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ANNUAL REPORT

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TO THE

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STOCKHOLDERS

OF

The Rio Grande Southern R. R. Co.

FOR

The Fiscal Year Ended June 30,

1905

Ex. Div.

DENVER, COLO.:
THE SMITH-BROOKS PRINTING Co.
1905.

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BOARD OF DIRECTORS.

GEORGE J. GOULD.....	195 Broadway.....	NEW YORK CITY, N. Y.
EDWARD T. JEFFERY.....	195 Broadway.....	NEW YORK CITY, N. Y.
EDWIN GOULD.....	195 Broadway.....	NEW YORK CITY, N. Y.
HOWARD GOULD.....	195 Broadway.....	NEW YORK CITY, N. Y.
ARTHUR COPPELL.....	52 William St.....	NEW YORK CITY, N. Y.
CLARENCE BUCKINGHAM.....	The Rookery.....	CHICAGO, ILL.
OTTO MEARS.....	Brown Palace Hotel.....	DENVER, COLO.

OFFICERS.

EDWARD T. JEFFERY.....	President.....	NEW YORK CITY, N. Y.
CHARLES H. SCHLACKS.....	Vice-President.....	DENVER, COLO.
ABRAHAM C. BIRD.....	Vice-President.....	CHICAGO, ILL.
JOHN B. ANDREWS.....	Secretary.....	DENVER, COLO.
STEPHEN LITTLE.....	Assistant Secretary.....	NEW YORK CITY, N. Y.
JOSEPH W. GILLULY.....	Treasurer.....	DENVER, COLO.
JESSE WHITE.....	Assistant Treasurer.....	NEW YORK CITY, N. Y.
EDWARD R. MURPHY.....	General Auditor.....	DENVER, COLO.
SAMUEL C. MATTHEWS.....	Assistant General Auditor.....	DENVER, COLO.
JOEL F. VAILE.....	General Counsel.....	DENVER, COLO.
ANDREW S. HUGHES.....	General Traffic Manager.....	DENVER, COLO.
FRED. WILD, JR.....	General Freight Agent.....	DENVER, COLO.
SHADRACH K. HOOPER.....	General Pass. and Ticket Agent.....	DENVER, COLO.
AMOS C. RIDGWAY.....	General Manager.....	DENVER, COLO.
ALEXANDER S. MELDRUM.....	Superintendent.....	RIDGWAY, COLO.
THOMAS TIPTON.....	Purchasing Agent.....	DENVER, COLO.
JOHN W. O'CONNOR.....	Chief Surgeon.....	DENVER, COLO.

GENERAL OFFICES.....Equitable Building, 17th and Stout Sts.....DENVER, COLO.
NEW YORK OFFICE.....195 Broadway.....NEW YORK CITY, N. Y.

To the Stockholders of The Rio Grande Southern Railroad Company:

The Income of your Company during the fiscal year ended June 30, 1905, including \$5,693.71 interest received on balances, etc, was \$472,079.95, an increase of \$4,135.35, as compared with the previous year.

The Gross Earnings from operation were \$466,386.24, being an increase of \$4,820.17. The Operation Expenses were \$259,452.37, a decrease of \$10,103.21. The Net Earnings were \$206,933.87, an increase of \$14,923.38. The percentages of increase were, in Gross Earnings 1.04 per cent., and in Net Earnings 7.77 per cent. The Operation Expenses were 55.63 per cent. of the gross receipts, as against 58.40 per cent. during the previous year.

The current assets show a total of \$485,527.36, against \$477,401.69 for the previous year, an increase of \$8,125.67, with current liabilities aggregating \$238,898.51, as against \$244,780.84. On June 30, 1905, the current assets exceeded the current liabilities \$246,628.85, an increase of \$14,008.00 from June 30, 1904, when the current assets exceeded the current liabilities \$232,620.85.

After providing for interest on the funded debt, taxes, insurance, and all other charges against income, there was a surplus for the year of \$14,008.00.

Further details will be found in the report of the General Auditor printed herewith.

During April, May and June, 1905, the railroad suffered repeated interruptions to traffic from heavy rains and resultant floods. The damage to the roadway was serious and in June, between Rico and Dolores, where the line follows the Dolores River, roadway, track and bridges were, for a distance of 33 miles, so badly damaged that operations were suspended for more than three weeks. The earnings decreased on account of this enforced stoppage of train service, and expenses were abnormally increased to make needed repairs, part of which will extend into the current fiscal year.

By Order of the Board of Directors.

E. T. JEFFERY,

President.

New York City, August 21st, 1905.

REPORT OF THE GENERAL AUDITOR.

THE RIO GRANDE SOUTHERN RAILROAD COMPANY.

DENVER, COLO., August 10th, 1905.

MR. E. T. JEFFERY,

President.

