Annual Comprehensive FINANCIAL REPORT

23

For fiscal years ended
June 30, 2023 and 2022

SOUTH CAROLINA PORTS

KEEPING FRIEGHT MOVING

Prepared by SC Ports Finance Department

South Carolina State Ports Authority
Annual Comprehensive Financial Report
For Fiscal Years Ended June 30, 2023 and 2022

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SOUTH CAROLINA PORTS

200 Ports Authority Drive
Mount Pleasant, SC 29464

www.scspa.com

October 27, 2023

Dear Board Members, Customers, and Port Partners:

South Carolina Ports is a powerhouse port with the best people, infrastructure, and operations to keep freight moving.

As a well-run port with capacity in the booming Southeast market, SC Ports plays a big role in supporting business growth and attracting new investment to South Carolina.

The advanced manufacturing, electric vehicle, automotive, retail and e-commerce sectors are thriving, and we are boldly investing in critical port infrastructure to meet this demand.

Charleston now has the deepest harbor on the US East Coast at 52 feet, enabling us to handle bigger ships at any tide. We modernized Wando Welch Terminal, which has 15, 155-foot-tall ship-to-shore cranes working vessels.

We launched our innovative SMART Pool™, adding more than 10,000 chassis to the Southeast supply chain. Expansion continues at Inland Port Greer to add more cargo and rail capacity in the Upstate.

And thanks to $400 million from the state of South Carolina, the Navy Base Intermodal Facility is beginning to take shape. This nearport rail-served intermodal yard will be a significant competitive advantage for SC Ports.

We are focused on advancing operational excellence and growing our cargo base, while also keeping an eye to the future. We look forward to fully utilizing Leatherman Terminal under our successful operating model and enhancing North Charleston Terminal to handle more cargo. Our bold investments will pay dividends for South Carolina.

Beyond infrastructure, fiscal year 2023 saw a much more normalized global supply chain. Inland Ports Greer and Dillon had stellar cargo activity, with Inland Port Dillon achieving a record year. Container volumes were steady, but much more tempered compared to the previous year's unprecedented import boom.

While we are certainly eager for people to start buying more goods again, we know that volumes ebb and flow. We remain focused on long-term growth and have great confidence in our core fundamentals.

With decades of experience, our best-in-class team provides reliable, efficient service to our customers. We offer expansive capacity and a strong infrastructure network to speed goods to market.

Our port works well, and our ability to quickly adapt for our customers is our differentiator. We are a top 10 U.S. container port because of our amazing port team and maritime community. We are fortunate to have unbelievable support from our Board of Directors and many elected, business and community partners.

SC Ports keeps freight moving for companies and communities. We run a world-class port that propels our economy forward, with port operations supporting 1 in 9 jobs in South Carolina.

It is an honor to lead this team, and with you all steering the ship, I know we have so much growth ahead of us. We are ready for it.

Regards,

Barbara Melvin
President & CEO

November 7, 2023

SOUTH CAROLINA PORTS
200 Ports Authority Drive
Mount Pleasant, SC 29464
www.scspa.com

Board of Directors
South Carolina State Ports Authority
200 Ports Authority Drive
Mount Pleasant, South Carolina 29464

Members of the South Carolina State Ports Authority Board of Directors:

The South Carolina State Ports Authority ("SCSPA" or "Authority") is pleased to present the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This report provides readers with an understanding of the SCSPA's financial condition and activities.

Management assumes responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Internal controls are designed to provide reasonable, but not absolute, assurance that assets are safeguarded, financial transactions are properly recorded and that the financial statements are free of any material misstatements. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived from such control and that the evaluation of costs and benefits requires estimates and judgments by the Authority's management.

Elliott Davis, LLC, Certified Public Accountants, has issued an unmodified opinion on South Carolina State Ports Authority's financial statements for the years ended June 30, 2023 and 2022. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the South Carolina State Ports Authority

Founded in 1942, the SCSPA owns and operates public marine and inland terminals in three (3) regions within the state: Charleston, Greer, and Dillon. The facilities within these regions are owner-operated terminals, meaning the SCSPA owns the terminals, operates all container cranes and handling equipment, manages, and operates all container storage yards.

The SCSPA promotes, develops, and facilitates waterborne commerce to meet the current and future needs of its customers, and for the economic benefit of the citizens and businesses of South Carolina. The SCSPA fulfills this mission by delivering cost competitive facilities and services, collaborating with customers and stakeholders, and sustaining its financial self-sufficiency.

Comprised of six (6) public marine terminals, the SCSPA is the eighth largest container port in the United States and one of the busiest container ports along the Southeast and Gulf coasts. SCSPA is recognized as one of the nation's most efficient and productive ports. SCSPA is an economic driver and key competitive advantage for South Carolina. The Port is responsible for one in nine jobs statewide, and port-supported jobs pay nearly 23 percent higher than the state's average annual wage.

The SCSPA operates as a self-supporting governmental enterprise and is directed by a nine-member governing board of directors, whose members are appointed by the Governor of South Carolina for five-year terms. The board also includes the Secretaries of Transportation and Commerce as additional ex officio, nonvoting members.

Business of the Authority

The Port of Charleston is comprised of six (6) ocean terminals handling import and export containerized, breakbulk, roll-on/roll-off ("Ro-Ro"), and bulk cargo. The Authority also owns and oversees the operation of a cruise facility located on the Cooper River in downtown Charleston.

Wando Welch Terminal
Located on the east bank of the Wando River, nine miles from the open ocean, the Wando Welch Terminal is primarily a container facility. The largest of the Authority's facilities, the Wando Welch Terminal contains 3,800 continuous feet of berth space, 689 total acres and more than 400 developed acres, which includes 267 acres of container storage space, and an on-terminal 188,000 square foot warehouse. This terminal, the largest in terms of both physical size and pier container volumes at the Port of Charleston, offers fifteen Super-Post Panamax cranes and routinely handles 13,000-14,000 TEU vessel calls. Vessel transit time from this facility to open sea is approximately two hours.

Hugh K. Leatherman Terminal
Located on the west bank of the Cooper River in North Charleston, South Carolina, the 286-acre Hugh K. Leatherman Terminal is primarily a container facility. The first phase of this project opened in April 2021 and marked the first greenfield container terminal opening in the United States since 2009. The first phase consists of 1,400 linear feet of berth, 134 developed acres, five ship-to-shore cranes and 25 rubber-tired-gantry-cranes. Vessel transit time from this facility to open sea is approximately one-and-a-half hours.

North Charleston Terminal
Located on the Cooper River, fifteen miles from the open ocean, the North Charleston Terminal is primarily a container facility with some breakbulk and transloading activities. Totaling 201 acres, this facility includes 2,460 feet of continuous berth space; five container cranes, two of which are Super Post-Panamax and three of which are Post-Panamax; approximately 134 acres of container storage space; and an on-terminal intermodal rail yard. Vessel transit time from this facility to open sea is approximately two hours.

Columbus Street Terminal
Located on the Cooper River, six miles from the open ocean, the Columbus Street Terminal is the Authority's primary Ro-Ro, breakbulk, heavy lift, and project cargo facility. This terminal spans 155 acres, with 3,500 continuous feet of berth, an on-terminal rail yard served by Norfolk Southern and CSX and three warehouses encompassing 365,000 square feet. Vessel transit time from this facility to open sea is approximately one hour.

Union Pier Terminal
Located on the Cooper River, six miles from the open ocean, Union Pier Terminal is primarily a breakbulk cargo and transloading facility. Of Charleston's six terminals, Union Pier Terminal is the closest to open sea and is located two blocks south of the Columbus Street Terminal in downtown Charleston. This 71-acre facility has over 2,470 continuous feet of wharf and 334,000 square feet of warehouse space. Vessel transit time from this facility to open sea is approximately one hour.

Veterans Terminal
Located on the Cooper River, nine miles from the open ocean, Veterans Terminal is a transloading facility with limited breakbulk operations. Transit time to open sea is approximately one-and-a-half hours.

Inland Port Greer
Located over 200 miles from Charleston, Inland Port Greer is an intermodal facility that transfers import and export containers via rail between Charleston and Greer, South Carolina. This facility operates 24 hours a day, seven days a week and provides overnight double-stack rail service, improving the efficiency of freight movements between the marine terminals and the upstate manufacturing region. Inland Port Greer promotes economic development and rail efficiency in the state of South Carolina.

Inland Port Dillon
In April 2018, SCSPA opened its second inland port in Dillon, South Carolina, a region with close proximity to I-95 and the North Carolina/South Carolina border. This facility is served by CSX, and the 110-acre terminal has a double stack rail shuttle to and from Charleston. The Inland Port Dillon provides a unique, short-haul rail service for existing clients in the area and serves as a draw for economic development. Harbor Freight Tools, which completed a one-million square foot distribution center expansion in 2019, is the anchor tenant for this facility. The terminal is located within the Carolinas I-95 Mega Site, a 3,400-acre industrial park where industrial clients will find easy access to both the Inland Port Dillon and I-95.

Long-Term Financial Planning

Over the last ten years, the Authority's container volume, measured in twenty-foot equivalent units, has grown from 1.68 million in fiscal year 2014 to 2.58 million in fiscal year 2023, a compound annual growth rate of 4.85%. With the expectation for continued growth, SCSPA and the state of South Carolina have invested more than $2 billion in recent years to enhance port infrastructure as bigger ships and more cargo is handled through the Port of Charleston. In fiscal year 2023 alone, SCSPA invested $127 million to increase capabilities and terminal capacity. SCSPA is realizing major infrastructure projects at the right time, most notably the deepening of the Charleston Harbor to 52 feet, the completion of Phase I of the Hugh K. Leatherman Terminal, the formation of the SMART Pool™, and the construction of the dual-served, Navy Base Intermodal Facility.

Major Initiatives

With the deepening of the Charleston Harbor to 52 feet, SCSPA now hosts the deepest harbor on the east coast and can more efficiently handle larger containerships already calling US East Coast ports, including Charleston. During fiscal year 2023, the $563 million project was completed, and activities have shifted to minor dike construction for the dredge disposal areas and post-construction monitoring as required as part of the project permit.

With the opening of Phase One of the Hugh K. Leatherman Terminal and the continued growth of SCSPA, it is crucial that we develop near-dock rail infrastructure to ensure the efficient movement of goods in our supply chain. The South Carolina General Assembly and Governor Henry McMaster recognized this need by appropriating $550 million for SCSPA's Navy Base Intermodal Facility and inner-harbor barge project. Served by both CSX and Norfolk Southern railroads, the Navy Base Intermodal Facility will be an intermodal container transfer facility connected to the Hugh K. Leatherman Terminal via a one-mile private drayage road. Construction of the Navy Base Intermodal Facility commenced in fiscal year 2022 and is expected to open in July 2025.

In fiscal year 2021, the SCSPA Board of Directors approved resolutions for the creation of a chassis pool (South Carolina Maritime Chassis Pool or SMART Pool™) to be owned and operated by SCSPA. The resolutions enabled SCSPA to procure equipment for operation of the SMART Pool™ and approximately 11,400 chassis have been purchased. The chassis pool provides newer, modern chassis reducing out-of-service and lower repair and maintenance costs for users. As chassis arrived to SCSPA, they were deployed with long-term leases until the commencement of the pool in August 2022.

During fiscal year 2022, the SCSPA made the decision to transition away from home port cruise operations and utilize the current cruise facility for port-of-calls. With this transition, SCSPA is in the process of entitling the remaining property of Union Pier Terminal for disposition and redevelopment. The site consists of approximately 70 acres, of which 40 acres would be developable. SCSPA will utilize the proceeds from the sale to fund critical infrastructure projects.

Acknowledgements

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the South Carolina State Ports Authority for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the sixth year that the Authority has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

The preparation of the Annual Comprehensive Financial Report for the South Carolina State Ports Authority would not have been possible without the skill, effort, and dedication of the entire Finance Department staff and our auditors, Elliott Davis, LLC. We wish to thank all members of the SCSPA Board of Directors for their continued guidance and support, and for maintaining the highest standards of professionalism in the management of the South Carolina State Ports Authority's finances.

Respectfully Submitted,

Phillip G. Padgett
Chief Financial Officer

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

South Carolina State Ports Authority

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

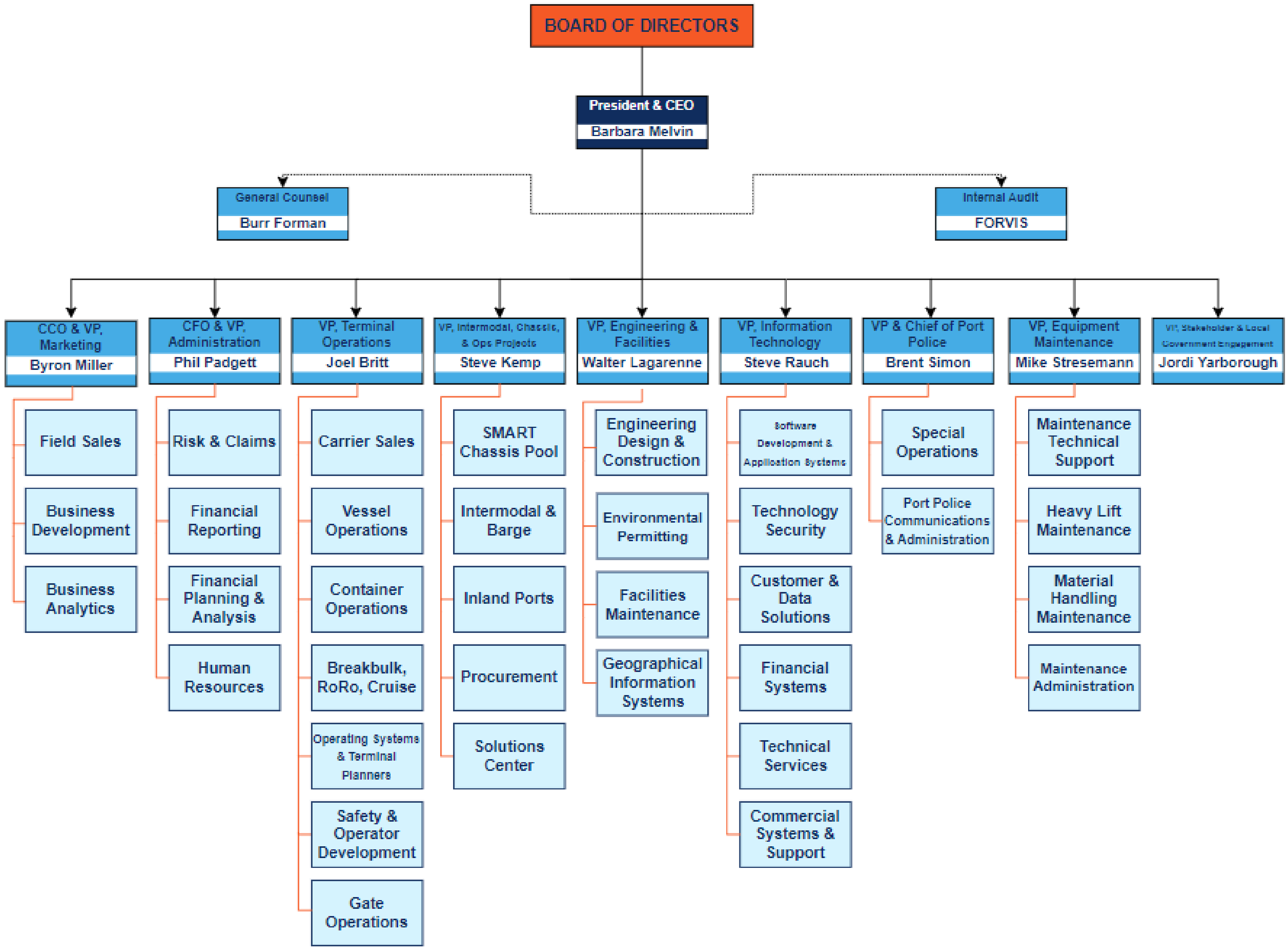
Christopher P. Morrill

Executive Director/CEO

SC PORTS BOARD OF DIRECTORS

SC PORTS LEADERSHIP

As of 6/30/2023



As of 6/30/2023

FINANCIAL SECTION

South Carolina State Ports Authority

Financial Statements and Required Supplemental Information

June 30, 2023 and 2022

South Carolina State Ports Authority
Index
June 30, 2023 and 2022

To the Board of Directors
South Carolina State Ports Authority
Mount Pleasant, South Carolina

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the South Carolina State Ports Authority (the "Ports Authority"), a component unit of the State of South Carolina, as of and for the years ended June 30, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the Ports Authority's basic financial statements as listed in the Index.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Ports Authority as of June 30, 2023 and 2022, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ports Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Change in Accounting Principle

As described in Notes 1 and 5 to the financial statements, as of and for the year ended June 30, 2023, the Ports Authority adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* which resulted in the restatement of previously reported amounts for the year ended June 30, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ports Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ports Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ports Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Schedule of the Ports Authority's Total OPEB Liability, the Schedule of the Ports Authority's OPEB Contributions, the Schedule of the Ports Authority's Proportionate Share of the Net Pension Liability, and the Schedule of the Ports Authority's Pension Contributions, as listed in the Index, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections, as listed in the table of contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 19, 2023, on our consideration of the Ports Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Ports Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Ports Authority's internal control over financial reporting and compliance.

Elliott Davis, LLC

Charleston, South Carolina
September 19, 2023

Annual Financial Report
The annual financial report of the South Carolina Ports Authority ("Ports Authority" or the "Authority") provides an overview of the Ports Authority's financial activities for the fiscal years ended June 30, 2023 and 2022. Management's discussion and analysis should be read in conjunction with the Authority's accompanying financial statements and notes to the financial statements.

Certain information provided by the Ports Authority, including written, as outlined above, or oral statements made by its representatives, may contain forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, which address activities, events or developments that the Ports Authority expects or anticipates will or may occur in the future, contain forward-looking information.

Actual results may differ materially from those projected or suggested in such forward-looking information. This forward-looking information is based upon various factors and was derived using various assumptions. Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

About the Authority
The South Carolina Ports Authority was created in 1942 by Act Number 626 of the South Carolina General Assembly for the general purposes of developing and improving the harbors and seaports of Charleston, Georgetown and Beaufort for the handling of waterborne commerce, and to foster and stimulate the shipment of freight and commerce through these ports. The Ports Authority has no stockholders or equity holders and is directed by a governing board, whose members are appointed by the Governor of South Carolina for five-year terms. The Board consists of nine voting members and the Secretaries of Transportation and Commerce as additional ex officio, nonvoting members. The Ports Authority owns and is responsible for the operation of seven ocean terminals at the ports of Charleston and Georgetown, as well as inland port facilities in Greer and Dillon. These facilities primarily handle import and export containerized, breakbulk, and bulk cargoes.

Operational Highlights

- During fiscal year 2023, the Ports Authority handled 2,581,373 twenty-foot equivalent units (TEUs), a decrease of 9.5% from fiscal year 2022 and a 1.3% increase over fiscal year 2021.

- After purchasing approximately 11,000 new chassis and receiving a portion during fiscal year 2022, the Ports Authority's new SMART Chassis Pool, a futuristic chassis pool based on largely new equipment became operational at all three Ports Authority marine terminals and generated $38.8 million in operating revenue during fiscal year 2023.

- During fiscal year 2023, Inland Port Dillon had a record 39,143 rail moves, an increase of 50.4% over fiscal year 2022 and 11.9% above fiscal year 2021.

- With the support of the South Carolina General Assembly, the Ports Authority broke ground on construction of the Navy Base Intermodal Facility (NBIF) and infrastructure supporting the Leatherman & Wando Terminal barge operations. The NBIF will be dual served with a private dedicated drayage road from the Leatherman Terminal. The facility will allow the Ports Authority to direct rail-intensive shipping services to the Leatherman Terminal and enhance the utilization of Inland Ports Greer and Dillon. The facility is currently scheduled to open in July 2025.

Financial Highlights

- The Ports Authority generated record operating revenues of $448.5 million for the fiscal year ended June 30, 2023. This represents an increase of 1.2% from the $443.1 million generated for the fiscal year ended June 30, 2022, and a 43.4% increase over revenues in fiscal year 2021 of $312.8 million.
- The Authority had cash flow from operating activities of $167.1 million in fiscal year 2023, representing a 1.1% increase from fiscal year 2022 and 50.2% over fiscal year 2021.
- The Ports Authority's total net position was $880.8 million, $755.1 million, and $715.6 million as of June 30, 2023, 2022, and 2021, respectively. The Authority's total net position increased $125.7 million during the current fiscal year and $164.8 million from fiscal year 2021.

