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ANNUAL REPORT

TO THE

STOCKHOLDERS

OF

THE RIO GRANDE SOUTHERN R. R. Co.

FOR

The Fiscal Year Ended June 30, 1898.

DENVER, COLO.

NEWS JOB PRINTING COMPANY,

1898.

BOARD OF DIRECTORS.

1897-1898.

GEORGE COPPELL NEW YORK CITY, N. Y.
RICHARD T. WILSON NEW YORK CITY, N. Y.
ARTHUR COPPELL NEW YORK CITY, N. Y.
CLARENCE BUCKINGHAM CHICAGO, ILLS.
OTTO MEARS DENVER, COLO.
SAMUEL N. WOOD DENVER, COLO.
EDWARD T. JEFFERY DENVER, COLO.

OFFICERS.

1897-1898.

EDWARD T. JEFFERY . . President DENVER, COLO.
GEORGE COPPELL Vice-President NEW YORK CITY, N. Y.
JOSEPH W. GILLULY Treasurer DENVER, COLO.
JOHN B. ANDREWS Secretary DENVER, COLO.
JOSEPH S. DALE Assistant Secretary NEW YORK CITY, N. Y.
WOLCOTT & VAILE General Counsel DENVER, COLO.
COOPER ANDERSON Auditor DENVER, COLO.
CHARLES H. SCHLACKS . . Assistant General Manager DENVER, COLO.
WILLIAM D. LEE General Superintendent RIDGWAY, COLO.

GENERAL OFFICES . . Equitable Building, 17th and Stout Sts. . DENVER, COLO.
NEW YORK OFFICE . . 24 Exchange Place NEW YORK CITY, N. Y.

*To the Stockholders of the Rio Grande Southern Railroad
Company:*

The income of the Company from all sources during the fiscal year ended June 30, 1898, including \$2,641.92 interest on balances, was \$429,905.75, an increase of \$25,678.02 compared with the previous year. The gross revenue from the operation of the railroad was \$427,263.83, being an increase of \$26,025.24. The working expenses were \$229,634.09, a decrease of \$155.08, making the net from traffic \$197,629.74, being \$26,180.32 more than for the previous year. The increase in revenue is 6.5 per cent. The operation expenses were 53.75% of the gross revenue, as against 57.27% during the previous year. The increase in net is 15.27%.

The net from traffic and interest received afforded a surplus of \$7,587.74, after providing for interest on funded debt, taxes, insurance and all other charges against income. For detailed information you are referred to the Statement of Earnings and Expenses, Income Account, General Profit and Loss Account, Balance Sheet and Statement of Current Assets and Liabilities, prepared by the Auditor and submitted herewith for your information.

During the year 77,600 cross ties were used, being 23,231 more than in the previous year, and 55,576 additional ties

were received and paid for, and will be placed in the track before next winter.

For the first five months of the fiscal year traffic was lighter than for the corresponding period of the fiscal year which ended June 30, 1897, and the indications were not very encouraging, but commencing with December an improvement set in, which continued to the close of the year, so that the revenue of the Company from traffic was, as already stated, 6.5% more than for the previous year. Unless something unforeseen happens, increases may be expected during the ensuing six months compared with the corresponding six months of 1897.

On January 1, 1898, the contract of February 27, 1895, with the Denver & Rio Grande Railroad Company, whereby it guaranteed the notes of the Rio Grande Southern Company covering its floating indebtedness, matured, and the final payments were made thereon by the Denver & Rio Grande Co., and the Rio Grande Southern Company, as required by the contract, paid over to the Denver & Rio Grande Co. the amount standing to the credit of Profit and Loss December 31, 1897, amounting to \$83,238.10. Your Company is now free from floating debt, all its bills were paid at the close of the fiscal year excepting for the month of June, which were paid during the succeeding month in the usual way, and there was a balance standing to the credit of Profit and Loss on June 30, of nearly \$14,000.00.

E. T. JEFFERY,
President.

DENVER, COLORADO, }
August 4, 1898. }

REPORT OF THE AUDITOR.

THE RIO GRANDE SOUTHERN RAILROAD CO.

DENVER, COLORADO, August 1, 1898.

MR. E. T. JEFFERY,
President.

DEAR SIR:—I beg to present herewith my report of the operations of the Company for the fiscal year ended June 30, 1898, and its Financial Condition at that date, consisting of Comparative Statement of Earnings and Expenses, Income Account, General Profit and Loss Account, Balance Sheet and Statement of Current Assets and Liabilities.

Yours respectfully,

COOPER ANDERSON,
Auditor.

STATEMENT OF EARNINGS AND EXPENSES,

FOR THE FISCAL YEAR ENDED JUNE 30, 1898,

Compared with the Year Ended June 30, 1897.