DEAR SIR:—I beg to transmit herewith the usual report of the operations of the Company for the fiscal year ended June 30, 1905.

Yours respectfully,

E. R. MURPHY,

General Auditor.

CONDENSED COMPARATIVE BALANCE SHEET.

JUNE 30, 1905 AND JUNE 30, 1904.

ASSETS.

	June 30, 1905.	June 30, 1904.	Increase.	Decrease.
Cost of Road and Equipment	\$9,020,000 00	\$9,020,000 00		
CURRENT ASSETS.				
Materials and Supplies	\$ 15,080 92	\$ 20,990 98		\$5,910 06
Cash	137,752 58	113,782 39	\$23,970 19	
Loans Receivable	200,000 00	200,000 00		
Individuals and Companies	5,226 07	5,037 05	189 02	
U. S. Government	2,669 17	2,802 50		133 33
Agents and Conductors	8,339 59	10,298 54		1,958 95
State Warrants Colorado		8,031 20		8,031 20
R. G. So. R. R. Co First Mortgage, 4 per cent. Bonds in Treasury	90,927 78	90,927 78		
D. & R. G. R. R. Co First Consolidated Mortgage, 4 per cent. Bonds in Treasury	25,531 25	25,531 25		
Total Current Assets	\$ 485,527 36	\$ 477,401 69	\$ 8,125 67	
Total Assets	\$9,505,527 36	\$9,497,401 69	\$ 8,125 67	

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CONDENSED COMPARATIVE BALANCE SHEET.

JUNE 30, 1905 AND JUNE 30, 1904.

LIABILITIES.

	June 30, 1905.	June 30, 1904.	Increase.	Decrease.
CAPITAL STOCK.				
R. G. So. R. R. Co. Common	\$4,510,000 00	\$4,510,000 00		
FUNDED DEBT.				
R. G. So. R. R. Co. First Mortgage 4 per cent. Gold Bonds	\$4,510,000 00	\$4,510,000 00		
CURRENT LIABILITIES.				
Vouchers	\$ 10,786 96	\$ 26,542 00		\$15,755 04
Pay Rolls	29,861 05	22,105 07	\$ 7,755 98	
Traffic Balances	16,510 74	16,069 92	440 82	
First Mortgage Bond Coupons, due and unpaid, including July 1st Coupons	90,780 00	90,220 00	560 00	
Accrued Taxes	16,411 78	17,627 50		1,215 72
Betterment Fund	3,203 17	2,698 73	504 44	
Equipment Renewal Fund	63,883 77	62,599 60	1,284 17	
Hospital Fund	7,461 04	6,918 02	543 02	
Total Current Liabilities	\$ 238,898 51	\$ 244,780 84		\$ 5,882 33
Total Liabilities	\$9,258,898 51	\$9,264,780 84		\$ 5,882 33
Profit and Loss	246,628 85	232,620 85	\$14,008 00	
Total	\$9,505,527 36	\$9,497,401 69	\$ 8,125 67	

THE RIO GRANDE SOUTHERN RAILROAD CO.

SUMMARY OF FINANCIAL OPERATIONS.

FOR FISCAL YEAR ENDED JUNE, 30 1905.

INCREASE OF ASSETS.		
Cash	\$23,970 19	
Individuals and Companies	189 02	\$24,159 21
DECREASE OF LIABILITIES.		
Vouchers	\$15,755 04	
Accrued Taxes	1,215 72	\$16,970 76
Grand Total to be accounted for		<u>\$41,129 97</u>

Accounted for as follows:

DECREASE OF ASSETS.		
Materials and Supplies	\$ 5,910 06	
U. S. Government	133 33	
Agents and Conductors	1,958 95	
State Warrants, Colorado	8,031 20	\$16,033 54
INCREASE OF LIABILITIES.		
Pay Rolls	\$ 7,755 98	
Traffic Balances	440 82	
First Mortgage Bond Coupons Unpaid	560 00	
Betterment Fund	504 44	
Equipment Renewal Fund	1,284 17	
Hospital Fund	543 02	\$11,088 43
Increase in Profit and Loss		14,008 00
Grand Total accounted for		<u>\$41,129 97</u>

EARNINGS, EXPENSES AND NET EARNINGS.

FOR FISCAL YEAR ENDED JUNE 30, 1905.

Compared with Year Ended June 30, 1904.

