
1961

EIGHTIETH ANNUAL REPORT



**THE LONG ISLAND RAIL ROAD
COMPANY**

DIRECTORS

DAVID C. BEVAN
Vice President—Finance, The Pennsylvania Railroad Company Philadelphia

FRED CARPI
Vice President—Sales, The Pennsylvania Railroad Company Philadelphia

GEORGE CUSHMAN
Treasurer and General Manager, Long Island Produce & Fertilizer Co. Riverhead

ERROL W. DOEBLER
Chairman of the Board, Long Island Lighting Co. Mineola

WALTER S. FRANKLIN
Former President, The Long Island Rail Road Company Philadelphia

THOMAS M. GOODFELLOW
President and General Manager, The Long Island Rail Road Company Jamaica

ALLEN J. GREENOUGH
President, The Pennsylvania Railroad Company Philadelphia

CARLETON S. HARLOFF
President, Phelps Dodge Refining Corporation New York

JAMES P. NEWELL
Vice President—Operations, The Pennsylvania Railroad Company Philadelphia

CARLETON H. PALMER
Retired New York

GEORGE E. ROOSEVELT
Partner, Roosevelt and Son New York

ARTHUR T. ROTH
Chairman of the Board, Franklin National Bank Franklin Square

ARTHUR C. SCHIER
Vice President—Traffic, General Foods Corporation — Retired Manhasset

JACK I. STRAUS
Chairman of the Board, R. H. Macy & Company, Inc. New York

TRACY S. VOORHEES
Lawyer Brooklyn

OFFICERS

PRESIDENT AND GENERAL MANAGER THOMAS M. GOODFELLOW

*VICE PRESIDENT - PASSENGER HENRY A. WEISS

*VICE PRESIDENT - CHIEF ENGINEER FRANK AIKMAN, JR.

*VICE PRESIDENT - PUBLIC RELATIONS JAMES A. SCHULTZ

GENERAL COUNSEL OTTO M. BUERGER

CHIEF MECHANICAL OFFICER PHILIP H. HATCH

SECRETARY AND TREASURER JOSEPH N. KANZLER

COMPTROLLER RUSSELL I. KISTLER

SUPERINTENDENT OF TRANSPORTATION RUSSELL D. SPORE

MANAGER OF PROPERTY AND PURCHASES CHARLES H. STOUTENBURGH

*GENERAL MANAGER - FREIGHT MILTON C. MARQUET

MANAGER OF PERSONNEL THOMAS F. KUSTES

MANAGER OF RESEARCH ROBERT A. PATTERSON

AUDITOR OF DISBURSEMENTS JOSEPH T. CUNNINGHAM

**Effective January 1, 1962*

1961

EIGHTIETH ANNUAL REPORT

THE LONG ISLAND RAIL ROAD COMPANY

JAMAICA, N.Y., MARCH 8, 1962

Early-year prospects of a sizable deficit in 1961 were erased by additional financial assistance from the State and local communities and by a gradual improvement in our passenger business. As a result, we ended the year with a net income of \$587,165.

This was a distinct improvement over the deficit of \$1,140,148 in 1960, when both passenger and freight revenues dropped sharply as a result of the opening of a new sector of the Long Island Expressway soon after the end of two strikes. But the results still fell \$1.5 million short of the net income we should have had to cover the 1961 portion of our \$65 million rehabilitation program. Furthermore, there would have been a sizable deficit had we been required to pay interest on our funded debt, amounting to \$2,092,100 a year, which has been waived by the Pennsylvania Railroad during the 12-year redevelopment plan.

Biggest factor in changing the deficit outlook was passage by the Legislature last March of two bills to provide additional assistance for the State's commuter railroads. One of these bills further reduced our real estate taxes, saving us \$933,000 during the last six months of the year. This law is expected to produce full-year savings of \$1,938,000 in 1962.

The other bill – a piece of permissive legislation that makes it possible for Nassau and Suffolk counties and the City of New York to assume the costs of operating passenger stations in their areas – so far has fallen far short of generating the \$1.1 million a year savings the Legislature had envisioned. Nassau County agreed to go along with the program and reimbursed us \$228,345 for our station expenses during the last half of the year. But at year's end, neither Suffolk nor the City had agreed to follow suit.

