

ANNUAL REPORT

TO THE

STOCKHOLDERS

OF

The Rio Grande Southern R. R. Co.

FOR

The Fiscal Year Ended June 30,

1906

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

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BOARD OF DIRECTORS.

GEORGE J. GOULD.....	195 Broadway	NEW YORK.
EDWARD T. JEFFERY.....	195 Broadway	NEW YORK.
EDWIN GOULD.....	195 Broadway	NEW YORK.
HOWARD GOULD.....	195 Broadway	NEW YORK.
JESSE WHITE.....	195 Broadway	NEW YORK.
ARTHUR COPPELL.....	52 William St.....	NEW YORK.
CLARENCE BUCKINGHAM.....	The Rookery.....	CHICAGO, ILL.

OFFICERS.

EDWARD T. JEFFERY.....	President.....	NEW YORK.
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.
JOSEPH W. GILLULY.....	Treasurer.....	DENVER, COLO.
JESSE WHITE.....	Assistant Treasurer.....	NEW YORK.
RAWSON F. WATKINS.....	Assistant Treasurer.....	DENVER, COLO.
JOEL F. VAILE.....	General Counsel.....	DENVER, COLO.
EDWARD R. MURPHY.....	General Auditor.....	DENVER, COLO.
SAMUEL C. MATTHEWS.....	Assistant General Auditor.....	DENVER, COLO.
ANDREW S. HUGHES.....	General Traffic Manager.....	DENVER, COLO.
FRED WILD, JR.....	General Freight Agent.....	DENVER, COLO.
SHADRACH K. HOOPER.....	General Passenger 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

To the Stockholders of The Rio Grande Southern Railroad Company:

The Income of your Company during the fiscal year ended June 30, 1906, including \$8,397.73 interest received on balances, etc., was \$571,305.79, an increase of \$99,225.84, as compared with the previous year.

The Gross Earnings from operation were \$562,908.06, being an increase of \$96,521.82. The Operation Expenses were \$324,631.73, an increase of \$65,179.36. The Net Earnings were \$238,276.33, an increase of \$31,342.46. The percentages of increase were, in Gross Earnings 20.70 per cent., and in Net Earnings 15.15 per cent. The Operation Expenses were 57.67 per cent. of the gross receipts, as against 55.63 per cent. during the previous year.

The current assets show a total of \$517,366.63, against \$485,527.36 for the previous year, an increase of \$31,839.27, with current liabilities aggregating \$238,414.17, as against \$238,898.51. On June 30, 1906, the current assets exceeded the current liabilities \$278,952.46, an increase of \$32,323.61 from June 30, 1905, when the current assets exceeded the current liabilities \$246,628.85.

After providing for interest on the funded debt, taxes, insurance, and all other charges against income, there was a surplus for the year of \$32,323.61.

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

By order of the Board of Directors.

E. T. JEFFERY,

President.

New York, August 14th, 1906.

REPORT OF THE GENERAL AUDITOR.

THE RIO GRANDE SOUTHERN RAILROAD COMPANY.

DENVER, COLO., August 7th, 1906.

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, 1906.

Yours respectfully,

E. R. MURPHY,

General Auditor.

CONDENSED COMPARATIVE BALANCE SHEET.

JUNE 30, 1906 AND JUNE 30, 1905.

ASSETS.

	June 30, 1906.	June 30, 1905.	Increase.	Decrease.
Cost of Road and Equipment	\$9,020,000 00	\$9,020,000 00		
CURRENT ASSETS.				
Materials and Supplies	\$ 15,045 97	\$ 15,080 92		\$ 34 95
Cash	191,110 27	137,752 58	\$53,357 69	
Loans Receivable	164,000 00	200,000 00		36,000 00
Individuals and Companies	10,888 74	5,226 07	5,662 67	
U. S. Government	2,564 85	2,669 17		104 32
Agents and Conductors	17,297 77	8,339 59	8,958 18	
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	\$ 517,366 63	\$ 485,527 36	\$31,839 27	
Total Assets	\$9,537,366 63	\$9,505,527 36	\$31,839 27	

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CONDENSED COMPARATIVE BALANCE SHEET.

