land. However, since it is not possible, solely from an analysis of the accounts, to determine whether such charges represent the cost of additional property still in existence on date of valuation and do not represent renewals or replacements, in whole or

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in part, of property retired and not written out of the accounts, and in the absence of information as to why credit was made to the sinking-fund reserve account instead of to the investment in road and equipment account, the amounts have not been included in the above summary. On the other hand, it has not been determined whether there should not be further deductions for property retired, for the New York, Susquehanna and Western has not made any report concerning abandoned property.

These outlays may include some or all of the undetermined costs to the carrier first acquiring them of certain lands and structures classified herein as noncarrier, and some or all of the undetermined portions, assignable to noncarrier lands, of such costs of lands classified herein as partly carrier and partly noncarrier. The New York, Susquehanna and Western or its predecessors have not charged to their miscellaneous physical property account any amounts that represent these noncarrier lands and structures. The costs of these lands, so far as indicated by accounting records, together with certain amounts reported as costs of such lands, but not supported in the accounts, are stated in the section of this chapter that is devoted to cost of lands.

Cost of lands.—The New York, Susquehanna and Western reports amounts aggregating \$1,442,399.98 as the outlays by itself and its predecessors in connection with lands and rights owned or used by it, including noncarrier lands, and that the proceeds from the sale of parts of parcels of such lands aggregate \$27,506. A verification of the amounts indicates that the reported outlays should be increased by \$59,972.79, and that the proceeds from the sale of parts of parcels sold should be increased by \$19,400, as detailed below:

| | Amount | Proceeds from sales |
|---|------------------|---------------------|
| Additions: | | |
| Understatement of costs and sales..... | \$50,916.20 | \$22,000 |
| Costs reported by the Wilkes-Barre and Eastern Railroad Company for lands, title to which is vested in the New York, Susquehanna and Western..... | 20,473.44 | 500 |
| Costs reported by the Passaic and New York Railroad Company for lands, title to which is vested in the New York, Susquehanna and Western..... | 7,500.00 | ----- |
| Total | 78,889.64 | 22,500 |
| Deductions: | | |
| Costs and sales reported for lands excluded as not owned..... | 10,844.45 | 500 |
| Costs reported for rights excluded..... | 2,700.00 | ----- |
| Chargeable to accounts other than land..... | 50.00 | ----- |
| Overstatement of costs and sales..... | 922.40 | 2,600 |
| Costs reported including improvements thereon, costs of lands not separable..... | 4,400.00 | ----- |
| Total | 18,916.85 | 3,100 |
| Net total additions | 59,972.79 | 19,400 |

The returns include certain lands for which merely nominal deed considerations are reported, certain lands for which no considerations are recited in deeds, certain lands held by adverse possession, certain lands for which there is no reference to evidence of title, certain lands for which the considerations recited in deeds are other than of a monetary value, certain lands acquired in exchange for other lands, certain lands acquired under charter rights, certain lands for which nominal considerations and other than money are reported, certain lands leased for which no costs are reported, and certain rights in public domain and private lands for which no costs are reported.

The amounts reported as costs incurred for the remaining lands or rights owned, after making the changes noted, are made up in part of costs supported by accounting records and in part of substantial considerations named in deeds,

or other instruments, which were returned as costs, but which are not supported by accounting records. These amounts and the proceeds from parts of parcels sold, both classified according to the classification herein of the lands or rights to which they apply, are summarized as follows:

| Classification | Costs supported by accounting records | Amounts not supported by accounting records |
|---|---------------------------------------|---|
| <i>As a whole</i> | | |
| Lands classified as carrier: | | |
| Owned and used (includes \$75,005 supported costs not separable as to lands classified as carrier, lands classified as noncarrier, and lands classified as partly carrier and partly noncarrier)..... | \$386,070.05 | \$630,214.00 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | | 21,631.00 |
| Owned but used by other carriers..... | | 19,579.65 |
| Owned but partly used by other carriers..... | | 8,025.00 |
| Owned jointly and used jointly..... | | 3,000.00 |
| Total | 386,070.05 | 660,818.65 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | | 21,631.00 |
| Lands classified as noncarrier: | | |
| Owned (see note under carrier land)..... | | 45,288.89 |
| Lands classified as partly carrier and partly noncarrier: | | |
| Owned and used (see note under carrier land)..... | 188,505.28 | 188,177.75 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | 22,000.00 | 2,775.00 |
| Owned but partly used by other carriers..... | | 16,391.00 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | | 500.00 |
| Total | 188,505.28 | 204,568.75 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | 22,000.00 | 3,275.00 |
| Rights in public domain classified as carrier: | | |
| Owned and used..... | 10,002.50 | |
| Rights in private lands classified as carrier: | | |
| Owned and used..... | 143.65 | 6,975.00 |
| <i>In New Jersey</i> | | |
| Lands classified as carrier: | | |
| Owned and used (includes \$75,005 unsupported costs not separable as to lands classified as carrier, lands classified as noncarrier, and lands classified as partly carrier and partly noncarrier)..... | 385,770.05 | 615,282.18 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | | 20,081.00 |
| Owned but partly used by another carrier..... | | 748.00 |
| Owned jointly and used jointly..... | | 3,000.00 |
| Total | 385,770.05 | 619,030.18 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | | 20,081.00 |
| Lands classified as noncarrier: | | |
| Owned (see note under carrier land)..... | | 24,368.60 |
| Lands classified as partly carrier and partly noncarrier: | | |
| Owned and used (see note under carrier land)..... | 188,505.28 | 168,907.75 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | 22,000.00 | 2,775.00 |
| Rights in public domain classified as carrier: | | |
| Owned and used..... | 10,002.50 | |
| Rights in private lands classified as carrier: | | |
| Owned and used..... | 143.65 | 5,975.00 |
| <i>In Pennsylvania</i> | | |
| Lands classified as carrier: | | |
| Owned and used..... | 300.00 | 14,931.82 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | | 1,550.00 |
| Owned but used by other carriers..... | | 19,579.65 |
| Owned but partly used by another carrier..... | | 7,277.00 |
| Total | 300.00 | 41,788.47 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | | 1,550.00 |
| Lands classified as noncarrier: | | |
| Owned..... | | 20,920.29 |

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| Classification | Costs supported by accounting records | Amounts not supported by accounting records |
|---|---------------------------------------|---|
| <i>In Pennsylvania—Continued</i> | | |
| Lands classified as partly carrier and partly noncarrier: | | |
| Owned and used..... | | \$19,270.00 |
| Owned but partly used by other carriers..... | | 16,391.00 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | | 500.00 |
| Total..... | | 35,661.00 |
| Less any portions, not definitely determinable, that are assignable to parts of parcels sold for proceeds of..... | | 500.00 |
| Rights in private lands classified as carrier: | | |
| Owned and used..... | | 1,000.00 |

In addition to the costs of lands included in the above tabulation the carrier reported that it owns certain lands with improvements thereon with total costs of \$16,400. The amount of these costs is not separable as between the costs of the lands and the costs of the improvements. These lands have been classified as follows:

| | |
|---|----------|
| Lands classified as carrier with improvements thereon..... | \$12,000 |
| Lands classified as partly carrier and partly noncarrier with improvements thereon..... | 4,400 |
| Total..... | 16,400 |

The information as to the original cost of the lands owned by the lessors of the New York, Susquehanna and Western is given in the reports on those companies.

Cost of machinery and equipment.—The New York, Susquehanna and Western reports that it owns and uses, 2,849 units of equipment, 83 roadway machines, and certain machinery, with costs aggregating \$3,855,773.18. A verification of the returns indicates that the number of units of equipment should be reduced by one, that the units of roadway machines should be increased by two and that the costs should be reduced by \$5,356.15, as detailed below:

| Description | Units | Amount |
|--|-------|----------|
| Additions: | | |
| Roadway machines— | | |
| Inventoried but not reported..... | 2 | |
| Shop machinery— | | |
| Transferred from roadway machines..... | | \$573.44 |
| Total..... | | 573.44 |
| Deductions: | | |
| Roadway machines— | | |
| Costs reported for miscellaneous patterns transferred to shop machinery..... | | 573.44 |
| Power-substation apparatus— | | |
| Transformer belonging to Public Service Company..... | | 282.73 |
| Steam locomotives— | | |
| Unserviceable condition..... | 1 | 5,073.42 |
| Total..... | | 5,929.59 |
| Net total deductions..... | 1 | 5,356.15 |

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After making the changes noted and classifying the returns according to the classification herein of the property to which they apply, the revised returns are summarized as follows:

| Classification | Units | Costs supported by accounting records | Amounts estimated by the company or otherwise not supported by accounting records |
|---------------------------------|--------------|---------------------------------------|---|
| Machinery: | | | |
| Roadway machines..... | 83 | | \$5,489.87 |
| Roadway machines..... | 2 | | |
| Shop machinery..... | | \$2,474.44 | 30,371.90 |
| Power-substation apparatus..... | | | 226.04 |
| Total..... | | 2,474.44 | 36,087.81 |
| Equipment: | | | |
| Steam locomotives..... | 82 | 557,023.43 | 31,924.80 |
| Freight-train cars..... | 2,617 | 2,812,318.24 | 20,998.99 |
| Passenger-train cars..... | 97 | 152,908.47 | 192,444.54 |
| Work equipment..... | 52 | 33,513.86 | 10,722.45 |
| Total..... | 2,848 | 3,555,764.00 | 256,090.78 |

The foregoing statement includes 11 roadway machines with estimated costs of \$906, which are used under lease by the Wilkes-Barre and Eastern. In addition, there has been inventoried to the New York, Susquehanna and Western certain power-plant machinery for which the costs have not been ascertained.

The information as to the original cost of machinery and equipment owned by the lessors of the New York, Susquehanna and Western is given in the reports on those companies.

IMPROVEMENTS ON LEASED RAILWAY PROPERTY

The investments of the New York, Susquehanna and Western in improvements on leased railway property on date of valuation are stated in its books as \$28,964.56, of which the following is a general analysis.

For improvements, road:

| | |
|---|--------------------|
| Recorded money outlay..... | \$41,959.52 |
| Credit given the United States Railroad Administration in open account for recorded outlay by it..... | 2,421.70 |
| | <u>\$44,381.22</u> |

Other items, not in accordance with the present classification of accounts, net credit:

Charges—

| | |
|--|----------|
| Transferable to the investment in road and equipment account— | |
| Additions and betterments to road of the New York, Susquehanna and Western..... | 6,852.15 |
| Transferable to the profit and loss account— | |
| Improvements made to the property of the Middletown, Unionville and Water Gap Railroad Company. This property is not controlled or operated by the New York, Susquehanna and Western on date of valuation..... | 183.45 |

Total..... 7,035.60

Other items, not in accordance with the present classification of accounts, net credit—Continued.

Credit—

Not includible in any account—

Credit erroneously made, with offsetting charge to the investment in road and equipment account.....

\$22, 452. 26

\$15, 416. 66

Total recorded as of date of valuation..... 28, 964. 56

If the other items set out in the general analysis were eliminated, if all the items then remaining were taken at their recorded values, and if the additional items set out in the investment in road and equipment account were transferred to the improvements on leased railway property account, the balance in the latter account would be increased by \$29,105.03, or to \$58,069.59.

This adjusted amount would be the result of gross outlays that consist in part of considerations other than cash recorded at \$2,421.70, the cash value of which at the time of the transactions is not known and can not be definitely determined.

The balance in the improvements on leased railway property account, if adjusted to this extent, so far as it is resolvable into the kinds of considerations, would comprise the following classes of recorded outlay.