There was a slow but satisfactory recovery in our passenger business. By the end of the year, we had pulled almost back to our pre-strike passenger volume, and indications were that even this loss would be erased early in 1962.

Passengers carried during the year totaled 69,102,133, compared with 64,378,591 in 1960 and 73,934,636 in 1959. This enabled us to maintain our long-held position as the Nation's busiest passenger railroad by a margin of more than 23 million riders.

Meanwhile, largely as a result of fare increases in December, 1959, and September, 1960, passenger revenue climbed to \$58,124,509 during the year, compared with \$51,233,956 in 1960 and \$54,331,710 in 1959.

Our commuter bar operations were stepped up sharply. By the end of the year, there were 13 bar cars in service. They produced revenues of \$240,000 for the year. Our program of group travel and weekend tours also continued to grow. An estimated 83,000 passengers were handled in 1,543 such moves, producing revenue of \$106,853, compared with \$81,805 the year before.

Unlike our passenger business, freight failed to make the comeback we had hoped for. Freight revenue for the year dropped to \$9,958,624, compared with \$10,422,055 in 1960 and \$12,525,910 in 1959. Twenty new sidings were placed in service during the year for new or expanding industries, and it is hoped they will help offset this declining trend.

A program was started at our Morris Park shops to upgrade many of our cars. The shops also spruced up 25 parlor cars we had purchased at scrap prices for use in our new Route of the Weekend Chief service to eastern Long Island summer resorts.

The finishing touches were put on automation in our Purchasing and Stores operations, making it possible for machines to order the thousand-and-one things we need to run a railroad. Meanwhile, our real estate people shifted into high gear in their program to sell or lease air rights over the right of way. This program is expected to gain momentum from a property trade with the PRR in the Sunnyside Yard area that now gives us ownership of all the land we use there.

Despite what the U.S. Weather Bureau described as the worst winter in its history, we were able to chalk up an on-time record of 97.6 per cent during the year – a slight improvement over 1960 and by far the best performance of any railroad serving the New York area.

Our railroad family became even closer knit as the purchasing, freight claims and additional accounting functions were transferred here from Philadelphia. Employees averaged 6,436 during the year. Their salaries and wages totaled \$42,684,418. Once again, payrolls and payroll taxes were by far our largest item of expenditure.

Despite all our problems, the people of Long Island continued to give us an overwhelming vote of confidence that we were trying hard – and succeeding rather well – in giving them the best possible suburban transportation service.

In a move to broaden and strengthen our management team, the Board of Directors in December elected Henry A. Weiss, vice president - passenger; Frank Aikman, Jr., vice president - chief engineer; James A. Schultz, vice president - public relations, and Milton C. Marquet, general manager - freight.

