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CHICAGO

ANNUAL REPORT

TO THE

STOCKHOLDERS

OF

The Rio Grande Southern R. R. Co.

FOR

The Fiscal Year Ended June 30,

1907

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.
JOHN B. ANDREWS	Secretary	DENVER, COLO.
JOSEPH W. GILLULY	Treasurer	DENVER, COLO.
JESSE WHITE	Assistant Treasurer	NEW YORK.
JOEL F. VAILE	General Counsel	DENVER, COLO.
EDWARD R. MURPHY	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.
ALEXANDER S. MELDRUM	General Superintendent	RIDGWAY, 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, 1907, including $9,481.33 interest received on balances, etc., was $621,121.07, an increase of $49,815.28, as compared with the previous year.

The Gross Earnings from operation were $611,639.74, being an increase of $48,731.68. The Operation Expenses were $383,-188.07, an increase of $58,556.34. The Net Earnings were $228,-451.67, a decrease of $9,824.66. The percentage of increase in Gross Earnings was 8.66 per cent., and the decrease in Net Earnings was 4.12 per cent. The Operation Expenses were 62.65 per cent. of the gross receipts, as against 57.67 per cent. during the previous year.

The current assets show a total of $554,232.70, against $517,-366.63 for the previous year, an increase of $36,866.07, with current liabilities aggregating $249,773.53, as against $238,414.17. On June 30, 1907, the current assets exceeded the current liabilities $304,459.17, an increase of $25,506.71 from June 30, 1906, when the current assets exceeded the current liabilities $278,952.46.

After providing for interest on the funded debt, taxes, insurance, and all other charges against income, there was a surplus for the year of $25,509.29.

The principal reason for the greater increase in operation expenses than in gross earnings is because a number of important bridges, erected when the line was constructed, were of necessity rebuilt during the year, and part of the cost of replacing the engine-house and appurtenances at Ridgway, that were destroyed by fire, was charged to this account, thus doubling the expenditures for Maintenance of Structures compared with the previous year. Heavy expenditures were also necessary on equipment, especially the motive power, which is now in better condition than it has been for several years.

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 14, 1907.

REPORT OF THE GENERAL AUDITOR.

THE RIO GRANDE SOUTHERN RAILROAD COMPANY.

DENVER, COLO., August 7th, 1907.

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, 1907.

Yours respectfully,

E. R. MURPHY,
General Auditor.

CONDENSED COMPARATIVE BALANCE SHEET.

JUNE 30, 1907 AND JUNE 30, 1906.

ASSETS.

	June 30, 1907.	June 30, 1906.	Increase.	Decrease.
Cost of Road and Equipment	$9,020,000 00	$9,020,000 00		
CURRENT ASSETS.				
Materials and Supplies	$ 21,189 12	$ 15,045 97	$ 6,143 15	
Cash	199,610 36	191,110 27	8,500 09	
Loans Receivable	164,000 00	164,000 00		
Individuals and Companies	9,336 11	10,888 74		$1,552 63
U. S. Government	3,133 90	2,564 85	569 05	
Agents and Conductors	25,239 59	17,297 77	7,941 82	
Construction May Day Spur	15,264 59		15,264 59	
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	$ 554,232 70	$ 517,366 63	$36,866 07	
Total Assets	$9,574,232 70	$9,537,366 63	$36,866 07	

CONDENSED COMPARATIVE BALANCE SHEET.

JUNE 30, 1907 AND JUNE 30, 1906.

LIABILITIES.