EARNINGS.	1904-05.	1903-04.	Increase.	Decrease.
Freight	\$346,825 25	\$333,000 01	\$13,825 24	
Passenger	89,342 54	95,577 49		\$ 6,234 95
Express, Mails, Rents and Miscellaneous	30,218 45	32,988 57		2,770 12
Total Earnings	\$466,386 24	\$461,566 07	\$ 4,820 17	
EXPENSES.	1904-05.	1903-04.	Increase.	Decrease.
Maintenance of Way	\$ 75,844 29	\$ 62,255 37	\$13,588 92	
Maintenance of Structures	12,968 47	19,527 83		\$ 6,559 36
Maintenance of Equipment	24,149 98	31,035 31		6,885 33
Conducting Transportation	131,268 50	141,454 79		10,186 29
General	15,221 13	15,282 28		61 15
Total Expenses	\$259,452 37	\$269,555 58		\$10,103 21
Percentage of Operation	55.63	58 40		
Net Earnings	\$206,933 87	\$192,010 49	\$14,923 38	

INCOME ACCOUNT.

FOR THE FISCAL YEARS ENDED JUNE 30, 1905 AND 1904.

	1904-05.		1903-04.	
Gross Earnings from Operation		\$466,386 24		\$461,566 07
Operating Expenses		259,452 37		269,555 58
Per Cent. of Gross Earnings		55.63		58.40
Net Earnings from Operation		\$206,933 87		\$192,010 49
<i>Credit—</i>				
Income from Interest on Securities Owned	\$ 5,040 00		\$ 5,040 00	
Interest, Discount and Exchange	653 71	5,693 71	1,338 53	6,378 53
Total Net Income		\$212,627 58		\$198,389 02
<i>Debit—</i>				
Taxes	\$ 16,188 75		\$34,141 44	
Interest on Funded Debt.....	180,400 00		180,400 00	
Insurance	2,030 83	198,619 58	2,074 56	216,616 00
Deficit carried to debit of Profit and Loss				\$ 18,226 98
Surplus carried to credit of Profit and Loss		\$ 14,008 00		

GENERAL PROFIT AND LOSS ACCOUNT.

AT JUNE 30, 1905.

	Dr.	Cr.
By Balance, Surplus, June 30, 1904		\$232,620 85
By Surplus for Year Ended June 30, 1905, as per Income Account, above.....		14,008 00
To Balance	\$246,628 85	
	\$246,628 85	\$246,628 85
By Balance at Credit of Profit and Loss June 30, 1905, as per Balance Sheet		\$246,628 85

CURRENT ASSETS AND LIABILITIES, JUNE 30, 1905.

ASSETS.		LIABILITIES.	
Materials and Supplies	\$ 15,080 92	Vouchers	\$10,786 96
Cash	137,752 58	Pay Rolls	29,861 05
Agents' and Conductors' Balances due and in transit	8,339 59	Traffic Balances	
SECURITIES IN THE TREASURY:		Coupon No. 27	
R. G. S. R. R. Co. 1st Mortgage 4 per cent. Bonds	\$90,927 78	Coupon No. 28	200 00
D. & R. G. R. Co. 1st Consolidated Mortgage 4 per cent. Bonds.....	25,531 25	Coupon No. 29	360 00
Loans Receivable		Coupon No. 30	90,200 00
ACCOUNTS COLLECTIBLE:		Accrued Taxes	16,411 78
U. S. Government	\$ 2,669 17	Betterment Fund	3,203 17
Individuals and Companies	5,226 07	Equipment Renewal Fund.....	63,883 77
		Hospital Fund	7,461 04
		Total Current Liabilities	\$238,898 51
Total Current Assets	\$485,527 36	Balance, Current Assets in Excess of Current Liabilities	246,628 85
			\$485,527 36

FREIGHT BUSINESS BY MONTHS.

MONTH.	1904-5.		1903-4.	
	Tons.	Revenue.	Tons.	Revenue.
July	11,771	\$ 25,142 38	14,637	\$ 36,434 84
August	12,341	25,097 29	14,913	36,363 40
September	14,965	29,880 15	12,333	21,807 60
October	18,100	32,602 48	15,263	24,314 74
November	19,687	38,621 80	15,229	23,543 92
December	16,965	32,725 89	17,575	31,223 33
January	15,761	32,599 29	13,643	25,552 20
February	13,230	27,410 47	13,501	26,293 93
March	14,476	30,502 70	12,781	26,854 65
April	13,018	25,494 00	12,240	26,094 88
May	13,023	27,815 34	13,764	27,452 14
June	12,902	18,933 46	11,977	27,064 38
Total	176,239	\$346,825 25	167,856	\$333,000 01

PASSENGER BUSINESS BY MONTHS.

MONTH.	1904-5.		1903-4.	
	Passengers.	Revenue.	Passengers.	Revenue.
July	4,483	\$ 7,850 55	5,066	\$ 9,484 17
August	4,255	7,981 04	4,387	8,684 69
September	4,626	7,609 27	5,322	10,794 97
October	3,850	7,156 86	3,841	7,586 94
November	3,488	7,109 52	3,517	7,105 50
December	4,163	8,220 13	3,308	6,451 68
January	3,382	7,242 08	3,948	6,703 89
February	2,841	6,495 09	3,190	6,902 19
March	3,104	6,912 86	3,874	7,471 17
April	3,567	7,573 67	4,508	8,338 68
May	3,831	8,459 74	4,590	8,158 58
June	3,436	6,731 73	4,242	7,895 03
Total	45,026	\$ 89,342 54	49,793	\$ 95,577 49

CLASSIFIED FREIGHT TONNAGE AND REVENUE.

