

RARITAN RIVER RAIL ROAD COMPANY

DIRECTORS

E. T. Moore	Jersey City, N.J.
D. C. Bevan	Philadelphia, Pa.
J. A. Mulcahy	New York, N.Y.
G. C. Vaughan	Philadelphia, Pa.
P. M. Shoemaker	Jersey City, N.J.
R. B. Wachenfeld	Jersey City, N.J.

EXECUTIVE COMMITTEE

G. C. Vaughan
P. M. Shoemaker
R. B. Wachenfeld

OFFICERS

P. M. Shoemaker	President	Jersey City, N.J.
G. C. Vaughan	Vice President	Philadelphia, Pa.
R. G. Kipp	General Manager	South Amboy, N.J.
S. S. Szarejko	Secretary & Treasurer	South Amboy, N.J.
R. E. Watson	General Counsel	New Brunswick, N.J.

REGISTERED OFFICE

170 John Street South Amboy, N.J.

To the Stockholders:

The Board of Directors submits herewith the seventy-ninth annual report of the Company, showing results of operation and various statistical data for the year 1966, together with comparative income statement for the year and balance sheet as of December 31, 1966, compared with December 31, 1965.

By Order of the Board of Directors

P. M. Shoemaker,
President

RARITAN RIVER RAIL ROAD COMPANY

INCOME STATEMENT

1. OPERATING INCOME

			Inc. or Dec.	
	<u>1966</u>	<u>1965</u>	<u>Amount</u>	<u>%</u>
<u>OPERATING REVENUES</u>				
Freight	\$ 978,555	\$ 940,569	I- 37,986	4.0
Switching	11,389	13,788	D- 2,399	17.4
Demurrage	73,432	78,705	D- 5,273	6.7
Rents-Bldgs. and other prop.	780	1,355	D- 575	42.4
Miscellaneous	4,519	3,142	I- 1,377	43.8
Total Operating Revenues	<u>1,068,675</u>	<u>1,037,559</u>	<u>I- 31,116</u>	<u>3.0</u>
<u>OPERATING EXPENSES</u>				
Maintenance of W&S	87,761	98,597	D- 10,836	11.0
Maintenance of Equipment	81,688	81,989	D- 301	.36
Traffic	14,812	14,589	I- 223	1.5
Transportation	360,882	356,517	I- 4,365	1.2
General	34,801	38,246	D- 3,445	9.0
Total Operating Expenses	<u>579,944</u>	<u>589,938</u>	<u>D- 9,994</u>	<u>1.7</u>
Net revenue from rwy. operations	488,731	447,621	I- 41,110	9.2
Railway tax accruals	62,282.	104,453	D- 42,171	40.4
Railway Operating Income	<u>426,449</u>	<u>343,168</u>	<u>I- 83,281</u>	<u>24.3</u>
<u>RENTS PAYABLE</u>				
Hire of equipment	189,529.	188,613	I- 916	.48
Net Rwy. Operating Income	<u>236,920</u>	<u>154,555</u>	<u>I- 82,365</u>	<u>53.3</u>
<u>11. OTHER INCOME</u>				
Miscellaneous rent income	13,874	10,986	I- 2,888	26.2
Income from non-operating prop.	102	100	I- 2	2.0
Interest income	18,736	15,736	I- 3,000	19.0
Miscellaneous income	10,012	837	I- 9,175	-
Total Other Income	<u>42,724</u>	<u>27,659</u>	<u>I- 15,065</u>	<u>54.5</u>
Total Income	<u>279,644</u>	<u>182,214</u>	<u>I- 97,430</u>	<u>53.5</u>
<u>111. MISCELLANEOUS DEDUCTIONS FROM INCOME</u>				
Miscellaneous tax accruals	653	728	D- 75	10.3
Miscellaneous income charges	2	1	I- 1	100.0
Total Misc. Deductions	<u>655</u>	<u>729</u>	<u>D- 74</u>	<u>10.2</u>
Net Income	<u>278,989</u>	<u>181,485</u>	<u>I- 97,504</u>	<u>53.7</u>

Note 1 - Depreciation charges included in Operating Expense

Road Property	8,371	7,574	I- 797	10.5
Equipment Property	34,253	34,214	I- 39	1.1
Total Depreciation Charges	<u>42,624</u>	<u>41,788</u>	<u>I- 836</u>	<u>2.0</u>