Analysis of Overall Financial Position and Results of Operations
The Ports Authority's performance measures during fiscal years ended June 30 are as follows:

(in thousands)	2023	2022	2021
Total operating revenues	$ 448,508	$ 443,102	$ 312,722
Total TEUs (equivalent number of 20' container units)	2,581	2,853	2,549
Breakbulk pier tonnage	827	880	808

A total of 1,579, 1,465, and 1,593 vessels (excluding barges) docked during the years ended June 30, 2023, 2022, and 2021, respectively. Per Container News, the Authority is ranked as the second busiest port in the South Atlantic Coast in volume of TEUs and eighth in the United States.

Statements of Net Position (Balance Sheets)
The Statements of Net Position present the financial position of the Authority at the end of the fiscal year and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources with net position reported as the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Increases and decreases in net position may serve as an indicator of the current fiscal health of the organization and the Authority's financial position over time.

A condensed summary of the Ports Authority's balance sheet and resulting net position at June 30 is shown below:

(in thousands of dollars)	2023	2022	2021
Assets			
Current assets	$ 585,320	$ 577,557	$ 483,905
Held by trustee for debt services	35,806	33,759	31,623
Capital assets, net	2,021,346	1,907,742	1,785,667
Other assets	21,656	14,039	12,988
Total assets	2,664,128	2,533,097	2,314,183
Deferred outflows of resources	100,016	76,216	74,615
Total assets and deferred outflows of resources	$ 2,764,144	$ 2,609,313	$ 2,388,798

(in thousands of dollars)	2023	2022	2021
Liabilities			
Current liabilities	$ 122,440	$ 94,498	$ 94,768
Long-term obligations	1,712,035	1,728,078	1,563,391
Total liabilities	1,834,475	1,822,576	1,658,159
Deferred inflows of resources	48,855	31,648	14,997
Net position			
Net investment in capital assets	575,583	488,248	521,168
Restricted for debt service	41,109	37,795	35,774
Unrestricted	264,122	229,046	158,700
Total net position	880,814	755,089	715,642
Total liabilities, deferred inflows of resources and net position	$ 2,764,414	$ 2,609,313	$ 2,388,798

ASSETS

Total current assets of the Ports Authority increased $7.8 million during fiscal year 2023, representing an increase from fiscal year 2022 of 1.3%. Drivers of these changes include the following:

- Current cash and investments increased from $481.6 million in fiscal year 2022 to $499.2 million in fiscal year 2023. The 3.7% increase is attributable to commencement of the SMART Pool, which created an additional business segment for the Authority that produced approximately $16 million in operating earnings in its first year of operations. The Ports Authority also experienced its first full year of revenue since the pandemic in the cruise business segment, which helped supplement operating cash flow. Additionally, the Ports Authority continued to see lingering demurrage revenue in fiscal year 2023 from supply chain congestion that had such a major impact in fiscal year 2022. Current cash and investments increased from $411.8 million in fiscal year 2021 to $481.6 million in fiscal year 2022. The 16.9% increase is attributable to improved operating cash flow generated during a year where the Authority experienced record operating revenues driven by increased container volume and elevated demurrage charges.
- Accounts receivable (trade) decreased $23 million in fiscal year 2023 from $71.2 million to $48.2 million, a decrease of 32.3%. Primarily driven by the normalization of demurrage charges during fiscal year 2023, bringing the balance in line with what the Authority experienced in fiscal year 2021. In fiscal year 2022, Accounts receivable (trade) increased $22.5 million from $48.7 million to $71.2 million, an increase of 46.2%.
- Other receivables increased $7.8 million in fiscal year 2023 to $12.6 million, primarily related to outstanding amounts owed for NBIF expense reimbursement and for closing on the Georgetown Terminal transfer to Georgetown County. Other receivables increased $1.5 million in fiscal year 2022 to $4.8 million, primarily related to outstanding amounts owed on federal grants.
- Inventories increased slightly in fiscal year 2023 to $11.7 million from $10.6 million in fiscal year 2022 as the Authority maintained additional spare parts for equipment as supply chain constraints continued to limit availability and delivery during fiscal year 2023.
- Prepaid expenses and other current assets increased from $7.0 million to $9.3 million in fiscal year 2023, relating primarily to an increase in prepaid insurance costs. In fiscal year 2022, prepaid expense and other current assets decreased $300 thousand.

Funds held by trustee for debt service include debt service and debt service reserve funds for previously issued revenue bonds. Fluctuations in these balances directly relate to scheduled bond payments in the specific year, and any earnings on securities held in the accounts. During fiscal year 2023, funds held by trustee for debt service increased $2.0 million from $33.8 million to $35.8 million. Total increase over the two-year period is $4.2 million.

The capital assets of the Authority continued to grow in fiscal year 2023 as they increased $113.6 million or 6.0% from $1,907.7 million in fiscal year 2022 to $2,021.3 in fiscal year 2023. Investments in capital assets were made to improve infrastructure and equipment at existing facilities, as well as to construct Phase 1 of the new Hugh K. Leatherman Terminal, the Navy Base Intermodal Facility and purchase new chassis for the Authority's new SMART Chassis Pool. Capital assets have increased by $235.6 million or 13.2% since fiscal year 2021 as upgrading the Authority's infrastructure and construction of the Hugh K. Leatherman Terminal has been a strategic priority of the Authority.

Other noncurrent assets and receivables increased $6.4 million in fiscal year 2023 from $10.0 million to $16.4 million. The balance has increased $7.6 million since fiscal year 2021. During fiscal year 2022, the Authority adopted GASB 87, Leases, resulting in the inclusion of the present value of all lease payments in the Statements of Net Position as other noncurrent assets and receivables. The Authority's increase in this balance from fiscal year 2021 can be attributed to this implementation, while the slight increase over fiscal year 2022 is directly related to the execution of additional lease agreements by the Ports Authority.

Deferred Outflows of Resources increased $23.8 million during the year and is attributed to the Authority recognizing their allocated share of difference between actual and expected pension experience, the net difference between projected and actual investment earnings, assumption changes, changes in proportionate share and the Ports Authority's actual contributions to pension and other post-employment benefit plans made during 2023 that were paid subsequent to both plans' measurement date of June 30, 2022. The increase also reflects the difference between actual and expected benefit experience, the net difference between projected and actual investment earnings, and assumption changes for other post-employment benefits. Slightly offsetting these increases, is amortization related to revenue bond refunding (2019C & 2019D) done in fiscal year 2020.

LIABILITIES

The Authority's current liabilities increased during fiscal year 2023 from $94.0 million to $122.4 million, an increase of approximately 30.2%. Items to consider relating to these changes are the following:

- Current maturities of long-term debt increased $2.8 million in fiscal year 2023 from $28.1 million in fiscal year 2022 to $30.9 million. Current maturities of long-term debt increased $12.9 million from $15.2 million in fiscal year 2021 to $28.1 million in fiscal year 2022. Primary driver of this increase was the addition of three new notes payable to obtain chassis for the formation and operation of the Authority's SMART Chassis Pool.
- Accounts payable (including construction) totaled $49.0 million in fiscal year 2023. This represents an increase of $23.1 million or 89.2% from fiscal year 2022's $25.9 million. The increase in fiscal year 2023 is primarily attributable to large payments owed to the City of North Charleston for the rail overpass MOU and to the City of Charleston for mitigation related to the NBIF. The Authority also had some additional accruals in the current year related to the SMART Pool that increased the balance at June 30, 2023. In fiscal year 2021, total accounts payable (including construction) was $40.8 million. From fiscal year 2021 to fiscal year 2022, the Authority decreased accounts payable (including construction) $14.9 million with the primary driver related to construction of Phase I of the Hugh Leatherman Terminal. As the terminal advanced to the later stages and ultimate completion of the facility, there were less amounts outstanding and retainage held and is illustrated in fiscal year 2022's balance.
- Accrued liabilities totaled $33.3 million in fiscal year 2023 and primarily reflect accrued interest and accrued payroll and related expenses. The decrease of $5.4 million from fiscal year 2022 is a product of lower accruals for payroll and related expenses in the current year. Accrued liabilities have decreased $3.7 million since fiscal year 2021, a decrease of 10.0%.

During fiscal year 2023, the Ports Authority's long-term obligations decreased $15 million or 0.9% from $1,728 million to $1,712 million. The $1,727 million in long-term obligations in fiscal year 2022, represents an increase of $164 million or 10.5% from fiscal year 2021. Drivers of these changes include the following:

- The Authority's net OPEB liability is $60.1 million in fiscal year 2023. This reflects a decrease of $26.2 million from fiscal year 2022. Primary drivers of the net OPEB liability decrease were assumption changes related to the effective discount rate as it increased from 1.92% to 3.69% and favorable plan experience. The net OBEB liability increased $7.8 million from fiscal year 2021 to fiscal year 2022. Primary drivers of the net OPEB liability increase were assumption changes related to the discount rate, differences between expected and actual plan experience, and the passage of time.
- Net pension liability of the Authority increased by $58.6 million from $119.8 million in fiscal year 2022 to $178.4 million in fiscal year 2023, an increase of 48.9%. The increase in the net pension liability relates to the net difference between projected and actual investment earnings, changes in proportionate share and the Ports Authority's actual pension plan contributions made during 2023. In fiscal year 2021, the net pension liability of the Authority was $135.1 million.
- The long-term debt of the Ports Authority decreased from $1,484.9 million in fiscal year 2022 to $1,451.3 million in fiscal year 2023, a decrease of 2.3%. The decrease was directly attributable to no new assumption of debt and principal payments made during fiscal year 2023. In fiscal year 2022, long- term debt increased from $1,341.1 million in fiscal year 2021 to $1,484.9 million in fiscal year 2022, an increase of 10.7%. The increase was directly attributable to the creation of the Authority's SMART Chassis Pool and the financing of approximately 11,000 new chassis with three financial institutions. The increase was slightly offset by principal payments made during fiscal year 2022.

Deferred inflows of resources increased $17.3 million from $31.6 million in fiscal year 2022 to $48.9 million in fiscal year 2023. The primary driver of the Ports Authority's increase was related to deferred inflows related to post-employment benefit plans as assumption changes related to the effective discount rate and the difference between actual and expected experience increased the Authority's balance by $28.7 million. Additionally, the Authority saw an increase of $7.4 million related to additional leases brought on in fiscal year 2023. Both increases were offset by a decrease in deferred outflows related to the defined benefit plan of the Authority. In fiscal year 2021, deferred inflows of resources were $15.0 million with the primary driver of the increase to fiscal year 2022 being related to defined benefit plans and the difference between projected and actual earnings on investments.

NET POSITION

The largest portion of the Ports Authority's net position each year (65.3%, 64.7% and 72.8% at June 30, 2023, 2022 and 2021, respectively) represents its investment in capital assets (e.g., land, buildings, improvements, and equipment), less the related debt outstanding used to acquire those capital assets. The Ports Authority uses these capital assets to provide services to major steamship lines and their agents for movement of maritime cargo; consequently, these assets are not available for future spending. Although the Ports Authority's investment in capital assets reported is shown net of related debt, it is noted that the resources required to repay this debt must be provided annually from operations, since the capital assets themselves generally are not sold to liquidate liabilities.

An additional portion of the Ports Authority's net position (4.7%, 5.0% and 5.0% at June 30, 2023, 2022 and 2021, respectively) represents resources that are subject to external restrictions. The remaining unrestricted net position (30.0%, 30.3% and 22.2% at June 30, 2023, 2022 and 2021, respectively) may be used to meet any of the Ports Authority's ongoing obligations.

Statements of Revenues, Expenses and Changes in Net Position

The Authority's revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. This statement presents the results of operations and shows how the Authority's net position changed during the fiscal year and whether the fiscal condition has improved or worsened during the year.

A condensed comparative summary of the Ports Authority's revenues, expenses and changes in net position for the years ended June 30 is shown below:

(in thousands of dollars)	2023	2022	2021
Operating revenue	$ 448,508	$ 443,102	$ 312,772
Operating expenses	397,975	344,550	275,730
Operating income	50,533	98,552	37,042
Gain (loss) on disposal of property and equipment, net	3,593	(3,406)	(3,786)
Other nonoperating income (expense), net	(35,692)	(65,298)	(61,853)
Contribution to State of South Carolina	(1,000)	(1,000)	(1,000)
Contribution to Department of Transportation	-	(7,500)	-
Contribution to Spartanburg County	-	-	(250)
Contribution from Spartanburg County	250	-	-
Contribution to Department of Commerce	-	-	(500)
Contribution from Department of Commerce	17,379	-	-
Contribution to Georgetown County	(1,000)	-	-
Contribution from Charleston County	750	-	-
Contribution to Port Royal Sound Foundation	(100)	-	-
Capital grants from the federal government	3,754	3,855	1,490
Contribution from State of South Carolina	87,258	13,909	406
Change in net position	125,725	39,112	(28,451)
Net position, beginning	755,089	715,642	743,962
Adoption of GASB 87	-	-	131
Adoption of GASB 96	-	335	-
Net position, ending	$ 880,814	$ 755,089	$ 715,642

Total operating revenues in fiscal year 2023 were $448.5 million, an increase of 1.2% from $443.1 million in fiscal year 2022. This increase is primarily attributed to the commencement of the SMART Pool, a new business segment of the Authority, along with a full year of cruise operations and lingering demurrage revenues during fiscal year 2023. Fiscal year 2022 operating revenues of $443.1 million were up 41.7% from fiscal year 2021 as the Authority dealt with record volumes of containerized cargo along with increased demurrage charges as containers dwelled on terminal longer and cargo owners dealt with supply chain constraints.

The following table breaks down operating revenues by business segment for each fiscal year ended June 30:

(in thousands)	2023	2022	2021
Operating revenues			
Container	$ 328,508	$ 365,850	$ 254,870
Breakbulk & RoRo Cargo	28,590	26,812	25,450
Inland Ports	35,936	39,557	30,401
Cruise	15,603	7,287	532
Chassis	38,802	2,696	-
All other	1,069	900	1,519
Total operating revenues	$ 448,508	$ 443,102	$ 312,772

The container business segment continues to be the primary driver of operating revenue for the Ports Authority, representing 73.2%, 82.6%, and 81.5% of operating revenues in fiscal years 2023, 2022, and 2021, respectively. During fiscal year 2023, the Authority experienced depressed container volumes, down 9.7%, but benefited from another year of elevated demurrage fees, even though they were lower than what was experienced in fiscal year 2022. During fiscal year 2023 and 2022, demurrage fees were approximately $37.0 million and $82.5 million, respectively. In fiscal year 2021, demurrage fees totaled $17.5 million.

Breakbulk & RoRo Cargo represent approximately 6.4%, 6.1% and 8.1% of operating revenues of the Authority in fiscal years 2023, 2022, and 2021, respectively. During fiscal year 2023, the Authority moved 188,517 vehicles through the terminal. This represented a decrease of approximately 14.2% from 2022 when the Authority saw 219,712 vehicles and was directly attributed to continued supply chain disruptions as experienced during fiscal year 2022. The Authority moved 253,983 vehicles in fiscal year 2021.

Total operating revenue for the inland ports at Greer and Dillon decreased $3.6 million or 9.2% in fiscal year 2023. The Authority's inland port network represents approximately 8.0%, 8.9%, and 9.7% of operating revenues for fiscal years 2023, 2022, and 2021, respectively. While rail moves were down at Inland Port Greer (-2.9%) during fiscal year 2023, the Authority continued to benefit from longer dwell times in Greer and recognized $11.7 million in demurrage revenue in fiscal year 2023. In fiscal year 2022, demurrage revenue at Inland Port Greer was $14.0 million. Inland Port Dillon experienced record rail moves of 39,143 in fiscal year 2023, an increase of 50.4% over fiscal year 2022.

In fiscal year 2023, the Authority handled 294,136 cruise passengers in the first full year of the Carnival Sunshine, generating $15.6 million in cruise revenue, representing 3.5% of total operating revenue. After being shut down because of COVID-19, cruises resumed in January 2022 and the Authority handled 123,336 cruise passengers. The resumption of activity generated operating revenue of $7.3 million, an increase of $6.8 million from fiscal year 2021 where the Authority didn't have a cruise passenger and the only revenue generated was through parking.

In its first year of operations, the SMART Pool produced $38.8 million in operating revenue and represented 8.7% of total operating revenues of the Authority. In fiscal year 2022, the Authority began leasing chassis monthly in anticipation of the commencement of the SMART Chassis Pool. These leases generated $2.7 million in operating revenue for the Authority in fiscal year 2022 which represented less than 1% of total operating revenues of the Ports Authority.

The following table breaks down operating expenses for each fiscal year ended June 30:

(in thousands)	**2023**	**2022**	**2021**
Operating expenses			
Direct operating expenses	$ 254,640	$ 223,818	$ 162,220
Administrative expense	59,899	44,451	52,556
Depreciation expense	83,436	76,281	60,954
Total operating expenses	$ 397,975	$ 344,550	$ 275,730

Operating expenses of the Authority increased $53.4 million in fiscal year 2023 from $344.6 million in fiscal year 2022 to $398.0 million, an increase of 15.5%. Fiscal year 2022 operating expenses increased $68.9 million from fiscal year 2021 operating expense of $275.7 million. The increase in operating expenses over the two-year period is reflective of supply chain constraints that saw container volumes handled by the Authority increase 11.6% in fiscal year 2022 before falling back to fiscal year 2021 levels this fiscal year, as supply chains normalized. Additionally, the Authority saw depreciation expense increase from $76.3 million in fiscal year 2022 to $83.4 million in fiscal year 2023, an increase of $7.1 million or 9.3%. This increase was expected as the Authority continues to implement its capital plan that included opening the new Hugh Leatherman Terminal and the SMART Chassis Pool.

Non-operating revenues (expenses) increased $76.3 million during fiscal year 2023 from $63.3 million in expense in fiscal year 2022 to $13.0 million in revenue. Drivers of non-operating expenses include the following:

- Interest income in fiscal year 2023 was $13.1 million versus fiscal year 2022 interest income of $6.0 million, as returns on cash and investments increased in the current year. Interest income in fiscal year 2021 was $8.9 million.
- Unrealized gain on investments was $722 thousand in fiscal year 2023 after recognizing unrealized losses of $22.6 million in fiscal year 2022. The Authority had unrealized losses in fiscal year 2021 of $21.8 million.
- Interest expense was $51.9 million in fiscal year 2023 after incurring $50.7 million in interest expense for fiscal year 2022, representing all interest paid for senior and subordinate debt obligations of the Authority. In fiscal year 2021, interest expense was $49.2 million.
- During fiscal year 2023, the Authority received contributions from the State of South Carolina of $45.0 million related to the construction of the Navy Base Intermodal Facility.

During fiscal year 2023, the Authority received property through a transfer from the State of South Carolina for construction and operation of the Navy Base Intermodal Facility. The Authority recognized non-operating income of $41.1 million as a result of the transfer. Additionally, the Ports Authority received a property contribution from the South Carolina Department of Commerce related to an expansion of BMW in the Upstate. The transfer resulted in non-operating income of $17.4 million for the Ports Authority in fiscal year 2023.

Capital Assets and Debt Administration

The Ports Authority's investment in capital assets was $2.0 billion as of June 30, 2023, representing a 6.1% increase over June 30, 2022, and a 13.2% increase over 2021. The investments include land, land improvements, buildings, terminal equipment, and projects in progress.

Major capital investments and other significant expenditures over the past two fiscal years include the following:

- Hugh K. Leatherman Terminal – Phase 1
- Navy Base Intermodal Transfer Facility and Barge Infrastructure
- Purchase of approximately 11,000 chassis for creation of SMART Chassis Pool
- Expansion of Inland Port Greer
- Infrastructure at Ridgeville Industrial Campus
- Purchase and upgrades of Rubber-Tired-Gantry Cranes and other Material Handling Equipment
- Traffic flow improvements and densification at the Wando Welch Terminal

Additional information on the capital assets and projects of the Authority can be found in Note 3 and Note 6 to the financial statements.

Debt Administration

The administration of our debt and borrowing capacity is essential to achieving the current capital and growth plan of the Authority. The Ports Authority issued revenue bonds in 2010 ($170 million), 2015 ($294 million), 2018 ($325 million), and 2019 ($657 million). The 2010 revenue bonds were legally defeased in fiscal year 2018 and portions of the 2015 revenue bonds were refunded in fiscal year 2020 with the Series' 2019C ($125 million) and 2019D ($152 million). Total revenue bonds outstanding were $1.01 billion, $1.02 billion, and $1.02 billion as of June 30, 2023, 2022 and 2021, respectively. Additionally, the Authority has direct borrowings outstanding with various third parties totaling $403.1 million and $422.3 million as of June 30, 2023, and 2022, respectively. Additional information on the Ports Authority's long-term debt can be found in Note 6 to the financial statements.