Recorded money outlay..... \$55, 647. 89
 Credit given the United States Railroad Administration in open account for recorded outlay by it..... 2, 421. 70

The outlays made by the New York, Susquehanna and Western for improvements on leased or controlled railway property according to the lines to which they apply, as indicated by its records, are summarized as follows:

| | |
|--------------------------------------|---------------|
| Wilkes-Barre and Eastern..... | \$10, 312. 41 |
| Susquehanna Connecting Railroad..... | 37, 906. 36 |
| Lodi Branch Railroad..... | 1, 964. 50 |
| Passaic and New York..... | 4, 548. 43 |
| Hackensack and Lodi..... | 3, 337. 89 |
| | 58, 069. 59 |

Besides the classes of outlay summarized, the New York, Susquehanna and Western has charged to its income account items aggregating \$35,279.50 purporting to be expenditures for improvements on leased or controlled railway property, as indicated below. However, since it is not possible, solely from an analysis of the accounts, to determine whether such charges represent the cost of additional property still in existence on date of valuation and do not represent renewals or replacements, in whole or in part, of property retired and not written out of the accounts, the amounts have not been included in the above summary. On the other hand, it has not been determined whether there should not be further deductions for property retired.

| Company | Amount |
|--------------------------------------|--------------------|
| Macopin Railroad..... | \$505. 17 |
| Passaic and New York..... | 2, 499. 17 |
| Hackensack and Lodi..... | 1, 625. 91 |
| Lodi Branch Railroad..... | 378. 55 |
| Wilkes-Barre and Eastern..... | 30, 232. 36 |
| Susquehanna Connecting Railroad..... | 38. 34 |
| Total..... | 35, 279. 50 |

MISCELLANEOUS PHYSICAL PROPERTY

The accounts of the New York, Susquehanna and Western do not record any investment as such in miscellaneous physical property on date of valuation. However, certain parcels and parts of parcels of lands owned by this company, and certain structures on carrier lands, have been classified herein as noncarrier. A summary of the costs of these lands, as reported, with revisions made as previously explained, is stated in the chapter on original cost to date. The amount that would be includible in the miscellaneous physical property account to represent the investment in noncarrier lands and structures has not been indicated by the records reviewed.

INVESTMENTS IN OTHER COMPANIES

The investments of the New York, Susquehanna and Western in other companies on date of valuation are stated in its records at a total book value of \$4,522,648.23. The total of such investments made by the New York, Susquehanna and Western to date of valuation amounts to \$6,870,730.66 par value and \$6,712,453.06 recorded book value. Of these, there have been disposed of \$2,264,630.83 par value with a recorded book value of \$2,189,804.83, leaving on date of valuation investments of \$4,606,099.83 par value and \$4,522,648.23 book value. A statement of the several investments recorded as of date of valuation, with their respective par values and book values, follows.

| | Par value | Book value |
|---|---------------------|---------------------|
| Stocks: | | |
| Affiliated carrier corporations— | | |
| Erie Terminals Railroad Company..... | \$8,000.00 | \$8,000.00 |
| Hackensack and Lodi..... | 25,000.00 | 8,660.83 |
| Lodi Branch Railroad..... | 60,000.00 | 12,000.00 |
| Macopin Railroad..... | 60,000.00 | 60,000.00 |
| Passaic and New York..... | 70,000.00 | 70,000.00 |
| Susquehanna Connecting Railroad..... | 500,000.00 | 500,000.00 |
| Wilkes-Barre and Eastern..... | 3,000,000.00 | 3,000,000.00 |
| Total..... | 3,723,000.00 | 3,658,660.83 |
| Other stocks— | | |
| Analomink Paper Company..... | 24.00 | 23.07 |
| Temple Iron Company..... | 1,168.00 | 1.00 |
| Total..... | 1,192.00 | 24.07 |
| Grand total stocks..... | 3,724,192.00 | 3,658,684.90 |
| Bonds: | | |
| Affiliated noncarrier corporation— | | |
| New York, Susquehanna and Western Coal Company..... | 30.00 | 30.00 |
| Other bonds— | | |
| Lackawanna and Susquehanna Coal and Iron Company..... | 61,000.00 | 61,000.00 |
| Republic of France..... | 447,100.00 | 429,155.50 |
| Total..... | 508,100.00 | 490,155.50 |
| Grand total bonds..... | 508,130.00 | 490,185.50 |
| Advances: | | |
| Affiliated carrier corporation— | | |
| Erie Terminals Railroad Company..... | 362,122.83 | 362,122.83 |
| Other advances— | | |
| Lackawanna and Susquehanna Coal and Iron Company..... | 11,655.00 | 11,655.00 |

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The considerations recorded as passed in the acquisition of the total investments are summarized as follows:

| | |
|---|-------------------|
| Cash..... | \$1, 075, 178. 85 |
| Undetermined part, assignable to various investments received with the other property of the companies forming the New York, Susquehanna and Western, of the considerations given for the entire property of those companies, these investments being recorded by the New York, Susquehanna and Western at a book value of..... | 1, 083, 150. 00 |
| Capital stock issued at par value..... | 3, 000, 000. 00 |
| Settlement in part of open accounts..... | 690, 023. 07 |
| Consideration for execution of a 999-year lease for certain tracks and property in Lackawanna County, Pa..... | 500, 000. 00 |
| Consideration for the execution of certain coal contracts..... | 359, 500. 00 |
| | 6, 707, 851. 92 |
| Acquired without cost and recorded with offsetting credit in the profit and loss account..... | 2, 000. 00 |
| Adjustment in book value of investment securities with offsetting credit in the investment in road and equipment account.. | 2, 601. 14 |
| | 6, 712, 453. 06 |

The considerations recorded as passed in the disposition of \$2,189,804.83 book value of investments are summarized as follows:

| | |
|--|-------------------|
| Cash..... | \$1, 707, 827. 52 |
| Investment in capital stock, par value \$25,000, and investment in bonds, par value \$12,000, in liquidation of an advance account, recorded amount..... | 12, 818. 83 |
| Investments written off to the profit and loss account as being valueless..... | 572, 235. 00 |
| | 2, 292, 881. 35 |
| Less— | |
| Net profit realized at sale of investment securities..... | 103, 076. 52 |
| | 2, 189, 804. 83 |

The profit realized in the sale of certain investment securities, amounting to \$131,857, and the loss sustained in the sale of certain other investment securities, amounting to \$28,780.48, were disposed of by the company to the following accounts.

| Account | Profit credited | Loss charged |
|---------------------------------------|-----------------|--------------|
| Income..... | \$12, 700 | \$1, 362. 50 |
| Profit and loss..... | 111, 165 | 27, 417. 98 |
| Investment in road and equipment..... | 7, 992 | ----- |

If the item of \$85,711.90, set out in the investment in road and equipment account as transferable to the investments in other companies account, were so transferred and if all the items then contained therein were taken at their recorded value, the total investments in other companies on date of valuation would be increased to \$4,691,811.73 par value and \$4,608,360.13 book value.

AIDS, GIFTS, GRANTS, AND DONATIONS

The New York, Susquehanna and Western reports that no aids, gifts, grants, or donations were received by it or its predecessors. However, the records of the company indicate that, incident to the construction of industrial tracks, it received cash donations, aggregating \$3,596, from various individuals and companies. This amount was credited to the profit and loss account.

The report of the New York, Susquehanna and Western upon the cost of its lands shows that certain lands were acquired by it or its predecessors through deeds that recite merely nominal considerations and certain lands for which no considerations were named in instruments. Since the records do not indicate that any actual payment was made in the acquisition of these parcels, they have been herein designated as apparent aids.

MATERIAL AND SUPPLIES

The accounts of the New York, Susquehanna and Western do not record any investment in material and supplies on date of valuation. The investment in material and supplies as shown in the books of the United States Railroad Administration on date of valuation amounts to \$226,525.14.

LEASED RAILWAY PROPERTY

The property of the New York, Susquehanna and Western, together with the property of others that it leases, devoted to common-carrier purposes, was taken over for operation by the United States Railroad Administration on January 1, 1918, and is so operated on date of valuation. The arrangements of the New York, Susquehanna and Western with other carriers, in effect December 31, 1917, covering the use of joint facilities, with one exception noted hereinafter, have been continued by the United States Railroad Administration during the period January 1, 1918, to date of valuation. The description of the property, the period and terms of use, and the rentals accrued and charged or credited to income for the year ending December 31, 1917, are as follows:

Solely owned, but jointly used, used with—

Lehigh and New England Railroad Company—

Rentals

Tracks, 78.06 miles, Hainesburg Junction to Little Ferry, N. J., for the transportation of coal; for indefinite period from July 1, 1910, stipulated payment of 25 cents per gross ton for all coal moved between the points named. After Dec. 31, 1917, the coal tonnage of the Lehigh and New England Railroad Company moving between Hainesburg Junction and Little Ferry, N. J., has been handled by the trains of the New York, Susquehanna and Western. The rental accrued for the year ended Dec. 31, 1917, is included with the rental accrued for the use of tracks between Hainesburg Junction and Swartswood Junction, N. J., as detailed below, and is not separable.

Tracks, 18.5 miles, Hainesburg Junction to Swartswood Junction, N. J., for the transportation of through freight; for indefinite period from Mar. 16, 1912; annual rental 2.066 mills per ton-mile for each ton of freight transported, also all taxes and assessments levied on said freight or its revenues

\$81, 897. 01

The rental stated above covers both joint-facility arrangements with the Lehigh and New England Railroad Company noted above.

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Solely owned, but jointly used, used with—Continued.

| | Rentals |
|---|--------------|
| Erie Railroad Company— | |
| Tracks, 9.21 miles, Granton Junction to Passaic Junction, N. J. (freight traffic only); no agreement has been executed and the company receives no rental for the use of this facility----- | |
| Tracks, 4.48 miles, Granton Junction to West End Junction, N. J., paralleling the tracks of the Northern Railroad Company of New Jersey (Erie Railroad Company, operating company); the tracks of both companies are operated as a double track road, each company bearing the expense of maintenance of its own tracks. No rentals have been accrued for the use of this facility----- | |
| Solely owned, but not used, leased to— | |
| Susquehanna Connecting Railroad Company and subleased to The Wilkes-Barre and Eastern Railroad Company— | |
| Tracks, 10.239 miles, the Jermyn No. 2, Winton, Johnson, Dolph (or Sunnyside), Spencer, Murray, and Sibley branches in Lackawanna County, Pa.; term 999 years from Feb. 26, 1897, stipulated payment of \$500,000 par value of capital stock of the Susquehanna Connecting Railroad. No rental has been accrued for the use of this property----- | |
| Solely used, but not owned, leased from— | |
| Lodi Branch Railroad— | |
| Entire property; term 99 years from Apr. 14, 1883; stipulated payment of \$600 per annum, also all taxes and assessments. No rental has been accrued for the use of this property----- | |
| Passaic and New York— | |
| Entire property; term 999 years from Dec. 1, 1885; annual rental equal to interest on first-mortgage bonds of lessor; also all taxes and maintenance----- | \$3, 500. 00 |
| Hackensack and Lodi— | |
| Entire property; for indefinite period from Oct. 1, 1896; stipulated payment equal to 20 cents per ton on all freight handled, to be deposited with a trustee for the redemption of first-mortgage bonds of the lessor. All of the bonds have been redeemed and no rental has been accrued for the year ended Dec. 31, 1917----- | |
| Macopin Railroad Company— | |
| Entire property; term 100 years from Dec. 1, 1896; stipulated payment the principal and interest on \$44,000 par value of first-mortgage bonds of the lessor, plus an amount for maintenance of investment organization. All of the bonds of the lessor have been redeemed. Rental accrued for year ended Dec. 31, 1917----- | 387. 60 |
| Erie Terminals Railroad Company— | |
| Portion Edgewater to Undercliff, N. J., 1.576 miles of first main track and 0.33 mile of second main track; for indefinite period from Apr. 22, 1907; annual rental equal to 5 per cent on cost of construction of property so used, and on an amount deposited with State of New Jersey, plus taxes----- | 22, 491. 80 |

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Solely leased, but jointly used, owned by Erie Terminals Railroad Company, used with—

| | |
|--|----------------|
| The New York Central Railroad Company— | Rentals |
| Tracks, 0.56 mile, between Undercliff, N. J., and Hudson-Bergen County line; annual rental equal to one-half of 4 per cent on an agreed valuation; also a proportion, on a wheelage basis, of maintenance and operation..... | \$99, 995. 08 |

Jointly used, but not owned, owned by—

| | |
|---|-------------|
| The New Jersey Junction Railroad Company (The New York Central Railroad Company, operating company)— | |
| Tracks, 1.02 miles, at Hoboken, N. J., and Hudson River Turnpike; for indefinite period from Apr. 6, 1904; annual rental one-half of 4 per cent on an agreed valuation; also a proportion, on a wheelage basis, of taxes and maintenance. | 10, 131. 14 |

| | |
|---|-------------|
| Penhorn Creek Railroad and the Long Dock Company (Erie Railroad Company, operating company)— | |
| Tracks, 2.13 miles, from Croxton to Jersey City, N. J., together with passenger and freight terminals and ferry facilities at Jersey City, N. J.; indefinite period from Dec. 1, 1911; stipulated payment of \$45,000 per annum and additional compensation for switching, handling baggage, freight, engines, cars, etc..... | 49, 896. 36 |

| | |
|--|-------|
| Northern Railroad Company of New Jersey, The President and Directors of The Paterson and Hudson River Railroad Company and the Long Dock Company (Erie Railroad Company, operating company)— | |
| Tracks, 4.62 miles, Granton Junction to Jersey City, N. J.; indefinite period from Dec. 1, 1911; the tracks of the New York, Susquehanna and Western parallel the tracks of above-named companies between the points mentioned, and all tracks are used as a double-track system. No rental has been accrued for the use of these facilities.... | ----- |

| | |
|--|---------|
| The Sussex Railroad Company— | |
| Tracks, 1.06 miles, at Franklin Furnace, N. J.; for indeterminate period from July 28, 1878; annual rental 5.24 mills per ton for freight handled..... | 305. 13 |

There are other facilities of minor importance, such as stations, interlockers, yard tracks, and sidings, in which the New York, Susquehanna and Western grants or receives joint use, that are not listed in this chapter.