RARITAN RIVER RAIL ROAD COMPANY

GENERAL BALANCE SHEET

ASSETS

	<u>December 31,</u> <u>1966</u>	<u>December 31,</u> <u>1965</u>	<u>Increase</u> <u>or Decrease</u>
<u>CURRENT ASSETS</u>			
Cash	144,340	213,570	D- \$ 69,230
Temporary cash investments:			
GMAC Promissory Notes	344,525	371,586	D- 27,061
Special Deposits	3,538	3,514	I- 24
Net Balance receivable from agents	107,230	144,481	D- 37,251
Miscellaneous accounts receivable	9,692	3,411	I- 6,281
Interests and Dividends receivable	2,622	1,674	I- 948
Working fund advances	41	23	I- 18
Prepayments	13,342	10,916	I- 2,426
Material and supplies	24,237	22,867	I- 1,370
Total Current Assets	<u>649,567</u>	<u>772,042</u>	D- 122,475
<u>INVESTMENTS</u>			
State Government Bonds	<u>31,168</u>	<u>31,168</u>	- -
Total Investments	<u>31,168</u>	<u>31,168</u>	- -
<u>PROPERTIES</u>			
Road and equip. property - Road	1,465,491	1,476,665	I- 11,174
Equipment	662,229	662,229	- -
General	<u>37,588</u>	<u>43,826</u>	D- 6,238
Total	2,165,308	2,182,720	D- 17,412
Improvements on leased property	<u>340</u>	<u>340</u>	- -
Total Transportation Prop.	2,165,648	2,183,060	D- 17,412
Accrued Depreciation -			
Road and Equipment Prop.	<u>635,596</u>	<u>592,973</u>	I- 42,623
Total Transportation Property less recorded Depreciation	1,530,052	1,590,087	D- 60,035
Miscellaneous Physical Property	<u>41,667</u>	<u>42,094</u>	D- 427
Total Properties less recorded Depreciation	<u>1,571,719</u>	<u>1,632,181</u>	D- 60,462
Total	<u>2,252,454</u>	<u>2,435,391</u>	D- 182,937

RARITAN RIVER RAIL ROAD COMPANY

GENERAL BALANCE SHEET

LIABILITIES

	<u>December 31,</u> 1966	<u>December 31,</u> 1965	<u>Increase</u> <u>or Decrease</u>
<u>CURRENT LIABILITIES</u>			
Traffic and car Service Balance- Net Payable	\$ 426,956	\$ 539,460	D- 112,504
Audited accounts and wages payable	20,341	18,216	I- 2,125
Miscellaneous accounts payable	4,004	5,816	D- 1,812
Accrued accounts payable	162,537	168,305	D- 5,768
Federal Income taxes accrued	-	43,813	D- 43,813
Other taxes accrued	<u>4,731</u>	<u>4,344</u>	I- 387
Total Current Liabilities	618,569	779,954	D- 161,385
<u>OTHER LIABILITIES AND DEFERRED CREDITS</u>			
Other Liabilities	4,500	4,500	- -
Other deferred credits	<u>850</u>	<u>850</u>	- -
Total Other Liabilities and Deferred Credits	<u>5,350</u>	<u>5,350</u>	- -
<u>SHAREHOLDERS' EQUITY</u>			
Capital Stock:			
Authorized and issued	1,025,000	1,025,000	- -
Held by or for Company	<u>9,200</u>	<u>9,200</u>	- -
Total Outstanding	1,015,800	1,015,800	- -
Retained Income:			
Retained Income - Appropriated	19,427	19,427	- -
Retained Income - Unappropriated	<u>593,308</u>	<u>614,860</u>	D- 21,552
Total Retained Income	<u>612,735</u>	<u>634,287</u>	D- 21,552
Total Shareholders' Equity	<u>1,628,535</u>	<u>1,650,087</u>	D- 21,552
Total	<u><u>2,252,454</u></u>	<u><u>2,435,391</u></u>	D- 182,937

RARITAN RIVER RAIL ROAD COMPANY

CHANGES IN ROAD AND EQUIPMENT PROPERTY MADE IN 1966

ROAD PROPERTY

Addition

System	Ballast, Portion of Main Line	\$	<u>5,198</u>	
	Total Addition			\$ 5,198

Retirements

South Amboy	Sale of Property		15,678	
New Brunswick	Sale of Property		<u>694</u>	
	Total Retirements			<u>16,372</u>
	Net Decrease in Road Property			11,174