Credit Rating

The Ports Authority's Senior Revenue Bonds, Series 2019A, Series 2019B, Series 2019C, Series 2019D, Series 2018 and Series 2015, are rated by Moody's and Standard and Poor's, A1 and A+, respectively.

Contacting the Ports Authority's Financial Management

If you have questions about this report or need additional financial information, contact the Ports Authority's Chief Financial Officer, 200 Ports Authority Drive, Mount Pleasant, SC 29464 USA.

AS OF JUNE 30, 2023 AND 2022

(in thousands of dollars)	**2023**	**2022**
Assets		
Current assets		
Cash and cash equivalents, unrestricted	$ 440,951	$ 374,937
Cash and cash equivalents, restricted	52,853	101,326
Cash and cash equivalents held by trustee for debt service	32,879	30,809
Investments, unrestricted	5,383	5,351
Accrued interest receivable	4,206	2,333
Accounts receivable trade, net of allowance for doubtful accounts of $2,252 in 2023 and $233 in 2022	48,246	71,165
Other receivables	12,612	4,830
Inventories, net	11,737	10,637
Prepaid and other current assets	9,332	6,978
Total current assets	618,199	608,366
Noncurrent assets		
Investments, restricted	5,303	4,036
Investments held by trustee for debt service	2,927	2,950
Capital assets, net	2,021,346	1,907,742
Other noncurrent assets and receivables	16,353	10,003
Total noncurrent assets	2,045,929	1,924,731
Total assets	2,664,128	2,533,097
Deferred outflows of resources		
Defined benefit plans	58,707	30,883
Post-employment benefit plans	17,714	20,681
Deferred loss on refunding bonds	23,595	24,652
Total deferred outflows of resources	100,016	76,216
Total assets and deferred outflows of resources	$ 2,764,144	$ 2,609,313
Liabilities		
Current liabilities		
Current maturities of long-term debt	$ 30,927	$ 28,170
Accounts payable	33,739	12,016
Accounts payable, construction	14,422	12,906
Retainage payable	846	973
Accrued interest	22,764	22,844
Accrued payroll and related expenses	10,525	15,892
Other liabilities	9,217	1,697
Total current liabilities	122,440	94,498
Noncurrent liabilities		
Net OPEB liability	60,079	86,312
Net pension liability	178,388	119,759
Long-term debt, net of current maturities	1,451,343	1,484,887
Other non-current liabilities	22,225	37,120
Total noncurrent liabilities	1,712,035	1,728,078
Total liabilities	1,834,475	1,822,576
Deferred inflows of resources		
Defined benefit plans	835	17,585
Post-employment benefit plans	28,700	2,119
Leases	19,320	11,944
Total deferred inflows of resources	48,855	31,648
Net position		
Net investment in capital assets	575,583	488,591
Restricted		
For debt service	41,109	37,795
Unrestricted	264,122	228,703
Total net position	880,814	755,089
Total liabilities, deferred inflows of resources and net position	$ 2,764,144	$ 2,609,313

The accompanying Notes to Financial Statements are an integral part of this statement.

FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

(in thousands of dollars)	**2023**	**2022**
Operating revenues	$ 448,508	$ 443,102
Operating expenses		
Direct operating	254,640	223,818
Administrative	59,899	44,451
Depreciation	83,436	76,281
Total operating expenses	397,975	344,550
Operating income	50,533	98,552
Nonoperating (expenses) revenues		
Interest income	13,125	5,968
Other income, net	2,364	2,043
Gain (loss) on disposal of property and equipment, net	3,593	(3,406)
Interest expense	(51,903)	(50,746)
Unrealized gain (loss) on investments, net	722	(22,563)
Contribution to the State of SC for Cooper River Bridge	(1,000)	(1,000)
Contribution to SC Department of Transportation for infrastructure improvements	-	(7,500)
Contribution to Georgetown County for infrastructure improvements	(1,000)	-
Contribution to Port Royal Sound Foundation	(100)	-
Contribution from the State of SC for Navy Base Intermodal Facility	45,048	13,667
Contribution from the State of SC for Georgetown	1,000	-
Contribution from the State of SC for Port Royal Sound Foundation	100	-
Contribution from Spartanburg County for infrastructure improvements	250	-
Contribution from SC Coordinating Council for Economic Development	750	-
Contribution from the State of SC for Jasper Ocean Terminal	7	242
Total nonoperating revenues (expenses)	12,956	(63,295)
Revenues in excess of expenses before capital grants	63,489	35,257
Capital grants from the federal government	3,754	3,855
Contribution of Property from the State of SC for Navy Base Intermodal Facility	41,103	-
Contribution from SC Department of Commerce for BMW expansion	17,379	-
Increase in net position	125,725	39,112
Total net position		
Beginning of year	755,089	715,642
Adoption of GASB 96	-	335
End of year	$ 880,814	$ 755,089

The accompanying Notes to Financial Statements are an integral part of this statement.

FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

(in thousands of dollars)	2023	2022
Cash flows from operating activities		
Cash received from customers	$ 471,426	$ 420,892
Cash paid to suppliers	(143,949)	(121,843)
Cash paid for employees	(160,353)	(129,949)
Net cash provided by operating activities	167,124	169,100
Cash flows from investing activities		
Change in unrealized gains (losses) on investments	722	(22,563)
Interest on investments	10,539	6,583
Net cash provided by (used in) investing activities	11,261	(15,980)
Cash flows from noncapital financing activities		
Proceeds from dredging	256	756
Proceeds from other income	56	1,337
Cash received for Port Access Road construction	-	609
Contribution to the State of SC for Cooper River Bridge	(1,000)	(1,000)
Contribution to SC Department of Transportation for infrastructure improvements	-	(7,500)
Contribution to Port Royal Sound Foundation	(100)	-
Contribution to DERA Grant Subrecipient	(313)	-
Contribution to Georgetown County	(1,000)	-
Contribution from federal government	321	507
Contribution from DERA Grant	1,415	689
Contribution from BUILD Grant	1,888	934
Contribution from SC Coordinating Council for Economic Development	750	-
Contribution from State of SC for Georgetown County	1,000	-
Contribution from State of SC for Port Royal Sound Foundation	100	-
Contribution from the State of SC for the Navy Base Intermodal Facility	41,882	13,571
Contribution from the State of SC for Jasper Ocean Terminal	7	242
Net cash provided by noncapital financing activities	45,262	10,145
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(127,342)	(202,813)
Proceeds from sale of capital assets	3,787	4,754
Lease Payments	3,214	(292)
SBITA Payments	(866)	-
Principal paid on revenue bonds	(8,980)	(6,650)
Proceeds from notes payable	-	179,458
Principal paid on other debt	(19,191)	(13,515)
Interest paid on revenue bonds	(43,433)	(43,824)
Interest paid on other debt	(9,949)	(8,572)
Net cash used in capital and related financing activities	(202,760)	(91,454)
Net increase in cash and cash equivalents	20,887	71,811
Cash and cash equivalents		
Beginning of year	519,409	447,598
End of year	$ 540,296	$ 519,409
Reconciliation of cash and cash equivalents to financial statements		
Cash and cash equivalents	$ 526,683	$ 507,072
Investments	13,613	12,337
Total cash and cash equivalents	$ 540,296	$ 519,409

The accompanying Notes to Financial Statements are an integral part of this statement.

FOR THE FISCAL YEARS ENDED JUNE 30, 2022 AND 2021

(in thousands of dollars)	2023	2022
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 50,533	$ 98,552
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	83,436	76,281
Provision for doubtful accounts	2,019	429
Amortization	2,037	315
Lease Revenue	(3,995)	-
Changes in operating assets and liabilities		
Accounts receivable trade	20,895	(23,003)
Other receivables	-	(141)
Inventories, net	(1,082)	(1,440)
Prepaid and other current assets	(2,082)	349
Accounts payable and other liabilities	4,809	10,384
Other liabilities	(212)	(518)
Payroll related liabilities	(3,289)	7,363
Net pension liability	14,055	529
Net cash provided by operating activities	$ 167,124	$ 169,100

Noncash Investing, Capital and Financing Activities
The following are noncash investing, capital and financing activities as of and for the year ended June 30:

(in thousands of dollars)	2023	2022
Capital assets included in accounts payable	$ 2,801	$ 15,736
Unrealized gain (loss) on investments	722	(22,563)
Interest income included in interest receivable	1,872	(727)
Other capital activities	15	8,564
Contribution from State of SC for BMW expansion	(17,379)	-
Contribution from Palmetto Rail for NBIF property	(41,103)	-
Lease assets	(14,463)	-
Lease liabilities	14,463	-
SBITA assets	(1,236)	-
SBITA liabilities	1,236	-

The accompanying Notes to Financial Statements are an integral part of this statement.

1. Summary of Significant Accounting Policies

Organization and Basis of Presentation

The South Carolina State Ports Authority ("Ports Authority") was created in 1942 by Act Number 626 of the South Carolina General Assembly for the general purposes of developing and improving the harbors and seaports of Charleston, Georgetown, and Beaufort for the handling of waterborne commerce and to foster and stimulate the shipment of freight and commerce through these ports. The Ports Authority owns and is responsible for the operation of seven ocean terminals at the ports of Charleston and Georgetown, as well as inland port facilities in Greer and Dillon. These facilities handle import and export containerized, breakbulk and bulk cargoes.

The Ports Authority operates as a self-supporting governmental enterprise and uses the accrual basis of accounting applicable to governmental enterprise funds. The Ports Authority has no stockholders or equity holders and is directed by a governing board whose members are appointed by the Governor of South Carolina for five-year terms. In addition to the nine voting members of the Board of Directors appointed by the Governor, there are two nonvoting board members including the Secretary of Transportation and the Secretary of Commerce. The Ports Authority's financial statements are included in the State of South Carolina general purpose financial statements as a discretely presented component unit.

All activities of the Ports Authority are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The transactions of the Ports Authority are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations are included in the Statements of Net Position. Net position is segregated into net investment in capital assets; restricted; and unrestricted components. These classifications are defined as follows:

- *Net investment in capital assets* – Consists of capital assets, including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of investment in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position components as the unspent proceeds.

- *Restricted* – Consists of external constraints placed on net position use by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

- *Unrestricted net position* – Consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

New Accounting Pronouncements

In June 2022, GASB issued Statement No. 101, *Compensated Absences.* This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023. The Ports Authority is currently evaluating the impact that this Statement will have on its financial statements.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62.* This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023. The Ports Authority is evaluating this requirement with plans for adoption in the fiscal year ending June 30, 2024.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. This Statement addresses the following:

- Classification of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*
- Clarification of provisions in Statement No. 87, *Leases*
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements (PPPs)*
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions
- Pledges of future revenues when resources are not received by the pledging government
- Clarification of provisions in Statement No. 34, Basic Financial Statements – *and Management's Discussion and Analysis – for State and Local Governments*, as amended
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*
- Terminology used in Statement No. 53 to refer to resource flows statements

The requirements of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provision in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 were effective upon issuance and had no material impact on the financial statements of the Ports Authority. The requirements of this Statement related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022 while the requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15,

2023. The Ports Authority has adopted all applicable effective pronouncements and is currently evaluating the impact of any future applicable requirements.

In October 2021, GASB issued Statement No. 98, The Annual Comprehensive Financial Report. This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replaces instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this Statement are effective for fiscal years ending after December 15, 2021 and the Ports Authority has adopted this pronouncement.

Other accounting standards that have been issued or proposed by the GASB or other standards-setting bodies are not expected to have a material impact on the Ports Authority's financial position, changes in net position, or cash flows.

Cash and Investments

The Ports Authority maintains cash and investments for operations, debt service and capital improvements. Funds are deposited at financial institutions or invested in funds maintained by the State Treasurer. Cash and investments used for operations are included on the Statements of Net Position as "cash and cash equivalents" and "investments." If an external restriction exists as to the use of the funds it is included on the Statements of Net Position as "restricted cash" or "restricted investments." Cash or investments maintained in accordance with revenue bond debt service requirements are included on the Statements of Net Position as "held by trustee for debt service." Amounts invested with the State Treasurer are part of an internal investment pool. The pool operates as a demand deposit account and amounts invested in the pool are classified as cash and cash equivalents for purposes of the Statements of Cash Flows. Other highly liquid investments with a maturity of three-months or less are considered cash and cash equivalents for purposes of the Statements of Cash Flows.

Credit Risk, Custodial Credit Risk, and Interest Rate Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation to the Ports Authority. The investments held by the trustee include U.S. government agency securities, which receive credit ratings from organizations such as Moody's Investors Service, Standard & Poor's, and Fitch Ratings, Inc. These rating agencies assign ratings to the securities by assessing the likelihood of issuer default; however, government obligations typically are not considered as having significant credit risk. The funds held by trustee received credit ratings from Moody's Investors Service of Aaa and Fitch Ratings, Inc. of AA+ as of June 30, 2023. As of June 30, 2022, they received ratings with Moody's Investors Service of Aaa and Standard & Poor's of AAA. Investments include money market funds, U.S. Government securities and interest-bearing accounts with credit ratings from Moody's Investors Service of Aaa and Fitch Ratings of AA+ as of June 30, 2023, with Moody's Investors Service of Aaa and Standard & Poor's of AAA as of June 30, 2022. The money invested with the State Treasurer in the cash management pool is not rated by an outside agency; however, it is the policy of the State to invest in only the highest investment grade securities including those rated at least A by the two leading national rating services. State law requires full collateralization of all State Treasurer bank balances, and all the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, credit risk, interest rate risk, and concentration risk of the State Treasurer's investments is disclosed in the Annual Comprehensive Financial Report of the State of South Carolina.

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the Ports Authority will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. Investments are invested primarily in money market funds, US Government securities, and interest-bearing accounts, which totaled approximately $10,686,000 and

$9,387,000 as of June 30, 2023 and 2022, respectively. Investments held by the trustee are invested in government agency securities, which totaled approximately $35,806,000 and $33,759,000 as of June 30, 2023 and 2022, respectively. Investments and investments held by trustee are fully collateralized as of June 30, 2023 and 2022.

Concentration of credit risk is the risk of loss attributed to the magnitude of the Ports Authority's investments in a single issuer. The Ports Authority holds investments issued by or explicitly guaranteed by the U.S. Government, investments in mutual funds and investments in the State Treasurer's investment pool, which are exempt from concentration of credit risk disclosure requirements.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Ports Authority minimizes its interest rate risk by investing in primarily short-term securities. Interest rate risk associated with the investments at the State Treasurer, are managed by asset allocation policies and by additional constraints controlling risk exposure.

Investments and their relative maturities are as follows at June 30:

(in thousands of dollars)

		Value	
Investment Type	**Maturity**	**2023**	**2022**
Money market funds	Less than three months	$ 129,097	$ 111,001
Mutual funds	Less than one year	5,303	4,036
U.S. government agency securities	Less than one year	989	4,115
U.S. government agency securities	One to five years	4,394	4,128

Investments in the state investment pool include obligations of the U.S. and certain agencies of the U.S., obligations of domestic corporations, certificates of deposit and collateralized repurchase agreements. The maturity dates of these investments range from less than one year to thirty years.

Inventories

Inventories consist principally of maintenance parts and supplies and are recorded at cost. Inventory is evaluated for obsolescence on an annual basis and adjusted accordingly.

Capital Assets

Capital assets with a value of $10,000 or greater that are constructed or purchased are capitalized and stated at cost. Contributed capital assets are recorded at estimated fair value on the date received. Donated works of art and similar items should be reported at acquisition value rather than fair value. Capital assets received in a service concession arrangement should be reported at acquisition value.

Depreciation is computed using the straight-line method over the following estimated useful lives:

Land improvements	5 to 50 years
Buildings and structures	5 to 50 years
Railroad tracks	20 to 25 years
Terminal equipment	5 to 25 years
Furniture and fixtures	5 to 20 years

Lease Receivable
Lease receivables are measured at the present value of the lease payments expected to be received during the lease term. Under a lease agreement, the Ports Authority may receive variable lease payments based on changes in the Consumer Price Index (CPI). The variable payments are recorded as an inflow of resources in the period incurred. A deferred inflow of resources is recorded to offset the lease receivable. The deferred inflow of resources is recorded at the inception of the lease in an amount equal to the initial recording of the lease receivable plus any prepayments and less any incentives given. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease. Lease receivables are included in other receivables and other noncurrent assets and receivables in the Statements of Net Position.

Lease Liabilities
Lease liabilities are measured at the present value of expected lease payments over the lease term. An intangible right-to-use asset is recorded to offset the lease liability. The intangible asset is recorded at the inception of the lease in an amount equal to the initial recording of the lease liability plus any initial direct costs, plus any prepayments, and less any incentives received. The intangible right-to-use asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the lease asset. Lease liabilities are included in other current and non-current liabilities in the Statements of Net Position.

Subscription Liabilities
Under GASB 96, Subscription-Based Information Technology Arrangements (SBITAs), subscription liabilities are measured at the present value of expected SBITA payments over the subscription term. An intangible right-to-use subscription asset is recorded to offset the subscription liability. The intangible right-to-use subscription asset is measured at the value of the subscription liability plus any initial implementation costs and prepayments, less any incentives received. The intangible right- to-use subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets. Subscription liabilities are included in other current and non-current liabilities in the Statements of Net Position.

Operating Revenues and Expenses
The Statements of Revenues, Expenses and Changes in Net Position distinguish between operating and nonoperating revenues and expenses. Operating revenues result from exchange transactions associated with providing commerce through the Ports Authority. Revenue from exchange transactions is recognized at the time the transaction is completed. Nonexchange revenues, including grants and contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenues. Operating expenses are all expenses incurred to support commerce, other than financing costs.

Contributions
From time to time, the Ports Authority receives contributions from the State of South Carolina or the federal government. Revenues from contributions are recognized when all eligibility requirements, including time requirements, are met. Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Restricted Resources
When the Ports Authority has both restricted and unrestricted resources available to finance a particular program, it is the Ports Authority’s policy to use restricted resources before unrestricted resources.

Premiums on Long-Term Debt
Premiums on long-term debt are amortized as a component of interest expense over the term of the related debt obligations using the effective interest method.

Deferred Outflows/Inflows of Resources
Deferred outflows of resources represent a consumption of net assets applicable to future reporting periods. The Ports Authority's deferred outflows of resources consist of (i) deferred loss on debt refunding – the defeasance of previously outstanding revenue bonds resulting in deferred refunding losses. These deferred losses are recognized as a component of interest expense over the remaining life of the old or new debt, whichever is shorter; (ii) net pension and net OPEB liabilities – decreases in net pension and net OPEB liabilities that are not included in expense. Also, employer contributions related to pension and OPEB that are made subsequent to the measurement date are reported as deferred outflows of resources. Deferred inflows of resources represent an acquisition of net assets applicable to future reporting periods. The Ports Authority's deferred inflows of resources consist of increases in net pension liabilities and net OPEB liabilities not included in expense and leases receivable.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Risk Management
The Ports Authority is exposed to various risks of loss related to torts; theft of damage to and destruction of assets; injuries to employees and natural disasters. The Ports Authority has obtained commercial insurance to cover the risk of these losses, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage for the years ending June 30, 2023, 2022, and 2021.

Concentration of Credit Risk
The Ports Authority provides services and facilities usage for companies located throughout the world. During the years ended June 30, 2023 and 2022, three customers accounted for the following revenue and accounts receivable percentages:

	2023		2022	
	Revenue	Accounts Receivable	Revenue	Accounts Receivable
Customer 1	13%	22%	16%	14%
Customer 2	13	17	15	19
Customer 3	12	10	15	9
	38%	49%	46%	42%

The Ports Authority generally provides credit to its customers. The Ports Authority performs ongoing credit evaluations of its customers and generally operates under international laws, which may provide for a maritime lien on vessels in the event of default on credit terms. The Ports Authority maintains reserves for potential credit losses.

Annual Leave Policy

Employees earn vacation at rates of 12 to 25 days per year and may accumulate up to a maximum of 5 days, depending on their length of employment and type of employment contract. All employees could carry their leave balance into the new policy as their respective maximum. Upon termination, employees are paid for any unused accumulated vacation, up to their respective maximum. The liability for annual leave is accrued at its accumulated value for the current year plus the respective maximum in the accompanying financial statements. The liability is approximately $2,584,000 and $2,490,000 as of June 30, 2023 and 2022, respectively, and is included in accrued payroll and related expenses in the Statements of Net Position.