During the period January 1, 1918, to date of valuation the New York, Susquehanna and Western has accrued rentals as due from the United States Railroad Administration for the use of its road amounting to \$410,197.08.

GENERAL BALANCE SHEET STATEMENTS

The general balance sheet statement of the New York, Susquehanna and Western, as of date of valuation, follows:

| Investments: | ASSETS | |
|--|--------|--------------------|
| Investment in road and equipment..... | | \$37, 701, 945. 38 |
| Improvements on leased railway property..... | | 28, 964. 56 |
| Investments in affiliated companies— | | |
| Stocks..... | | 3, 658, 660. 83 |
| Bonds..... | | 30. 00 |
| Advances..... | | 362, 122. 83 |

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Investments—Continued.

Other investments—

| | |
|-------------------|-------------------------|
| Stocks..... | \$24. 07 |
| Bonds..... | 490, 155. 50 |
| Advances..... | 11, 655. 00 |
| Total..... | 42, 253, 558. 17 |

Current assets:

| | |
|--|--------------------|
| Traffic and car-service balances receivable..... | 1, 513. 68 |
| Miscellaneous accounts receivable..... | 35, 239. 21 |
| Interest and dividends receivable..... | 4, 657. 29 |
| Rents receivable..... | 8. 33 |
| Total..... | 41, 418. 51 |

Deferred assets:

| | |
|----------------------------|-----------------|
| Other deferred assets..... | 1, 801, 005. 45 |
|----------------------------|-----------------|

Unadjusted debits:

| | |
|---|--------------------|
| Rents and insurance premiums paid in advance..... | 33, 286. 43 |
| Other unadjusted debits..... | 1, 230. 34 |
| Securities issued or assumed, unpledged..... | \$2, 160 |
| Total..... | 34, 516. 77 |

| | |
|-------------------------|-------------------------|
| Grand total..... | 44, 130, 498. 90 |
|-------------------------|-------------------------|

LIABILITIES

Stock:

Capital stock—

| | | |
|-------------------------------------|------------------|------------------|
| Total book liability..... | 25, 670, 333. 24 | |
| Less held by this company..... | 500. 00 | |
| | | 25, 669, 833. 24 |
| Stock liability for conversion..... | | 286, 700. 00 |

| | |
|-------------------|-------------------------|
| Total..... | 25, 956, 533. 24 |
|-------------------|-------------------------|

Long-term debt:

Funded debt unmatured—

| | | |
|--------------------------------|------------------|------------------|
| Total book liability..... | 13, 368, 500. 00 | |
| Less held by this company..... | 1, 660. 00 | |
| | | 13, 366, 840. 00 |

Current liabilities:

| | |
|---|--------------|
| Loans and bills payable..... | 350, 000. 00 |
| Traffic and car-service balances payable..... | 15, 603. 15 |
| Audited accounts and wages payable..... | 53, 994. 73 |
| Miscellaneous accounts payable..... | 31, 104. 74 |
| Interest matured unpaid..... | 118, 505. 00 |
| Funded debt matured unpaid..... | 500. 00 |
| Unmatured interest accrued..... | 129, 806. 24 |
| Unmatured rents accrued..... | 354. 16 |

| | |
|-------------------|---------------------|
| Total..... | 699, 868. 02 |
|-------------------|---------------------|

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| | |
|--|-------------------|
| Deferred liabilities: | |
| Other deferred liabilities | \$1, 530, 287. 25 |
| <hr/> | |
| Unadjusted credits: | |
| Accrued depreciation, equipment | 409, 356. 43 |
| Other unadjusted credits | 29, 489. 37 |
| <hr/> | |
| Total | 438, 845. 80 |
| <hr/> | |
| Corporate surplus: | |
| Additions to property through income and surplus | 708, 559. 77 |
| Funded debt retired through income and surplus | 50, 000. 00 |
| <hr/> | |
| Total | 758, 559. 77 |
| Profit and loss, credit balance | 1, 379, 564. 82 |
| <hr/> | |
| Total | 2, 138, 124. 59 |
| <hr/> | |
| Grand total | 44, 130, 498. 90 |

The general balance sheet statement of the United States Railroad Administration, as of date of valuation, covering the operation of the property of the New York, Susquehanna and Western, is as follows:

ASSETS

| | |
|---|-----------------|
| Current assets: | |
| Cash | \$587, 056. 64 |
| Traffic and car-service balances receivable | 17, 418. 10 |
| Net balance receivable from agents and conductors | 177, 486. 05 |
| Miscellaneous accounts receivable | 248, 773. 90 |
| Material and supplies | 226, 525. 14 |
| Rents receivable | 75. 00 |
| <hr/> | |
| Total | 1, 257, 334. 83 |
| Deferred assets: | |
| Other deferred assets | 629, 455. 09 |
| Unadjusted debits: | |
| Other unadjusted debits | 721, 525. 18 |
| <hr/> | |
| Grand total | 2, 608, 315. 10 |

LIABILITIES

| | |
|--|-----------------|
| Current liabilities: | |
| Traffic and car-service balances payable | 179, 821. 28 |
| Audited accounts and wages payable | 447, 238. 64 |
| Miscellaneous accounts payable | 85, 243. 68 |
| <hr/> | |
| Total | 712, 303. 60 |
| <hr/> | |
| Deferred liabilities: | |
| Other deferred liabilities | 1, 373, 028. 44 |

Unadjusted credits:

| | |
|---------------------------------------|-------------|
| Tax liability (debit) | \$85,021.83 |
| Operating reserves | 55,996.61 |
| Accrued depreciation, equipment | 42,464.95 |
| Other unadjusted credits | 489,411.37 |

| | |
|-------------|------------|
| Total | 502,851.10 |
|-------------|------------|

Corporate surplus:

| | |
|---------------------------------------|-----------|
| Profit and loss, credit balance | 20,131.96 |
|---------------------------------------|-----------|

| | |
|-------------------|--------------|
| Grand total | 2,608,315.10 |
|-------------------|--------------|

Lessor Companies

HACKENSACK AND LODI

INTRODUCTORY

The Hackensack and Lodi is a corporation of the State of New Jersey, having its principal office at Jersey City, N. J. No accounting records of the Hackensack and Lodi were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. However, certain data indicated hereinafter were obtained from a balance sheet statement, as of date of valuation, certified by the comptroller of the company, filed with this commission, and from other sources.

The company is controlled by the New York, Susquehanna and Western through ownership of its entire outstanding capital stock. The records reviewed do not indicate that this company controls any common-carrier corporation.

The property of the Hackensack and Lodi was operated by the New York, Susquehanna and Western from the date of completion thereof, about 1898, to December 31, 1917. The common-carrier property of the company was taken over for operation by the United States Railroad Administration on January 1, 1918, as part of the operating system of the New York, Susquehanna and Western, and it is so operated on date of valuation.

CORPORATE HISTORY

The Hackensack and Lodi was incorporated June 30, 1896, under the general laws of New Jersey, to construct and operate a railroad from New Barbadoes to Lodi, N. J. The date of its organization was July 7, 1896.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage, 1.403 miles, was constructed by the New York, Susquehanna and Western for the Hackensack and Lodi, during the period 1896 to 1898.

HISTORY OF CORPORATE FINANCING

Syndicating, banking and other financial arrangements.—The records reviewed do not indicate that any syndicating arrangements were made in connection with the issuance of the securities of the Hackensack and Lodi.

The New York, Susquehanna and Western advanced the funds, aggregating \$12,818.83, for the construction of the property of the Hackensack and Lodi, that it charged to an account styled "Chas. D. McKelvey," and received in liquidation of that account \$25,000 par value of the capital stock and \$12,000 par value of first-mortgage, 6 per cent bonds of the company, of which, the capital

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stock is actually outstanding. The first-mortgage bonds were reacquired and retired, but the considerations given therefor were not ascertained.

INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Hackensack and Lodi in road, including land, no equipment being owned, on date of valuation is stated in its certified balance sheet statement as \$25,000. An analysis of this amount could not be obtained. This balance is equal to the par value of the outstanding capital stock of the company.

ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the Hackensack and Lodi and used for common-carrier purposes has not been definitely ascertained. The data obtained on the outlay for creating such property are those found in the accounts of the New York, Susquehanna and Western, summarized as follows:

Recorded money outlay:

| | |
|--|--------------|
| Charged to the investment in road and equipment account..... | \$3, 337. 89 |
| Charged to an account styled "Chas. D. McKelvey"..... | 12, 818. 83 |

Besides the outlay shown, the New York, Susquehanna and Western has charged to its income account items aggregating \$1,625.91 purporting to be for additions and betterments to the property of the Hackensack and Lodi. However, since it is not possible, solely from an analysis of the accounts, to determine whether such charges represent the cost of additional property still in existence on date of valuation and do not represent renewals or replacements, in whole or in part, of property retired and not written out of the accounts, the amount has not been included with the outlay shown above. On the other hand, it has not been determined whether there should be any deductions for property retired.

Cost of lands.—The Hackensack and Lodi reports amounts aggregating \$5,450 as the outlays by itself in connection with lands owned by it. The returns include certain lands for which merely nominal deed considerations are reported. The amounts aggregating \$5,450 reported as costs incurred for the remaining lands owned are made up of substantial considerations named in deeds which were returned as costs, but not supported by accounting records. These lands have been classified as carrier, owned but leased to the New York, Susquehanna and Western and are located in New Jersey.

Cost of machinery and equipment.—The Hackensack and Lodi reports that it does not own any equipment or machinery and none has been inventoried to it.

AIDS, GIFTS, GRANTS, AND DONATIONS

The Hackensack and Lodi reports that no aids, gifts, grants, or donations were received by it. An examination of the records does not indicate that any were received. The report upon the costs of its lands shows that two parcels were acquired through deeds that recite merely nominal considerations. Since the records do not indicate that any actual payment was made in the acquisition of these parcels, they have been herein designated as apparent aids.

LEASED RAILWAY PROPERTY

The common-carrier property of the Hackensack and Lodi is operated on date of valuation by the United States Railroad Administration as part of the operating system of the New York, Susquehanna and Western. Details with respect to the operation of this property are given in the chapter on leased railway property in the report on the New York, Susquehanna and Western.

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GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement of the Hackensack and Lodi, as of date of valuation, certified by the comptroller of the company, follows:

Assets:

Investments—

Investment in road and equipment..... \$25, 000

Liabilities:

Stock—

Capital stock..... 25, 000

LODI BRANCH RAILROAD

INTRODUCTORY

The Lodi Branch Railroad is a corporation of the State of New Jersey, having its principal office at Jersey City, N. J. No accounting records of the Lodi Branch Railroad were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. However, certain data indicated hereinafter were obtained from a balance sheet statement, as of date of valuation, certified by the comptroller of the company, filed with this commission, and from other sources. Although the Lodi Branch Railroad did not acquire title to its original property until June 28, 1880, the records reviewed indicate that it began the operation thereof on June 14, 1880.

