



ANNUAL REPORT

TO THE

STOCKHOLDERS

OF

The Rio Grande Southern R. R. Co.

FOR

The Fiscal Year Ended June 30,

1908

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.
C. D. WOLFINGER	Acting 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, 1908, including \$25,963.97 interest received, was \$631,717.24, an increase of \$12,632.21, as compared with the previous year.

The Gross Revenue from operation was \$605,753.27, being a decrease of \$3,850.43. The Operation Expenses were \$379,371.58, an increase of \$5,906.19. The Net Revenue was \$226,381.69, a decrease of \$9,756.62. The percentage of decrease in Gross Revenue was less than 1 per cent., and the decrease in Net Revenue was 4.13 per cent. The Operation Expenses were 62.63 per cent. of the Gross Revenue, as against 61.26 per cent. during the previous year.

The current assets show a total of \$455,576.42, against \$554,232.70 for the previous year, a decrease of \$98,656.28, with current liabilities aggregating \$230,792.94, as against \$249,773.53. On June 30, 1908, the current assets exceeded the current liabilities \$224,783.48, a decrease of \$79,675.69 from June 30, 1907, when the current assets exceeded the current liabilities \$304,459.17.

After providing for taxes, interest on the funded debt, and all other charges against income, there was a surplus for the year of \$31,036.36, an increase of \$5,527.07 over the previous year.

During the first six months of the fiscal year, about 3,246 tons of new 52-lb. steel rails were used, replacing about 32 miles of 30-lb. rails south of Dolores and 7 miles on the Telluride Branch, all of which were second-hand rails purchased from the Denver & Rio Grande Railroad Company when the Rio Grande Southern Railroad was constructed. The net expenditure, representing the difference between the value of the old rails and the new rails, amounting to \$95,442.46, was charged to Profit and Loss.

Cost of Road and Equipment has been increased \$15,269.50 by the cost of constructing a spur track from the main line at Mile Post 141.93 to the May Day Mine, a distance of about 1.87 miles.

An office building for the accommodation of the Superintendent and his office force was erected at Ridgway at a cost of \$2,442.35 and charged to the Betterment Fund which was provided from previous year's operation. Prior to the erection of this building, offices were rented at a yearly cost of \$900.00.

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 15, 1908.

REPORT OF THE GENERAL AUDITOR.

THE RIO GRANDE SOUTHERN RAILROAD COMPANY.

DENVER, COLO., August 10, 1908.

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, 1908.

Yours respectfully,

E. R. MURPHY,
General Auditor.

CONDENSED COMPARATIVE BALANCE SHEET.

JUNE 30, 1908 AND JUNE 30, 1907.

ASSETS.

	June 30, 1908.	June 30, 1907.	Increase.	Decrease.
Cost of Road and Equipment	\$9,035,269 59	\$9,020,000 00	\$15,269 59	
CURRENT ASSETS.				
Materials and Supplies	\$ 55,992 57	\$ 21,189 12	\$34,803 45	
Cash	253,425 89	199,610 36	53,815 53	
Loans Receivable		164,000 00		\$164,000 00
Individuals and Companies	9,464 07	9,336 11	127 96	
U. S. Government	1,868 08	3,133 90		1,265 82
Agents and Conductors	18,366 78	25,239 59		6,872 81
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	\$ 455,576 42	\$ 554,232 70		\$98,656 28
Total Assets	\$9,490,846 01	\$9,574,232 70		\$83,386 69

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CONDENSED COMPARATIVE BALANCE SHEET.

JUNE 30, 1908 AND JUNE 30, 1907.

LIABILITIES.

	June 30, 1908.	June 30, 1907.	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	\$ 12,465 33	\$ 14,555 07		\$ 2,089 74
Pay Rolls	24,459 73	30,078 41		5,618 68
Traffic Balances	11,873 32	19,517 39		7,644 07
First Mortgage Bond Coupons, due and unpaid, including July 1st Coupons	90,800 00	90,780 00	\$ 20 00	
May Day Gold Mining Co.	5,344 96	6,892 37		1,547 41
Accrued Taxes	14,121 66	13,814 58	307 08	
Betterment Fund	3,602 36	6,030 43		2,428 07
Equipment Renewal Fund	57,002 33	59,671 19		2,668 86
Hospital Fund	9,190 42	8,434 09	756 33	
Equipment Replacement	1,932 83		1,932 83	
Total Current Liabilities	\$ 230,792 94	\$ 249,773 53		\$18,980 59
Total Liabilities	\$9,250,792 94	\$9,269,773 53		\$18,980 59
Profit and Loss	240,053 07	304,459 17		64,406 10
Total	\$9,490,846 01	\$9,574,232 70		\$83,386 69

THE RIO GRANDE SOUTHERN RAILROAD CO.