JUNE 30, 1906 AND JUNE 30, 1905.

LIABILITIES.

	June 30, 1906.	June 30, 1905.	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	\$ 13,852 26	\$ 10,786 96	\$ 3,065 30	
Pay Rolls	28,551 73	29,861 05		\$ 1,309 32
Traffic Balances	16,655 07	16,510 74	144 33	
First Mortgage Bond Coupons, due and unpaid, including July 1st Coupons	91,040 00	90,780 00	260 00	
Accrued Taxes	15,967 78	16,411 78		444 00
Betterment Fund	4,569 18	3,203 17	1,366 01	
Equipment Renewal Fund	60,115 27	63,883 77		3,768 50
Hospital Fund	7,662 88	7,461 04	201 84	
Total Current Liabilities	\$ 238,414 17	\$ 238,898 51		\$ 484 34
Total Liabilities	\$9,258,414 17	\$9,258,898 51		\$ 484 34
Profit and Loss	278,952 46	246,628 85	\$32,323 61	
Total	\$9,537,366 63	\$9,505,527 36	\$31,839 27	

THE RIO GRANDE SOUTHERN RAILROAD CO.

SUMMARY OF FINANCIAL OPERATIONS.

FOR FISCAL YEAR ENDED JUNE 30, 1906.

INCREASE OF ASSETS.		
Cash	\$53,357 69	
Individuals and Companies	5,662 67	
Agents and Conductors	8,958 18	
		\$67,978 54
DECREASE OF LIABILITIES.		
Pay Rolls	\$ 1,309 32	
Accrued Taxes	444 00	
Equipment Renewal Fund	3,768 50	\$ 5,521 82
Grand Total to be accounted for		\$73,500 36
Accounted for as follows:		
DECREASE OF ASSETS.		
Materials and Supplies	\$ 34 95	
Loans Receivable	36,000 00	
U. S. Government	104 32	\$36,139 27
INCREASE OF LIABILITIES.		
Vouchers	\$ 3,065 30	
Traffic Balances	144 33	
First Mortgage Bond Coupons Unpaid	260 00	
Betterment Fund	1,366 01	
Hospital Fund	201 84	\$5,037 48
Increase in Profit and Loss		32,323 61
Grand Total accounted for		\$73,500 36

EARNINGS, EXPENSES AND NET EARNINGS.

FOR FISCAL YEAR ENDED JUNE 30, 1906.
Compared with Year Ended June 30, 1905.

EARNINGS.	1905-06.	1904-05.	Increase.	Decrease.
Freight	\$435,023 01	\$346,825 25	\$88,197 76	
Passenger	97,164 89	89,342 54	7,822 35	
Express, Mail and Miscellaneous	30,720 16	30,218 45	501 71	
Total Earnings	\$562,908 06	\$466,386 24	\$96,521 82	
EXPENSES.	1905-06.	1904-05.	Increase.	Decrease.
Maintenance of Way	\$ 93,062 93	\$ 75,844 29	\$17,218 64	
Maintenance of Structures	21,266 30	12,968 47	8,297 83	
Maintenance of Equipment	25,430 66	24,149 98	1,280 68	
Conducting Transportation	169,959 75	131,268 50	38,691 25	
General	14,912 09	15,221 13		\$ 309 04
Total Expenses	\$324,631 73	\$259,452 37	\$65,179 36	
Percentage of Operation	57.67	55.63		
Net Earnings	\$238,276 33	\$206,933 87	\$31,342 46	

INCOME ACCOUNT.

FOR THE FISCAL YEARS ENDED JUNE 30, 1906 AND 1905.

	1905-06.		1904-05.	
Gross Earnings from Operation		\$562,908 06		\$466,386 24
Operating Expenses		324,631 73		259,452 37
Per Cent. of Gross Earnings		57.67		55.63
Net Earnings from Operation		\$238,276 33		\$206,933 87
<i>Credit—</i>				
Income from Interest on Securities Owned	\$ 5,040 00		\$ 5,040 00	
Interest, Discount and Exchange	3,357 73	8,397 73	653 71	5,693 71
Total Net Income		\$246,674 06		\$212,627 58
<i>Debit—</i>				
Taxes	\$ 31,935 57		\$16,188 75	
Interest on Funded Debt	180,400 00		180,400 00	
Insurance	2,014 88	214,350 45	2,030 83	198,619 58
Surplus carried to credit of Profit and Loss		\$ 32,323 61		\$ 14,008 00

GENERAL PROFIT AND LOSS ACCOUNT.