The company is controlled by the New York, Susquehanna and Western through ownership of its entire outstanding capital stock. The records reviewed do not indicate that this company controls any common-carrier corporation.

The property of the Lodi Branch Railroad was operated by its own organization from the date it acquired possession of its original property, June 14, 1880, to April 14, 1883. From that date to December 31, 1917, it was operated by the New York, Susquehanna and Western under lease. The common-carrier property of the company was taken over for operation by the United States Railroad Administration on January 1, 1918, as part of the operating system of the New York, Susquehanna and Western, and it is so operated on date of valuation.

CORPORATE HISTORY

The Lodi Branch Railroad was incorporated July 15, 1880, under the general laws of New Jersey, for the purpose of acquiring the property, rights, and franchises of The Lodi Branch Railroad Company (first corporation), which was done. The latter company was incorporated February 16, 1870, under special act of New Jersey. Its property, rights, and franchises were sold at foreclosure on May 26, 1880, to interests which conveyed them to the Lodi Branch Railroad by deed dated June 28, 1880.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage, 0.359 mile, was all acquired by purchase after foreclosure from the predecessor company. The mileage originally acquired from the latter company amounted to 1.34 miles, of which 0.637 mile was abandoned and 0.344 mile has been reclassified by the company as sidings. The 1.34 miles referred to above was partly constructed in 1862 by The Hackensack and New York Railroad Company, and was completed in 1863 by Robert Rennie.

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HISTORY OF CORPORATE FINANCING

Syndicating, banking, and other financial arrangements.—No data were obtainable from the records reviewed regarding the financial arrangements of the Lodi Branch Railroad.

Capital stock.—The Lodi Branch Railroad has capital stock of \$60,000 par value actually outstanding, as shown by the balance sheet filed by the company with this commission. The considerations received for this stock when issued were not ascertainable from the records reviewed.

INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Lodi Branch Railroad in road, including land, no equipment being owned, on date of valuation is stated in its certified balance sheet statement as \$60,000. An analysis of this amount could not be obtained. This balance is equal to the par value of the outstanding capital stock of the company. This amount may include some or all of the undetermined portion, assignable to noncarrier lands, of the costs of lands classified herein as partly carrier and partly noncarrier. The Lodi Branch Railroad has not charged to the miscellaneous physical property account any amounts that represent these noncarrier lands, but reported an inseparable amount as the costs of such lands, including the improvements thereon, which is not supported in the accounts, as stated in the following chapter.

ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the Lodi Branch Railroad and used for common-carrier purposes has not been definitely ascertained. The data obtained on the outlay for improving such property are those recorded in the investment in road and equipment account of the New York, Susquehanna and Western, consisting of recorded money outlay by it aggregating \$1,964.50.

Besides the outlay shown, the New York, Susquehanna and Western has charged to its income account items aggregating \$378.55 purporting to be expenditures for additions and betterments to the property of the Lodi Branch Railroad. However, since it is not possible, solely from an analysis of the accounts, to determine whether such charges represent the cost of additional property still in existence on date of valuation and do not represent renewals or replacements, in whole or in part, of property retired and not written out of the accounts, the amount has not been included with the outlay shown above. On the other hand, it has not been determined whether there should be any deductions for property retired.

These outlays may include some or all of the undetermined portion, assignable to noncarrier lands, of the costs of lands classified herein as partly carrier and partly noncarrier. The Lodi Branch Railroad has not charged to the miscellaneous physical property account any amounts that represent these noncarrier lands, but reported an inseparable amount as the costs of such lands, including the improvements thereon, which is not supported in the accounts, as stated in the section of this chapter devoted to cost of lands.

Cost of lands.—The Lodi Branch Railroad reports amounts aggregating \$50,200 as the outlays by itself in connection with lands owned by it, including noncarrier lands. A verification of the amounts indicates that the reported outlays should be reduced by \$50,000, due to amount reported from a deed consideration for lands, including improvements thereon. This amount is not separable as between the lands and the improvements. The lands upon which these improvements are located have been classified as partly carrier and partly noncarrier, owned but partly used by the New York, Susquehanna and Western. The \$200 reported

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as costs incurred for the remaining lands owned, after making the change noted, is a substantial consideration named in a deed, which was returned as costs, but not supported by accounting records. These lands have been classified as carrier, owned but leased to the New York, Susquehanna and Western.

Cost of machinery and equipment.—The Lodi Branch Railroad reports that it does not own any equipment or machinery.

MISCELLANEOUS PHYSICAL PROPERTY

The accounts of the Lodi Branch Railroad do not record any investment as such in miscellaneous physical property on date of valuation. However, certain parts of parcels of lands owned by this company have been classified herein as noncarrier. The amount reported as the costs of these lands, including the improvements thereon, is stated in the chapter on original cost to date. The amount that would be includible in the miscellaneous physical property account to represent the investment in noncarrier lands has not been indicated by the records reviewed.

AIDS, GIFTS, GRANTS, AND DONATIONS

The Lodi Branch Railroad reports that no aids, gifts, grants, or donations were received by it or its predecessor. An examination of the records does not indicate that any were received.

LEASED RAILWAY PROPERTY

The common-carrier property of the Lodi Branch Railroad is operated on date of valuation by the United States Railroad Administration as part of the operating system of the New York, Susquehanna and Western. Details with respect to the operation of this property are given in the chapter on leased railway property in the report on the New York, Susquehanna and Western.

GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement of the Lodi Branch Railroad, as of date of valuation, certified by the comptroller of the company, follows:

Assets:

Investments—

| | |
|---------------------------------------|-----------|
| Investment in road and equipment..... | \$60, 000 |
|---------------------------------------|-----------|

Liabilities:

Stock—

| | |
|--------------------|---------|
| Capital stock..... | 60, 000 |
|--------------------|---------|

MACOPIN RAILROAD

INTRODUCTORY

The Macopin Railroad is a corporation of the State of New Jersey, having its principal office at Jersey City, N. J. The accounting records obtained of the Macopin Railroad were incomplete, its accounts not including income or profit and loss accounts. Therefore, no information can be given from its accounts in connection with the operation of its property.

The Macopin Railroad is controlled by the New York, Susquehanna and Western through ownership of its entire outstanding capital stock. The records do not indicate that this company controls any common-carrier corporation.

The property was operated by its own organization from the date of completion thereof, about 1887, until December 1, 1896. From this date to December 31, 1917, it was operated under lease by the New York, Susquehanna and Western. On January 1, 1918, its common-carrier property was taken over for operation

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by the United States Railroad Administration which operates it on date of valuation.

CORPORATE HISTORY

The Macopin Railroad was incorporated November 8, 1886, under the general laws of New Jersey, for the purpose of constructing and operating a railroad from a connection with the road of the New York, Susquehanna and Western at West Milford to Macopin Lake, N. J., about 2 miles. The date of its organization was November 9, 1886.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage, 1.533 miles, was all acquired by construction during the year 1887. It is not known whether the construction work was performed by forces of the company or by contract.

HISTORY OF CORPORATE FINANCING

Syndicating, banking, and other financial arrangements.—The records of the Macopin Railroad do not indicate that any syndicating arrangements were made in connection with the issuance of its securities. The Macopin Railroad has issued its securities and incurred other indebtedness under conditions and for considerations described in detail in the sections of this chapter devoted to capital stock, long-term debt, and other obligations.

Capital stock and long-term debt.—From the date of its incorporation, November 8, 1886, to date of valuation, the Macopin Railroad has issued capital stock and funded debt and incurred nonnegotiable debt to affiliated companies, as indicated by its records, aggregating \$108,036.41, of which \$64,036.41 are actually outstanding, as summarized in the following table:

| Class | Issued or incurred | Retired | Actually outstanding |
|---|--------------------|----------|----------------------|
| Capital stock, common, par value..... | \$60,000.00 | ----- | \$60,000.00 |
| Funded debt, par value: | | | |
| Issued..... | 44,000.00 | \$44,000 | ----- |
| Nonnegotiable debt to affiliated companies: | | | |
| Incurred..... | 4,036.41 | ----- | 4,036.41 |
| Total..... | 108,036.41 | 44,000 | 64,036.41 |

Capital stock.—The Macopin Railroad issued its authorized capital stock of \$60,000 par value, divided into shares of \$100 par value each, for cash at par, and is all actually outstanding.

Funded debt.—The Macopin Railroad issued first-mortgage, 5 per cent bonds, dated December 1, 1896, due December 1, 1916, in the par value of \$44,000 for cash at par. This cash was turned over to and charged to the New York, Susquehanna and Western in an open account. The principal and interest of these bonds were guaranteed by the New York, Susquehanna and Western, and during the period June, 1897, to December, 1916, that company redeemed these bonds and delivered them to the Macopin Railroad for cancellation. The transaction was recorded in the records of the Macopin Railroad by crediting the open account with the New York, Susquehanna and Western with an off-setting charge to its bond account.

Nonnegotiable debt to affiliated companies.—The Macopin Railroad is indebted to the New York, Susquehanna and Western in the amount of \$4,036.41. This is the balance of cash advanced by J. R. Bartlett to the Macopin Railroad that was paid by the New York, Susquehanna and Western. The total cash advanced by J. R. Bartlett amounted to \$38,283.48, of which \$34,197.07 was repaid in cash

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by the Macopin Railroad. The records do not indicate whether J. R. Bartlett was affiliated either with the Macopin Railroad or the New York, Susquehanna and Western.

INVESTMENTS IN ROAD AND EQUIPMENT

The investment of the Macopin Railroad in road, including land, no equipment being owned, on date of valuation is stated in its books as \$64,036.41, all for original construction and additions and betterments, of which \$63,000 represents recorded money outlay and \$1,036.41 interest during construction, nature of outlay not having been determined.

ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment, owned by the Macopin Railroad and used for common-carrier purposes, has not been definitely ascertained. The data obtained on the outlay for creating and improving such property are those found in the investment in road and equipment account of the Macopin Railroad, summarized as follows:

| | |
|--|---------------|
| Recorded money outlay..... | \$63, 000. 00 |
| Interest during construction, nature of outlay not determined..... | 1, 036. 41 |

Besides the outlays summarized, the New York, Susquehanna and Western has charged to its income account items aggregating \$505.17, purporting to be expenditures by it for additions and betterments to the road of the Macopin Railroad. However, since it is not possible, solely from an analysis of the accounts, to determine whether such charges represent the cost of additional property still in existence on date of valuation and do not represent renewals or replacements, in whole or in part, of property retired and not written out of the accounts, the amount has not been included in the above summary. On the other hand, it has not been determined whether there should not be some deductions for property retired.

Cost of lands.—The Macopin Railroad reports amounts aggregating \$125 as the outlays by itself in connection with lands owned by it. The returns include certain lands for which merely nominal deed considerations are reported. The amounts aggregating \$125 reported as costs incurred for the remaining lands owned are made up of substantial considerations named in deeds, which were returned as costs, but not supported by accounting records. These lands have been classified as carrier, owned but leased to the New York, Susquehanna and Western.

Cost of machinery and equipment.—The Macopin Railroad reports that it does not own any equipment or machinery and none have been inventoried to it.

AIDS, GIFTS, GRANTS, AND DONATIONS

The Macopin Railroad reports that no aids, gifts, grants, or donations were received by it. An examination of the records does not indicate that any were received. The report upon the costs of its lands shows that three parcels were acquired through deed that recites a merely nominal consideration. Since the records do not indicate that any actual payment was made in the acquisition of these parcels, they have been herein designated as apparent aids.

LEASED RAILWAY PROPERTY

The common-carrier property of the Macopin Railroad is operated on date of valuation by the United States Railroad Administration as part of the operating system of the New York, Susquehanna and Western. Details with respect to

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the operation of this property are given in the chapter on leased railway property in the report on the New York, Susquehanna and Western.

GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement of the Macopin Railroad, as of date of valuation, follows:

Assets:

Investments—

Investment in road and equipment..... \$64, 036. 41

Liabilities:

Stock—

Capital stock..... 60, 000. 00

Long-term debt—

Nonnegotiable debt to affiliated companies..... 4, 036. 41

Total..... 64, 036. 41

PASSAIC AND NEW YORK

INTRODUCTORY

The Passaic and New York is a corporation of the State of New Jersey, having its principal office at Jersey City, N. J. No accounting records of the Passaic and New York were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operation, or investments. However, certain data indicated hereinafter were obtained from a balance sheet statement, as of date of valuation, certified by the comptroller of the company, filed with this commission, and from other sources.

The company is controlled by the New York, Susquehanna and Western through ownership of its entire outstanding capital stock. The records reviewed do not indicate that this company controls any common-carrier corporation.

The property of the Passaic and New York was operated by the New York, Susquehanna and Western from the date of completion thereof, December 1, 1885, to December 31, 1917. The common-carrier property of the company was taken over for operation by the United States Railroad Administration on January 1, 1918, as part of the operating system of the New York, Susquehanna and Western, and it is so operated on date of valuation.

CORPORATE HISTORY

The Passaic and New York was incorporated July 14, 1885, under the general laws of New Jersey, to construct and operate a railroad from Passaic to Saddle River, N. J. The date of its organization was August 10, 1885.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The owned mileage, of 3.115 miles, was all acquired by construction during the year 1885. The records reviewed do not indicate whether the construction work was performed by company forces or by contract.

HISTORY OF CORPORATE FINANCING

Syndicating, banking, and other financial arrangements.—No data were obtainable from the records reviewed regarding the financial arrangements of the Passaic and New York.

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Capital stock and long-term debt.—The Passaic and New York has capital stock and funded debt outstanding on date of valuation, as shown by its certified balance sheet statement, aggregating \$140,000 par value, of which \$70,000 represents capital stock and \$70,000 funded debt. The considerations received for the above securities when issued were not ascertainable from the records reviewed.

INVESTMENT IN ROAD AND EQUIPMENT

The investment of the Passaic and New York in road, including land, no equipment being owned, on date of valuation is stated in its certified balance sheet statement as \$140,000. An analysis of this amount could not be obtained. This balance is equal to the par value of the outstanding capital stock and funded debt of the company.

ORIGINAL COST TO DATE

The original cost to date of the road, including land, there being no equipment owned by the Passaic and New York and used for common-carrier purposes, has not been definitely ascertained. The data obtained on the outlay for improving such property are those recorded in the investment in road and equipment account of the New York, Susquehanna and Western, consisting of a recorded money outlay by it aggregating \$4,548.43.

Besides the outlay shown, the New York, Susquehanna and Western has charged to its income account items aggregating \$2,499.17 purporting to be expenditures for additions and betterments to the property of the Passaic and New York. However, since it is not possible, solely from an analysis of the accounts, to determine whether such charges represent the cost of additional property still in existence on date of valuation and do not represent renewals or replacements, in whole or in part, of property retired and not written out of the accounts, the amount has not been included with the outlay shown above. On the other hand, it has not been determined whether there should be any deductions for property retired.

Cost of lands.—The Passaic and New York reports amounts aggregating \$25,298.14 as the outlays by itself in connection with lands owned by it. A verification of the amounts indicates that the reported outlays should be reduced by \$7,500, due to costs reported for lands, title to which is vested in the New York, Susquehanna and Western. The returns include certain lands for which merely nominal deed considerations are reported, and certain lands for which nominal considerations and other than money are reported. The amounts aggregating \$17,798.14 reported as costs for the remaining lands owned, after making the changes noted, are made up of substantial considerations named in deeds, or other instruments, which were returned as costs, but not supported by accounting records. These lands have been classified as carrier owned but leased to the New York, Susquehanna and Western.

Cost of machinery and equipment.—The Passaic and New York reports that it does not own any equipment or machinery and none has been inventoried to it.

AIDS, GIFTS, GRANTS, AND DONATIONS

The Passaic and New York reports that no aids, gifts, grants, or donations were received by it. An examination of the records does not indicate that any were received. The report upon the cost of its lands shows that certain parcels were acquired through deeds that recite merely nominal considerations. Since the records do not indicate that any actual payment was made in the acquisition of these parcels, they have been herein designated as apparent aids.

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LEASED RAILWAY PROPERTY

The common-carrier property of the Passaic and New York is operated on date of valuation by the United States Railroad Administration as a part of the operating system of the New York, Susquehanna and Western. Details with respect to the operation of this property are given in the chapter on leased railway property in the report on the New York, Susquehanna and Western.

GENERAL BALANCE SHEET STATEMENT

The general balance sheet statement of the Passaic and New York, as of date of valuation, certified by the comptroller of the company, follows:

Assets:

Investments—

| | |
|---------------------------------------|--------------|
| Investment in road and equipment..... | \$140,000.00 |
|---------------------------------------|--------------|

Current assets—

| | |
|-----------------------|--------|
| Rents receivable..... | 291.67 |
|-----------------------|--------|

| | |
|------------|------------|
| Total..... | 140,291.67 |
|------------|------------|

Liabilities:

Stock—

| | |
|--------------------|-----------|
| Capital stock..... | 70,000.00 |
|--------------------|-----------|

Long-term debt—

| | |
|-----------------------------|-----------|
| Funded debt unmaturred..... | 70,000.00 |
|-----------------------------|-----------|

Current liabilities—

| | |
|---------------------------------|--------|
| Unmatured interest accrued..... | 291.67 |
|---------------------------------|--------|

| | |
|------------|------------|
| Total..... | 140,291.67 |
|------------|------------|

Predecessor Companies

THE HUDSON RIVER RAILROAD AND TERMINAL COMPANY.—PREDECESSOR OF THE NEW YORK, SUSQUEHANNA AND WESTERN

No accounting records of the company were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. Certain information stated below was obtained from the accounting records of the New York, Susquehanna and Western Railroad Company (first corporation).

The records reviewed do not indicate that the company was controlled by any individual or corporation on April 25, 1893, the date of its consolidation, nor that it controlled any common-carrier corporation.

The company owned on the date of consolidation a partially constructed railroad between Little Ferry Junction and Undercliff, N. J., all of which had been constructed for it by the North Jersey Construction Company. The records reviewed do not indicate whether the construction company was affiliated with the company. Further details with respect to the construction of this property are given in the chapter on development of fixed physical property in the report on the New York, Susquehanna and Western.

The company had securities and other obligations outstanding on the date of consolidation, as shown by the records of the New York, Susquehanna and Western Railroad Company (first corporation), as follows:

| | |
|-------------------------------|----------------|
| Capital stock, par value..... | \$5,000,000.00 |
|-------------------------------|----------------|

| | |
|---|------------|
| Advances received from the New York, Susquehanna and Western (first corporation)..... | 566,294.40 |
|---|------------|

| | |
|------------|--------------|
| Total..... | 5,566,294.40 |
|------------|--------------|

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NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY (FIRST CORPORATION)—PREDECESSOR OF THE NEW YORK, SUSQUEHANNA AND WESTERN MIDLAND RAILROAD COMPANY OF NEW JERSEY—PREDECESSOR OF THE NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY (FIRST CORPORATION)

INTRODUCTORY

Separate accounting records for the two companies named above were not maintained and the condition of the records is such that separate information can not be given from the accounts regarding their financial dealings, corporate operations, or investments. They are, therefore, treated collectively and referred to herein as the New York, Susquehanna and Western Railroad Company (first corporation). Although the company acquired title to its original property on March 25, 1880, it did not commence recording the results of the operations of its property in its books until May 16, 1880, and although it disposed of its property by consolidation April 25, 1893, the accounts for the results of corporate operations were continued to April 30, 1893, and other accounts were not closed until that date. The accounting data in this report, therefore, cover the period May 16, 1880, to April 30, 1893.

The records reviewed do not indicate that the company was controlled by any individual or corporation on April 25, 1893, the date of its demise. This company controlled through ownership of their entire capital stock, the Lodi Branch Railroad Company and the Passaic and New York Railroad Company, and, through ownership of a majority of its capital stock, the Middletown, Unionville and Water Gap Railroad Company, whose several common-carrier properties it operated under lease agreement.

The property of the company was operated by its own organization from May 16, 1880, to the date of its demise. The railroad operated by the company was a single-track, standard-gage, steam railroad located in New Jersey and Pennsylvania and aggregating 155.593 miles. The owned mileage amounted to 136.393 miles, of which 11.509 miles was leased to others, and consisted of a main line, extending from West End, Jersey City, N. J., to Stroudsburg, Pa., and several branch lines, the principal one of which extended from Beaver Lake to Hanford, N. J. The mileage operated under lease amounted to 19.200 miles and consisted of two branch lines, one extending from Hanford, N. J., to Middletown, N. Y., the other from Passaic Junction to Passaic, N. J., and certain terminal tracks at Lodi, N. J.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

Of the 136.393 miles of road owned by the company on date of demise, it had acquired 70.692 miles from the New Jersey Midland Railway Company, 11.101 miles from The Blairstown Railway Company, and 54.600 miles partly by construction and partly by completion of construction begun by the New Jersey Midland Railway Company. The records reviewed indicate that the construction work for the company was performed by the New York and Scranton Construction Company. Further details with respect to the construction of this property are given in the chapter on development of fixed physical property in the report on the New York, Susquehanna and Western.

HISTORY OF CORPORATE FINANCING

Syndicating, banking, and other financial arrangements.—The records reviewed do not indicate that any syndicating arrangements were made in connection with the issuance of the securities of the company. The property of the New Jersey Midland Railway Company was acquired under a "Plan of Reorganiza-

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tion," dated October 21, 1875, and supplement thereto, dated April 3, 1880. The plan of reorganization contemplated the issuance of securities by the new company as indicated below.

| Purpose of issue | Securities to be issued therefor | | | |
|--|----------------------------------|---------------|--------------|------------|
| | First-mortgage bonds | Capital stock | Income bonds | Bond scrip |
| To be sold and proceeds used only for putting the road in complete running order, purchasing rolling stock, paying such debts as are a prior lien on the property, and for other betterments to road. | \$500,000 | | | |
| Such portion of the remaining \$3,000,000 par value as may be necessary to be exchanged for an equal amount of first-mortgage 7 per cent bonds of the New Jersey Midland Railway Company as were deposited under the plan, on payment in cash of one-quarter of 1 per cent of the amount of said bonds. | | | | |
| Capital stock to be issued for the past due interest on first-mortgage bonds to Apr. 1, 1880; for interest upon said interest; for gold premium upon such past due coupons due prior to Feb. 1, 1879; and for the difference between the interest on the 7 per cent bonds of the predecessor and the respective rates adopted for the new bonds issued, that accrued to date of payment of the 7 per cent bonds. | | | | |
| Income bonds, class A, to be exchanged for such second-mortgage bonds of the New Jersey Midland Railway company that were deposited in accordance with the plan, together with past due interest thereon to Apr. 1, 1880. | | | | |
| Income bonds, classes A and B, to be exchanged for third-mortgage bonds, common debts and capital stock of the New Jersey Midland Railway Company that were deposited in accordance with the plan, upon payment by holders of third-mortgage bonds of a cash assessment of 10 per cent and by holders of stock 15 per cent upon the face value of such income bonds as they received. | | | | |
| Income bonds, class B, to be issued to holders of outstanding undeposited second and third mortgage bonds and of the common debts of the New Jersey Midland Railway Company, on payment of a 5 per cent cash assessment on the face value of such income bonds as they received. | | | | |
| Income bonds, class B, to be exchanged for capital stock of the New Jersey Midland Railway Company, on payment of a 10 per cent cash assessment thereon. | | | | |
| Scrip No. 1 to be issued, dollar for dollar, for the liquidated principal of the third-mortgage bonds, and for the common debts of the new company. | | | | |
| Scrip No. 2 to be exchanged for capital stock to the extent of 40 per cent thereof. | | | | |

In accordance with the plan above outlined, the company issued securities as follows:

| | |
|----------------------------|-------------------------|
| Capital stock..... | \$2, 440, 000. 00 |
| First-mortgage bonds..... | 3, 000, 000. 00 |
| Income bonds, Class A..... | 3, 000, 000. 16 |
| Income bonds, Class B..... | 1, 568, 332. 91 |
| Scrip No. 1..... | 1, 291, 647. 00 |
| Scrip No. 2..... | 137, 200. 00 |
| Total..... | 11, 437, 180. 07 |

Expenses incident to the reorganization of the New Jersey Midland Railway Company, amounting to \$16,731.32, were charged to the profit and loss account, and assessments collected in the amount of \$383,695.17 incident to the reorganization were credited to that account.