SUMMARY OF FINANCIAL OPERATIONS.

FOR FISCAL YEAR ENDED JUNE 30, 1908.

DECREASE OF ASSETS.

Loans Receivable.....	\$164,000 00	
U. S. Government.....	1,265 82	
Agents and Conductors.....	6,872 81	
Construction May Day Spur.....	15,264 59	
		\$187,403 22

INCREASE OF LIABILITIES.

First Mortgage Bond Coupons Unpaid.....	\$ 20 00	
Accrued Taxes.....	307 08	
Hospital Fund.....	756 33	
Equipment Replacement.....	1,932 83	3,016 24
Grand Total to be Accounted for.....		\$190,419 46

INCREASE OF ASSETS.

Materials and Supplies.....	\$ 34,803 45	
Cash.....	53,815 53	
Individuals and Companies.....	127 96	
Cost of Road.....	15,269 59	\$104,016 53

DECREASE OF LIABILITIES.

Vouchers.....	\$ 2,089 74	
Pay Rolls.....	5,618 68	
Traffic Balances.....	7,644 07	
May Day Gold Mining Co.....	1,547 41	
Betterment Fund.....	2,428 07	
Equipment Renewal Fund.....	2,668 86	\$ 21,996 83

DECREASE IN PROFIT AND LOSS.

Charged to Profit and Loss for Rail Renewal.....	\$ 95,442 46	
Credited to Profit and Loss from Income.....	31,036 36	\$ 64,406 10
Grand Total Accounted for.....		\$190,419 46

OPERATING REVENUE, EXPENSES AND TAXES.

FOR FISCAL YEAR ENDED JUNE 30, 1908.

Compared with Year Ended June 30, 1907.

OPERATING REVENUE	1907-08.	1906-07.	Increase.	Decrease.
TRANSPORTATION REVENUE				
Freight.....	\$443,773 39	\$467,789 50		\$24,016 11
Passenger.....	123,944 94	107,979 46	\$15,965 48	
Excess Baggage.....	2,756 27	2,521 35	234 92	
Parlor and Chair Car.....	1,304 95	27 50	1,277 45	
Mail.....	11,566 78	11,417 64	149 14	
Express.....	16,510 41	15,446 30	1,064 11	
Switching.....	4,532 50	3,528 00	1,004 50	
Special Service Train.....	310 88		310 88	
Total.....	\$604,700 12	\$608,709 75		\$ 4,009 63
OTHER OPERATING REVENUE.				
Station and Train Privileges.....		\$ 15 65		\$ 15 65
Storage Freight.....	\$ 228 05	137 94	\$ 90 11	
Storage Baggage.....	246 05	141 05	105 00	
Car Service (Demurrage).....	183 00	57 20	125 80	
Telegraph Service.....	262 72	241 98	20 74	
Miscellaneous.....	133 33	300 13		166 80
Total.....	\$ 1,053 15	\$ 893 95	\$ 159 20	
Total Operating Revenue.....	\$605,753 27	\$609,603 70		\$ 3,850 43
OPERATING EXPENSES				
Maintenance of Way and Structures.....	\$137,368 59	\$140,496 97		\$ 3,128 38
Maintenance of Equipment.....	43,656 74	49,167 65		5,510 91
Traffic Expenses.....	1,435 65	562 80	\$ 872 85	
Transportation Expenses.....	179,407 04	167,475 35	11,931 69	
General Expenses.....	17,503 56	15,762 62	1,740 94	
Total Operating Expenses.....	\$379,371 58	\$373,465 39	\$ 5,906 19	
Percentage of Operation.....	62.63	61.26		
Net Operating Revenue.....	\$226,381 69	\$236,138 31		\$ 9,756 62
Less Taxes.....	28,296 50	29,700 00		1,403 50
Operating Income.....	\$198,085 19	\$206,438 31		\$ 8,353 12

NOTE.—For the purpose of comparison, the statement for last year has been revised to conform to this year's classification.

INCOME ACCOUNT.
FOR THE FISCAL YEARS ENDED JUNE 30, 1908 AND 1907.

	1907-08.	1906-07.
Operating Revenue.....	\$605,753 27	\$609,603 70
Operating Expenses.....	379,371 58	373,465 39
Net Operating Revenue.....	\$226,381 69	\$236,138 31
Less: Taxes.....	28,296 50	29,700 00
Operating Income.....	\$198,085 19	\$206,438 31
Add: Other Income		
Interest on Securities Owned.....	5,040 00	5,040 00
Interest and Discount.....	20,923 97	4,441 33
	\$224,049 16	9,481 33
Deductions from Income		
Interest on Funded Debt	180,400 00	180,400 00
Rental of Road, Yards, Terminals, Etc.....	4,895 22	3,686 89
Hire of Equipment.....	7,717 58	6,323 46
Surplus Carried to Credit of Profit and Loss.....	\$ 31,036 36	\$ 25,509 29

Note.—For the purpose of comparison, the statement for last year has been revised to conform to this year's classification.