Related Party Transactions

The Ports Authority conducts certain business transactions with the State of South Carolina and other entities affiliated with the State of South Carolina. Transactions with related parties are carried out in commercial terms and conditions and at market prices.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the net position of the Ports Authority and additions and deductions to/from the Ports Authority's net position have been determined on the same basis as they are reported by the South Carolina Retirement Systems administered by the South Carolina Public Employees Benefit Authority (PEBA). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Change in Accounting Principle/Restatement & Reclassifications

During the fiscal year ending June 30, 2023, the Ports Authority implemented GASB 96, *Subscription-Based Information Technology Arrangements.* The implementation of this Statement required the Ports Authority to record a beginning subscription liability, subscription asset and the effects on net position for the fiscal year ending June 30, 2022. As a result, net position of the Ports Authority increased approximately $335,000 for the fiscal year ending June 30, 2022. Additionally, certain reclassifications have been made to the prior year financial statements to conform to the current year presentation. The effects of the adjustment to the Ports Authority's previously issued financial statements are as follows:

(in thousands of dollars)	**2022 As previously reported**	**GASB 96 Adjustments**	**2022 As restated**
Assets			
Capital assets, net	$ 1,905,818	$ 1,924	$ 1,907,742
Liabilities			
Accrued interest	(22,835)	(9)	(22,844)
Other liabilities	(1,254)	(443)	(1,697)
Other non-current liabilities	(35,983)	(1,137)	(37,120)
Net Position			
Net investment in capital assets	(488,248)	(343)	(488,591)
Unrestricted	(228,711)	8	(228,703)

Subsequent Events
In preparing these financial statements, the Ports Authority has evaluated events and transactions for potential recognition or disclosure through September 19, 2023, the date the financial statements were available to be issued.

2. Cash and Investments

The Ports Authority's total cash and cash equivalents and investments at June 30, 2023 and 2022 was approximately $540,296,000 and $519,409,000, respectively. Periodically, cash on deposit in federally insured institutions exceeds the limit on insured deposits and may not be specifically collateralized. The Ports Authority has not experienced any such losses in its cash or investment accounts and believes it is not exposed to any significant credit risk regarding cash and investments at June 30, 2023 and 2022.

The bond trustees invest in government agency securities and repurchase agreements collateralized by U.S. government securities. These investments are carried at their estimated fair values.

Investments held with the State Treasurer are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, and the credit risk of the State Treasurer's investments is disclosed in the Annual Comprehensive Financial Report of the State of South Carolina. For the fiscal years ending June 30, 2023 and 2022, approximately $(15,116,000) of the $334,779,000 and $(15,921,000) of the $383,037,000, respectively, identified in the schedule on the following page as "Deposits held by State Treasurer" is attributable to unrealized (loss) appreciation.

State law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days.

The following schedule reconciles cash and investments in the notes to the Statements of Net Position as of June 30:

(in thousands of dollars)	2023	2022
Statements of Net Position		
Current assets		
Cash and cash equivalents, unrestricted	$ 440,951	$ 374,937
Cash and cash equivalents, restricted	52,853	101,326
Cash and cash equivalents held by trustee for debt service	32,879	30,809
Investments, unrestricted	5,383	5,351
Noncurrent assets		
Investments, restricted	5,303	4,036
Cash & Investments held by trustee for debt service	2,927	2,950
	$ 540,296	$ 519,409

(in thousands of dollars)		**2023**		**2022**
Deposits and Investments				
Deposits insured (FDIC) or collateralized by securities held by the pledging financial institution's agent in the Ports Authority's name	$	159,025	$	93,226
Deposits held by the State Treasurer's Office		334,779		383,037
Investments held by third party banks		10,686		9,387
Deposits held by trustee		35,806		30,867
U.S. government agency securities, held by trustee		-		2,892
	$	540,296	$	519,409

General provision regarding these funds are as follows:

Restricted cash and investments are held for a specific purpose and therefore not available to the Ports Authority for general business use. Current restricted funds include funds related to escrow deposits for specific equipment purchases.

Investments held by the trustee for debt service include Revenue Bond Debt Service Funds and Revenue Bond Debt Service Reserve Funds, which are to be used for the redemption of bonds and payment of interest on the bonds. Additions to the Revenue Bond Debt Service Funds are required from operating funds in amounts equal to the annual principal and interest payments. Additions to the Reserve Funds are required from operating funds when the Reserve Fund's assets are less than the sum of the largest annual interest payment for each issue of revenue bonds outstanding (See Note 6). When the assets of the Reserve Funds exceed the requirements, the Ports Authority is permitted to use investment income from the Reserve Funds for principal and interest payments and thereby reduce the amount of operating funds required to be transferred to the Debt Service Funds. Cash in the Debt Service Reserve Funds can be invested and reinvested in investments collateralized by U.S. government or agency obligations, with maturities consistent with the need for cash in the funds.

The assets of the State Port Construction Fund, included in current cash and cash equivalents on the Statements of Net Position, are unexpended contributions to the Fund and net harbormaster fees required to be transferred to the Fund. The assets are internally designated for improvements and expansion of the Ports Authority's facilities.

Fair Value Guidance

Investments held by the Ports Authority are accounted for under GASB Statement No. 72, Fair Value Measurement and Application and are carried at their estimated fair value. This Statement requires the Ports Authority to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value.

The Statement also establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, included within Level 1 that are observable for the asset, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs.

The categorization of investments within the hierarchy is based upon the pricing transparency of the instrument and should not be perceived as the investment's risk. Money market and mutual funds classified in Level 1 of the fair value hierarchy are valued directly from a predetermined primary external pricing vendor. Assets classified in Level 2 are subject to pricing by an alternative pricing source due to lack of information available by the primary vendor.

The cost, gross unrealized gain, gross unrealized loss, and fair values of fixed maturity securities as of and for the years ended June 30, 2023 and 2022 are as follows:

(in thousands of dollars)

	2023			
Type of Investment	**Cost**	**Unrealized Gain**	**Unrealized Loss**	**Fair Market Value**
Money market funds	$ 129,097	$ -	$ -	$ 129,097
Mutual funds	5,303	-	-	5,303
U.S. treasury securities	5,379	8	(274)	5,113
Gov't sponsored securities	297	-	(27)	270
	$ 140,076	$ 8	$ (301)	$ 139,783

(in thousands of dollars)

	2022			
Type of Investment	**Cost**	**Unrealized Gain**	**Unrealized Loss**	**Fair Market Value**
Money market funds	$ 111,001	$ -	$ -	$ 111,001
Mutual funds	4,036	-	-	4,036
U.S. treasury securities	7,948	15	(212)	7,751
Gov't sponsored securities	506	5	(19)	492
	$ 123,491	$ 20	$ (231)	$ 123,280

Unrealized gains on investments as reported on the Statements of Revenues, Expenses and Changes in Net Position of $722,000 for the year ended June 30, 2023, includes unrealized loss on investments of $(82,000) and unrealized gain on deposits held by state treasurer of $804,000. For the fiscal year ended June 30, 2022, unrealized loss on investments as reported on the Statements of Revenues, Expenses and Changes in Net Position of ($22,563,000) included unrealized losses on investments of ($372,000) and unrealized losses on deposits held by state treasurer of ($22,191,000).

The investment balances in the tables above and below are included in the Statements of Net Position as investments (approximately $10,686,000 and $9,387,000 as of June 30, 2023 and 2022, respectively) and investments held by trustee for debt service (approximately $2,927,000 and $2,950,000 as of June 30, 2023 and 2022, respectively). There were 16 securities in an unrealized loss position at June 30, 2023, 14 of which were in a loss position for greater than 12 months. There were fifteen securities in an unrealized loss position at June 30, 2022, two of which were greater than 12 months.

The following table provides the hierarchy information about the Ports Authority's financial assets measured at fair value on a recurring basis at June 30:

(in thousands of dollars) **Type of Investment**	**2023** Level 1	Level 2	Level 3	Total
Money market funds	$ 129,097	$ -	$ -	$ 129,097
Mutual funds	5,303	-	-	5,303
U.S. treasury securities	-	5,113	-	5,113
Gov't sponsored securities	-	270	-	270
	$ 134,400	$ 5,383	$ -	$ 139,783

(in thousands of dollars) **Type of Investment**	**2022** Level 1	Level 2	Level 3	Total
Money market funds	$ 111,001	$ -	$ -	$ 111,001
Mutual funds	4,036	-	-	4,036
U.S. treasury securities	-	7,751	-	7,751
Gov't sponsored securities	-	492	-	492
	$ 115,037	$ 8,243	$ -	$ 123,280

3. Capital Assets

Capital assets consist of the following amounts:

(in thousands of dollars)	Balance at June 30, 2022	Additions	Disposals	Transfers	Balance at June 30, 2023
Capital assets not depreciated:					
Land	$ 716,971	$ 57,957	$ (2,269)	$ 5,202	$ 777,861
Capital projects in progress	75,065	128,242	-	(54,607)	148,700
Total capital assets not depreciated	792,036	186,199	(2,269)	(49,405)	926,561
Depreciable capital assets:					
Land improvements	709,541	-	(2,542)	6,548	713,547
Buildings and structures	694,476	525	(8,791)	14,718	700,928
Railroad tracks	23,844	-	(415)	79	23,508
Terminal equipment	395,199	25	(4,140)	27,311	418,395
Furniture and fixtures	41,517	-	-	749	42,266
Intangible lease assets	819	14,769	(928)	-	14,660
Intangible subscription assets	2,064	1,261	-	-	3,325
Total depreciable capital assets	1,867,460	16,580	(16,816)	49,405	1,916,629
Less: Accumulated depreciation					
Land improvements	308,168	34,841	(2,325)	-	340,684
Buildings and structures	239,431	22,835	(8,209)	-	254,057
Railroad tracks	10,949	997	(322)	-	11,624
Terminal equipment	156,064	23,762	(3,905)	-	175,921
Furniture and fixtures	36,552	1,001	-	-	37,553
Total accumulated depreciation	751,164	83,436	(14,761)	-	819,839
Intangible lease assets	450	1,175	(622)	-	1,003
Intangible subscription assets	140	862	-	-	1,002
	590	2,037	(622)	-	2,005
Depreciable capital assets, net	1,115,706	(68,893)	(1,433)	49,405	1,094,785
Capital assets, net	$ 1,907,742	$ 117,306	$ (3,702)	$ -	$ 2,021,346

(in thousands of dollars)	Balance at June 30, 2021	Additions	Disposals	Transfers	Balance at June 30, 2022
Capital assets not depreciated:					
Land	$ 696,208	$ 3,141	$ (5,719)	$ 23,341	$ 716,971
Capital projects in progress	72,833	203,180	-	(200,948)	75,065
Total capital assets not depreciated	769,041	206,321	(5,719)	(177,607)	792,036
Depreciable capital assets:					
Land improvements	669,184	-	(317)	40,674	709,541
Buildings and structures	669,842	-	(22,311)	46,945	694,476
Railroad tracks	19,774	-	-	4,070	23,844
Terminal equipment	311,383	-	(1,696)	85,512	395,199
Furniture and fixtures	41,111	-	-	406	41,517
Intangible lease assets	757	62	-	-	819
Intangible subscription assets	-	2,439	(375)	-	2,064
Total depreciable capital assets	1,712,051	2,501	(24,699)	177,607	1,867,460
Less: Accumulated depreciation					
Land improvements	274,679	33,597	(108)	-	308,168
Buildings and structures	235,779	22,503	(18,851)	-	239,431
Railroad tracks	10,113	836	-	-	10,949
Terminal equipment	140,442	17,071	(1,449)	-	156,064
Furniture and fixtures	34,278	2,274	-	-	36,552
Total accumulated depreciation	695,291	76,281	(20,408)	-	751,164
Intangible lease assets	134	316	-	-	450
Intangible subscription assets	-	515	(375)	-	140
	134	831	(375)	-	590
Depreciable capital assets, net	1,016,626	(74,611)	(3,916)	177,607	1,115,706
Capital assets, net	$ 1,785,667	$ 131,710	$ (9,635)	$ -	$ 1,907,742

4. Leases

The Ports Authority, as a lessor, recognizes a lease receivable and deferred inflows of resources at the commencement of a lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. As a lessor, the asset underlying the lease is not unrecognized. The lease receivable is measured at the present value of the lease payments expected to be received during the lease term. The deferred inflow of resources is measured at the value of the lease receivable plus any payments received and less any incentives given at or before the commencement of the lease.

For GASB No. 87, Leases, the Ports Authority's leases were categorized as follows:

1. Included
2. Excluded – short-term

Included Leases
For included leases, the Ports Authority recognized lessor lease receivable of $19,775,000 and $12,176,000 for the fiscal years ending June 30, 2023 and 2022, respectively, and is included in other receivables and other noncurrent assets and receivables in the Statements of Net Position. For the fiscal year ending June 30, 2023, the Ports Authority reported lease revenue of $3,995,000 and interest revenue of $682,000. For the fiscal year ended June 30, 2022, the Ports Authority reported lease revenue of $3,537,000 and interest revenue of $442,000.

The Ports Authority used an incremental borrowing rate of 3.0% for leases prior to July 1, 2022. Starting July 1, 2022, leases are discounted using the 10-year treasury rate plus 1% as of the lease commencement date to discount lease revenue to net present value unless the lease specifies an implicit borrowing rate. Two leases were discounted using their implicit rates of 3.5% and 5.0% as specified in the lease. Some leases include termination clauses, without cause, after a specified date. Those periods were not included in the term of the lease.

Land
The Ports Authority leases land for terms that range from 3 to 55 years. The terms of the land lease agreements include fixed revenue components based on total acreage. Some land lease agreements include a variable revenue component based on the Consumer Price Index (CPI). Other adjustments include one-time rent waivers that are also included in variable revenue. Variable revenue/(waivers) totaled $79,000 and $(14,000) for the fiscal years ending June 30, 2023 and 2022, respectively. The variable revenue and rent waivers were not included in the measurement of the lease receivable.

Buildings
The Ports Authority leases buildings and warehouses for terms that range from two to five years. The terms of the building lease agreements include a fixed revenue component based on total square footage. Some building lease agreements include a variable revenue component based on changes in CPI and some include discounts contingent upon container volume. Variable revenue/(discounts) totaled $(28,000) and $(172,000) for the fiscal years ending June 30, 2023 and 2022, respectively. The variable building revenue and volume discounts were not included in the measurement of the lease receivable.

Minimum future lease receipts are:

(in thousands of dollars)	**Principal**	**Interest**	**Total**
2024	$ 3,728	$ 654	$ 4,382
2025	2,898	529	3,427
2026	2,314	436	2,750
2027	2,425	344	2,769
2028	2,058	257	2,315
2029–2033	3,951	567	4,518
2034–2038	715	293	1,008
2039–2043	493	218	711
2044–2048	573	138	711
2049–2053	452	50	502
2054–2058	28	23	51
2059–2063	32	19	51
2064–2068	37	14	51
2069–2073	43	7	50
2074–2078	28	1	29
	$ 19,775	$ 3,550	$ 23,325

Excluded – Short-Term Leases
The Ports Authority does not recognize lease receivable and deferred inflows of resources for short-term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

The Ports Authority, as a lessee, recognizes an intangible right-to-use asset and a lease liability at the commencement of the lease term, with certain exceptions for leases of assets held as investments, certain regulated leases, short-term leases and leases that transfer ownership of the underlying asset. The lease liability is measured at the present value of the lease payments expected to be paid during the lease term. The intangible right-to-use asset is measured at the value of the lease liability plus any initial direct costs and prepayments and less any incentives received.

For GASB No. 87, *Leases*, the Ports Authority's leases were categorized as follows:

1. Included
2. Excluded – short-term

Included Leases

For included leases, the Ports Authority is reporting a lessee lease liability of $13,721,000 for the year ending June 30, 2023 and $364,000 for the year ending June 30, 2022, and is included in other current and non-current liabilities in the Statements of Net Position. For the fiscal year ended June 30, 2023, the Ports Authority reported lease expense of $1,175,000 and interest expense of $97,000. For the fiscal year ended June 30, 2022, the Ports Authority reported lease expense of $315,000 and interest expense of $15,000.

Lease liability activity for the fiscal years ending June 30, 2023 and 2022 are as follows:

(in thousands of dollars)	June 30, 2022	Additions	Reductions	June 30, 2023	Current Portion
Lease liability	$ 364	$ 14,769	$ (1,412)	$ 13,721	$ 7,618

(in thousands of dollars)	June 30, 2021	Additions	Reductions	June 30, 2022	Current Portion
Lease liability	$ 618	$ 63	$ (317)	$ 364	$ 263

The Ports Authority used an incremental borrowing rate of 3.0% for leases prior to July 1, 2022. Starting July 1, 2022, leases are discounted using the 10-year treasury rate plus 1% as of the lease commencement date to discount the lease to net present value unless the lease specifies an implicit borrowing rate. None of the lease agreements entered by the Ports Authority as a lessee include an implicit rate of return. Some leases include a termination clause available to either party after a certain date, without cause. Those periods were not included in the term of the lease.

Land

The Ports Authority leases land with a term of five years. Fixed land expense totaled $18,000 and $17,000 for the fiscal years ending June 30, 2023 and 2022, respectively. The terms of the land lease agreements do not include a variable expense component.

Buildings

The Ports Authority leases buildings on terminal with a term of two years. Fixed building expense totaled $203,000 and $197,000 for the fiscal years ending June 30, 2023 and 2022, respectively. The terms of the building lease agreements do not include a variable expense component.

Equipment

The Ports Authority leases container chassis, printing and postage equipment for terms that range from two to five years. Fixed equipment expense totaled $954,000 and $101,000 for the fiscal years ending June 30, 2023 and 2022, respectively. The container chassis leases include a variable component based on the number of chassis units leased over a stated minimum. Variable expenses totaled $125,000 and $0 for the fiscal years ending June 30, 2023 and 2022, respectively. The variable chassis expenses were not included in the measurement of the lease liability.

Lease assets by class for the fiscal years ending June 30, 2023 and 2022 are as follows:

(in thousands of dollars)	Balance at June 30, 2022	Additions	Disposals	Transfers	Balance at June 30, 2023
Lease assets:					
Land	$ 48	$ 138	$ (186)	$ -	$ -
Buildings	394	388	(394)	-	388
Equipment	377	14,243	(348)	-	14,272
Total lease assets	819	14,769	(928)	-	14,660
Less: Accumulated amortization					
Land	34	18	(52)	-	-
Buildings	230	203	(393)	-	40
Equipment	186	954	(177)	-	963
Total accumulated amortization	450	1,175	(622)	-	1,003
Lease assets, net	$ 369	$ 13,594	$ (306)	$ -	$ 13,657

(in thousands of dollars)	Balance at June 30, 2021	Additions	Disposals	Transfers	Balance at June 30, 2022
Lease Assets:					
Land	$ 48	$ -	$ -	$ -	$ 48
Buildings	394	-	-	-	394
Equipment	315	62	-	-	377
Total lease assets	757	62	-	-	819
Less: Accumulated amortization					
Land	17	17	-	-	34
Buildings	33	197	-	-	230
Equipment	84	102	-	-	186
Total accumulated amortization	134	316	-	-	450
Lease assets, net	$ 623	$ (254)	$ -	$ -	$ 369

Minimum future lease expenditures are:

(in thousands of dollars)	Principal	Interest	Total
2024	$ 7,618	$ 483	$ 8,101
2025	5,913	125	6,038
2026	96	6	102
2027	94	2	96
	$ 13,721	$ 616	$ 14,337

Excluded – Short-Term Leases

The Ports Authority does not recognize lease liability and an intangible right-to-use asset for short- term leases. Short-term leases are certain leases that have a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

5. Subscription Based Information Technology Arrangements (SBITAs)

The Ports Authority recognizes an intangible right-to-use subscription asset and a corresponding subscription liability at the commencement of the SBITA term. There are certain exceptions for contracts that meet the definition of a lease under GASB 87, short-term SBITAs with a maximum possible term of 12 months or less, including any options to extend, and licensing arrangements that provide a perpetual license to use a vendor's computer software. The Ports Authority has entered into SBITAs involving terminal scheduling software, data center and infrastructure software, intermodal software, legal software, information technology security software, utilities system software, CRM software, and various desktop and server software.

The subscription liability is measured at the present value of the subscription payments expected to be paid during the subscription term. The intangible right-to-use subscription asset is measured at the value of the subscription liability plus any initial implementation costs and prepayments, less any incentives received.

