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ANNUAL REPORT

TO THE

Exec. Dep.

STOCKHOLDERS

OF

The Rio Grande Southern R. R. Co.

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FOR

The Fiscal Year Ended June 30, 1899.

DENVER, COLO.
THE SMITH-BROOKS PRINTING CO.,
1899.

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BOARD OF DIRECTORS.

1898-1899.

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	WASHINGTON, D. C.
SAMUEL N. WOOD	DENVER, COLO.
EDWARD T. JEFFERY	DENVER, COLO.

OFFICERS.

1898-1899.

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 for the fiscal year ended June 30, 1899, including \$1,939.63, interest on balances, etc., was \$491,264.48, an increase of \$61,358.73 compared with the previous year. The gross receipts from the operation of the railroad were \$489,324.85, being an increase of \$62,061.02. The working expenses were \$254,028.61, an increase of \$24,394.52, making the net from traffic \$235,296.24, being \$37,666.50 more than for the previous year. The increase in gross revenue is 14.53 per cent. The operation expenses were 51.91 per cent. of the gross receipts as against 53.75 per cent. during the previous year. The increase in net revenue is 19.06 per cent.

Current assets show a total of \$218,935.70, against \$190,180.39, an increase of \$28,755.31, with current liabilities aggregating \$175,709.12, against \$176,206.86 for the previous year. On June 30, 1899, the current assets exceeded the current liabilities \$43,226.58, an increase of \$29,253.05 over June 30, 1898, when the excess of current assets over current liabilities was \$13,973.53.

The net from traffic and interest received afforded a surplus of \$24,594.04, 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.

As the mortgage bonds of the Company bear interest at the rate of 4 per cent. per annum since 1st January, 1898, the full amount, \$180,400.00, was charged during the fiscal year against \$157,850.00 in the preceding year. The property has therefore yielded its maximum interest charges and a small surplus to credit of Profit and Loss.

For the fiscal year covered by this report the receipts from freight traffic were \$370,066.23, as against \$326,124.26 for the preceding year, an increase of \$43,941.97. Passenger receipts for the year just closed were \$77,464.20 against \$65,433.75 for the preceding year, an increase of \$12,030.45.

The increase in operation expenses of \$24,394.52 was caused by the larger volume of traffic moved and additional cross-ties placed in track.

During the year 93,218 cross-ties were used, being 15,618 more than in the preceding year, and 15,721 additional ties were received and paid for.

For the first eleven months of the fiscal year, traffic was heavier than for the corresponding period of the fiscal year which ended June 30, 1898, and the general outlook was very encouraging, with the exception that some trouble was expected in connection with the eight-hour law, which was passed at the last session of the State legislature and became effective on June 15, 1899, but which has been declared unconstitutional by the Supreme Court of the State since the close of the fiscal

year. The owners of some of the mines tributary to this Company's line complied with the supposed requirements of the new law, and to some extent the production of ore continued, but the smelter owners and their employes could not agree upon a new scale of hours and wages pending the decision of the Court, and the result was a discontinuance of work at the smelters. The shipping of ore, coal, etc., to the smelters immediately ceased and materially decreased the revenues to the Company for the last month of the fiscal year. The Durango smelter closed June 2 and was followed in a few days by the smelters at Pueblo and Denver. It is hoped that an early settlement of the labor trouble will be made; in the meantime some of the mines are storing their ore, and at the present writing have quite a tonnage on hand ready for shipment. If the smelters resume at an early date, an increased revenue may be looked for during the closing months of 1899.

E. T. JEFFERY,

President.

DENVER, COLORADO,)
August 7, 1899.)

REPORT OF THE AUDITOR.

THE RIO GRANDE SOUTHERN RAILROAD CO.

DENVER, COLORADO, August 1, 1899.

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, 1899, 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, 1899,

Compared with the Year Ended June 30, 1898.