	June 30, 1907.	June 30, 1906.	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. Bonds	$4,510,000 00	$4,510,000 00		
CURRENT LIABILITIES.				
Vouchers	$ 14,555 07	$ 13,852 26	$ 702 81	
Pay Rolls	30,078 41	28,551 73	1,526 68	
Traffic Balances	19,517 39	16,655 07	2,862 32	
First Mortgage Bond Coupons, due and unpaid, including July 1st Coupons	90,780 00	91,040 00		$ 260 00
May Day Gold Mining Co.	6,892 37		6,892 37	
Accrued Taxes	13,814 58	15,967 78		2,153 20
Betterment Fund	6,030 43	4,569 18	1,461 25	
Equipment Renewal Fund	59,671 19	60,115 27		444 08
Hospital Fund	8,434 09	7,662 88	771 21	
Total Current Liabilities	$ 249,773 53	$ 238,414 17	$11,359 36	
Total Liabilities	$9,269,773 53	$9,258,414 17	$11,359 36	
Profit and Loss	304,459 17	278,952 46	25,506 71	
Total	$9,574,232 70	$9,537,366 63	$36,866 07	

SUMMARY OF FINANCIAL OPERATIONS.

For Fiscal Year Ended June 30, 1907.

Increase of Assets.		
Materials and Supplies	$ 6,143 15	
Cash	8,500 09	
U. S. Government	569 05	
Agents and Conductors	7,941 82	
Construction May Day Spur	15,264 59	
		$38,418 70
Decrease of Liabilities.		
First Mortgage Bond Coupons Unpaid	$ 260 00	
Accrued Taxes	2,153 20	
Equipment Renewal Fund	444 08	$ 2,857 28
Grand Total to be accounted for		$41,275 98

Accounted for as follows:

Decrease of Assets.		
Individuals and Companies		$ 1,552 63
Increase of Liabilities.		
Vouchers	$ 702 81	
Pay Rolls	1,526 68	
Traffic Balances	2,862 32	
May Day Gold Mining Co.	6,892 37	
Betterment Fund	1,461 25	
Hospital Fund	771 21	$14,216 64
Increase in Profit and Loss		25,506 71
Grand Total accounted for		$41,275 98

EARNINGS, EXPENSES AND NET EARNINGS.

For Fiscal Year Ended June 30, 1907.

Compared with Year Ended June 30, 1906.

EARNINGS.	1906-07.	1905-06.	Increase.	Decrease.
Freight	$467,789 50	$435,023 01	$32,766 49	
Passenger	110,500 81	97,164 89	13,335 92	
Express, Mail and Miscellaneous	33,349 43	30,720 16	2,629 27	
Total Earnings	$611,639 74	$562,908 06	$48,731 68	

EXPENSES.	1906-07.	1905-06.	Increase.	Decrease.
Maintenance of Way	$ 94,928 54	$ 93,062 93	$ 1,865 61	
Maintenance of Structures	43,234 20	21,266 30	21,967 90	
Maintenance of Equipment	44,454 23	25,430 66	19,023 57	
Conducting Transportation	185,042 53	169,959 75	15,082 78	
General	15,528 57	14,912 09	616 48	
Total Expenses	$383,188 07	$324,631 73	$58,556 34	
Percentage of Operation	62.65	57.67		
Net Earnings	$228,451 67	$238,276 33		$9,824 66

INCOME ACCOUNT.

FOR THE FISCAL YEARS ENDED JUNE 30, 1907 AND 1906.

	1906-07.		1905-06.	
Gross Earnings from Operation		$611,639 74		$562,908 06
Operating Expenses		383,188 07		324,631 73
Per Cent. of Gross Earnings		62.65		57.67
Net Earnings from Operation		228,451 67		238,276 33
Credit—				
Income from Interest on Securities Owned	$ 5,040 00		$ 5,040 00	
Interest, Discount and Exchange	4,441 33	9,481 33	3,357 73	8,397 73
Total Net Income		$237,933 00		$246,674 06
Debit—				
Taxes	$ 29,700 00		$ 31,935 57	
Interest on Funded Debt	180,400 00		180,400 00	
Insurance	2,323 71	212,423 71	2,014 88	214,350 45
Surplus carried to credit of Profit and Loss		$ 25,509 29		$ 32,323 61

GENERAL PROFIT AND LOSS ACCOUNT.

AT JUNE 30, 1907.