BY ORDER OF THE BOARD



THOMAS M. GOODFELLOW, PRESIDENT

INCOME STATEMENT OF THE LONG ISLAND RAIL ROAD COMPANY

YEAR ENDED DECEMBER 31, 1961 COMPARED WITH 1960

	1961	1960	INCREASE OR DECREASE
RAILWAY OPERATING REVENUES			
Freight	\$ 9,958,623.77	\$10,422,054.85	D\$ 463,431.08
Passenger	58,124,509.58	51,233,955.68	I 6,890,553.90
Mail	268,023.62	231,359.53	I 36,664.09
Express	Dr. 74,820.14	552,265.20	D 627,085.34
All other	1,649,139.58	1,565,276.35	I 83,863.23
Total	69,925,476.41	64,004,911.61	I 5,920,564.80
RAILWAY OPERATING EXPENSES			
Maintenance of way and structures	9,188,819.17	9,071,843.94	I 116,975.23
Maintenance of equipment	13,671,796.48	12,475,002.00	I 1,196,794.48
Traffic	495,798.58	534,393.09	D 38,594.51
Transportation	36,425,998.94	33,912,684.73	I 2,513,314.21
General	2,783,218.50	2,539,774.42	I 243,444.08
Total	62,565,631.67	58,533,698.18	I 4,031,933.49
NET REVENUE FROM RAILWAY OPERATIONS	7,359,844.74	5,471,213.43	I 1,888,631.31
TAX ACCRUALS			
Railway taxes	1,258,401.61	1,684,393.48	D 425,991.87
Unemployment insurance taxes	1,138,394.50	1,113,633.64	I 24,760.86
Railroad retirement taxes	2,047,088.89	2,004,293.94	I 42,794.95
Total	4,443,885.00	4,802,321.06	D 358,436.06
RAILWAY OPERATING INCOME	2,915,959.74	668,892.37	I 2,247,067.37
HIRE OF EQUIPMENT—DEBIT BALANCE	2,109,812.93	2,266,386.82	D 156,573.89
JOINT FACILITY RENTS—DEBIT BALANCE	Cr. 189,320.95	124,174.76	D 313,495.71
	1,920,491.98	2,390,561.58	D 470,069.60
NET RAILWAY OPERATING INCOME	995,467.76	Def 1,721,669.21	I 2,717,136.97
NON-OPERATING INCOME			
Rent income	383,350.89	379,855.23	I 3,495.66
Interest income	56,777.93	33,907.32	I 22,870.61
Other income credits	131,206.89	1,386,475.40	D 1,255,268.51
Total	571,335.71	1,800,237.95	D 1,228,902.24
INCOME AVAILABLE FOR FIXED AND OTHER CHARGES	1,566,803.47	78,568.74	I 1,488,234.73
DEDUCTIONS FROM GROSS INCOME			
Rent for leased roads	210,000.00	210,000.00	.....
Other rentals	58,047.11	75,797.59	D 17,750.48
Tax accruals on other physical property	38,025.85	82,984.40	D 44,958.55
Interest on funded debt	528,399.53	657,420.85	D 129,021.32
Interest on unfunded debt	82,713.22	89,663.83	D 6,950.61
Other income charges	62,452.27	102,850.21	D 40,397.94
Total	979,637.98	1,218,716.88	D 239,078.90
NET INCOME*	587,165.49	Def 1,140,148.14	I 1,727,313.63

STATEMENT OF RETAINED INCOME

	1961	1960	INCREASE OR DECREASE
DEBIT BALANCE, JANUARY 1	\$17,597,822.75	\$17,852,935.95	D\$ 255,113.20
ADD: Loss for the year 1960 .....	.....	1,140,148.14	D 1,140,148.14
Miscellaneous debits	219,303.22	19,586.84	I 199,716.38
	17,817,125.97	19,012,670.93	D 1,195,544.96
DEDUCT: Profit for the year 1961	587,165.49	.....	I 587,165.49
Miscellaneous credits	512,292.97	1,414,848.18	D 902,555.21
	1,099,458.46	1,414,848.18	D 315,389.72
DEBIT BALANCE, DECEMBER 31	16,717,667.51	17,597,822.75	D 880,155.24

*Net income, year 1961, under the Redevelopment Statute \$ 587,165
Interest on Funded Debt waived by the Pennsylvania RR Co., 2,092,100

Deficit..... \$1,504,935

BALANCE SHEET OF THE LONG ISLAND RAIL ROAD COMPANY

ASSETS

	DECEMBER 31, 1961	DECEMBER 31, 1960	INCREASE OR DECREASE
CURRENT ASSETS:			
Cash	\$ 1,349,294.54	\$ 2,253,349.66	D \$ 904,055.12
Temporary cash investments	1,081,120.63	1,118,840.31	D 37,719.68
Net balance receivable from agents and conductors	1,274,847.22	1,599,689.20	D 324,841.98
Accounts and interest receivable	2,357,363.45	1,705,657.80	I 651,705.65
Materials and Supplies	1,703,027.19	1,731,345.04	D 28,317.85
Total Current Assets	7,765,653.03	8,408,882.01	D 643,228.98
INSURANCE AND OTHER FUNDS	321,580.73	328,994.07	D 7,413.34
TRANSPORTATION PROPERTY	184,598,545.75	184,964,041.94	D 365,496.19
Less: Accrued depreciation and amortization of defense projects	56,233,859.25	54,383,685.02	I 1,850,174.23
Net Transportation Property	128,364,686.50	130,580,356.92	D 2,215,670.42
OTHER PHYSICAL PROPERTY	642,348.75	647,749.34	D 5,400.59
Net Properties	129,007,035.25	131,228,106.26	D 2,221,071.01
OTHER ASSETS INCLUDING ITEMS IN PROCESS OF ADJUSTMENT	1,599,941.30	1,492,163.01	I 107,778.29
Total Assets	138,694,210.31	141,458,145.35	D 2,763,935.04