GENERAL PROFIT AND LOSS ACCOUNT.

At June 30, 1908.

	Dr.	Cr.
By Balance, Surplus June 30, 1907.....		\$304,459 17
By Surplus for Year Ended June 30, 1908, as per Income Account, above.....		31,036 36
To Rail Renewal.....	\$ 95,442 46	
To Balance.....	240,053 07	
	\$335,495 53	\$335,495 53
By Balance at Credit of Profit and Loss, June 30, 1908, as per Balance Sheet.....		\$240,053 07

CURRENT ASSETS AND LIABILITIES, JUNE 30, 1908.

ASSETS.				LIABILITIES.	
Materials and Supplies		\$ 55,992 57		Vouchers	\$12,465 33
Cash		253,425 89		Pay Rolls	24,459 73
Agents and Conductors' Balances due and in transit		18,366 78		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. 32	60 00
D. & R. G. R. R. Co. 1st Consolidated Mortgage 4 per cent. Bonds	25,531 25	116,459 03		Coupon No. 33	60 00
ACCOUNTS COLLECTIBLE:				Coupon No. 34	220 00
U. S. Government	1,868 08			Coupon No. 35	240 00
Individuals and Companies	9,464 07	11,332 15		Coupon No. 36	90,200 00
				May Day Gold Mining Co.	5,344 96
				Accrued Taxes	14,121 66
				Betterment Fund	3,602 36
				Equipment Renewal Fund	57,002 33
				Hospital Fund	9,190 42
				Equipment Replacement.....	1,932 83
				Total Current Liabilities	\$230,792 94
				Balance Current Assets in Excess of Current Liabilities	224,783 48
Total Current Assets		\$455,576 42			\$455,576 42

FREIGHT BUSINESS BY MONTHS.

MONTH.	1907-8.		1906-07.	
	Tons.	Revenue.	Tons.	Revenue.
July.....	24,000	\$ 44,525 21	18,927	\$ 38,033 85
August.....	19,941	37,406 75	20,173	37,772 57
September.....	20,301	40,020 40	19,499	39,032 11
October.....	22,740	44,406 76	22,308	44,596 33
November.....	22,928	45,410 80	21,498	44,206 78
December.....	20,443	37,359 87	21,797	41,835 46
January.....	17,151	32,060 95	19,613	36,831 00
February.....	14,805	29,156 50	18,417	35,590 42
March.....	15,949	33,057 16	19,054	40,142 39
April.....	14,160	30,243 95	17,555	33,944 44
May.....	15,426	33,058 17	18,253	38,689 21
June.....	14,904	37,066 87	20,866	37,114 94
Total.....	222,748	\$443,773 39	237,960	\$467,789 50

PASSENGER BUSINESS BY MONTHS.

MONTH.	1907-08.		1906-07.	
	Passengers.	Revenue.	Passengers.	Revenue.
July.....	5,953	\$ 11,377 09	5,552	\$ 9,853 33
August.....	5,990	12,067 77	5,354	10,315 28
September.....	5,443	11,374 20	5,263	9,747 84
October.....	5,916	12,533 73	4,857	9,375 25
November.....	5,000	10,972 17	4,162	8,501 06
December.....	5,264	10,475 42	4,728	9,079 55
January.....	4,006	8,184 47	3,566	6,926 49
February.....	3,566	7,623 59	3,611	7,491 99
March.....	4,360	8,804 66	3,640	7,379 64
April.....	4,559	9,146 26	4,028	9,049 47
May.....	5,124	10,725 54	4,468	10,261 47
June.....	5,382	10,660 04	4,878	9,998 09
Total.....	60,563	\$123,944 94	54,107	\$107,979 46

NOTE.—For the purpose of comparison, the statement for last year has been revised to conform to this year's classification.

CLASSIFIED FREIGHT TONNAGE AND REVENUE.

