



SOUTH CAROLINA PUBLIC RAILWAYS

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Management Discussion and Analysis

Our discussion and analysis of SC Public Railways financial performance provides an overview of the financial activities for the fiscal year ended December 31, 2003. Please read these comments in conjunction with the transmittal letter and the financial statements.

Using This Annual Report

This annual report consists of a series of financial statements. The *Statement of Net Assets*; the *Statement of Revenues, Expenses and Changes in Fund Net Assets*; and *Statement of Cash Flows* provide information regarding the activities of SC Public Railways three funds and as a whole.

The three operating divisions (funds) of the SC Public Railways (SCPR) are:

East Cooper & Berkeley Railroad (ECBR)

Port Utilities Commission (PUC) and Port Terminal Railroad (PTR)

Tangent Transportation Company (TTC)

All divisions are enterprise fund activities, and all are reported on the accrual basis. These statements indicate how these functions were financed in the short term and what remains for future spending.

Reporting on the Division of Public Railways as a whole

The divisions are enterprise funds for accounting and reporting purposes. Enterprise funds are used when governmental entities charge customers for services. Enterprise funds very closely resemble the financial statements of business entities.

Financial Highlights

- Operating revenues were up in 2003 over 2002 by \$180,682; this was due to a slight increase in the overall carload volumes and general increases in switching charges and freight rates.
- Earnings on Investments were up in 2003 by \$4,044 due to maintaining a larger bank balance in 2003 than 2002.