AT JUNE 30, 1906.

	Dr.	Cr.
By Balance, Surplus, June 30, 1905		\$246,628 85
By Surplus for Year Ended June 30, 1906, as per Income Account, above		32,323 61
To Balance	\$278,952 46	
	\$278,952 46	\$278,952 46
By Balance at Credit of Profit and Loss June 30, 1906, as per Balance Sheet		\$278,952 46

CURRENT ASSETS AND LIABILITIES, JUNE 30, 1906.

ASSETS.		LIABILITIES.	
Materials and Supplies		Vouchers	\$13,852 26
Cash	\$ 15,045 97	Pay Rolls	28,551 73
Agents' and Conductors' Balances due and in transit	191,110 27	Traffic Balances	
SECURITIES IN THE TREASURY:		Coupon No. 27	\$ 20 00
R. G. So. R. R. Co. 1st Mortgage 4 per cent. Bonds	\$90,927 78	Coupon No. 28	200 00
D. & R. G. R. R. Co. 1st Consolidated Mortgage 4 per cent. Bonds	25,531 25	Coupon No. 29	200 00
Loans Receivable		Coupon No. 30	200 00
ACCOUNTS COLLECTIBLE:		Coupon No. 31	220 00
U. S. Government	\$ 2,564 85	Coupon No. 32	90,200 00
Individuals and Companies	10,888 74	Accrued Taxes	15,967 78
		Betterment Fund	4,569 18
		Equipment Renewal Fund	60,115 27
		Hospital Fund	7,962 88
		Total Current Liabilities	\$238,414 17
Total Current Assets	\$517,366 63	Balance, Current Assets in Excess of Current Liabilities	\$278,952 46
			\$517,366 63

FREIGHT BUSINESS BY MONTHS.

MONTH.	1905-6.		1904-5.	
	Tons.	Revenue.	Tons.	Revenue.
July	18,002	\$ 36,142 72	11,771	\$ 25,142 38
August	17,781	38,106 05	12,341	25,097 29
September	17,090	33,042 91	14,965	29,880 15
October	22,127	39,732 70	18,100	32,602 48
November	23,366	41,137 67	19,687	38,621 80
December	23,001	41,534 82	16,965	32,725 89
January	21,454	38,828 08	15,761	32,599 29
February	21,592	34,254 67	13,230	27,410 47
March	17,359	32,279 72	14,476	30,502 70
April	15,230	32,616 08	13,018	25,494 00
May	16,908	33,835 26	13,023	27,815 34
June	17,404	33,512 33	12,902	18,933 46
Total	231,314	\$435,023 01	176,239	\$346,825 25

PASSENGER BUSINESS BY MONTHS.

MONTH.	1905-6.		1904-5.	
	Passengers.	Revenue.	Passengers.	Revenue.
July	4,137	\$ 7,062 43	4,483	\$ 7,850 55
August	4,789	9,060 83	4,255	7,981 04
September	4,706	8,971 63	4,626	7,609 27
October	4,012	8,533 33	3,850	7,156 86
November	3,917	8,198 72	3,488	7,109 52
December	4,505	9,004 58	4,163	8,220 13
January	3,270	6,418 71	3,382	7,242 08
February	3,198	6,694 34	2,841	6,495 09
March	3,242	6,620 22	3,104	6,912 86
April	3,591	7,858 10	3,567	7,573 67
May	4,244	9,529 70	3,831	8,459 74
June	4,416	9,212 30	3,436	6,731 73
Total	48,027	\$ 97,164 89	45,026	\$ 89,342 54

CLASSIFIED FREIGHT TONNAGE AND REVENUE.

