

- Operating Grants were down in 2003 by \$1,200,000 due to the SCPR not receiving any operating grants in 2003.
- Non-Operating Revenues were down in 2003 by \$20,515 due primarily to not receiving any payments from SC Department of Commerce in 2003, which was offset by a higher deficit reimbursement from SC State Ports Authority for the operation of the Port Royal RR.
- Operating Expenses overall were up in 2003 from 2002 by \$28,910 or .7 %, which is below the rate of inflation.
- Non-Operating Expenses were down in 2003 from 2002 by \$1,022,138 due to not participating in any major industrial development projects.

Capital Assets

- Current Assets were up in 2003 over 2002 by \$3,191,117 due to income added by current operations and a reduction in transfers.
- Current liabilities were down in 2003 from 2002 by \$310,514 due to:
 - Making a larger payment of the bp incentive at the end of the third quarter of 2003, and a lower overall payment, due to reduced carloads.
 - No accounts payable to CSX Transportation Inc. in 2003 due to the change in the revenue settlement method made November 2002.
- Fixed Assets were down in 2003 from 2002 by \$835,843 due to:
 - Cessation of operations on the Port Royal RR all building, land improvements and track in the amount of \$701,452 were transferred back to the Ports Authority.
 - Installed a fiber optics line between the PUC office and the Administrative office building at 540 East Bay St.
 - Replacement of one automobile and three trucks.
 - Disposed of one locomotive and one crane truck.

Economic Factors and Next Year's Operations

- The container traffic at the PUC began to increase late in 2003, and we expect it will continue to grow in 2004. BMW automobile traffic continues its' steady growth.
- We estimate that the PTR operating revenue will remain at approximately the same level in 2004 as 2003.
- Traffic handled by the ECBR will remain at the 2003 level; however, we may see an increase in the CSX trackage rights traffic.
- Public Railways has operated the Port Royal Railroad (PRYL) under an agreement with the SC State Ports Authority since 1985. The Public Railways in conjunction with the Ports Authority decided that it was not feasible to continue; therefore, on November 1, 2003 we ceased operations of the PRYL. Since the PRYL was the only operation under Tangent Transportation Company this corporation will be dissolved and there will not be any future financial reporting by this fund.

The following analysis focuses on the net assets (Table 1) and changes in net assets (Table 2).