For GASB No. 96, *Subscription-Based Information Technology Arrangements*, the Ports Authority's SBITAs were categorized as follows:

1. Included
2. Excluded – short-term

Included Subscription Based Information Technology Agreements

The Ports Authority recognizes SBITAs with terms that range from one to six years. For included SBITAs, the Ports Authority is reporting a subscription liability of $1,770,000 for the year ending June 30, 2023 and $1,580,000 for the year ending June 30, 2022, and is included in other current and non-current liabilities in the Statements of Net Position. For the fiscal year ended June 30, 2023, the Ports Authority reported subscription expense of $862,000 and interest expense of $71,000. For the fiscal year ended June 30, 2022, the Ports Authority reported subscription expense of $292,000 and interest expense of $15,000.

Some of the Ports Authority SBITAs include a variable component for additional service offerings and additional licenses over a stated minimum. Variable expenses totaled $447,000 and $472,000 for the fiscal years ending June 30, 2023 and 2022. The Ports Authority has two SBITA commitments that will be recognized once implementation has been completed and the subscription commences after June 30, 2023. The variable subscription expenses and pending commitments were not included in the measurement of the subscription liability.

Subscription liability activity for the fiscal years ending June 30, 2023 and 2022 are as follows:

(in thousands of dollars)	June 30, 2022	Additions	Reductions	June 30, 2023	Current Portion
Subscription liability	$ 1,580	$ 987	$ (797)	$ 1,770	$ 820

(in thousands of dollars)	June 30, 2021	Additions	Reductions	June 30, 2022	Current Portion
Subscription liability	$ -	$ 2,060	$ (480)	$ 1,580	$ 443

The Ports Authority used an incremental borrowing rate of 3.0% for SBITAs that commenced prior to July 1, 2022. Starting July 1, 2022, SBITAs are discounted using the 10-year treasury rate plus 1% as of the subscription commencement date to discount the subscription obligation to net present value unless the SBITA specifies an implicit borrowing rate. None of the SBITAs entered by the Ports Authority include an implicit rate of return. Some SBITAs include a termination clause available to either party after a certain date, without cause. Those periods were not included in the term of the subscription.

Minimum future subscription expenditures are:

(in thousands of dollars)	Principal	Interest	Total
2024	$ 820	$ 56	$ 876
2025	479	26	505
2026	228	14	242
2027	235	7	242
2028	8	-	8
	$ 1,770	$ 103	$ 1,873

Excluded – Short-Term SBITA

The Ports Authority does not recognize a subscription liability or an intangible right-to-use subscription asset for short-term SBITAs. A short-term SBITA has a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised.

6. Long-Term Debt

Borrowings and payments on long-term debt are as follows:

(in thousands of dollars)	June 30, 2022	Additions	Reductions	June 30, 2023	Current Portion
Revenue bonds – Series 2015	$ 55,300	$ -	$ -	$ 55,300	$ -
Revenue bonds – Series 2018	305,995	-	(6,980)	299,015	7,325
Revenue bonds – Series 2019 A	121,910	-	(750)	121,160	1,255
Revenue bonds – Series 2019 B	258,420	-	(1,250)	257,170	2,695
Revenue bonds – Series 2019 C	125,000	-	-	125,000	-
Revenue bonds – Series 2019 D	151,580	-	-	151,580	-
Notes payable	422,312	-	(19,191)	403,121	19,652
	1,440,517	-	(28,171)	1,412,346	30,927
Plus: Unamortized premium	72,540	-	(2,616)	69,924	2,642
	$ 1,513,057	$ -	$ (30,787)	$ 1,482,270	$ 33,569

(in thousands of dollars)	June 30, 2021	Additions	Reductions	June 30, 2022	Current Portion
Revenue bonds – Series 2015	$ 55,300	$ -	$ -	$ 55,300	$ -
Revenue bonds – Series 2018	312,645	-	(6,650)	305,995	6,980
Revenue bonds – Series 2019 A	121,910	-	-	121,910	750
Revenue bonds – Series 2019 B	258,420	-	-	258,420	1,250
Revenue bonds – Series 2019 C	125,000	-	-	125,000	-
Revenue bonds – Series 2019 D	151,580	-	-	151,580	-
Notes payable	256,368	179,459	(13,515)	422,312	19,190
	1,281,223	179,459	(20,165)	1,440,517	28,170
Plus: Unamortized premium	75,119	-	(2,579)	72,540	2,617
	$ 1,356,342	$ 179,459	$ (22,744)	$ 1,513,057	$ 30,787

Series 2019D

On November 20, 2019, the Ports Authority issued $151,580,000 of Series 2019D Bonds having stated interest rates from 2.95% to 3.87% payable annually on each January 1 and July 1. Net proceeds of $164,287,011 were received to (i) refund certain maturities of the Authority's Series 2015 Bonds and (ii) to pay certain costs and expenses relating to the issuance and sale of the Series 2019D Bonds. As a result of the Series 2019D refunding, the Ports Authority achieved net present value savings of $11,185,072.

Series 2019A, 2019B, and 2019C (2019 Bonds)

On October 2, 2019, the Ports Authority issued $505,330,000 of Series 2019 (A, B, & C) Bonds having stated interest rates from 3.0% to 5.0% payable annually on each January 1 and July 1. Net proceeds of $545,942,043 were received to (i) pay or reimburse the Authority for a portion of the cost of a port access road and related improvements in connection with the development by the Authority of the Hugh K. Leatherman Terminal, (ii) pay or reimburse the Authority for construction, equipment and other capital costs in connection with the Leatherman Terminal, and certain capital expenditures included in the Authority's capital plan, (iii) refund certain maturities of the Ports Authority's Series 2015 Bonds, and (iv) to pay certain costs and expenses relating to the issuance of the Series 2019A, 2019B, and 2019C Bonds. The Series 2019A and 2019B Bonds, issued at a premium of $13,779,974 and $27,688,640, respectively, consist of term bonds maturing between July 1, 2022 and 2059. The bond premium is amortized using the effective interest method over the life of the bonds. Bond issuance costs were expensed in the period incurred. The Series 2019C refunding was issued at par and resulted in net present value savings of $9,752,855 for the Ports Authority.

Series 2018

On June 6, 2018, the Ports Authority issued $325,000,000 of Series 2018 Bonds having stated interest rates from 4.0% to 5.0% payable annually on each January 1 and July 1. Net proceeds of $364,585,000 were received to (i) pay or reimburse the Ports Authority for costs associated with the expansion and improvement of the Ports Authority's facilities, and certain capital expenditures included in the Ports Authority's capital plan, (ii) to pay certain costs and expenses related to the issuance of the Series 2018 Bonds. The bonds, issued at a premium of approximately $40,158,000, consist of term bonds maturing between July 1, 2019 and 2055. The bond premium is amortized using the effective interest method over the life of the bonds. Bond issuance costs were expensed in the period incurred.

Series 2015

On November 4, 2015, the Ports Authority issued $294,025,000 of Series 2015 Bonds having stated interest rates ranging from 3.5% to 5.25% payable annually on each January 1 and July 1. Net proceeds of $314,260,000 were received to (i) pay or reimburse the Ports Authority for costs associated with the expansion and improvement of the Ports Authority's facilities, and certain capital expenditures included in the Authority's capital plan, (ii) to fund the debt service reserve fund, and (iii) to pay certain costs and expenses related to the issuance of the Series 2015 bonds. The bonds, issued at a premium of approximately $20,235,000, consist of term bonds maturing between July 1, 2026 and 2055. The bond premium is amortized using the effective interest method over the life of the bonds. Bond issuance costs were expensed in the period incurred.

In connection with the Series 2019A, 2019B, 2019C, 2019D, 2018 and 2015 outstanding revenue bonds, (1) the Ports Authority's net revenues (defined as the portion of revenues remaining after providing for the proper operation and maintenance of facilities) are pledged for payment of bond principal and interest, (2) a statutory lien on the Ports Authority's facilities exists and (3) for Series 2015 only, the Ports Authority is required to maintain Revenue Bond Debt Service Funds; Revenue Bond Debt Service Reserve Funds; an Operations and Maintenance Fund; a Construction Fund (until funds are exhausted) and a Capital Improvement Fund (for improvement of Ports Authority facilities); and a Depreciation Fund (for operating equipment). Management believes the Ports Authority is in compliance with these covenants as of June 30, 2023 and 2022.

Optional Redemption
The 2019D Bonds shall be subject to redemption prior to maturity, at the option of the Ports Authority, on and after July 1, 2029, in whole or in part at any time and in any order of maturity selected by the Ports Authority, at the principal amount of the Series 2019D Bonds to be redeemed, together with interest accrued thereon on the date fixed for redemption. The Series 2019 Bonds maturing on or after July 1, 2030, shall be subject to redemption prior to maturity, at the option of the Ports Authority, on and after July 1, 2029, in whole or in part, at any time in any order of maturity selected by the Ports Authority, at the principal amount of the 2019D Bonds to be redeemed, together with interest accrued thereon on the date fixed for redemption.

The Series 2018 and 2015 Bonds maturing on or after July 1, 2029 and 2026, respectively, shall be subject to redemption prior to maturity, at the option of the Ports Authority, on and after July 1, 2028 and 2025, respectively, in whole or in part, at any time in any order of maturity selected by the Ports Authority, at the principal amount of the Series 2018 and 2015 Bonds to be redeemed, together with interest accrued thereon to the date fixed for redemption.

Mandatory Sinking Fund Redemption
The Series 2019D and Series 2019C Bonds shall be subject to mandatory sinking fund redemption, by lot in such manner as the trustee shall deem fair and appropriate for random selection, prior to maturity, commencing July 1, 2035, and on each July 1 thereafter, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Series 2019A and Series 2019B Bonds shall be subject to mandatory sinking fund redemption, by lot in such manner as the trustee shall deem fair and appropriate for random selection, prior to maturity, commencing July 1, 2040, and on each July 1 thereafter, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Series 2018 Bonds shall be subject to mandatory sinking fund redemption, by lot in such manner as the trustee shall deem fair and appropriate for random selection, prior to maturity, commencing July 1, 2039, and on each July 1 thereafter, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium.

The Series 2015 Bonds shall be subject to mandatory sinking fund redemption, by lot in such manner as the trustee shall deem fair and appropriate for random selection, prior to maturity, commencing July 1, 2036, and on each July 1 thereafter, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, without premium.

Direct Borrowings
On December 22, 2021, the Ports Authority entered into an $88,865,270 lease purchase agreement with a bank to defray the costs of acquiring equipment to be utilized for the operation of the Authority's SMART Chassis Pool. The agreement bears interest at the rate of 2.21% with payments due semi-annually commencing on June 22, 2022 and ending December 22, 2036. As of June 30, 2023 and 2022, the Ports Authority had amounts outstanding under this agreement of $81,238,228 and $86,350,810, respectively.

On July 23, 2021, the Ports Authority entered into a loan and security agreement with a bank for $65,000,000. The loan was evidenced by certain promissory note in the same amount. Proceeds of the loan were used to defray the costs of acquiring equipment to be utilized in the Ports Authority's SMART Chassis Pool. The promissory note initially had a ten-year term that included a variable rate (LIBOR plus 125 basis points) interest only period for up to sixteen months whereby the Ports Authority could draw down the loan from time to time. On December 17, 2021, the Ports Authority executed and delivered a permanent promissory note under the Loan Agreement in the amount of $35,593,151. The permanent loan bears interest at the rate of 2.26% with payments due on the 30th day of each month commencing January 30, 2022 and ending July 30, 2031. There will be 114 equal payments of principal and interest with a final balloon payment. As of June 30, 2023 and 2022, the Ports Authority had amounts outstanding under this loan agreement of $32,547,817 and $34,589,469, respectively.

On July 9, 2021, the Ports Authority entered into a loan and security agreement with a bank for $55,000,000. The loan was evidenced by a promissory note in the same amount. Proceeds of the loan were used to defray the costs of acquiring equipment to be utilized in the Ports Authority's SMART Chassis Pool. The promissory note bears interest at a fixed rate of 2.40%, has a ten-year term, and is collateralized by the equipment. The loan was initially a closed-end line of credit whereby the Ports Authority could draw on the loan until July 1, 2023. On February 28, 2022, the Ports Authority entered into a First Amendment to this agreement. As amended, the Note bears interest at a fixed rate of 2.40% per annum with principal and interest payable on the first day of each month beginning March 1, 2022 and ending September 1, 2036. As of June 30, 2023 and 2022, the Ports Authority had amounts outstanding under this loan agreement of $50,304,397 and $53,564,203, respectively.

On January 26, 2021, the Ports Authority entered into a loan and security agreement with a bank for $21,255,357. The loan was evidenced by a Subordinate Lien Revenue Refunding Bond, Series 2021, in the same amount. Proceeds were used to refund the Ports Authority's $30,000,000 promissory note agreement which was entered into for the development and construction of the South Carolina Inland Port located in Greer, SC. Principal and interest are payable monthly at a rate of 2.70% per annum, beginning March 1, 2021 with payments made monthly thereafter until the loan matures on February 1, 2031. As of June 30, 2023 and 2022, the Ports Authority had amounts outstanding under this loan agreement of $20,112,145 and $20,597,709, respectively.

On April 17, 2020, the Ports Authority entered into a loan and security agreement with a bank for $82,932,577. The loan was evidenced by a Subordinate Lien Revenue Bond, Series 2020, in the same amount. Proceeds were used to refund the Ports Authority's $25,000,000 Subordinate Lien Revenue Bond, Series 2016, $20,000,000 Subordinate Lien Revenue Bond, Series 2019A and $40,000,000 Subordinate Lien Revenue Bond, Series 2019B which were issued to purchase material handling equipment for the Wando Welch Terminal with the purchased assets and a third lien on net revenues securing the loan. Principal and interest are payable semi-annually at a rate of 2.086% per annum, beginning September 15, 2020 with payments made semi-annually thereafter until the loan matures on March 15, 2035. As of June 30, 2023 and 2022, the Ports Authority had amounts outstanding under this loan agreement of $72,313,685 and $75,875,233, respectively.

Pursuant to a loan agreement dated as of April 30, 2019, the Ports Authority entered into a loan agreement with the South Carolina State Treasurer's Office for $50,000,000 in advance of the contribution by the United States government of the federal share of the cost of the Charleston Harbor deepening project (see Note 7). The loan is payable as to interest only until such time as either the debt is extinguished, or the principal amortization commences. The loan bears interest at a per annum rate equal to the average yield on the South Carolina State investment pool which is 1.82% and 1.48% as of June 30, 2023 and 2022, respectively. Upon receipt by the Ports Authority of the federal government's reimbursement of any moneys advanced by the Ports Authority for the federal share of the cost of the Charleston Harbor deepening project, the Ports Authority is required to apply such funds to any principal amount remaining on the loan on the date of reimbursement. If the Ports Authority makes no principal payments on the loan by January 1, 2025, the Ports Authority will pay, from available funds, based on no more than a 25-year amortization, the drawn principal balance. The loan is unsecured and expressly subordinate to all debt obligations of the Ports Authority.

On May 15, 2018, the Ports Authority entered into a loan and security agreement with a bank for $80,000,000. The loan was evidenced by a Subordinate Lien Revenue Bond, Series 2018, in the same amount. Proceeds were used to purchase material handling equipment for the Wando Welch Terminal with the purchased assets securing the loan. Interest is payable semi-annually at a rate of 3.341% per annum, beginning November 15, 2018. The first principal payment was due November 15, 2019, and payments are made annually thereafter until the loan matures on May 15, 2034. As of June 30, 2023 and 2022, the Ports Authority had amounts outstanding under this loan agreement of $67,938,515 and $71,105,367, respectively.

On March 21, 2017, the Ports Authority entered into a mortgage of real estate and security agreement with Marlboro Development Team, Inc., a South Carolina Corporation for $20,000,000. Proceeds were used for the development and construction of the South Carolina Inland Port located in Dillon, SC. Principal and interest are payable annually with interest at 2.7% per annum. The loan matures on March 21, 2037. As of June 30, 2023, and 2022, the Ports Authority had amounts outstanding under this loan agreement of $15,073,995 and $15,950,633, respectively.

On January 29, 2015, the Ports Authority entered into a promissory note agreement with a bank for $14,000,000. Interest was payable monthly for twelve months and then, semi-annually beginning July 29, 2016. The interest rate per annum is based on the 90-day published LIBOR plus .85%, with a floor of 1.25%. The first principal payment was due January 29, 2017. Principal payments are made annually in equal amounts with all outstanding principal and interest due on January 29, 2025. Proceeds from this note were used for the development and construction of a cold storage facility located in North Charleston, SC. On June 27, 2023, an Amendment was executed to replace 90-day published LIBOR with Adjusted Term SOFR as an alternative benchmark rate for purposes of the existing documents. The amendment modifies the interest rate per annum and is now based on the 90-day published SOFR plus .26% with a floor of 1.25%. As of June 30, 2023, and 2022, the Ports Authority had amounts outstanding under this loan agreement of $10,080,000 and $10,640,000, respectively.

The Ports Authority and the Army Corps of Engineers (Federal entity) entered into a cooperation agreement to deepen the Charleston Harbor to its present depth of 45 feet on June 5, 1998. The Ports Authority has paid a portion of the local share amount of $47,700,000, utilizing $31,700,000 from the State of South Carolina's funding sources provided for this project. The remaining portion of the local share is being paid over a period of 30 years and includes annual interest of 3%. As of June 30, 2023, and 2022, the remaining balance is approximately $3,511,514 and $3,638,363, respectively.

Maturities of long-term debt are summarized as follows:

	Revenue Bonds		Direct Borrowing Debt	
(in thousands of dollars)	**Principal**	**Interest**	**Principal**	**Interest**
2024	$ 11,275	$ 42,926	$ 19,652	$ 8,558
2025	11,840	42,349	79,080	8,030
2026	12,440	41,742	20,050	7,475
2027	13,150	41,102	20,545	6,977
2028	13,825	40,428	21,058	6,466
2029–2033	82,230	190,860	137,280	39,012
2034–2038	113,365	167,964	104,375	4,282
2039–2043	142,215	139,141	1,081	99
2044–2048	176,785	104,544	-	-
2049–2053	215,740	65,603	-	-
2054–2058	177,840	21,052	-	-
2059–2063	38,520	1,463	-	-
	$ 1,009,225	$ 899,174	$ 403,121	$ 80,899

The components of interest expense for the years ended June 30, are as follows:

(in thousands)	**2023**	**2022**
Interest expense on long-term debt	$ 53,295	$ 52,243
Interest expense on leases and SBITAs	168	25
Amortization of premiums on long-term debt	(2,617)	(2,579)
Amortization of deferred outflows for bond refunding	1,057	1,057
	$ 51,903	$ 50,746

7. Commitments

Construction

In addition to routine commitments for repairs and maintenance, the Ports Authority had commitments for construction of approximately $333,036,000 and $167,500,000 as well as commitments for non-construction property, plant, and equipment of approximately $12,746,000 and $4,850,000 at June 30, 2023 and 2022, respectively.

Harbor Deepening

On July 19, 2017, the Ports Authority executed a Project Partnership Agreement (PPA) with the Department of the Army to commence construction of the post-45 harbor deepening project for the Charleston Harbor. During fiscal year 2023, construction was completed, and activities have shifted to minor dike construction for the dredge disposal areas and post-construction monitoring as required as part of the project permit. As of June 30, 2023, the project cost to date is $562,844,000 and the remaining tasks are estimated to cost approximately $6,583,000 based on estimates provided by the US Army Corps of Engineers. Federal and local funding for the project totals $579,692,000 with $245,955,000 funded by the Federal Government and $333,737,000 funded by the State of South Carolina. The State appropriated $300,000,000 together with interest earned thereon, to cover costs associated with the deepening of the Charleston Harbor. In addition, the State advanced the proceeds of the $50,000,000 Proviso Loan to bridge the federal funding period (see Note 6). The Proviso Loan is expected to be paid back by federal funds when received and approved for reimbursement. The federal government has authorized $10,440,000 towards project reimbursement that is anticipated to be disbursed during fiscal year 2024.

Navy Base Intermodal Facility

On June 21, 2021, the South Carolina General Assembly ratified Appropriations Bill H.4100. As part of the bill, the South Carolina Ports Authority was appropriated $200,000,000 for cargo infrastructure related to the Navy Base Intermodal Facility (NBIF). On June 22, 2022, the General Assembly ratified Appropriations Bill H.5150. As part of the bill, the Ports Authority was appropriated an additional $350,000,000 for the NBIF and Container Barge Infrastructure. This revenue is deemed to have occurred and was available for use in fiscal year 2023 after September 1, 2022. Funds were utilized for construction of the NBIF and Container Barge Infrastructure.