The company issued its securities, assumed securities issued by others, and incurred other indebtedness and reacquired certain of its securities and other indebtedness under conditions and for considerations described in detail in the sections of this chapter devoted to capital stock, long-term debt, and other obligations.

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Capital stock and long-term debt.—From May 16, 1880, to date of demise, the company issued or assumed stock and long-term debt, as indicated by its records, aggregating \$42,797,593.07 par value, of which \$30,394,268.07 were actually outstanding. The details are summarized in the following table.

| Class | Issued or assumed | Retired | Actually outstanding |
|---------------------------|-------------------|-------------|----------------------|
| Stock: | | | |
| Capital stock, par value— | | | |
| Common..... | \$15,072,772.00 | \$2,911,759 | \$12,161,013.00 |
| Preferred..... | 7,899,259.00 | | 7,899,259.00 |
| Total..... | 22,972,031.00 | 2,911,759 | 20,060,272.00 |
| Long-term debt: | | | |
| Funded debt, par value— | | | |
| Issued..... | 19,575,562.07 | 9,471,566 | 10,103,996.07 |
| Assumed..... | 250,000.00 | 20,000 | 230,000.00 |
| Total..... | 19,825,562.07 | 9,491,566 | 10,333,996.07 |
| Grand total..... | 42,797,593.07 | 12,403,325 | 30,394,268.07 |

Capital stock.—The company issued and reacquired capital stock in exchange for the following recorded considerations:

| Par value | Consideration | Recorded value |
|-------------------------------|---|----------------|
| <i>Issued</i> | | |
| \$600,387.19 | Cash (discount \$510,708.25)..... | \$89,678.94 |
| 2,440,000.00 | Unapportioned part of property of the New Jersey Midland Railway Company..... | 2,440,000.00 |
| 10,205,200.00 | Construction and additions and betterments..... | 10,205,200.00 |
| 1,588,800.00 | Investments in other companies..... | 1,588,800.00 |
| 2,911,759.00 | Capital stock previously issued, reacquired and retired..... | 2,911,759.00 |
| 5,075,072.00 | Funded debt reacquired and retired..... | 5,075,072.00 |
| 150,812.81 | Value assigned to a coal contract purchased..... | 150,812.81 |
| 22,972,031.00 | Total issued for considerations..... | 22,461,322.75 |
| <i>Reacquired and retired</i> | | |
| \$2,911,759.00 | New capital stock issued..... | 2,911,759.00 |
| <i>Outstanding</i> | | |
| \$20,060,272.00 | Disposition at date of consolidation is not known. | |

The difference between the par value of capital stock issued for considerations and the considerations recorded as received in exchange therefor, being discounts aggregating \$510,708.25, was distributed as detailed hereunder:

| Account | Amount |
|---------------------------------------|------------|
| Profit and loss..... | \$8,716.71 |
| Investment in road and equipment..... | 503,991.54 |

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Funded debt.—The company issued, assumed, and reacquired funded debt in exchange for the following recorded considerations:

| Par value | Consideration | Recorded value |
|-------------------------------|--|----------------|
| <i>Issued</i> | | |
| \$2,649,000.00 | Cash (discount \$399,784.04) | \$2,249,215.98 |
| 8,997,180.07 | Unapportioned part of property of the New Jersey Midland Railroad Company | 8,997,180.07 |
| 3,661,013.00 | Construction and additions and betterments | 3,661,013.00 |
| 3,174,745.00 | Funded debt reacquired and retired | 3,174,745.00 |
| 214,624.00 | Interest on funded debt | 214,624.00 |
| 79,000.00 | { Cash | 4,740.00 |
| | { Funded debt reacquired and retired | 79,000.00 |
| 800,000.00 | { Premium \$4,740, not assignable to respective considerations | |
| | { Indeterminable | 800,000.00 |
| <i>Assumed</i> | | |
| \$250,000.00 | Unapportioned part of property of The Paterson Extension Railroad Company | 250,000.00 |
| 19,825,562.07 | Total issued or assumed for considerations | 19,430,518.03 |
| <i>Reacquired and retired</i> | | |
| \$1,162,749.00 | Cash (\$106,890.39 less than par value) | 1,055,858.61 |
| 5,075,072.00 | Common stock issued | 5,075,072.00 |
| 3,174,745.00 | New funded debt issued | 3,174,745.00 |
| 79,000.00 | Portion of general mortgage, 5 per cent bonds, assignable to second-mortgage, 4½ per cent bonds retired, not separable from portions assignable to other considerations involved in the same transaction | |
| 9,491,566.00 | Total reacquired for considerations. | |
| <i>Outstanding</i> | | |
| \$10,333,996.07 | { \$9,411,888.00 assumed by the new company. | |
| | { \$754,207.00 stock liability for conversion incurred by the new company. | |
| | { \$167,901.07 disposition at date of consolidation is not known. | |

The difference between the par value of funded debt issued and assumed and the considerations recorded as received in exchange therefor, being discounts aggregating \$399,784.04 and premiums aggregating \$4,740, together with expense incurred in the amount of \$68,225 in the issuance of such securities, was distributed as detailed hereunder:

| Account | Premium credited | Discount charged | Expense charged |
|----------------------------------|------------------|------------------|-----------------|
| Profit and loss | \$4,740 | \$120,190.28 | |
| Investment in road and equipment | | 279,593.76 | \$68,225 |

The difference between the par value of funded debt reacquired and the recorded cost of reacquisition being a net amount of \$106,890.39, was adjusted as follows:

| Account | Difference between par value and cost of reacquisition | |
|-------------------------------------|--|---------|
| | Credited | Charged |
| Profit and loss | \$107,365.39 | |
| Unadjusted at date of consolidation | | \$475 |

A statement of the funded debt of the company actually outstanding on date of consolidation follows.

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| Title of security | Actually out- standing |
|--|---------------------------|
| Issued: | |
| First-mortgage 6 per cent bonds, dated Apr. 1, 1880, due Apr. 1, 1910..... | \$3, 500, 000. 00 |
| First-mortgage 6 per cent gold bonds dated Aug. 10, 1881, due July 1, 1911..... | 6, 000. 00 |
| First-mortgage 5 per cent refunding bonds, dated Jan. 1, 1887, due Jan. 1, 1937..... | 3, 743, 510. 00 |
| Second-mortgage 4½ per cent gold bonds, dated Feb. 1, 1887, due Feb. 1, 1937..... | 452, 235. 00 |
| General-mortgage 5 per cent bonds, dated Aug. 1, 1890, due Aug. 1, 1940..... | 1, 328, 000. 00 |
| First-mortgage bond, 6 per cent coupon obligations, due July 1, 1896..... | 490. 00 |
| Debenture 6 per cent bonds, dated Aug. 1, 1882, due Aug. 1, 1897..... | 93, 500. 00 |
| Debenture bond, 6 per cent coupon obligations, due Aug. 1, 1896..... | 11, 265. 00 |
| Real-estate mortgages, due various dates to April, 1902..... | 46, 888. 00 |
| Income 6 per cent bonds, class A, dated Apr. 1, 1880, due Apr. 1, 1950..... | 452, 380. 16 |
| Income 6 per cent bonds, class B, dated Apr. 1, 1880, due Apr. 1, 1950..... | 294, 271. 91 |
| Scrip, Nos. 1 and 2, description not obtainable from the records reviewed..... | 175, 456. 00 |
| Total..... | 10, 103, 996. 07 |
| Assumed: | |
| From The Paterson Extension Railroad Company— | |
| First-mortgage 6 per cent bonds, dated June 1, 1881, due June 1, 1910..... | 230, 000. 00 |
| Grand total..... | 10, 333, 996. 07 |

Short-term notes.—The company issued short-term notes of \$728,538.86 par value to date of consolidation, all of which were outstanding and were assumed by the new company. Of the total par value of short-term notes issued, \$503,000 par value were issued at par for cash and \$225,538.86 par value were issued at par in liquidation of accounts payable.

RESULTS OF CORPORATE OPERATIONS

The results of corporate operations, as shown in the income and profit and loss accounts of the company are given below.

Income statement.—A condensed summary of the income accounts for the period May 16, 1880, to April 30, 1893, follows.

Operating income:

| | |
|--|------------------------|
| Railway operating revenues..... | \$15, 766, 317. 35 |
| Railway operating expenses..... | 9, 056, 150. 08 |
| Net revenue from railway operations..... | 6, 710, 167. 27 |
| Railway tax accruals..... | 310, 622. 95 |
| Gross income..... | 6, 399, 544. 32 |
| Deductions from gross income..... | 5, 305, 944. 56 |
| Net income..... | 1, 093, 599. 76 |
| Disposition of net income: | |
| Appropriations to sinking and other reserves..... | 6, 630. 00 |
| Income credit balance transferred to profit and loss..... | 1, 086, 969. 76 |

Profit and loss statement.—A condensed summary of the profit and loss accounts for the period May 16, 1880, to April 30, 1893, follows.

Credits:

| | |
|--|---------------------|
| Net credit balance transferred from income..... | \$1, 086, 969. 76 |
| Delayed income credits— | |
| Railway operating revenues..... | \$146, 325. 41 |
| Income from funded securities..... | 58, 411. 72 |
| Income from unfunded securities and ac- counts..... | 40, 961. 89 |
| | 245, 699. 02 |

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Credits—Continued.

Miscellaneous credits—

| | | |
|--|---------------|------------------------|
| Amount collected from others for privilege of laying pipes on right of way..... | \$10, 000. 00 | |
| Capital stock of Passaic and New York Railroad Company received without apparent cost and credited hereto..... | 70, 000. 00 | |
| Credits resulting from adjustment required to bring to par securities issued and reacquired at a cost less than the par value..... | 107, 365. 39 | |
| Assessments collected at conversion of securities of the Midland Railroad Company of New Jersey..... | 383, 695. 17 | |
| Premium received at issuance of funded debt..... | 4, 740. 00 | |
| | | \$575, 800. 56 |
| Total..... | | 1, 908, 469. 34 |

Debits:

| | | |
|--|--------------|--------------|
| Dividend appropriations of surplus..... | | 300, 000. 00 |
| Stock discount extinguished through surplus..... | | 6, 716. 71 |
| Debt discount extinguished through surplus..... | | 120, 190. 28 |
| Delayed income debits— | | |
| Railway operating expenses..... | 707, 277. 97 | |
| Miscellaneous rents..... | 22, 218. 49 | |
| Interest on unfunded debt..... | 250, 326. 69 | |
| | | 979, 823. 15 |

Miscellaneous debits—

| | | |
|---|--------------|--------------|
| Loss on investments in other companies disposed of..... | 14, 822. 71 | |
| Expenditures for additions and betterments to road and equipment..... | 74, 137. 63 | |
| Expenses incident to reorganization..... | 16, 731. 32 | |
| Other miscellaneous debits..... | 146, 758. 74 | |
| | | 252, 450. 40 |

Total..... 1, 659, 180. 54

Credit balance on Apr. 30, 1893..... 249, 288. 80

Dividends.—During the years 1891 and 1892, dividends aggregating \$300,000 were declared by the company on its preferred stock, all of which were charged to the profit and loss account. The records reviewed do not indicate that these dividends were payable otherwise than in cash.