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CLASSIFICATION.	1907-08.				1906-07.			
	Tons.	Per Cent.	Revenue.	Per Cent.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF AGRICULTURE.								
Grain.....Carloads	1,732	0.78	\$ 6,843 50	1.54	1,552	0.65	\$ 5,605 12	1.20
Flour....."	805	0.36	4,074 15	0.92	921	0.39	4,608 09	0.99
Other Mill Products....."	219	0.10	1,213 75	0.27	209	0.09	1,033 27	0.22
Hay....."	1,791	0.80	4,369 92	0.98	1,747	0.73	4,764 84	1.02
Sugar Beets....."					16	0.01	57 60	0.01
Fruits....."	71	0.03	404 08	0.09				
Vegetables....."	796	0.36	2,907 12	0.66	1,231	0.52	4,727 84	1.01
Total.....	5,414	2.43	\$ 19,812 52	4.46	5,676	2.39	\$ 20,796 76	4.45
PRODUCTS OF ANIMALS.								
Live Stock.....Carloads	5,117	2.30	\$ 7,062 04	1.59	3,691	1.55	\$ 6,098 81	1.30
Dressed Meats....."								
Other Packing House Products....."	117	0.05	993 31	0.22	93	0.04	790 17	0.17
Wool.....Carloads and Less	513	0.23	4,435 07	1.00	252	0.10	2,313 88	0.50
Hides and Leather.....Carloads	57	0.03	638 62	0.15	68	0.03	763 32	0.16
Total.....	5,804	2.61	\$ 13,129 04	2.96	4,104	1.72	\$ 9,966 18	2.13
PRODUCTS OF MINES.								
Anthracite Coal.....Carloads	217	0.10	\$ 650 25	0.15	358	0.15	\$ 1,085 85	0.23
Bituminous Coal....."	115,764	51.97	101,785 59	22.94	122,564	51.51	99,071 36	21.18
Coke....."	931	0.42	1,099 97	0.25	3,254	1.37	2,155 02	0.46
Precious Ore....."	39,174	17.59	133,143 43	30.00	40,081	16.84	149,316 35	31.92
Manganese Ore....."								
Bullion....."								
Stone, Sand and Clay....."	4,675	2.10	15,774 47	3.55	4,543	1.91	15,380 19	3.29
Salt....."	102	0.04	313 99	0.07	1,116	0.47	1,266 43	0.27
Asphaltum....."	549	0.24	2,505 98	0.56	451	0.19	2,221 17	0.47
Total.....	161,412	72.46	\$255,273 68	57.52	172,367	72.44	\$270,496 37	57.82

CLASSIFIED FREIGHT TONNAGE AND REVENUE.—CONTINUED.

THE RIO GRANDE SOUTHERN RAILROAD CO.

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CLASSIFICATION.	1907-8.				1906-7.			
	Tons.	Per Cent.	Revenue.	Per Cent.	Tons.	Per Cent.	Revenue.	Per Cent.
PRODUCTS OF FOREST.								
Lumber.....Carloads	26,765	12.02	\$ 41,480 64	9.35	37,006	15.55	\$ 52,844 38	11.29
MANUFACTURES.								
Canned Goods.....Carloads	386	0.17	2,973 54	0.67	303	0.13	\$ 2,799 58	0.60
Sugar, Glucose and Molasses....."	174	0.08	1,464 99	0.33	217	0.09	1,696 73	0.36
Petroleum and Other Oils....."	87	0.04	753 22	0.17	115	0.05	934 60	0.20
Iron, Pig and Bloom....."								
Rails....."	234	0.10	1,106 13	0.25	1,436	0.60	3,254 63	0.70
Castings and Machinery....."	872	0.39	6,908 37	1.56	1,368	0.57	10,698 25	2.29
Bar and Sheet Metal....."	176	0.08	1,438 82	0.32	242	0.10	2,014 59	0.43
Agricultural Implements....."	104	0.05	531 01	0.12	107	0.05	564 27	0.12
Wagons, Carriages, Tools, etc....."	95	0.04	622 96	0.14	72	0.03	460 82	0.09
Cement, Brick and Lime....."	4,497	2.02	5,383 85	1.21	2,590	1.09	3,353 83	0.72
Wines, Liquors and Beer....."	614	0.28	5,018 75	1.13	641	0.27	5,516 59	1.18
Household Goods and Furniture....."	62	0.03	426 03	0.10	24	0.01	178 25	0.04
Military Supplies....."								
Powder....."	560	0.25	8,474 09	1.91	779	0.33	10,237 27	2.19
Total.....	7,861	3.53	\$ 35,101 76	7.91	7,894	3.32	\$ 41,709 41	8.92
Miscellaneous.....Carloads	8,499	3.81	9,938 70	2.24	4,503	1.89	9,586 92	2.05
General Merchandise, L. C. L.....	6,993	3.14	69,037 05	15.56	6,410	2.69	62,389 48	13.34
Grand Total.....	222,748	100.	\$443,773 39	100.	237,960	100.	\$467,789 50	100.