On July 1, 2021, the Ports Authority entered into an intergovernmental agreement with the South Carolina Department of Commerce and its Division of Public Railways to cooperate on the construction and operation of the Navy Base Intermodal Facility on the former Charleston Naval Complex for the purpose of serving the Port of Charleston with near-dock, equal access to Norfolk Southern Railway Company and CSX Transportation, Inc. to meet future intermodal container transportation demand in the Charleston region. Under the terms of the agreement, the Ports Authority retains the obligation, authority and responsibility for the bidding, award, construction, and operation of the NBIF. The Ports Authority has expended $58,700,000 and $13,700,000 of the State appropriated funding as of June 30, 2023 and 2022, respectively.

Rail Overpass

In October 2002, as amended in February 2005, the Ports Authority, and the City of North Charleston (City) entered into a Memorandum of Understanding (MOU) related to certain issues concerning the development of the Leatherman Terminal, particularly the division of real estate on the Charleston Naval Complex. In the MOU, it is stated that the Ports Authority acknowledges that the City requires certain minimum infrastructure, including three rail overpasses, to be in place before the Ports Authority commences container operations, and provides for the Ports Authority and the City to approach the South Carolina General Assembly for the funding of the rail overpasses. To date, the South Carolina General Assembly has not acted on the Ports Authority's and City's request for funding, and, because of the absence of that funding source, the rail overpasses were not constructed as part of Phase 1 of the Leatherman Terminal.

On December 20, 2021, the Ports Authority and the City of North Charleston entered into a Settlement Agreement related to the 2002 MOU, as amended. The terms of the agreement call for the Ports Authority to pay the City of North Charleston $40,000,000 in equal payments of $10,000,000 each year for four years. The Ports Authority made a $10,000,000 payment in each fiscal year ending June 30, 2023 and 2022. The remaining $20,000,000 is included as liabilities in the Statement of Net Position.

Port of Georgetown

Also included in Appropriations Bill H.5150 which was ratified by the South Carolina General Assembly on June 22, 2022, is the authorization for the transfer of the Port of Georgetown to the County of Georgetown. The Bill calls for the Ports Authority to transfer the real property, including buildings, fixtures, and certain equipment to the County of Georgetown in "as-is" condition including, but not limited to, any appurtenances and the assumption of any leases through a quit-claim deed no later than June 30, 2023. Funds in the Georgetown Port Maintenance Dredging Fund totaling $3,350,000 were to be transferred to the Ports Authority in full consideration for such transfer. The transfer of the Port of Georgetown to the County of Georgetown closed during the fiscal year ending June 30, 2023. The Ports Authority recognized a gain of $1,049,000 in regards to the transfer.

8. Retirement Plans

The South Carolina Public Employee Benefit Authority (PEBA), created July 1, 2012, is the state agency responsible for the administration and management of the retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets. The commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Systems and additions to/deductions from the Systems fiduciary net position have been determined on the accrual basis of accounting as they are reported by the Systems in accordance with generally accepted accounting principles (GAAP). For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Benefit and refund expenses are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the annual comprehensive financial report of the state.

Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state-agencies, public school districts and participating charter schools, public higher education institutions, other participating local subdivisions of government and first-term individuals elected to the South Carolina General Assembly.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to SCRS to newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the South Carolina General Assembly. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

The South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1962, pursuant to the provisions of Section 9-11-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits to police officers and firefighters. PORS also covers peace officers, coroners, probate judges and magistrates.

In addition to the plans described above, PEBA also administers three single employer defined benefit pension plans, which are not covered in this report. They are the Retirement System for Members of the General Assembly of the State of South Carolina (GARS), the Retirement System for Judges and Solicitors of the State of South Carolina (JSRS), and the South Carolina National Guard Supplement Retirement Plan (SCNG).

Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. A brief summary of the requirements under each system is presented below.

- SCRS - Generally, all employees of covered employers are required to participate in and contribute to the system as a condition of employment. This plan covers general employees and teachers and first-term individuals elected to the South Carolina General Assembly. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

- State ORP - As an alternative to membership in SCRS, newly hired state, public higher education institution and public school district employees, as well as first-term individuals elected to the S.C. General Assembly have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

- PORS - To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in PORS. Magistrates are required to participate in PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms for each system is presented below.

- SCRS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 65 or with 28 years credited service regardless of age. A member may elect early retirement with reduced pension benefits payable at age 55 with 25 years of service credit. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension upon satisfying the Rule of 90 requirement that the total of the member's age and the member's creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the five or eight-year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

The annual retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase. Members who retire under the early retirement provisions at age 55 with 25 years of service are not eligible for the benefit adjustment until the second July 1 after reaching age 60 or the second July 1 after the date they would have had 28 years of service credit had they not retired.

- PORS - A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

  The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. The Retirement Funding and Administration Act of 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00% for SCRS and 9.75% for PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. The General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. In accordance with the legislative funding schedule, employer contribution rates will continue to increase by one percentage point each year until reaching 18.56 percent for SCRS and 21.24 percent for PORS but may be increased further, if the scheduled contributions are not sufficient to meet the funding periods set for the applicable year. The board shall increase the employer contribution rates as necessary to meet the amortization period set in the statute.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS were to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85 percent funded.

Required employee contribution rates are as follows:

	2023	2022
SCRS		
Employee class two	9.00%	9.00%
Employee class three	9.00%	9.00%
State ORP employee	9.00%	9.00%
PORS		
Employee class two	9.75%	9.75%
Employee class three	9.75%	9.75%

Required employer contribution rates are as follows:

	2023	2022
SCRS		
Employer class two	17.41%	16.41%
Employer class three	17.41%	16.41%
Employer incidental death benefit	0.15%	0.15%
State ORP		
Employer contribution	17.41%	16.41%
Employer incidental death benefit	0.15%	0.15%
PORS		
Employer class two	19.84%	18.84%
Employer class three	19.84%	18.84%
Employer incidental death benefit	0.20%	0.20%
Employer accidental death program	0.20%	0.20%

Actuarial Assumptions and Methods

Actuarial valuations of the ongoing plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019.

The June 30, 2022, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by our consulting actuary, Gabriel, Roeder, Smith and Company (GRS) and are based on an actuarial valuation performed as of July 1, 2021. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2022, using generally accepted actuarial principles. There was no legislation enacted during the 2022 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2022 and June 30, 2021.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions		
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11.0%	3.5% to 10.5%
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or $500	lesser of 1% or $500

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table (2020 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Assumptions used in the determination of the TPL as of June 30, 2022 and 2021 are as follows.

Former job class	**Males**	**Females**
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General employees and members of the general assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public safety and firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Net Pension Liability

The NPL is calculated separately for each system and represents that particular system's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of June 30, 2022 and 2021, for SCRS and PORS are presented below.

	2022			
(in thousands of dollars)	**Total Pension Liability**	**Plan Fiduciary Net Position**	**Employers' Net Pension Liability (Asset)**	**Plan Fiduciary Net Position as a Percentage of the Total Pension Liability**
SCRS	$ 56,454,780	$ 32,212,627	$ 24,242,153	57.1%
PORS	8,937,687	5,938,708	2,998,979	66.4%

(in thousands of dollars)	2021			
	Total Pension Liability	**Plan Fiduciary Net Position**	**Employers' Net Pension Liability (Asset)**	**Plan Fiduciary Net Position as a Percentage of the Total Pension Liability**
SCRS	$ 55,131,579	$ 33,490,306	$ 21,641,273	60.7%
PORS	8,684,586	6,111,672	2,572,914	70.4%

The TPL is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023 and 2022, the Ports Authority reported a liability of approximately $178,388,000 and $119,759,000, respectively, for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022 and 2021, respectively, and the total pension liability was determined by an actuarial valuation as of that date. The Ports Authority's proportion of the net pension liability was based on its share of contributions to the pension plans in fiscal years 2022 and 2021 relative to the contributions made by all participating employers. At June 30, 2023 and 2022, the Ports Authority's proportion was 0.7350 and 0.5523 percent, respectively, for the SCRS and 0.0066 and 0.0089 percent, respectively, for the PORS.

For the years ended June 30, 2023 and 2022, the Ports Authority recognized pension expense for SCRS of approximately $30,927,000 and $15,020,000, respectively. For the years ended June 30, 2023 and 2022, the Ports Authority recognized pension expense for PORS of approximately $18,000 and $22,000, respectively. At June 30, 2023 and 2022, the Ports Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(in thousands of dollars)	SCRS - 2023	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Difference between actual and expected experience	$ 1,548	$ (777)
Net difference between projected and actual earnings on pension plan investments	275	-
Changes in actuarial assumptions	5,715	-
Changes in proportionate share and differences between contributions and proportionate share of contributions	34,680	-
The Ports Authority's contributions subsequent to the measurement date	16,459	-
	$ 58,677	$ (777)

(in thousands of dollars)	PORS - 2023 Deferred Outflows of Resources	PORS - 2023 Deferred Inflows of Resources
Difference between actual and expected experience	$ 3	$ (4)
Net difference between projected and actual earnings on pension plan investments	1	-
Changes in actuarial assumptions	8	-
Changes in proportionate share and differences between contributions and proportionate share of contributions	-	(54)
The Ports Authority's contributions subsequent to the measurement date	18	-
	$ 30	$ (58)
Total SCRS and PORS	**$ 58,707**	**$ (835)**

(in thousands of dollars)	SCRS - 2022 Deferred Outflows of Resources	SCRS - 2022 Deferred Inflows of Resources
Difference between actual and expected experience	$ 2,036	$ (161)
Net difference between projected and actual earnings on pension plan investments	-	(17,363)
Changes in actuarial assumptions	6,543	-
Changes in proportionate share and differences between contributions and proportionate share of contributions	8,179	-
The Ports Authority's contributions subsequent to the measurement date	14,082	-
	$ 30,840	$ (17,524)

(in thousands of dollars)	PORS - 2022 Deferred Outflows of Resources	PORS - 2022 Deferred Inflows of Resources
Difference between actual and expected experience	$ 8	$ (1)
Net difference between projected and actual earnings on pension plan investments	-	(52)
Changes in actuarial assumptions	16	-
Changes in proportionate share and differences between contributions and proportionate share of contributions	-	(8)
The Ports Authority's contributions subsequent to the measurement date	19	-
	$ 43	$ (61)
Total SCRS and PORS	**$ 30,883**	**$ (17,585)**

Approximately $16,477,000 and $14,101,000 reported as deferred outflows of resources related to pensions resulting from the Ports Authority's contributions paid subsequent to the measurement date for the SCRS and PORS plans during the years ended June 30, 2023 and 2022, respectively, will be recognized as a reduction of the net pension liability during the years ended June 30, 2024 and 2023, respectively.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	SCRS	PORS
Year Ended June 30, 2023		
2023	$ 17,365	$ (16)
2024	14,990	(16)
2025	4,439	(22)
2026	4,647	8

	SCRS	PORS
Year Ended June 30, 2022		
2022	$ 4,075	$ (6)
2023	1,817	(5)
2024	(162)	(6)
2025	(6,496)	(20)

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rates of return represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2022 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation and is summarized in the table below. For actuarial purposes, the 7 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

	2023		
	Target asset allocation	Expected arithmetic real rate of return	Long term expected portfolio real rate of return
Allocation/Exposure			
Public Equity	46.0%	6.79%	3.12%
Bonds	26.0%	(0.35)%	(0.09)%
Private Equity	9.0%	8.75%	0.79%
Private Debt	7.0%	6.00%	0.42%
Real Assets	**12.0%**		
Real Estate	9.0%	4.12%	0.37%
Infrastructure	3.0%	5.88%	0.18%
Total expected return	100.0%		4.79%
Inflation for actuarial purposes			2.25%
			7.04%

	2022		
	Target asset allocation	Expected arithmetic real rate of return	Long term expected portfolio real rate of return
Allocation/Exposure			
Public Equity	46.0%	6.87%	3.16%
Bonds	26.0%	0.27%	0.07%
Private Equity	9.0%	9.68%	0.87%
Private Debt	7.0%	5.47%	0.39%
Real Assets	**12.0%**		
Real Estate	9.0%	6.01%	0.54%
Infrastructure	3.0%	5.08%	0.15%
Total expected return	100.0%		5.18%
Inflation for actuarial purposes			2.25%
			7.43%

Discount Rate

The discount rate used to measure the TPL was 7 percent. The projection of cash flows used to determine the discount rate assumed that the contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, the System's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Sensitivity Analysis

The following table presents the Ports Authority's proportionate share of the collective NPL of the participating employers calculated using the June 30, 2023 and 2022 discount rate of 7 percent, as well as what the Ports Authority's proportionate share of the NPL would be if it were calculated using a discount rate that is 1 percent lower (6 percent) or 1 percent higher (8 percent) than the current rate:

	2023		
(in thousands of dollars)	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Ports Authority's share of the net pension liability			
SCRS	$ 228,461	$ 178,190	$ 136,396
PORS	276	198	134

	2022		
(in thousands of dollars)	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Ports Authority's share of the net pension liability			
SCRS	$ 156,569	$ 119,529	$ 88,742
PORS	333	230	145

Additional Financial and Actuarial Information
Information contained in this note was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2022, and the accounting valuation report as of June 30, 2022. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

Deferred Compensation Plans
During the year ended June 30, 2012, the Ports Authority established a 401(a)-defined contribution plan and a 415(m)-government excess plan on behalf of certain executives at the Ports Authority, which is administered by USI Consulting Group. The Ports Authority makes payments into the plans each year of employment and the participants in the plans become fully vested at the end of a five-year period. Compensation expense is recognized for payments made to the plans. For the years ended June 30, 2023 and 2022, the Ports Authority recognized compensation expense of $1,678,792 and $2,703,504, respectively. At June 30, 2023 and 2022, the Ports Authority reported a liability of $5,302,822 and $4,036,525, respectively, for the plans, which are included in other non-current liabilities in the Statements of Net Position.

9. Other Post-Employment Benefits (OPEB)

The Ports Authority provides single employer, post-employment health care benefits including group healthcare, dental and vision to eligible employees who retire from the Ports Authority. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The Plan consists of hospital benefits, major medical benefits, a prescription drug program, dental and vision care program. The health care benefits cover medical and hospitalization costs for retirees and their dependents. If the retiree is eligible for Medicare, Ports Authority coverage is secondary.

The Ports Authority follows the eligibility rules set by PEBA, which are summarized below.

Retiree Insurance Eligibility and Funding for Employees Hired Before May 2, 2008:

- At any age, with 28 years of service credit (at least 10 years must be earned service), retiree and employer fund the premium.
- At age 60 and older, with at least 10 years of service credit (at least 10 years must be earned service), retiree and employer fund the premium.
- At age 60 and older, with at least 20 years (left employment before eligible to retire) of service credit (at least 20 years must be earned service), retiree and employer fund the premium; coverage begins when eligible for retirement.
- At age 55-60, with at least 25 years of service credit (at least 10 years must be earned service), retiree pays nonfunded premium until age 60 or when 28 years of service would have been earned. Afterward, retiree and employer fund the premium.
- At age 60 and older, with at least 5 years of service credit (at least 5 but fewer than 10 years must be earned service), retiree pays nonfunded premium.
- At any age if approved for disability, with at least 5 years of service credit (at least 4 but fewer than 10 years must be earned service), retiree and employer fund the premium.

Retiree Insurance Eligibility and Funding for Employees Hired After May 2, 2008:

- At any age, with 28 years of service credit (at least 25 years must be earned service), retiree and employer fund the premium.
- At age 60 and older or approved for disability, with at least 15 years of service credit (at least 15 years must be earned service), retiree pays retiree share plus 50% of employer share.
- At age 60 and older or approved for disability with at least 5 years of service credit (at least 5 years must be earned service), retiree pays nonfunded premium.

Eligibility requirements are subject to changes made by the South Carolina Public Employee Benefit Authority.

At June 30, 2023 and 2022, the following employees were covered by the benefit terms:

	2023	**2022**
Retirees and beneficiaries currently receiving benefit payments	289	282
Inactive employees entitled to but not yet receiving benefit payments	-	-
Active employees	925	726
Total	1,214	1,008

Total OPEB Liability

The Ports Authority's total OPEB liability of approximately $60,079,000 and $86,312,000 was measured as of June 30, 2022 and 2021, respectively (measurement dates), and was determined by an actuarial valuation as of June 30, 2022 and June 30, 2021, respectively with updated procedures used in the prior year to roll forward the total OPEB liability to June 30, 2021.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

	2023
Inflation	2.25%
Salary increases	3.0% to 9.5%, including inflation
Discount rate	3.69%
Healthcare cost trend rates	6.0% decreasing to an ultimate rate of 4.0% after 13 years
Participation rate	85% of eligible retirees for full subsidy, 60% of retirees for partially funded subsidy and 10% who are not eligible for any subsidy

	2022
Inflation	2.25%
Salary increases	3.0% to 9.5% for SCRS, including inflation
Discount rate	1.92%
Healthcare cost trend rates	6.0% decreasing to an ultimate rate of 4.0% after 15 years
Participation rate	85% of eligible retirees for full subsidy, 60% of retirees for partially funded subsidy and 10% who are not eligible for any subsidy

The discount rate was based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index." Mortality rates were based on the 2020 Public Retirees of South Carolina Mortality Table for Males or Females, as appropriate, with fully generational mortality projections from the year 2020 based on the ultimate rates in Scale MP-2019. The actuarial assumptions used in the June 30, 2022 valuation was based on the results of an actuarial experience study and measurement date of June 30, 2022. The assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study as of June 30, 2020, and a measurement date of June 30, 2021.

(in thousands of dollars)	**2023**	**2022**
Total OPEB obligation, beginning of year	$ 86,312	$ 78,454
Service cost	5,159	3,642
Interest on the total OPEB liability	1,686	1,941
Difference between expected and actual experience	(10,986)	41
Changes in assumptions or other inputs	(19,972)	4,298
Benefit payments	(2,120)	(2,064)
Net change in total OPEB liability	(26,233)	7,858
Total OPEB obligation, end of year	$ 60,079	$ 86,312

Changes of assumptions reflect a change in the discount rate from 1.92% as of June 30, 2021 to 3.69% as of June 30, 2022. In fiscal year 2022, changes of assumptions or other inputs reflect a change in the discount rate from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021.

Sensitivity Analysis

The following presents the total OPEB liability of the Ports Authority, as well as what the Ports Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.69 percent) or 1-percentage-point higher (4.69 percent) than the current discount rate:

	2023		
(in thousands of dollars)	**1% Decrease (2.69%)**	**Discount Rate (3.69%)**	**1% Increase (4.69%)**
Total OPEB liability	$ 70,352	$ 60,079	$ 51,851

	2022		
(in thousands of dollars)	**1% Decrease (0.92%)**	**Discount Rate (1.92%)**	**1% Increase (2.92%)**
Total OPEB liability	$ 103,270	$ 86,312	$ 72,961

The following presents the total OPEB liability of the Ports Authority, as well as what the Ports Authority's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5 percent decreasing to 3 percent) or 1-percentage point higher (7 percent decreasing to 5 percent) than the current healthcare cost trend rates:

	2023		
(in thousands of dollars)	**1% Decrease (5.00%) decreasing to (3.00%)**	**Healthcare Cost Trend Rates (6.00%) decreasing to (4.00%)**	**1% Increase (7.00%) decreasing to (5.00%)**
Total OPEB liability	$ 50,526	$ 60,079	$ 72,543

	2022		
(in thousands of dollars)	**1% Decrease (5.00%) decreasing to (3.00%)**	**Healthcare Cost Trend Rates (6.00%) decreasing to (4.00%)**	**1% Increase (7.00%) decreasing to (5.00%)**
Total OPEB liability	$ 69,779	$ 86,312	$ 108,605

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the years ended June 30, 2023 and 2022, the Ports Authority recognized OPEB expense of approximately $5,370,000 and $7,593,000, respectively. Approximately $2,056,000 and $2,120,000 reported as deferred outflows of resources related to OPEB resulting from the Ports Authority's contributions paid subsequent to the measurement date during the years ended June 30, 2023 and 2022, respectively, will be recognized as a reduction of the total OPEB liability during the years ended June 30, 2024 and 2023, respectively. The Ports Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	2023	
(in thousands of dollars)	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between actual and expected experience	$ 2,070	$ (9,749)
Changes in actuarial assumptions or other inputs	13,588	(18,951)
The Ports Authority's contributions subsequent to the measurement date	2,056	-
	$ 17,714	$ (28,700)

(in thousands of dollars)	2022 Deferred Outflows of Resources	2022 Deferred Inflows of Resources
Difference between actual and expected experience	$ 2,484	$ -
Changes in actuarial assumptions or other inputs	16,077	(2,119)
The Ports Authority's contributions subsequent to the measurement date	2,120	-
	$ 20,681	$ (2,119)

Amounts reported as deferred outflows of resources and deferred (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

(in thousands of dollars)	2023
Years Ended June 30:	
2024	$ (1,476)
2025	(834)
2026	(700)
2027	(859)
2028	(1,260)
Thereafter	(7,913)

(in thousands of dollars)	2022
Years Ended June 30:	
2023	$ 2,010
2024	2,010
2025	2,652
2026	2,785
2027	2,627
Thereafter	4,358

10. Other Matters

Cruise

During fiscal year 2022, the Ports Authority determined it beneficial to transition away from home port cruises at the end of calendar year 2024 and transition to a port-of-call cruise operation. With this transition, the need for a newly constructed passenger terminal was eliminated. All costs incurred to date of approximately $8,900,000 for the planning, engineering, and design of the new passenger terminal were included in operating expenses in the Statements of Revenues, Expenses, and Changes in Net Position and written off during fiscal year 2022.