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CLASSIFICATION.	1905-6.				1904-5.			
	Tons.	Per Cent.	Revenue.	Per Cent.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF AGRICULTURE.								
Grain	1,140	0.49	\$ 4,410 85	1.01	1,028	0.58	\$ 4,151 74	1.20
Flour	864	0.37	4,462 95	1.03	768	0.44	4,065 42	1.17
Other Mill Products	217	0.09	964 69	0.22	392	0.22	1,691 86	0.49
Hay	2,447	1.06	6,118 87	1.40	2,372	1.35	5,941 34	1.71
Sugar Beets								
Fruits and Vegetables	1,024	0.45	4,027 34	0.93	785	0.44	3,191 31	0.92
Total	5,692	2.46	\$ 19,984 70	4.59	5,345	3.03	\$ 19,041 67	5.49
PRODUCTS OF ANIMALS.								
Live Stock	3,094	1.34	4,744 06	1.09	3,178	1.80	4,811 47	1.39
Dressed Meats								
Other Packing House Products	64	0.02	564 11	0.13	55	0.03	549 97	0.16
Wool	168	0.07	1,743 27	0.38	46	0.03	252 92	0.07
Hides and Leather	58	0.03	759 79	0.20	30	0.02	344 13	0.10
Total	3,384	1.46	\$ 7,811 23	1.80	3,309	1.88	\$ 5,958 49	1.72
PRODUCTS OF MINES.								
Anthracite Coal	289	0.13	858 40	0.19	556	0.32	1,588 80	0.46
Bituminous Coal	120,562	52.12	95,900 92	22.05	93,278	52.93	76,852 42	22.16
Coke	1,180	0.51	1,076 86	0.25	60	0.04	211 93	0.06
Precious Ore	38,061	16.45	135,745 04	31.20	27,596	15.66	99,646 90	28.73
Manganese Ore								
Bullion	4,267	1.84	14,398 46	3.31	5,701	3.23	19,245 26	5.55
Stone, Sand and Clay	975	0.42	732 06	0.17	1,065	0.60	1,116 69	0.32
Salt	360	0.16	1,719 49	0.40	447	0.25	2,568 84	0.74
Asphaltum								
Total	165,694	71.63	\$250,431 23	57.57	128,703	73.03	\$201,230 84	58.02

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CLASSIFIED FREIGHT TONNAGE AND REVENUE.—CONTINUED.

CLASSIFICATION.	1905-6.				1904-5.			
	Tons.	Per Cent.	Revenue.	Per Cent.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF FOREST.								
Lumber	43,269	18.71	\$ 57,937 60	13.32	28,648	16.26	\$ 40,756 45	11.75
MANUFACTURES.								
Canned Goods	202	0.09	1,812 69	0.42	251	0.14	2,237 86	0.65
Sugar, Glucose and Molasses	523	0.23	4,773 02	1.10	363	0.21	3,236 54	0.93
Petroleum and Other Oils	82	0.04	733 23	0.17	103	0.06	836 65	0.24
Iron, Pig and Bloom								
Rails	288	0.12	1,447 10	0.33	234	0.13	1,175 77	0.33
Castings and Machinery	834	0.36	5,283 40	1.21	587	0.33	3,757 42	1.09
Bar and Sheet Metal	144	0.06	1,281 53	0.30	92	0.05	594 42	0.18
Agricultural Implements	100	0.04	578 78	0.13	56	0.03	324 65	0.10
Wagons, Carriages, Tools, Etc.	75	0.03	539 96	0.12	25	0.02	201 02	0.05
Cement, Brick and Lime	2,909	1.25	2,893 67	0.67	1,542	0.88	1,565 30	0.45
Wines, Liquors and Beer	547	0.24	4,851 58	1.11	377	0.21	3,506 96	1.01
Household Goods and Furniture	41	0.02	361 62	0.08	29	0.02	282 78	0.08
Military Supplies								
Total	5,745	2.48	\$ 24,556 58	5.64	3,659	2.08	\$ 17,719 37	5.11
Miscellaneous and General Mdse.	7,530	3.26	\$ 74,301 67	17.08	6,575	3.72	62,118 43	17.91
Grand Total	231,314	100.00	\$435,023 01	100.00	176,239	100.00	\$346,825 25	100.00

THE RIO GRANDE SOUTHERN RAILROAD CO.

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