LIABILITIES

	DECEMBER 31, 1961	DECEMBER 31, 1960	INCREASE OR DECREASE
CURRENT LIABILITIES:			
Traffic and car-service balances	\$ 3,554,590.34	\$ 4,074,320.16	D \$ 519,729.82
Accounts and interest payable	7,597,973.74	7,325,785.46	I 272,188.28
Tax liability	439,138.36	380,657.03	I 58,481.33
Other current liabilities	48,493.19	58,146.64	D 9,653.45
*Total Current Liabilities	11,640,195.63	11,838,909.29	D 198,713.66
LONG TERM DEBT:			
General mortgage 4% bonds Series "D" due August 12, 2004	39,930,000.00	39,930,000.00	.....
General mortgage 5% serial bonds Series "A" due Jan. 1, 1963-66	1,665,000.00	2,082,000.00	D 417,000.00
General mortgage 5% serial bonds Series "B" due Jan. 1, 1963-66	780,000.00	974,000.00	D 194,000.00
General mortgage 5% serial bonds Series "C" due August 12, 1968-79	6,298,000.00	6,298,000.00	.....
Equipment trust certificate	1,264,000.00	1,896,000.00	D 632,000.00
Equipment—Conditional sales agreements	8,240,929.01	10,546,284.34	D 2,305,355.33
Interest certificate	9,507,482.00	9,507,482.00	.....
3% Note due August 12, 1968-79	6,000,000.00	6,000,000.00	.....
Advances from State of New York—Grade crossing eliminations	3,428,434.42	3,688,172.86	D 259,738.44
Total Long-Term Debt	77,113,845.43	80,921,939.20	D 3,808,093.77
OTHER LIABILITIES INCLUDING ITEMS IN PROCESS OF ADJUSTMENT	2,024,562.19	1,731,180.31	I 293,381.88
SHAREHOLDERS' EQUITY:			
Capital stock issued (1,099,827 shares par value \$50. per share) (including \$35.50 scrip)	54,991,385.50	54,991,385.50	.....
Capital surplus	9,641,889.07	9,572,553.80	I 69,335.27
Retained income—Unappropriated—Debit balance	16,717,667.51	17,597,822.75	D 880,155.24
Total Shareholders' Equity	47,915,607.06	46,966,116.55	I 949,490.51
Total Liabilities and Shareholders' Equity	138,694,210.31	141,458,145.35	D 2,763,935.04
*Exclusive of equipment obligations maturing within one year	2,757,495.33	2,937,355.33	

THE LONG ISLAND RAIL ROAD COMPANY

PASSENGER TRAFFIC STATISTICS

	1961	1960	INCREASE OR DECREASE
Average mileage operated (passenger service)	323.61	323.61	
Passenger revenue	\$58,124,510	\$51,233,956	I \$6,890,554
Passenger train revenue	\$58,802,212	\$52,266,872	I \$6,535,340
Passenger train revenue per train mile	\$9.54	\$9.10	I \$0.44
Number of passengers carried one mile	1,612,392,103	1,476,538,546	I 135,853,557
Revenue per passenger (cents)	84.1	79.6	I 4.5
Revenue per passenger mile (cents)	3.605	3.470	I 0.135
Number of passengers carried	69,102,133	64,378,591	I 4,723,542
Miles each passenger was carried	23.3	22.9	I 0.4
Revenue passenger train miles	6,161,960	5,744,757	I 417,203
Per cent. of total operating revenues	83.1	80.0	I 3.1