Cooper River Bridge

After contributing $21,000,000 before fiscal year 2004, the Ports Authority agreed to pay $1,000,000 per year beginning in fiscal year 2004 for a total of $45,000,000 for the construction of the new Cooper River Bridge. These payments to the State of South Carolina have been treated as nonoperating expenses, and therefore, have reduced the Ports Authority’s net position.

Payments to the State of South Carolina for the Cooper River Bridge totaled $1,000,000 in each of the fiscal years ending June 30, 2023 and 2022.

Jasper County

The Ports Authority entered into a joint government organizational agreement with the State of Georgia for the formation of a bi-state facility to be operated jointly between the Ports Authority and the State of Georgia. The legal and operational structure of the potential bi-state facility is not known at this time. The Ports Authority contributed $7,000 and $249,000 in cash to the joint organization in fiscal years ended June 30, 2023 and 2022, respectively. Amounts contributed in fiscal years 2023 and 2022 by the Ports Authority were sourced from capital project funds provided by the State of South Carolina. The cash contribution has been used by the joint organization to support the initial planning associated with a bi-state facility. Total expenses recognized by the Ports Authority related to initial planning costs were approximately $34,000 and $55,000 for the years ended June 30, 2023 and 2022, respectively, and are included in “Other income, net” in the accompanying Statements of Revenues, Expenses and Changes in Net Position.

During fiscal year 2022, the Ports Authority entered into an agreement with Jasper County to effectively convey its one-half interest in the Joint Venture to develop the Jasper Ocean Terminal. Transfer of this interest requires approval from the Ports Authority’s Board of Directors, Jasper County Council, and the Board of Directors of the Georgia Ports Authority. The Board of Directors of the South Carolina Ports Authority and the members of Jasper County Council have approved this conveyance and it currently rests with the Board of Directors of the Georgia Ports Authority. The original deadline of January 31, 2022 has passed; however, both sides have agreed to continue talks to see if an agreement can be reached on the transfer. However, as of June 30, 2023, the interest in the Joint Venture remains with the South Carolina Ports Authority.

Federal Grant Agreements

The Ports Authority has been awarded grants from the Department of Homeland Security, United States Environmental Protection Agency, and the Department of Transportation, Maritime Administration (DOT) (as an agent of the Transportation Security Administration). As of June 30, 2023 and 2022, the Ports Authority has expended approximately $3,754,000 and $3,855,000, respectively, related to these grant agreements.

Land Swap

In February 2021, the Ports Authority entered into an agreement with The United States of America, acting by and through the United States Coast Guard for the exchange of parcels of property on the old Charleston Navy Base in North Charleston, South Carolina. As a result of the agreement, the Ports Authority acquired approximately 90 acres of property with an estimated fair value of $17,300,000 and received $4,540,000 cash, in exchange for approximately 76 acres with an estimated fair value of $21,840,000. As a result of the transaction, the Ports Authority recognized a loss of approximately $2,000,000 in fiscal year 2022. Additionally, the Ports Authority granted two easements on the acquired property for an additional $1,638,000 in cash. Revenue for the two easements is earned over the term of the easement agreement with the outstanding balance reflected in other liabilities on the Statements of Net Position at June 30, 2023 and 2022.

Sale of Certain Properties

2009 Act No. 73 required that the Daniel Island and Thomas (St. Thomas) Island properties be subject to a contract of sale by December 31, 2012, such sale to be completed by December 31, 2013, barring which such properties are also to be transferred to the State Department of Administration as a fiduciary to the Ports Authority and its bondholders. The requirements to sell the property have been extended to June 30, 2023. If the Ports Authority has not completed the sale of its remaining real property on Daniel Island and Thomas (St. Thomas) Island, except for the dredge disposal cells that are needed in connection with the construction of the Leatherman Terminal on the Charleston Naval Complex and for harbor deepening and for channel and berth maintenance, by June 30, 2023, the Ports Authority must transfer the property to the State Department of Administration as fiduciary to the Ports Authority and its bondholders. The Ports Authority shall sell the real property under terms and conditions it considers most advantageous to the Ports Authority and the State of South Carolina, and the price must be equal to or greater than at least one of two required independent appraisals. As of June 30, 2023, the property is under contract for sale with closing scheduled for the fall of 2023.

South Carolina Maritime Chassis Pool

On January 7, 2022, the Ports Authority executed a First Amendment to the Chassis Purchase Agreement dated July 12, 2021, for the purchase of an additional 5,700 chassis to utilize in the SMART Pool. A second amendment was executed on August 5, 2022, to revise the number of ordered chassis to 5,697 and for the Authority to provide additional funding for shipping costs related to the order. In October 2022, Pitts Enterprises, the chassis manufacturer, was formally notified by Customs & Border Protection (CBP) that it had begun a formal Enforce and Protection Act (EAPA) investigation and imposed interim measures due to accusations of duty evasion. At the time the interim measures were imposed, the Ports Authority had 2,310 chassis en route from Vietnam. Upon their arrival in Charleston, CBP placed the chassis in their custody while conducting the investigation. In May 2023, CBP determined that there was substantial evidence to support that Pitts Enterprises entered covered merchandise for consumption in the United States through duty evasion.

With this determination, the Ports Authority is currently working with Pitts Enterprises to find a viable resolution to replace the 2,310 chassis currently being held by CBP. As of June 30, 2023, the Ports Authority has paid $41,123,000 under the terms of the contract.

11. Litigation

In the ordinary course of business, the Ports Authority becomes involved in litigation, claims and administrative proceedings. Certain litigation, claims and proceedings were pending at June 30, 2023, and management intends to vigorously defend the Ports Authority in such matters. While the ultimate results cannot be predicted with certainty, management does not expect these matters to have a material adverse effect on the financial position of the Ports Authority.

In January 2013, the Ports Authority intervened in a federal case brought by preservation and environmental groups against the United States Army Corps of Engineers (Corps), to challenge issuance of authority for the Ports Authority to drive pilings under a building on Union Pier Terminal in renovating the building to accommodate passenger vessels. On September 19, 2013, the federal district court remanded the permit to the Corps for further review and action. The permit application is under review by the Corps on remand. The Ports Authority intends to continue pursuing the federal permit and to continue any legal actions necessary to perfect the final permit.

In February 2013, the same cruise terminal opponents and others filed an administrative action challenging the State permit issued for the piling work at Union Pier. The South Carolina Administrative Law Court granted summary judgment in favor of the Ports Authority and dismissed the challenge on April 21, 2014. The case was appealed, and arguments heard on February 15, 2017, by the South Carolina Court of Appeals. On October 18, 2017, the Court of Appeals issued a unanimous opinion affirming the South Carolina Administrative Law Court. This was appealed to the South Carolina Supreme Court, and the Supreme Court accepted a petition for certiorari on August 21, 2018. An opinion was issued on February 19, 2020, by the Supreme Court reversing the prior decision and remanded the case back to the Administrative Law Court for a merits hearing. That case has been stayed. In May 2022, the Ports Authority submitted notice to DHEC advising it that the Authority was withdrawing its permit application that was subject to the contested case proceeding. As a result of the notice, both parties jointly moved that the Court restore the case to the active docket and further stipulate to the dismissal of this contested case. In June 2022, the Court dismissed the case.

On March 17, 2021, the State of South Carolina and the Ports Authority filed unfair labor practice charges against the United States Maritime Alliance, Ltd. (USMX), the International Longshoreman's Association, AFL-CIO, CLC and the International Longshoreman's Association, AFL-CIO, CLC, Local 1422 (together, the ILA) with the National Labor Relations Board (NLRB) for entering into and maintaining an unlawful hot-cargo agreement as contained in Article VII, Section 7 of the USMX-ILA collective-bargaining agreement (Master Agreement) at the Hugh K. Leatherman Terminal (HLT). The NLRB issued a complaint against Respondents (USMX and the ILA). Following issuance of the complaint, in April 2021, the ILA filed a lawsuit in the New Jersey Superior Court (the Lawsuit) against two USMX member-carriers seeking to effectuate the unlawful provision in the Master Agreement. In doing so, the ILA not only reaffirmed the unlawful nature of Article VII, Section 7 of the Master Agreement, it asserted additional unlawful interpretations of the Master Contract. The State of South Carolina and Ports Authority (joined by USMX) filed additional charges against the ILA for these additional unlawful interpretations, and the NLRB issued a second complaint against the ILA. A hearing was held before an Administrative Law Judge on June 9th and 10th, 2021. The Administrative Law Judge ruled in favor of the Ports Authority. The ILA appealed to the full NLRB board and the Ports Authority cross-appealed. On December 16, 2022, the three-member NLRB Board reversed the Administrative Law Judge's decision and ruled against the Ports Authority in a 2-1 decision. The Ports Authority appealed to the United States Court of Appeals for the Fourth Circuit on January 17, 2023. Oral argument was held before a three-judge panel of that Court on June 26, 2023, and on July 28, 2023, the panel ruled against the Ports Authority and affirmed the NLRB Board's decision in a 2-1 decision. The Ports Authority intends to continue to pursue legal recourse in this matter.

The Ports Authority intends to aggressively protect its interests with regard to the ILA. The effect of this labor dispute on the financial position of the Ports Authority related to operations at HLT cannot be determined at this time.

Required Supplemental Information

SOUTH CAROLINA STATE PORTS AUTHORITY
SCHEDULE OF THE PORTS AUTHORITY'S TOTAL OPEB LIABILITY
FOR THE FISCAL YEARS ENDED JUNE 30, 2023 AND 2022

(in thousands of dollars)	**2023**	**2022**
Total OPEB liability		
Service cost	$ 5,159	$ 3,642
Interest on the total OPEB liability	1,686	1,941
Difference between expected and actual experience	(10,986)	41
Changes in assumptions or other inputs	(19,972)	4,298
Benefit payments	(2,120)	(2,064)
Net change in total OPEB liability	(26,233)	7,858
Total OPEB liability - beginning	86,312	78,454
Total OPEB liability - ending	$ 60,079	$ 86,312
Covered employee payroll	$ 79,294	$ 56,476
Total OPEB liability as a percentage of covered employee payroll	75.77%	152.83%

Changes of assumptions: Changes of assumptions or other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used each period:

Measurement date, June 30, 2022	3.69 %
Measurement date, June 30, 2021	1.92 %
Measurement date, June 30, 2020	2.45 %
Measurement date, June 30, 2019	3.13 %
Measurement date, June 30, 2018	3.62 %
Measurement date, June 30, 2017	3.56 %

*There are no assets accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the pension/OPEB plan.

SOUTH CAROLINA STATE PORTS AUTHORITY
SCHEDULE OF THE PORTS AUTHORITY'S OPEB CONTRIBUTIONS
FOR EACH FISCAL YEAR ENDED JUNE 30,

(in thousands of dollars)	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 2,056	$ 2,120	$ 2,065	$ 1,971	$ 1,944	$ 1,857
Contributions in relation to the actuarially determined contribution	2.056	2,120	2,065	1,971	1,944	1,857
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Ports Authority's covered-employee payroll**	$ 79,294	$ 56,476	$ 53,575	$ 51,042	$ 46,051	$ 42,582
Contributions as a percentage of covered-employee payroll**	2.59%	3.75%	3.85%	3.86%	4.22%	4.36%

**This schedule is intended to present information for 10 years. Years for which information is available will be presented here until a full 10-year trend is compiled.*
***Covered-employee payroll is the payroll of employees that are provided with OPEB through the OPEB plan. Contributions to the OPEB plan are not based on a measure of pay.*

SOUTH CAROLINA STATE PORTS AUTHORITY
SCHEDULE OF THE PORTS AUTHORITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR EACH FISCAL YEAR ENDED JUNE 30,

(in thousands of dollars)	2023	2022	2021	2020	SCRS 2019	2018	2017	2016	2015
Ports Authority's proportion of the net pension liability	0.73504%	0.55232%	0.52767%	0.51704%	0.46930%	0.43470%	0.40660%	0.39170%	0.37560%
Ports Authority's proportionate share of the net pension liability	$178,190	$119,529	$134,830	$118,061	$105,416	$ 98,315	$ 79,430	$ 74,141	$ 64,669
Ports Authority's covered payroll for the measurement period	$79,189	$ 56,342	$ 53,438	$ 50,906	$ 45,922	$ 42,391	$ 38,198	$ 30,855	$ 29,304
Ports Authority's proportionate share of the net pension liability as a percentage of its covered payroll	225.02%	212.15%	252.31%	231.92%	229.55%	231.92%	207.94%	240.29%	220.68%
Plan fiduciary net position as a percentage of the total pension liability	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%	56.99%	59.92%

	2023	2022	2021	2020	PORS 2019	2018	2017	2016	2015
Ports Authority's proportion of the net pension liability	0.0066%	0.0089%	0.0091%	0.0094%	0.0093%	0.0096%	0.0093%	0.0071%	0.0079%
Ports Authority's proportionate share of the net pension liability	$ 198	$ 230	$ 301	$ 268	$ 265	$ 264	$ 235	$ 155	$ 152
Ports Authority's covered payroll for the measurement period	$ 105	$ 134	$ 137	$ 136	$ 129	$ 130	$ 118	$ 95	$ 85
Ports Authority's proportionate share of the net pension liability as a percentage of its covered payroll	188.57%	171.64%	219.71%	197.06%	205.43%	203.08%	199.15%	163.16%	178.82%
Plan fiduciary net position as a percentage of the total pension liability	66.45%	70.37%	58.79%	62.69%	61.70%	60.94%	60.44%	64.57%	67.55%

**This schedule is intended to present information for 10 years. Years for which information is available will be presented here until a full 10-year trend is compiled.*

SOUTH CAROLINA STATE PORTS AUTHORITY
SCHEDULE OF THE PORTS AUTHORITY'S PENSION CONTRIBUTIONS
FOR EACH FISCAL YEAR ENDED JUNE 30,

SCRS

(in thousands of dollars)	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 16,459	$ 14,082	$ 9,303	$ 9,159	$ 7,950	$ 6,183	$ 5,102	$ 4,355	$ 3,615
Contributions in relation to the contractually required contribution	16,459	14,082	9,303	9,159	7,950	6,183	5,102	4,355	3,615
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ports Authority's covered payroll	$ 85,865	$ 79,189	$ 56,342	$ 53,438	$ 50,906	$ 45,922	$ 42,391	$ 38,198	$ 30,855
Contributions as a percentage of covered payroll	19.17%	17.78%	16.51%	17.14%	15.62%	13.46%	12.04%	11.40%	11.72%

PORS

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 18	$ 19	$ 26	$ 25	$ 23	$ 18	$ 16	$ 12	$ 12
Contributions in relation to the contractually required contribution	18	19	26	25	23	18	16	12	12
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ports Authority's covered payroll	$ 89	$ 105	$ 134	$ 137	$ 136	$ 129	$ 130	$ 118	$ 95
Contributions as a percentage of covered payroll	20.22%	18.10%	19.40%	18.25%	16.91%	13.95%	12.31%	10.17%	12.63%

**This schedule is intended to present information for 10 years. Years for which information is available will be presented here until a full 10-year trend is compiled.*

STATISTICAL SECTION

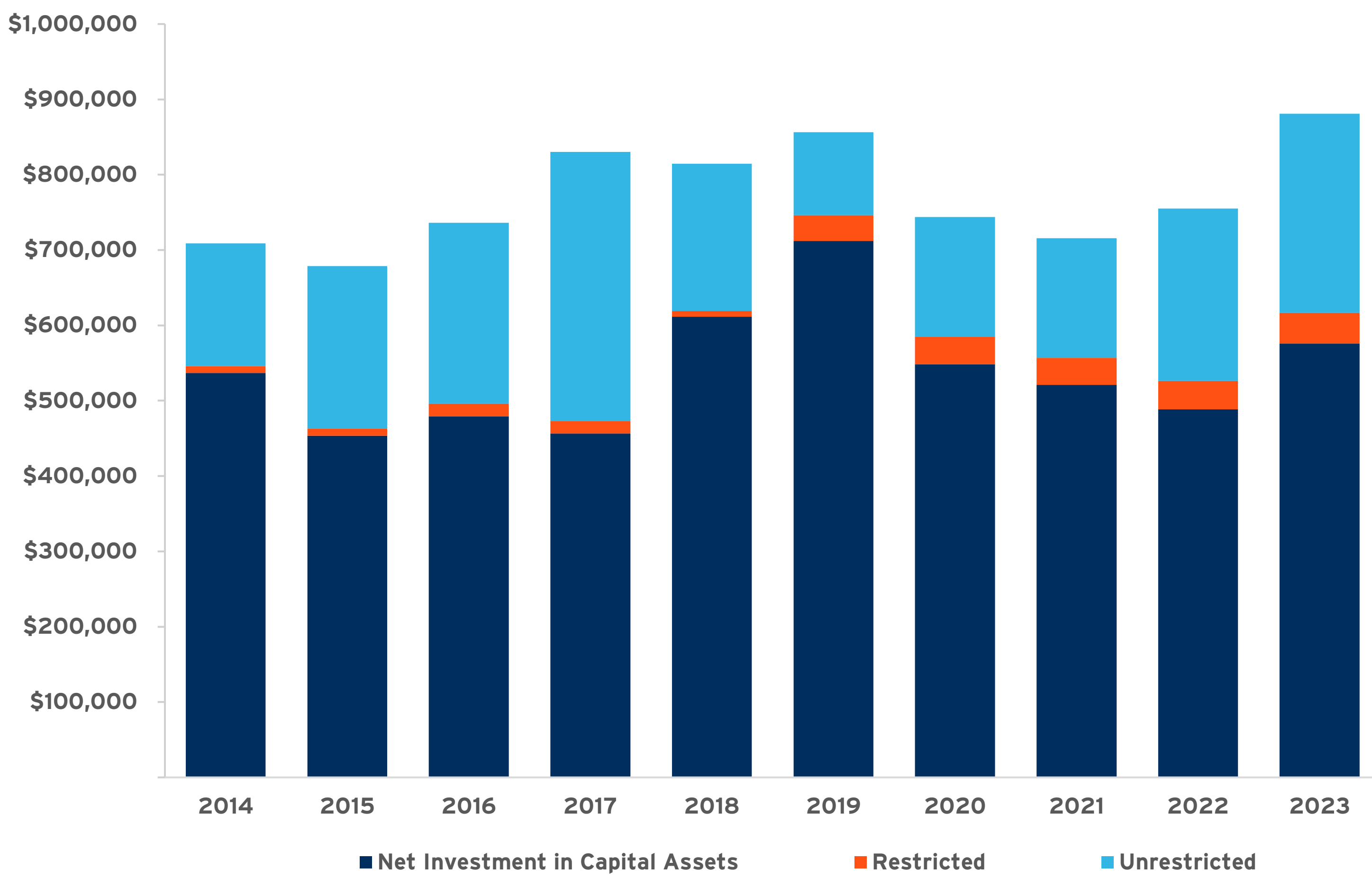
(IN THOUSANDS)

Assets	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Current assets (1)	$194,623	$313,883	$501,311	$471,906	$610,497	$586,714	$705,959	$483,905	$577,557	$585,320
Investments, restricted (2)	-	-	-	-	-	-	-	4,151	4,036	5,303
Held by trustee for debt service	15,733	15,827	36,196	36,241	20,007	34,160	31,518	31,623	33,759	35,806
Capital assets, net	737,770	751,871	846,551	1,016,564	1,201,467	1,388,022	1,599,623	1,785,667	1,907,742	2,021,346
Other assets	2,417	2,383	561	1,165	1,254	1,334	1,553	8,837	10,003	16,353
Total assets	950,543	1,083,964	1,384,619	1,525,876	1,833,225	2,010,230	2,338,653	2,314,183	2,533,097	2,664,128
Deferred outflows of resources (3)	-	6,003	10,602	11,943	25,783	27,202	60,007	74,615	76,216	100,016
Total assets and deferred outflows of resources	**$950,543**	**$1,089,967**	**$1,395,221**	**$1,537,819**	**$1,859,008**	**$2,037,432**	**$2,398,660**	**$2,388,798**	**$2,609,313**	**$2,764,144**
Liabilities										
Current liabilities	$43,494	$40,606	$64,721	$68,716	$49,485	$81,042	$112,466	$94,768	$94,498	$122,440
Post-employment benefit obligation, long-term	7,230	8,699	10,112	13,279	52,907	54,530	60,817	78,454	86,312	60,079
Net pension liability	-	64,821	74,296	79,665	98,579	105,681	118,329	135,131	119,759	178,388
Harbor deepening obligation, long term (4)	-	4,326	4,219	4,110	3,997	3,881	3,762	3,638	-	-
Long-term debt, net of current maturities	190,920	287,247	505,405	541,842	834,851	930,377	1,354,567	1,337,493	1,484,887	1,451,343
Other non-current liabilities (5)	-	-	-	-	-	-	-	8,675	37,120	22,225
Total liabilities	241,644	405,699	658,753	707,612	1,039,819	1,175,511	1,649,941	1,658,159	1,822,576	1,834,475
Deferred inflows of resources	-	5,470	144	119	4,777	5,420	4,757	14,997	31,648	48,855
Net position	708,899	678,798	736,324	830,088	814,412	856,501	743,962	715,642	755,089	880,814
Total liabilities, deferred inflows and net position	**$950,543**	**$1,089,967**	**$1,395,221**	**$1,537,819**	**$1,859,008**	**$2,037,432**	**$2,398,660**	**$2,388,798**	**$2,609,313**	**$2,764,144**

(1) Includes Internally Designated Assets for Construction.
(2) Investments, restricted classified as noncurrent assets as of fiscal year 2021 Audited Financial Statements.
(3) Goodwill included in Deferred Outflows of Resources as of fiscal year 2018 Audited Financial Statements.
(4) Harbor deepening obligation, long-term included in long-term debt as of fiscal year 2022 Audited Financial Statements.
(5) Liabilities reclassified as non-current liabilities as of fiscal year 2021 Audited Financial Statements.