EARNINGS.	1898-99.	1897-98.	INCREASE.	DECREASE.
Freight	\$370,066 23	\$326,124 26	\$43,941 97	
Passenger	77,461 20	65,433 75	12,030 45	
Express, Mails, Miscellaneous and Rents	41,794 42	35,705 82	6,088 60	
Total Earnings	\$489,324 85	\$427,263 83	\$62,061 02	
EXPENSES.	1898-99.	1897-98.	INCREASE.	DECREASE.
Maintenance of Way	\$ 76,906 27	\$ 73,672 32	\$ 3,233 95	
Maintenance of Structures.	5,305 32	5,687 73		\$382 41
Maintenance of Equipment	25,450 23	22,596 18	2,854 05	
Conducting Transportation	126,913 35	108,670 75	18,242 60	
General Expenses	19,453 44	19,007 11	446 33	
Total Expenses	\$254,028 61	\$229,634 09	\$24,394 52	
Percentage of Operation ...	51.91	53.75		
Net Earnings	\$235,296 24	\$197,629 74	\$37,666 50	

INCOME ACCOUNT

FOR THE FISCAL YEAR ENDED JUNE 30, 1899.

Gross Earnings from Operation	\$489,324 85
Working Expenses	254,028 61
Percentage of Operation	51.91%
Net Earnings	\$235,296 24
Interest Received	1,939 63
Total Net Income	\$237,235 87
<i>Less</i>	
Taxes	\$ 31,059 18
Interest on Funded Debt	180,400 00
Insurance	1,182 65 212,641 83
Remaining Surplus carried to Credit of Profit and Loss	\$ 24,594 04

GENERAL PROFIT AND LOSS ACCOUNT.

(Adjustments therein June 30, 1898, to June 30, 1899.)

	DR.	CR.
By Balance, Surplus, June 30, 1898		\$13,973 53
By Surplus for year ended June 30, 1899, as per Income Account		24,594 04
By Adjustments during the year to the Credit of Profit and Loss direct		4,659 01
To Balance	\$43,226 58	
	\$43,226 58	\$43,226 58
By Balance at Credit of Profit and Loss June 30, 1899, as per Balance Sheet		\$43,226 58

BALANCE SHEET, JUNE 30, 1899.

ASSETS.		LIABILITIES.	
To Original Cost of Road and Equipment.....	\$9,020,000 00	By Capital Stock.....	\$4,510,000 00
“ Material and Supplies	29,549 85	“ 1st Mortgage Gold Bonds	4,510,000 00
“ Agents and Conductors.....	8,480 98	“ Vouchers.....	21,592 79
“ Individuals and Companies	2,439 09	“ Pay Rolls.....	14,249 80
“ U. S. Government	2,496 13	“ Foreign Roads.....	13,577 85
“ R. G. So. R. R. Co. 1st Mortgage Bonds in Treasury at cost.....	650 00	“ Equipment Renewal Fund	14,631 37
“ Cash.....	175,319 65	“ Hospital Fund.....	4,058 30
		“ Accrued Taxes.....	16,979 01
		“ Accrued Interest on 1st Mort. Gold Bonds	90,200 00
		“ Bond Coupon No. 17.....	420 00
		TOTAL LIABILITIES.....	\$9,195,709 12
		By Balance to Credit of Profit and Loss.....	43,226 58
	\$9,238,935 70		\$9,238,935 70

CURRENT ASSETS AND LIABILITIES, JUNE 30, 1899.

ASSETS.		LIABILITIES.	
Material and Supplies	\$ 29,549 85	Vouchers.....	\$21,592 79
Cash	175,319 65	Pay Rolls	14,249 80
Agents' and Conductors' balances, due and in transit	8,480 98	Traffic Balances.....	\$35,842 59
R. G. So. R. R. Co. 1st Mortgage Bonds in Treasury, at cost.....	650 00	Accrued Int. on 1st Mort. Bonds..	13,577 85
ACCOUNTS COLLECTIBLE:		Accrued Int. on 1st Mort. Bonds..	90,200 00
U. S. Government	\$2,496 13	Coupon No. 17, 1st Mort. Bonds...	420 00
Individuals and Companies	2,439 09	Accrued Taxes.....	16,979 01
	4,935 22	Equipment Renewal Fund	14,631 37
		Hospital Fund	4,058 30
		Total Current Liabilities.....	\$175,709 12
		Balance, Current Assets in excess of Current Liabilities.....	43,226 58
	\$218,935 70		\$218,935 70