	Dr.	Cr.
By Balance, Surplus, June 30, 1906		$278,952 46
By Surplus for Year Ended June 30, 1907, as per Income Account, above		25,509 29
To Old Pay Checks	$ 2 58	
To Balance	304,459 17	
	$304,461 75	$304,461 75
By Balance at Credit of Profit and Loss, June 30, 1906, as per Balance Sheet		$304,459 17

CURRENT ASSETS AND LIABILITIES, JUNE 30, 1907.

ASSETS.

Materials and Supplies		$ 21,189 12	
Cash		199,610 36	
Loans Receivable		164,000 00	
Agents and Conductors' Balances due and in transit		25,239 59	
Construction May Day Spur		15,264 59	
SECURITIES IN THE TREASURY:			
R. G. So. R. R. Co. 1st Mortgage 4 per cent. Bonds	$90,927 78		
D. & R. G. R. R. Co. 1st Consolidated Mortgage 4 per cent. Bonds	25,531 25	116,459 03	
ACCOUNTS COLLECTIBLE:			
U. S. Government	3,133 90		
Individuals and Companies	9,336 11	12,470 01	
Total Current Assets			$554,232 70

LIABILITIES.

Vouchers	$14,555 07	$ 44,633 48
Pay Rolls	30,078 41	19,517 39
Traffic Balances		
Coupon No. 27	20 00	
Coupon No. 32	160 00	
Coupon No. 33	400 00	
Coupon No. 34	90,200 00	90,780 00
May Day Gold Mining Co.		6,892 37
Accrued Taxes		13,814 58
Betterment Fund		6,030 43
Equipment Renewal Fund		59,671 19
Hospital Fund		8,434 09
Total Current Liabilities		$249,773 53
Balance Current Assets in Excess of Current Liabilities		304,459 17
		$554,232 70

FREIGHT BUSINESS BY MONTHS.

MONTH.	1906-7.		1905-06.	
	Tons.	Revenue.	Tons.	Revenue.
July	18,927	$ 38,033 85	18,002	$ 36,142 72
August	20,173	37,772 57	17,781	38,106 05
September	19,499	39,032 11	17,090	33,042 91
October	22,308	44,596 33	22,127	39,732 70
November	21,498	44,206 78	23,366	41,137 67
December	21,797	41,835 46	23,001	41,534 82
January	19,613	36,831 00	21,454	38,828 08
February	18,417	35,590 42	21,592	34,254 67
March	19,054	40,142 39	17,359	32,279 72
April	17,555	33,944 44	15,230	32,616 08
May	18,253	38,689 21	16,908	33,835 26
June	20,866	37,114 94	17,404	33,512 33
Total	237,960	$467,789 50	231,314	$435,023 01

PASSENGER BUSINESS BY MONTHS.

MONTH.	1906-07.		1905-06.	
	Passengers.	Revenue.	Passengers.	Revenue.
July	5,552	$ 9,890 18	4,137	$ 7,062 43
August	5,354	10,494 36	4,789	9,060 83
September	5,263	9,968 21	4,706	8,971 63
October	4,857	9,612 33	4,012	8,533 33
November	4,162	8,743 23	3,917	8,198 72
December	4,728	9,280 67	4,505	9,004 58
January	3,566	7,030 51	3,270	6,418 71
February	3,611	7,791 69	3,198	6,694 34
March	3,640	7,510 76	3,242	6,620 22
April	4,028	9,313 44	3,591	7,858 10
May	4,468	10,571 62	4,244	9,529 70
June	4,878	10,293 81	4,416	9,212 30
Total	54,107	$110,500 81	48,027	$97,164 89

CLASSIFIED FREIGHT TONNAGE AND REVENUE.