INVESTMENT IN ROAD AND EQUIPMENT

The investment of the company in road and equipment, including land, on April 30, 1893, is stated in its books as \$29,488,575.37, of which the following is a general analysis:

Road and equipment purchased:

New Jersey Midland Railway Company—

| | |
|--|-----------------|
| Recorded money outlay..... | \$144, 117. 10 |
| Capital stock issued at par value..... | 2, 440, 000. 00 |
| Funded debt issued at par value..... | 8, 997, 180. 07 |

| | |
|--|------------------|
| Total of above items..... | 11, 581, 297. 17 |
| Less other assets of this predecessor taken over at the recorded value of.. | 520, 000. 00 |

\$11, 061, 297. 17

Road and equipment acquired in the consolidation and merger of June 17, 1881, from—

The Paterson Extension Railroad Company—

| | |
|--|--------------|
| Funded debt assumed par value..... | 250, 000. 00 |
| Investments in other companies, recorded amount..... | 560, 000. 00 |

810, 000. 00

Construction and additions and betterments:

| | |
|--|------------------|
| Recorded money outlay..... | 1, 939, 160. 29 |
| Capital stock issued at par value..... | 10, 205, 200. 00 |
| Funded debt issued at par value..... | 3, 661, 013. 00 |

15, 805, 373. 29

| | |
|---------------------------|------------------|
| Total of above items..... | 27, 676, 670. 46 |
|---------------------------|------------------|

Other items:

| | |
|--|--------------|
| Discount on capital stock..... | 503, 991. 54 |
| Discount on funded debt..... | 279, 593. 76 |
| Expense of issuing bonds..... | 68, 225. 00 |
| Interest on funded debt..... | 30, 781. 80 |
| Loss on investment in Pennsylvania Anthracite Coal Company's capital stock disposed of..... | 778, 500. 00 |
| Purchase of a coal contract of the New York and Scranton Construction Company with W. T. Connell and Company.. | 150, 812. 81 |

1, 811, 904. 91

| | |
|--|------------------|
| Total as recorded on April 30, 1893..... | 29, 488, 575. 37 |
|--|------------------|

Besides the outlays above summarized, the company charged to its profit and loss account \$74,137.63 purporting to be for additions and betterments to road and equipment. It is not possible, solely from an analysis of the accounts, to determine whether such charges represent the cost of additional property still in existence on the date of consolidation and do not represent renewals or replacements, in whole or in part, of property retired and not written out of the accounts.

INVESTMENTS IN OTHER COMPANIES

The investments of the company in other companies on April 30, 1893, were stated in its records at a total book value of \$1,985,229.09. The total of such investments made by the company to date of consolidation amounts to \$4,435,112.53 par value and \$4,392,174.93 recorded book value. Of these, there had been disposed of \$2,371,668.44 par value with a recorded book value of \$2,406,945.84, leaving on April 30, 1893, investments of \$2,063,444.09 par value and

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\$1,985,229.09 book value. A statement of the several investments recorded as of April 30, 1893, with their respective par values and book values, follows.

| | Par value | Book value |
|--|-------------------|-------------------|
| Stocks: | | |
| The Hudson Connecting Railway Company..... | \$94,000.00 | \$94,000.00 |
| The Lodi Branch Railroad Company..... | 60,000.00 | 12,000.00 |
| Middletown and Unionville Telegraph Company..... | 2,000.00 | 1,500.06 |
| Middletown, Unionville and Water Gap Railroad Company..... | 104,450.00 | 74,735.06 |
| The New York, Susquehanna and Western Coal Company..... | 291,500.00 | 291,500.00 |
| Passaic and New York Railroad Company..... | 70,000.00 | 70,000.00 |
| Total | 621,950.00 | 543,735.00 |
| Bonds: | | |
| The Hudson Connecting Railway Company..... | 400,000.00 | 400,000.00 |
| The New York, Susquehanna and Western Coal Company..... | 30.00 | 30.00 |
| Pennsylvania Anthracite Coal Company..... | 111,000.00 | 111,000.00 |
| Total | 511,030.00 | 511,030.00 |
| Advances: | | |
| Dolph Coal Company..... | 50,000.00 | 50,000.00 |
| Greenwood Coal Company..... | 114,037.92 | 114,037.92 |
| The Hudson River Railroad and Terminal Company..... | 566,294.40 | 566,294.40 |
| John Jermyn..... | 49,438.85 | 49,438.85 |
| New York, Susquehanna and Western Coal Company..... | 36,004.24 | 36,004.24 |
| Pennsylvania Anthracite Coal Company..... | 28,385.00 | 28,385.00 |
| Winton Coal Company..... | 86,303.68 | 86,303.68 |
| Total | 930,464.09 | 930,464.09 |

The considerations recorded as passed in the acquisition of the total investments are summarized as follows:

| | |
|--|---------------------|
| Cash..... | \$1,750,288.72 |
| Capital stock issued at par value..... | 1,588,800.00 |
| Investment in capital stock and bonds of the Pennsylvania Anthracite Coal Company exchanged for capital stock and bonds of the New York, Susquehanna and Western Coal Company..... | 286,500.00 |
| Undetermined part, assignable to the following investments received with the other property of the New Jersey Midland Railway Company, of the considerations given for the entire property of that company, these investments being recorded by the New York, Susquehanna and Western Railroad Company (first corporation) at a book value of— | |
| Stock of The Hudson Connecting Railway Company..... | \$94,000.00 |
| Stock of the Middletown, Unionville and Water Gap Railroad Company..... | 26,000.00 |
| Bonds of The Hudson Connecting Railway Company..... | 400,000.00 |
| | <u>520,000.00</u> |
| Interest accrued on advances..... | 176,586.21 |
| Stock of the Passaic and New York Railroad Company received and recorded with offsetting credit to the profit and loss account..... | 70,000.00 |
| Total | 4,392,174.93 |

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The considerations recorded as passed in the disposition of \$2,406,945.84 book value of investments are summarized as follows:

| | |
|---|---------------------|
| Cash..... | \$453, 101. 94 |
| Investments in other companies..... | 286, 500. 00 |
| Investments surrendered in acquisition of property..... | 560, 000. 00 |
| Material and supplies..... | 314, 021. 19 |
| Loss on investment securities disposed of— | |
| Charged to profit and loss account..... | \$14, 822. 71 |
| Charged to investment in road and equipment account..... | 778, 500. 00 |
| | 793, 322. 71 |
| Total..... | 2, 406, 945. 84 |

NEW JERSEY MIDLAND RAILWAY COMPANY—PREDECESSOR OF THE MIDLAND
RAILROAD COMPANY OF NEW JERSEY

INTRODUCTORY

Accounting records of the company were obtained only for the period from April 26, 1870, to January 31, 1875. These records were so incomplete and fragmentary that nothing of value could be obtained from them regarding the results of corporate operations, and only partial information can be given from the accounts regarding its financial dealings or investments.

The records reviewed do not indicate that the company was controlled by any individual or corporation on March 25, 1880, the date of its demise, nor, on the other hand, that it controlled any common-carrier corporation.

The property of this company was operated by its own organization from May, 1870, when the first portion was completed, until June 10, 1872. From the latter date to about October, 1873, the property was operated by the New York & Oswego Midland Railway Company under lease. From October, 1873, until the receivership, March 5, 1875, the property was operated by the company's own organization, and from the latter date the property was operated by a receiver until it was surrendered to the Midland Railroad Company of New Jersey, May 16, 1880, although it was conveyed to the latter company by deed dated March 25, 1880.

The railroad owned by the company and operated by the receiver amounted to 70.692 miles. It consisted of a single-track, standard-gage, steam railroad extending from West End, Jersey City, N. J., to the New Jersey-New York State line at Hanford, N. J.

DEVELOPMENT OF FIXED PHYSICAL PROPERTY

The 70.692 miles of road owned by the company on the date of its demise had been acquired partly by completing construction begun by its predecessors and partly by original construction, but neither the extent of original construction performed by this company nor the extent of construction performed by its predecessors could be determined. The records reviewed do not indicate whether the construction work performed for this company was done under contract or by company forces. Further details with respect to the construction of this property are given in the chapter on development of fixed physical property in the report on the New York, Susquehanna and Western.

HISTORY OF CORPORATE FINANCING

Syndicating, banking, and other financial arrangements.—The records reviewed do not indicate that any syndicating arrangements were made in connection with the issuance of the securities of the company. The articles of consolidation and merger under which this company was formed provided for the issuance of capital stock of an amount equal to the estimated value of the capital stock, property, and franchises of the New Jersey, Hudson and Delaware Railroad Company, The New Jersey Western Railroad Company, and the Sussex Valley Railroad Company.

The company issued its securities and incurred other indebtedness under conditions and for considerations described in detail in the sections of this chapter devoted to capital stock and long-term debt.

Capital stock and long-term debt.—From the date of its incorporation to January 31, 1875, the company issued or assumed capital stock and long-term debt, as indicated by its records, aggregating \$6,127,720.17 par value, of which \$6,110,720.17 were actually outstanding on January 31, 1875, as summarized in the following table.

| Class | Issued or assumed | Retired | Actually outstanding |
|---|-------------------|----------|----------------------|
| Stock: | | | |
| Capital stock, common (including scrip), par value..... | \$1,424,470.18 | ----- | \$1,424,470.18 |
| Long-term debt: | | | |
| Funded debt, par value— | | | |
| Issued..... | 4,686,249.99 | ----- | 4,686,249.99 |
| Assumed..... | 17,000.00 | \$17,000 | ----- |
| Total..... | 4,703,249.99 | 17,000 | 4,686,249.99 |
| Grand total..... | 6,127,720.17 | 17,000 | 6,110,720.17 |

Capital stock.—The company issued capital stock in exchange for the following recorded considerations:

| Par value | Consideration | Recorded value |
|--------------------|--|----------------|
| <i>Issued</i> | | |
| \$330,104.72 | Cash..... | \$330,104.72 |
| 495,769.47 | Unapportioned part of properties of the consolidating companies..... | 495,769.47 |
| 504,688.02 | Construction and additions and betterments—(discount \$140,000)..... | 364,688.02 |
| 200.00 | Notes of individuals and companies..... | 200.00 |
| 39,707.97 | Services..... | 39,707.97 |
| 54,000.00 | Commissions incident to the issuance of funded debt..... | 54,000.00 |
| 1,424,470.18 | Total issued for considerations..... | 1,284,470.18 |
| <i>Outstanding</i> | | |
| \$1,424,470.18 | Disposition at date of demise is not known. | |

The difference between the par value of capital stock issued and the considerations recorded as received in exchange therefor, being discounts aggregating \$140,000 was charged to the investment in road and equipment account.

Funded debt.—The company issued, assumed, and reacquired funded debt in exchange for the following recorded considerations:

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| Par value | Consideration | Recorded value |
|-------------------------------|--|----------------|
| <i>Issued</i> | | |
| \$4,430,525.00 | Cash (discount \$521,580.69)..... | \$3,908,944.31 |
| 238,724.99 | Construction and additions and betterments—(discount \$13,551.25)..... | 225,173.74 |
| 17,000.00 | Funded debt previously assumed, reacquired, and retired..... | 17,000.00 |
| <i>Assumed</i> | | |
| \$17,000.00 | Unapportioned part of property of The New Jersey Western Railroad Company..... | 17,000.00 |
| 4,703,249.99 | Total issued or assumed for considerations..... | 4,168,118.05 |
| <i>Reacquired and retired</i> | | |
| \$17,000.00 | Funded debt issued..... | 17,000.00 |
| <i>Outstanding</i> | | |
| \$4,686,249.99 | Disposition at date of demise is not known. | |

The difference between the par value of funded debt issued and assumed and the considerations recorded as received in exchange therefor, being discounts aggregating \$535,131.94, together with commissions paid aggregating \$172,139.60 in the issuance of such securities, was distributed as detailed hereunder:

| Account | Discount charged | Expense charged |
|---------------------------------------|------------------|-----------------|
| Income..... | | \$54,000.00 |
| Investment in road and equipment..... | \$535,131.94 | 118,139.60 |

A statement of the funded debt actually outstanding January 31, 1875, follows.

| Title of security | Actually outstanding |
|---|----------------------|
| <i>Issued:</i> | |
| First-mortgage 7 per cent bonds, dated Aug. 1, 1870, due Aug. 1, 1895..... | \$3,000,000.00 |
| Second-mortgage 7 per cent bonds, dated Jan. 2, 1871, due \$300,000 par value Jan. 2, 1881; remainder Jan. 2, 1891..... | 1,331,500.00 |
| Consolidated-mortgage 6 per cent bonds and scrip, dated May 1, 1873, due May 1, 1923..... | 306,025.00 |
| Real-estate mortgages, executed 1872, due various dates from 1874 to 1876..... | 48,724.99 |
| Total..... | 4,686,249.99 |