EARNINGS.	1897-98.	1896-97.	INCREASE.	DECREASE.
Freight	\$326,124 26	\$292,383 21	\$ 33,741 05	
Passenger.	65,433 75	74,053 76		\$8,620 01
Express, Mails, Miscellaneous and Rents	35,705 82	34,801 62	904 20	
Total Earnings	\$427,263 83	\$401,238 59	\$26,025 24	
EXPENSES.	1897-98.	1896-97.	INCREASE.	DECREASE.
Maintenance of Way . . .	\$ 73,672 32	\$ 73,525 84	\$ 146 48	
Maintenance of Structures	5,687 73	6,738 69		\$1,050 96
Maintenance of Equipment	22,596 18	18,483 23	4,112 95	
Conducting Transportation	108,670 75	110,612 04		1,941 29
General Expenses	19,007 11	20,429 37		1,422 26
Total Expenses	\$229,634 09	\$229,789 17		\$ 155 08
Percentage of Operation .	53.75	57.27		
Net Earnings	\$197,629 74	\$171,449 42	\$26,180 32	

INCOME ACCOUNT,

FOR THE FISCAL YEAR ENDED JUNE 30, 1898.

Gross Earnings from Operation	\$427,263 83
Working Expenses	229,634 09
Percentage of Operation	53.75%
Net Earnings	\$197,629 74
Interest Received	2,641 92
Total Net Income	\$200,271 66
<i>Less</i>	
Taxes	\$ 33,197 22
*Interest on Funded Debt	157,850 00
Insurance.	1,636 70
Remaining Surplus carried to Credit of Profit and Loss . .	\$ 7,587 74

*July 1, 1897, to December 31, 1897, at 3 per cent. per annum.

*January 1, 1898, to June 30, 1898, at 4 per cent. per annum.

GENERAL PROFIT AND LOSS ACCOUNT.

(Adjustments therein June 30, 1897, to June 30, 1898.)

	DR.	CR.
By Balance, Surplus, June 30, 1897. . .		\$87,268 03
By Surplus for year ended June 30, 1898, as per Income Account. . .		7,587 74
To amount of Surplus standing to the Credit of Profit and Loss at December 31, 1897, paid to the D. & R. G. R. R. Co., under contract dated February 27, 1895.	\$83,238 10	
To other Adjustments during the year to the Debit of Profit and Loss direct.	5,598 18	
	\$88,836 28	
Less Adjustments for same period to Credit of Profit and Loss direct	7,351 04	\$80,882 24
To Balance		13,973 53
		\$94,855 77
By Balance at Credit of Profit and Loss June 30, 1898, as per Balance Sheet		\$94,855 77
		\$13,973 53

BALANCE SHEET, JUNE 30, 1898.

ASSETS.		LIABILITIES.	
To Original Cost of Road and Equipment	\$9,020,000 00	By Capital Stock	\$4,510,000 00
" Material and Supplies	40,338 90	" 1st Mortgage Gold Bonds	4,510,000 00
" Agents and Conductors	9,766 27	" Vouchers	25,443 09
" Individuals and Companies	3,696 16	" Pay Rolls	14,530 24
" U. S. Government	2,511 88	" Foreign Roads	6,374 43
" R. G. So. R. R. Co. 1st Mortgage Bonds in treasury at cost	650 00	" Equipment Renewal Fund	13,992 97
" Cash	133,217 18	" Hospital Fund	3,444 08
		" Sundries	2 67
		" Accrued Taxes	22,159 38
		" *Accrued Interest on 1st Mort. Gold Bonds	90,200 00
		" Bond Coupon (No. 14)	30 00
		" Bond Coupon (No. 15)	30 00
		TOTAL LIABILITIES	\$9,196,206 86
		By Balance to Credit of Profit and Loss	13,973 53
	\$9,210,180 39		\$9,210,180 39

*July 1, 1897, to December 31, 1897, at 3 per cent. per annum.

*January 1, 1898, to June, 30, 1898, at 4 per cent. per annum.

CURRENT ASSETS AND LIABILITIES, JUNE 30, 1898.

ASSETS.			LIABILITIES.		
Material and Supplies		\$ 40,338 90	Vouchers	\$25,443 09	
Cash		133,217 18	Pay Rolls	14,530 24	\$39,973 33
Agents' and Conductors' balances, due and in transit		9,766 27	Traffic Balances		6,374 43
R. G. So. R. R. Co. 1st Mortgage Bonds in Treasury, at cost		650 00	*Accrued Int. on 1st Mort. Bonds Coupon No. 14, 1st Mort. Bonds		90,200 00
ACCOUNTS COLLECTIBLE:			Coupon No. 15, 1st Mort. Bonds		30 00
U. S. Government	\$2,511 88		Accrued Taxes		22,159 38
Individuals and Companies	3,696 16	6,208 04	Equipment Renewal Fund		13,992 97
			Hospital Fund		3,444 08
			Sundries		2 67
			Total Current Liabilities		\$176,206 86
			Balance, Current Assets in excess of Current Liabilities		13,973 53
		\$190,180 39			\$190,180 39

ANNUAL REPORT

*July 1, 1897, to December 31, 1897, at 3 per cent. per annum.
*January 1, 1898, to June 30, 1898, at 4 per cent. per annum.