CLASSIFICATION.	1906-07.				1905-06.			
	Tons.	Per Cent.	Revenue.	Per Cent.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF AGRICULTURE.								
Grain	1,552	0.65	$ 5,605 12	1.20	1,140	0.49	$ 4,410 85	1.01
Flour	921	0.39	4,608 09	0.99	864	0.37	4,462 95	1.03
Other Mill Products	209	0.09	1,033 27	0.22	217	0.09	964 69	0.22
Hay	1,747	0.73	4,764 84	1.02	2,447	1.06	6,118 87	1.40
Sugar Beets	16	0.01	57 60	0.01	.....	.....	.....	.....
Fruits and Vegetables	1,231	0.52	4,727 84	1.01	1,024	0.45	4,027 34	0.93
Total	5,676	2.39	$ 20,796 76	4.45	5,692	2.46	$ 19,984 70	4.59
PRODUCTS OF ANIMALS.								
Live Stock	3,691	1.55	6,098 81	1.30	3,094	1.34	4,744 06	1.09
Dressed Meats	.....	.....	.....	.....	.....	.....	.....	.....
Other Packing House Products	93	0.04	790 17	0.17	64	0.02	564 11	0.13
Wool	252	0.10	2,313 88	0.50	168	0.07	1,743 27	0.38
Hides and Leather	68	0.03	763 32	0.16	58	0.03	759 79	0.20
Total	4,104	1.72	$ 9,966 18	2.13	3,384	1.46	$ 7,811 23	1.80
PRODUCTS OF MINES.								
Anthracite Coal	358	0.15	1,085 85	0.23	289	0.13	858 40	0.19
Bituminous Coal	122,564	51.51	99,071 36	21.18	120,562	52.12	95,900 92	22.05
Coke	3,254	1.37	2,155 02	0.46	1,180	0.51	1,076 86	0.25
Precious Ore	40,081	16.84	149,316 35	31.92	38,061	16.45	135,745 04	31.20
Manganese Ore	.....	.....	.....	.....	.....	.....	.....	.....
Bullion	4,543	1.91	15,380 19	3.29	4,267	1.84	14,398 46	3.31
Stone, Sand and Clay	1,116	0.47	1,266 43	0.27	975	0.42	732 06	0.17
Salt	451	0.19	2,221 17	0.47	360	0.16	1,719 49	0.40
Asphaltum	.....	.....	.....	.....	.....	.....	.....	.....
Total	172,367	72.44	$270,496 37	57.82	165,694	71.63	$250,431 23	57.57

CLASSIFIED FREIGHT TONNAGE AND REVENUE.—CONTINUED.

CLASSIFICATION.	1906-7.				1905-6			
	Tons.	Per Cent.	Revenue.	Per Cent.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF FOREST.								
Lumber	37,006	15.55	$ 52,844 38	11.29	43,269	18.71	$ 57,937 60	13.32
MANUFACTURES.								
Canned Goods	303	0.13	2,799 58	0.60	202	0.09	1,812 69	0.42
Sugar, Glucose and Molasses	217	0.09	1,696 73	0.36	523	0.23	4,773 02	1.10
Petroleum and Other Oils	115	0.05	934 60	0.20	82	0.04	733 23	0.17
Iron, Pig and Bloom	.....	.....	.....	.....	.....	.....	.....	.....
Rails	1,436	0.60	3,254 63	0.70	288	0.12	1,447 10	0.33
Castings and Machinery	1,368	0.57	10,698 25	2.29	834	0.36	5,283 40	1.21
Bar and Sheet Metal	242	0.10	2,014 59	0.43	144	0.06	1,281 53	0.30
Agricultural Implements	107	0.05	564 27	0.12	100	0.04	578 78	0.13
Wagons, Carriages, Tools, Etc	72	0.03	460 82	0.09	75	0.03	539 96	0.12
Cement, Brick and Lime	2,590	1.09	3,353 83	0.72	2,909	1.25	2,893 67	0.67
Wines, Liquors and Beer	641	0.27	5,516 59	1.18	547	0.24	4,851 58	1.11
Household Goods and Furniture	24	0.01	178 25	0.04	41	0.02	361 62	0.08
Powder	779	0.33	10,237 27	2.19	.....	.....	.....	.....
Total	7,894	3.32	$ 41,709 41	8.92	5,745	2.48	$ 24,556 58	5.64
Miscellaneous and General Mdse	10,913	4.58	71,976 40	15.39	7,530	3.26	74,301 67	17.08
Grand Total	237,960	100.	$467,789 50	100.	231,314	100.	$435,023 01	100.