INVESTMENT IN ROAD AND EQUIPMENT

The investment of the company in road and equipment, including land, on January 31, 1875, was stated in its books as \$6,188,036.11, of which the following is a general analysis:

For property acquired in the consolidation of 1870 from—

The New Jersey Western Railroad Company—

| | |
|--|-------------------|
| Capital stock issued at par value..... | \$393,769.47 |
| Bonds of The New Jersey Western Railroad Company assumed, par value.... | 17,000.00 |
| Current liabilities assumed at recorded amount..... | 223,359.29 |
| Total of above items..... | 634,128.76 |
| Less current assets, other than road and equipment, taken over at their recorded value of..... | 864.31 |

Net of above items..... 633,264.45

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| | | |
|--|-----------------|-----------------|
| For property acquired in the consolidation of 1870 from—Con. | | |
| New Jersey, Hudson and Delaware Railroad Company— | | |
| Capital stock issued at par value..... | \$87, 000. 00 | |
| Sussex Valley Railroad Company— | | |
| Capital stock issued at par value..... | 15, 000. 00 | |
| | | \$735, 264. 45 |
| Constructions and additions and betterments— | | |
| Recorded money outlay..... | 3, 423, 862. 69 | |
| Capital stock, par value \$504,688.02, issued at an agreed value of..... | 364, 688. 02 | |
| Funded debt, par value \$238,724.99, issued at an agreed value of..... | 225, 173. 74 | |
| Interest during construction, nature of outlay not determined..... | 687, 210. 64 | |
| | | 4, 700, 935. 09 |
| Total of above items..... | | 5, 436, 199. 54 |
| Less separately recorded retirements— | | |
| Equipment, credited at..... | | 41, 434. 97 |
| | | 5, 394, 764. 57 |
| Other items, charges: | | |
| Discount on capital stock..... | 140, 000. 00 | |
| Discount on funded debt..... | 535, 131. 94 | |
| Commissions paid incident to the issuance of funded debt..... | 118, 139. 60 | |
| | | 793, 271. 54 |
| Total recorded as of Jan. 31, 1875..... | | 6, 188, 036. 11 |

NEW JERSEY, HUDSON AND DELAWARE RAILROAD COMPANY—PREDECESSOR OF THE NEW JERSEY MIDLAND RAILWAY COMPANY

No accounting records of this company were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments.

The records reviewed do not indicate that the company was controlled by any individual or corporation on April 26, 1870, the date of its consolidation, nor, that it controlled any common-carrier corporation. The property of the company was not placed in operation prior to the date of consolidation.

The company owned on the date of consolidation certain right of way between Beaver Lake, N. J., and the New Jersey-New York State line at Hanford, on which some construction work had been performed, but none completed. The records reviewed do not indicate how much right of way was owned, how much construction work had been performed, nor whether the road was constructed under contract or by company forces. Further details with respect to the construction of this property are given in the chapter on development of fixed physical property in the report on the New York, Susquehanna and Western.

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SUSSEX VALLEY RAILROAD COMPANY—PREDECESSOR OF THE NEW JERSEY
MIDLAND RAILWAY COMPANY

No accounting records of the company were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. The records reviewed do not indicate that the company was controlled by any individual or corporation on April 26, 1870, the date of its consolidation, or, that it controlled any common-carrier corporation. This company owned no common-carrier property on the date of its consolidation.

THE NEW JERSEY WESTERN RAILROAD COMPANY—PREDECESSOR OF THE NEW
JERSEY MIDLAND RAILWAY COMPANY

INTRODUCTORY

No accounting records of the company were obtained for the period from the date of its incorporation, March 31, 1867, to January, 1869, and the records that were obtained for the period January, 1869, to April 26, 1870, are fragmentary and incomplete. Therefore, only partial information can be given from the accounts regarding its financial dealings, corporate operations, or investments. The records reviewed do not indicate that the company was controlled by any individual or corporation on April 26, 1870, the date of its consolidation or that it controlled any common-carrier corporation. The company owned on the date of its consolidation certain right of way between Hawthorne and Bloomingdale, N. J., on which some construction work had been performed, but none completed. This partially completed road was constructed for it by Beach and Alton, contractors. The records reviewed do not indicate that the contractors were affiliated with the company. Further detail with respect to the construction of this property are given in the chapter on development of fixed physical property in the report on the New York, Susquehanna and Western.

HISTORY OF CORPORATE FINANCING

Syndicating, banking, and other financial arrangements.—The records of the company that were obtained do not indicate that any syndicating arrangements were made in connection with the issuance of its securities. This company issued its securities under conditions and for considerations described in detail in the sections of this chapter devoted to capital stock and long-term debt.

Capital stock and long-term debt.—From January, 1869, to the date of consolidation, the company issued capital stock and funded debt, as indicated by its records, aggregating \$444,269.47, of which \$410,769.47 were actually outstanding, as summarized in the following table:

| Class | Issued | Retired | Actually outstanding |
|--------------------------------------|--------------|----------|----------------------|
| Stock: | | | |
| Capital stock common, par value..... | \$393,769.47 | ----- | \$393,769.47 |
| Long-term debt: | | | |
| Funded debt, par value— | | | |
| Issued..... | 50,500.00 | \$33,500 | 17,000.00 |
| Total | 444,269.47 | 33,500 | 410,769.47 |

Capital stock.—The company issued \$187,469.47 of capital stock for cash at par and \$206,300 par value in payment for construction, a total of \$393,769.47. All of this stock was actually outstanding on date of consolidation. The disposition of this stock at date of consolidation is not known.

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Funded debt.—The company issued and partly reacquired first-mortgage bonds, a description of which could not be obtained, in exchange for the following-recorded considerations:

| Par value | Consideration | Recorded value |
|-----------------------------|--|----------------|
| <i>Issued</i> | | |
| \$17,000 | Cash (discount \$6,800)..... | \$10,200 |
| 33,500 | Charged to Beach and Alton in open account..... | 33,500 |
| 50,500 | Total issued for considerations..... | 43,700 |
| <i>Required and retired</i> | | |
| \$33,500 | Credit to Beach and Alton in open account (\$5,025 less than par value)..... | 28,475 |
| <i>Outstanding</i> | | |
| \$17,000 | Assumed by the New Jersey Midland Railway Company..... | |

The difference between the par value of funded debt issued by this company and the considerations recorded as received in exchange therefor, being discounts aggregating \$6,800, and the difference between the par value of funded debt reacquired and the recorded cost of reacquisition, being an amount of \$5,025, were respectively charged and credited to the profit and loss account.

RESULTS OF CORPORATE OPERATIONS

Profit and loss statement.—The debit balance in the profit and loss account of the company on the date of consolidation was stated in its books as \$1,775, representing a charge of \$6,800 for discount on funded debt issued and a credit of \$5,025, being the difference between the par value of funded debt reacquired and the recorded cost of reacquisition.

INVESTMENT IN ROAD AND EQUIPMENT

The investment of the company in road and equipment, including land, on the date of consolidation was stated in its books as \$409,467.96, all for original construction, as follows:

| | |
|---|--------------|
| Recorded money outlay..... | \$203,167.96 |
| Capital stock issued at par value..... | 206,300.00 |
| | 409,467.96 |
| Total recorded as of date of consolidation..... | 409,467.96 |

THE WATER GAP RAILROAD COMPANY—PREDECESSOR OF THE NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY (FIRST CORPORATION)

No accounting records of the company were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. The records reviewed do not indicate that the company was controlled by any individual or corporation on June 17, 1881, the date of its consolidation, that it controlled any common-carrier corporation. This company owned no common-carrier property on the date of its consolidation.

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THE NORTH JERSEY RAILROAD COMPANY—PREDECESSOR OF THE NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY (FIRST CORPORATION)

No accounting records of the company were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. The records reviewed do not indicate that the company was controlled by any individual or corporation on June 17, 1881, the date of its consolidation, or that it controlled any common-carrier corporation. This company owned no common-carrier property on the date of its consolidation.

THE PATERSON EXTENSION RAILROAD COMPANY—PREDECESSOR OF THE NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY (FIRST CORPORATION)

No accounting records of the company were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. However, certain data indicated hereinafter were obtained from the records of the Midland Railroad Company of New Jersey and the New York, Susquehanna and Western Railroad Company (First corporation).

The company was controlled by the Midland Railroad Company of New Jersey on June 17, 1881, the date of its demise, through ownership of its capital stock. The records reviewed do not indicate that it controlled any common-carrier corporation. The records reviewed do not indicate the amount of property owned by this company on the date of its consolidation.

The company had securities outstanding on the date of its demise, as shown by the records of the Midland Railroad Company of New Jersey and the New York, Susquehanna and Western (first corporation), as follows:

| | |
|--|------------|
| Capital stock, par value..... | \$500, 000 |
| First-mortgage, 6 per cent bonds, dated June 1, 1881, due June 1, 1910.. | 250, 000 |
| | <hr/> |
| Total..... | 750, 000 |

The considerations received for these securities when issued were not ascertainable from the records reviewed. The outstanding first-mortgage bonds of the company were assumed by the New York, Susquehanna and Western (first corporation).

THE MIDLAND CONNECTING RAILWAY COMPANY—PREDECESSOR OF THE NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY (FIRST CORPORATION)

No accounting records of the company were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. The records reviewed do not indicate that the company was controlled by any individual or corporation on June 17, 1881, the date of its consolidation, or that it controlled any common-carrier corporation. This company owned no common-carrier property on the date of its consolidation.

THE PENNSYLVANIA MIDLAND RAILWAY COMPANY—PREDECESSOR OF THE NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY (FIRST CORPORATION)

No accounting records of the company were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. The records reviewed do not indicate that the company was controlled by any individual or corporation on June 17, 1881, the date

of its consolidation, or that it controlled any common-carrier corporation. This company owned no common-carrier property on the date of its consolidation.

THE BLAIRSTOWN RAILWAY COMPANY—PREDECESSOR OF THE NEW YORK, SUSQUEHANNA AND WESTERN RAILROAD COMPANY (FIRST CORPORATION)

No accounting records of the company were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. The records reviewed do not indicate that the company was controlled by any individual or corporation on January 24, 1883, the date of its demise, or that it controlled any common-carrier corporation. The property of the company was not placed in operation prior to the date of its demise. The company owned on the date of its demise 11.101 miles of single-track, standard-gage, steam railroad extending from Blairstown to Delaware, N. J. This property was all acquired by construction. The records reviewed do not indicate whether the road was constructed under contract or by company forces. Further details with respect to the construction of this property are given in the chapter on development of fixed physical property in the report on the New York, Susquehanna and Western.

THE LODI BRANCH RAILROAD COMPANY (FIRST CORPORATION)—PREDECESSOR OF THE LODI BRANCH RAILROAD

No accounting records of the company were obtained. Therefore, no information can be given from its accounts regarding its financial dealings, corporate operations, or investments. The records reviewed do not indicate whether the company was controlled by any individual or corporation on June 15, 1880, the date of its demise, or whether it controlled any common-carrier corporation. The company owned on the date of its demise 1.34 miles of single-track, standard-gage, steam railroad, extending from Lodi Junction, N. J., to a connection with the railroad of the New Jersey and New York Railroad Company near Hackensack, N. J. This road was acquired, apparently by purchase from Robert Rennie and wife. Robert Rennie had acquired the property by deed dated February 26, 1873, from The Hackensack and New York Railroad Company, by which company it was partly constructed. Further details with respect to the construction of this property are given in the chapter on development of fixed physical property in the report on the Lodi Branch Railroad.

SECTION 4

Valuation Docket No. 845

Avon, Geneseo and Mount Morris Railroad Company

Location and general description of property.—The railroad of the Avon, Geneseo and Mount Morris Railroad Company, herein called the Avon, Geneseo and Mount Morris, is a single-track, standard-gage, steam railroad, partly equipped for electric motive power, and located in western New York. The main line extends from Avon to Sonyea, 17.584 miles. The company also owns 2.664 miles of yard tracks and sidings. Its road thus embraces 20.248 miles of all tracks owned but not used.

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