GENERAL

Deduction

	Filing Lines - Gillespie and Kearney Branch			<u>6,238</u>
	Net Decrease in Road and Equipment Property			17,412

- : -

STATEMENT OF RETAINED INCOME - UNAPPROPRIATED

	<u>1966</u>	<u>1965</u>	<u>Increase or Decrease</u>
Balance, January 1	614,860	625,714	D- 10,854
Add: Profit from sale of Property	- -	3,301	D- 3,301
Profit from sale of Investment Securities	- -	4,460	D- 4,460
Net Income for the year	<u>278,989</u>	<u>181,485</u>	<u>I- 97,504</u>
	893,849	814,960	I- 78,889
Deduct: Other Debits to Retained Income	3,301	- -	I- 3,301
Federal Income Taxes Assigned to Retained Income	- -	1,940	D- 1,940
Dividends Paid	<u>297,240</u>	<u>198,160</u>	<u>I- 99,080</u>
Balance: December 31	593,308	614,860	D- 21,552

RARITAN RIVER RAIL ROAD COMPANY

CONDENSED STATEMENT OF FREIGHT TRAFFIC - NET TONS

	<u>4 year Avg</u>	1966	1965	Inc. or Dec.	
				Tons	%
Ores and Concentrates	312,721	313,571 +	280,997	I- 32,574	11.6
Anthracite Coal	100,744	94,111 -	102,293	D- 8,182	7.9
Bituminous Coal	52,101	46,185 -	51,901	D- 5,716	11.0
Clay, Sand and Gravel	17,839	7,502 -	7,844	D- 342	4.4
Bakery Goods		41,014 +	28,316	I- 12,698	44.8
Lumber	6,597	6,501 +	6,463	I- 58	0.9
Woodpulp	57,498	69,536 +	62,400	I- 7,136	11.4
Paper Tissue	22,000	24,241 +	19,481	I- 4,760	24.4
Sanitary Pads	11,087	11,030 -	11,192	D- 162	1.4
Gases	20,374	24,008 +	23,676	I- 332	1.4
Titanium Dioxide	6,954	57,060 -	57,703	D- 643	1.1
Alcohol	17,840	15,392 -	16,497	D- 1,105	6.7
Acids, N.O.S.	19,123	14,580 -	24,158	D- 9,578	39.6
Sulphuric Acid	4,795	43,234 -	43,313	D- 79	.18
Synthetic Plastic	14,034	23,270 +	23,682	D- 412	1.7
Paint and Lacquer	13,879	13,251 -	11,764	I- 1,487	12.6
Nitrocellulose	18,298	16,785 -	17,549	D- 764	4.3
Gasoline and Oils	3,797	2,223 -	3,208	D- 985	30.7
Cement and Lime	9,297	11,840 +	9,493	I- 2,347	24.7
Brick and Tile	6,431	6,877 +	8,384	D- 1,507	17.9
Containers, empty	3,547	3,016 -	3,324	D- 308	9.3
All Other Carloads	26,477	78,700 +	73,894	I- 4,806	6.5
Total Traffic	899,404	923,927	887,532	I- 36,395	4.1

+44,523 or 5.1%
over 4 years

RARITAN RIVER RAIL ROAD COMPANY

COMPARATIVE STATEMENT - MISCELLANEOUS ITEMS

	<u>1966</u>	<u>1965</u>	<u>Inc. or Dec.</u>
Bonds	\$ 31,168	\$ 31,168	- -
Working Capital	30,998	def. 7,912	I- 38,910
	<u>62,166</u>	<u>23,256</u>	I- 38,910
Net Income per share	2.41	1.81	I- .60
Operating Ratio	54.3%	56.9%	D- 2.6%
Revenue per ton	105.9¢	106.0¢	D- 0.1¢
per ton-mile	15.0¢	15.5¢	D- 0.5¢

MILEAGE

MAIN STEM

Main Line	12.63	12.63	- -
Branch Lines	4.60	4.60	- -
	<u>17.23</u>	<u>17.23</u>	<u>- -</u>
Total Main Stem	17.23	17.23	- -

OTHER TRACKS

Second Main Tracks	1.00	1.00	- -
Spurs and Sidings	13.30	13.30	- -
	<u>31.53</u>	<u>31.53</u>	<u>- -</u>
Total All Tracks	31.53	31.53	- -

EQUIPMENT

Locomotives - Diesel Electric	6	6	
Freight Cars	4	4	
Work Equipment Units	3	3	