FREIGHT TRAFFIC STATISTICS

	1961	1960	INCREASE OR DECREASE
Average mileage operated (freight service)	337.93	337.93	
Freight revenue	\$9,958,624	\$10,422,055	D \$463,431
Number of tons carried (revenue freight)	3,659,506	3,814,733	D 155,227
Revenue per ton	\$ 2.72	\$2.73	D \$ 0.01
Number of tons carried one mile (revenue freight)	72,327,392	77,046,264	D 4,718,872
Revenue per ton mile (cents)	13.769	13.527	I 0.242
Revenue freight train mileage (excludes light train miles)	238,445	227,680	I 10,765
Miles each revenue ton was carried	19.8	20.2	D 0.4
Per cent. of total operating revenues	14.2	16.3	D 2.1

MILES OF TRACKS AND SIDINGS IN USE

DECEMBER 31, 1961

	FIRST TRACK	SECOND TRACK	THIRD TRACK	FOURTH TRACK	COMPANY SIDINGS	TOTAL
Main Line and Branches	*193.11	* 73.78	13.53	13.22	†142.91	‡436.55
Montauk Branch	115.05	47.89	5.24	4.07	93.44	265.69
North Side Branch	14.06	10.01	.....	.....	7.88	31.95
Bay Ridge Branch	11.93	11.87	6.03	.....	27.96	57.79
Atlantic Avenue Branch	9.53	9.49	.....	.....	4.25	23.27
Total	343.68	153.04	24.80	17.29	276.44	815.25
Decrease .....	.....	.....	.....	.....	1.83	1.83

* Includes 4.08 miles used under trackage rights.

† Includes 10.20 miles used under trackage rights.

‡ Includes 18.36 miles used under trackage rights.

EQUIPMENT OF THE LONG ISLAND RAIL ROAD COMPANY

KIND OF EQUIPMENT	AVAILABLE FOR SERVICE		CAPACITY OF EQUIPMENT AVAILABLE FOR SERVICE		BOOK VALUE	
	DEC. 31, 1961	COMPARISON WITH 1960	DEC. 31, 1961	COMPARISON WITH 1960	DEC. 31, 1961	COMPARISON WITH 1960
		INCREASE OR DECREASE		INCREASE OR DECREASE		INCREASE OR DECREASE
			Tractive Power—Pounds			
Locomotives	77	.....	4,414,657	.....	\$10,444,288	I \$ 17,986
			Passengers			
Passenger Car Equipment	1,228	D 15	110,407	D 2,474	63,141,066	D 588,068
Freight Car Equipment—Cabin Cars	25	D 1	.....	.....	199,035	I 55,422
Miscellaneous Work Equipment	64	D 7	.....	.....	364,527	D 20,291
Floating Equipment	10	D 1	.....	.....	1,284,883	D 190,442
Total valuation of equipment .....	.....	.....	.....	.....	75,433,799	D 725,393

EQUIPMENT OBLIGATIONS

DATED	INT. RATE	ORIGINAL COST OF EQUIPMENT	AMOUNT OUTSTANDING DEC. 31, 1961	DATE OF FINAL MATURITY	EQUIPMENT COVERED
May 1, 1948	{ 2½% } { 2¾% }	\$12,020,697	\$ 538,000 } 726,000 }	May 1, 1963	{ Passenger Cars ... 60 { Locomotives 43
September 23, 1952	{ 3½% } { 3¾% }	2,516,776	..... } 352,084 }	{ Matured and Paid Sept. 1, 1963 }	{ Passenger Cars ... 20
March 15, 1955	3½%	356,110	93,345	Mar. 15, 1965	Passenger Cars ... 2
May 9, 1955	3½%	13,868,101	3,631,230	Dec. 15, 1965	Passenger Cars ... 125
September 1, 1955	{ 3% } { 3.6% }	1,698,179	..... } 777,540 }	{ Matured and Paid Sept. 15, 1970 }	{ Locomotives 10
November 1, 1955	3½%	10,064,938	3,386,730	Mar. 15, 1966	Passenger Cars ... 95
Total		40,524,801	9,504,929	.....	Passenger Cars ... 302 Locomotives 53