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CLASSIFICATION.	1905-4.				1903-4.			
	Tons.	Per Cent.	Revenue.	Per Cent.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF AGRICULTURE.								
Grain	1,028	0.58	\$ 4,151 74	1.20	780	0.46	\$ 3,350 48	1.01
Flour	768	0.44	4,065 42	1.17	987	0.59	5,439 07	1.63
Other Mill Products	392	0.22	1,691 86	0.49	266	0.16	1,213 84	0.36
Hay	2,372	1.35	5,941 34	1.71	1,402	0.83	3,675 74	1.10
Sugar Beets								
Fruits and Vegetables	785	0.44	3,191 31	0.92	800	0.48	3,279 70	0.99
Total	5,345	3.03	\$ 19,041 67	5.49	4,235	2.52	\$ 16,958 83	5.09
PRODUCTS OF ANIMALS.								
Live Stock	3,178	1.80	4,811 47	1.39	1,894	1.13	2,826 79	0.85
Dressed Meats								
Other Packing House Products	55	0.03	549 97	0.16	47	0.03	484 60	0.15
Wool	46	0.03	252 92	0.07	112	0.06	603 25	0.18
Hides and Leather	30	0.02	344 13	0.10	46	0.03	567 02	0.17
Total	3,309	1.88	\$ 5,958 49	1.72	2,099	1.25	\$ 4,481 66	1.35
PRODUCTS OF MINES.								
Anthracite Coal	556	0.32	1,588 80	0.46	581	0.35	1,567 03	0.47
Bituminous Coal	93,278	52.93	76,852 42	22.16	83,293	49.62	71,765 35	21.55
Coke	60	0.04	211 93	0.06	245	0.15	382 71	0.12
Precious Ore	27,596	15.66	99,646 90	28.73	24,541	14.62	91,824 30	27.58
Manganese Ore								
Bullion	5,701	3.23	19,245 26	5.55	5,257	3.13	17,758 22	5.33
Stone, Sand and Clay	1,065	0.60	1,116 69	0.32	1,138	0.68	1,145 41	0.34
Salt	447	0.25	2,568 84	0.74	429	0.25	2,402 71	0.72
Asphaltum								
Total	128,703	73.03	\$201,230 84	58.02	115,484	68.80	\$186,845 73	56.11

CLASSIFIED FREIGHT TONNAGE AND REVENUE.—CONTINUED.

CLASSIFICATION.	1905-4.				1903-4.			
	Tons.	Per Cent.	Revenue.	Per Cent.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF FOREST.								
Lumber	28,648	16.26	\$ 40,756 45	11.75	36,222	21.58	\$ 48,842 64	14.67
MANUFACTURES.								
Canned Goods	251	0.14	2,237 86	0.65	281	0.17	2,638 55	0.79
Sugar, Glucose and Molasses	363	0.21	3,236 54	0.93	194	0.12	1,585 46	0.48
Petroleum and Other Oils	103	0.06	836 65	0.24	98	0.06	797 21	0.24
Iron, Pig and Bloom								
Rails	234	0.13	1,175 77	0.33	524	0.31	1,346 30	0.40
Castings and Machinery	587	0.33	3,757 42	1.09	362	0.21	1,805 66	0.54
Bar and Sheet Metal	92	0.05	594 42	0.18	141	0.08	1,114 79	0.33
Agricultural Implements	56	0.03	324 65	0.10	50	0.03	289 01	0.09
Wagons, Carriages, Tools, Etc.	25	0.02	201 02	0.05	16	0.01	87 15	0.03
Cement, Brick and Lime	1,542	0.88	1,565 30	0.45	1,190	0.71	1,535 18	0.46
Wines, Liquors and Beer	377	0.21	3,506 96	1.01	417	0.25	3,571 31	1.07
Household Goods and Furniture	29	0.02	282 78	0.08	61	0.04	388 47	0.12
Military Supplies					240	0.14	3,260 07	0.98
Total	3,659	2.08	\$ 17,719 37	5.11	3,574	2.13	\$ 18,419 16	5.53
Miscellaneous and General Mdse.	6,575	3.72	\$ 62,118 43	17.91	6,242	3.72	57,451 99	17.25
Grand Total	176,239	100.00	\$346,825 25	100.00	167,856	100.00	\$333,000 01	100.00

THE RIO GRANDE SOUTHERN RAILROAD CO.