(IN THOUSANDS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net Investment in Capital Assets	$536,757	$453,477	$479,309	$456,215	$611,645	$712,008	$548,444	$521,168	$488,591	$ 575,583
Restricted for Debt Service, Net of Debt	9,100	9,194	16,672	16,805	7,344	34,161	36,173	35,774	37,795	41,109
Unrestricted	163,042	216,127	240,343	357,068	195,423	110,332	159,345	158,700	228,703	264,122
Total Net Position	**$708,899**	**$678,798**	**$736,324**	**$830,088**	**$814,412**	**$856,501**	**$743,962**	**$715,642**	**$755,089**	**$ 880,814**



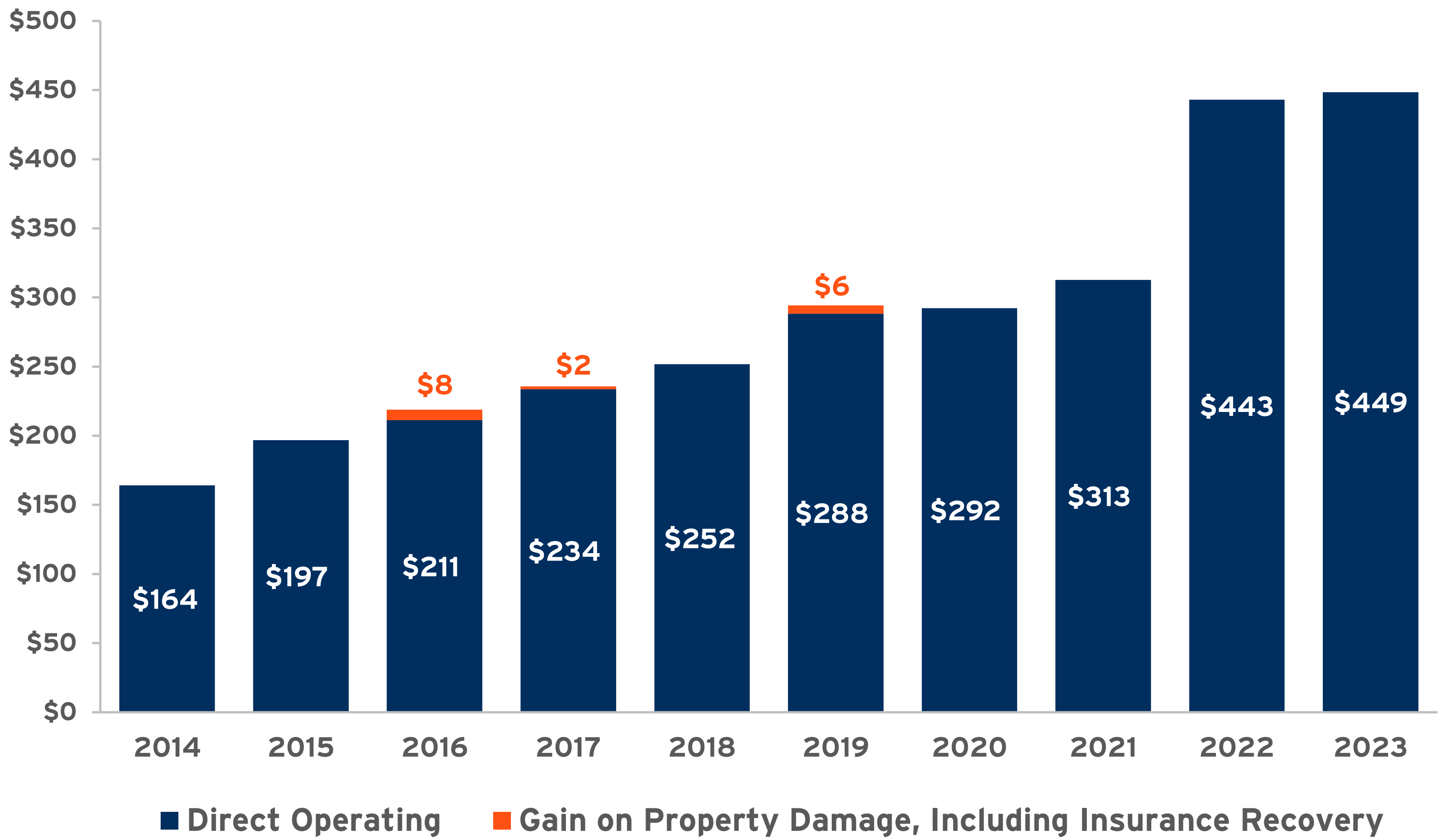
HISTORICAL REVENUES, EXPENSES CHANGES IN NET POSITION

(IN THOUSANDS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenues										
Direct Operating Revenues	$ 164,143	$ 196,759	$ 211,166	$ 233,648	$ 251,820	$ 288,326	$ 292,256	$ 312,772	$ 443,102	$ 448,508
Gain on Property Damage, Including Insurance Recovery [1]	350	121	7,618	2,141	193	6,000	-	-	-	-
Total Operating Revenues	**164,493**	**196,880**	**218,784**	**235,789**	**252,013**	**294,326**	**292,256**	**312,772**	**443,102**	**448,508**
Operating Expenses										
Direct Operating Expenses	91,622	106,100	117,476	123,876	137,861	162,364	167,412	162,220	223,818	254,640
Administrative Expenses	26,163	26,313	28,920	36,704	36,863	42,166	42,370	52,556	44,451	59,899
Depreciation Expense	32,415	33,753	33,687	37,233	41,523	47,553	55,059	60,954	76,281	83,436
Total Operating Expenses	150,200	166,166	180,083	197,813	216,247	252,083	264,841	275,730	344,550	397,975
Operating Income	**14,293**	**30,714**	**38,701**	**37,976**	**35,766**	**42,243**	**27,415**	**37,042**	**98,552**	**50,533**
Non-Operating Revenues (Expenses)										
Interest Income	2,163	2,520	5,452	5,717	5,230	11,088	11,943	8,858	5,968	13,125
Other (Expense) Income, Net [2]	(382)	(6,135)	(2,330)	(1,386)	(9,589)	22,875	(6,485)	274	2,043	2,364
Gain (Loss) on Sale of Property and Equipment, Net	(54)	2,650	(951)	37,063	8,832	(4,253)	(5,391)	(3,786)	(3,406)	3,593
Interest Expense [3]	(849)	(3,163)	(2,043)	(1,418)	(1,580)	(8,679)	(45,411)	(49,196)	(50,721)	(51,903)
Interest Expense on Financing Lease	-	-	-	-	-	-	-	(37)	(25)	-
Unrealized Gain (Loss) on Interest Rate Exchange Agreements	436	896	(111)	196	337	250	-	-	-	-
Unrealized Gain (Loss) on Investments, Net [2]	-	-	-	-	-	-	28,183	(21,752)	(22,563)	722
Contribution to State of SC - Cooper River Bridge	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Contribution to Department of Transportation for Infrastructure Improvement	-	-	-	-	(12,600)	(23,000)	(100,000)	-	(7,500)	-
Contribution to CSX for Infrastructure Improvements	-	-	-	-	(709)	-	-	-	-	-
Contribution to Army Corps of Engineers for Harbor Deepening	-	-	-	-	(299,043)	(3,933)	(33,294)	-	-	-
Contribution from Army Corps of Engineers for Harbor Deepening	-	-	-	-	275	-	-	-	-	-
Contribution from State of SC for Harbor Deepening	-	-	6,185	137	299,043	3,894	6,037	10	-	-
Other Contributions Related to Harbor Deepening	-	-	-	-	-	-	-	(4)	-	-
Contribution to Aiken County - Infrastructure Improvements	(1,315)	(74)	-	-	-	-	-	-	-	-
Contribution to Sumter County - Infrastructure Improvements	(2,886)	(425)	(1,383)	-	-	-	-	-	-	-
Contribution to Georgetown County - Steel Mill Study	-	-	-	(15)	-	-	-	-	-	-
Contribution to Cherokee County - Economic Improvements	-	-	-	(500)	-	-	-	-	-	-
Contribution to Spartanburg County - Infrastructure Improvements	-	-	-	-	-	-	-	(250)	-	-
Contribution to Department of Commerce - Infrastructure Improvements	-	-	-	-	-	-	-	(500)	-	-
Contribution to Georgetown County - Infrastructure Improvements	-	-	-	-	-	-	-	-	-	(1,000)
Contribution to Port Royal Sound Foundation	-	-	-	-	-	-	-	-	-	(100)
Contribution from the State of SC - Navy Base Intermodal Facility	-	-	-	-	-	-	-	-	13,667	45,048
Contribution from the State of SC for Georgetown	-	-	-	-	-	-	-	-	-	1,000
Contribution from the State of SC for Port Royal Sound Foundation	-	-	-	-	-	-	-	-	-	100
Contribution from Spartanburg County - Infrastructure Improvements	-	-	-	-	-	-	-	-	-	250
Contribution from SC Coordinating Council for Economic Development	-	-	-	-	-	-	-	-	-	750
Contribution from the State of SC - Jasper Ocean Terminal	-	1,050	1,000	1,875	275	600	5,300	400	242	7
Contribution from the State of SC - Land Trust	-	5,000	-	-	-	-	-	-	-	-
Total Non Operating Revenues (Expenses)	(3,887)	1,319	4,819	40,669	(10,529)	(2,158)	(140,118)	(66,983)	(63,295)	12,956
Excess Revenues over/(under) Expenses (Before Capital Contributions, Grants, and Special Items)	**10,406**	**32,033**	**43,520**	**78,645**	**25,237**	**40,085**	**(112,703)**	**(29,941)**	**35,257**	**63,489**
Contribution (other) for Harbor Deepening	-	-	(6,185)	-	-	-	-	-	-	-
Grant from the SC Department of Public Safety	-	-	-	34	-	-	-	-	-	-
Capital Grants from Federal Government	143	361	5,156	5,681	762	2,004	164	1,490	3,855	3,754
Contribution from Spartanburg County for BMW Land/Facility	-	281	15,035	7,095	-	-	-	-	-	-
Contribution of Land from Dillon County for Inland Port	-	-	-	2,309	-	-	-	-	-	-
Contribution from Norfolk Southern Railway Company	1,103	1,134	-	-	-	-	-	-	-	-
Contribution of Property from the State of SC - Navy Base Intermodal Facility	-	-	-	-	-	-	-	-	-	41,103
Contribution from Department of Commerce - BMW Expansion										17,379
Increase (Decrease) in Net Position	**$ 11,652**	**$ 33,809**	**$ 57,526**	**$ 93,764**	**$ 25,999**	**$ 42,089**	**$(112,539)**	**$ (28,451)**	**$ 39,112**	**$ 125,725**
Total Net Position										
Beginning of Year	705,178	708,899	678,798	736,324	830,088	814,412	856,501	743,962	715,642	755,089
Adoption of GASB 68	-	(63,910)	-	-	-	-	-	-	-	-
Adoption of GASB 75	-	-	-	-	(41,675)	-	-	-	-	-
Adoption of GASB 87	-	-	-	-	-	-	-	131	-	-
Adoption of GASB 96	-	-	-	-	-	-	-	-	335	-
Harbor Deepening Restatement	(7,931)	-	-	-	-	-	-	-	-	-
End of Year	**$708,899**	**$ 678,798**	**$ 736,324**	**$ 830,088**	**$ 814,412**	**$ 856,501**	**$743,962**	**$ 715,642**	**$ 755,089**	**$ 880,814**

(1) As of fiscal year 2018 Audited Financial Statements included in Operating Revenues.
(2) As of fiscal year 2020 Audited Financial Statements Unrealized Gain on Investments, Net separated out from Other (Expense) Income, Net.
(3) As of fiscal year 2020 Audited Financial Statements Interest Expense is no longer capitalized per the adoption of GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*.

(IN MILLIONS)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2018
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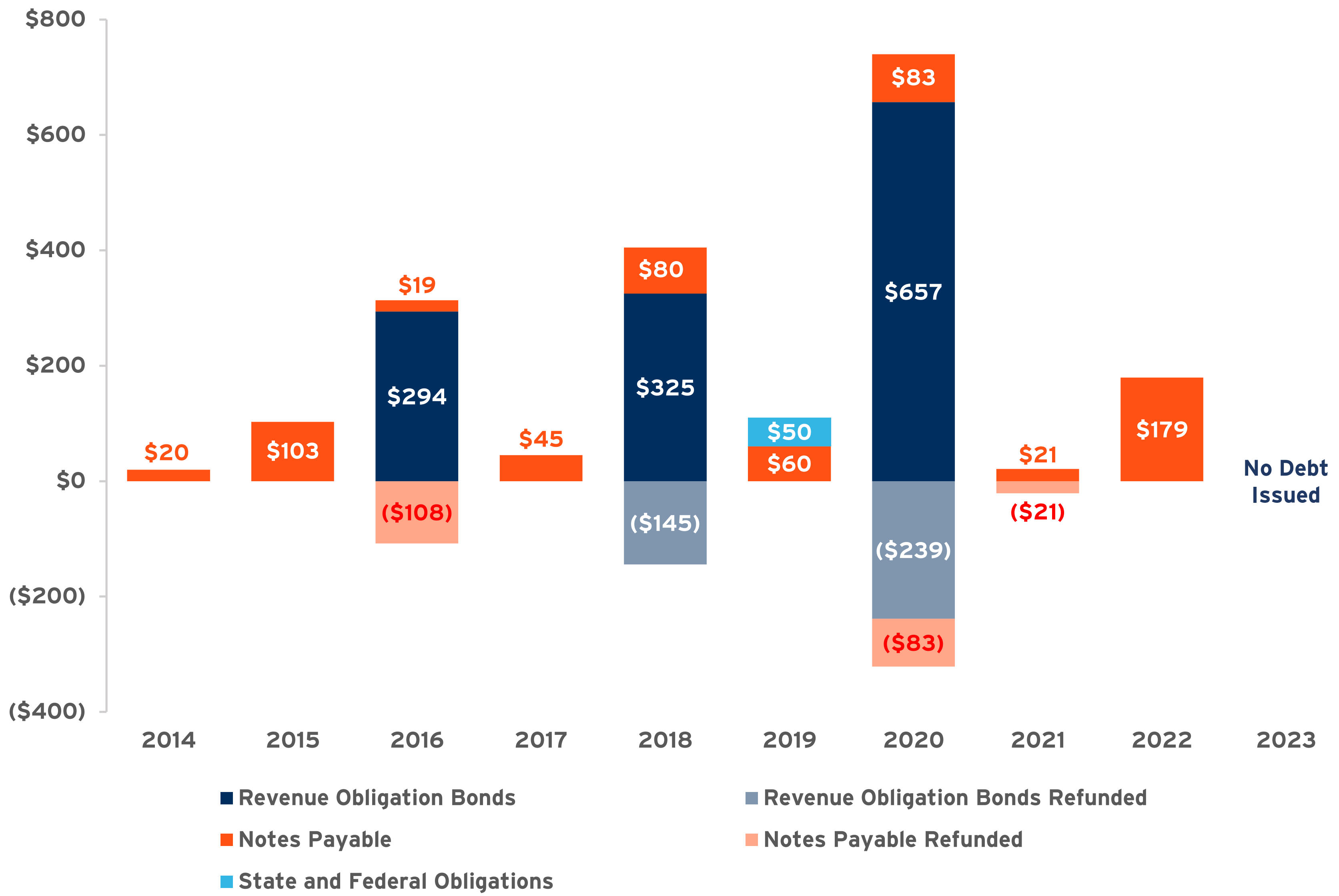
2020
2021
2022
2023
Direct Operating
Gain on Property Damage, Including Insurance Recovery

(IN MILLIONS)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No Debt Issued
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
Revenue Obligation Bonds
Revenue Obligation Bonds Refunded
Notes Payable
Notes Payable Refunded
State and Federal Obligations

RATIO OF OUTSTANDING DEBT TO OPERATING REVENUES

(IN THOUSANDS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue Bonds - Series 2010	$ 165,340	$ 160,495	$ 155,460	$ 150,190	$ -	$ -	$ -	$ -	$ -	$ -
Revenue Bonds - Series 2015	-	-	294,025	294,025	294,025	294,025	55,300	55,300	55,300	55,300
Revenue Bonds - Series 2018	-	-	-	-	325,000	325,000	318,970	312,645	305,995	299,015
Revenue Bonds - Series 2019A	-	-	-	-	-	-	121,910	121,910	121,910	121,160
Revenue Bonds - Series 2019B	-	-	-	-	-	-	258,420	258,420	258,420	257,170
Revenue Bonds - Series 2019C	-	-	-	-	-	-	125,000	125,000	125,000	125,000
Revenue Bonds - Series 2019D	-	-	-	-	-	-	151,580	151,580	151,580	151,580
Unamortized Premium on Revenue Bonds (1)	-	-	21,942	21,517	59,587	57,845	77,654	75,119	72,540	69,924
Notes Payable	29,458	130,977	41,056	84,808	161,658	267,980	261,359	252,607	418,674	403,121
Harbor Deepening Obligation	4,289	4,429	4,325	4,219	4,110	3,997	3,881	3,761	3,638	-
Total Debt Issuance	199,087	295,901	516,808	554,759	844,380	948,847	1,374,074	1,356,342	1,513,057	1,482,270
Lease Liabilities	-	-	-	-	-	-	-	618	364	13,721
Subscription Liabilities	-	-	-	-	-	-	-	-	1,580	1,770
Total Debt with Lease and Subscription Liabilities	199,087	295,901	516,808	554,759	844,380	948,847	1,374,074	1,356,960	1,515,001	1,497,761
Operating Revenues (2)	$ 164,143	$ 196,759	$ 211,166	$ 233,648	$ 251,820	$ 288,326	$ 292,256	$ 312,772	$ 443,102	$ 448,508
Ratio - Total Debt/Operating Revenues	**1.21**	**1.50**	**2.45**	**2.37**	**3.35**	**3.29**	**4.70**	**4.34**	**3.41**	**3.30**
Ratio - Total Debt with Lease & Subscription Liabilities/Operating Revenues	**1.21**	**1.50**	**2.45**	**2.37**	**3.35**	**3.29**	**4.70**	**4.34**	**3.42**	**3.34**

(1) Includes Series 2010, 2015, 2018, 2019A, and 2019B Revenue Bonds.
(2) Operating Revenues Exclude Gain on Property Damage, Including Insurance Recovery.

DEBT SERVICE REQUIREMENTS SENIOR LIEN BONDS

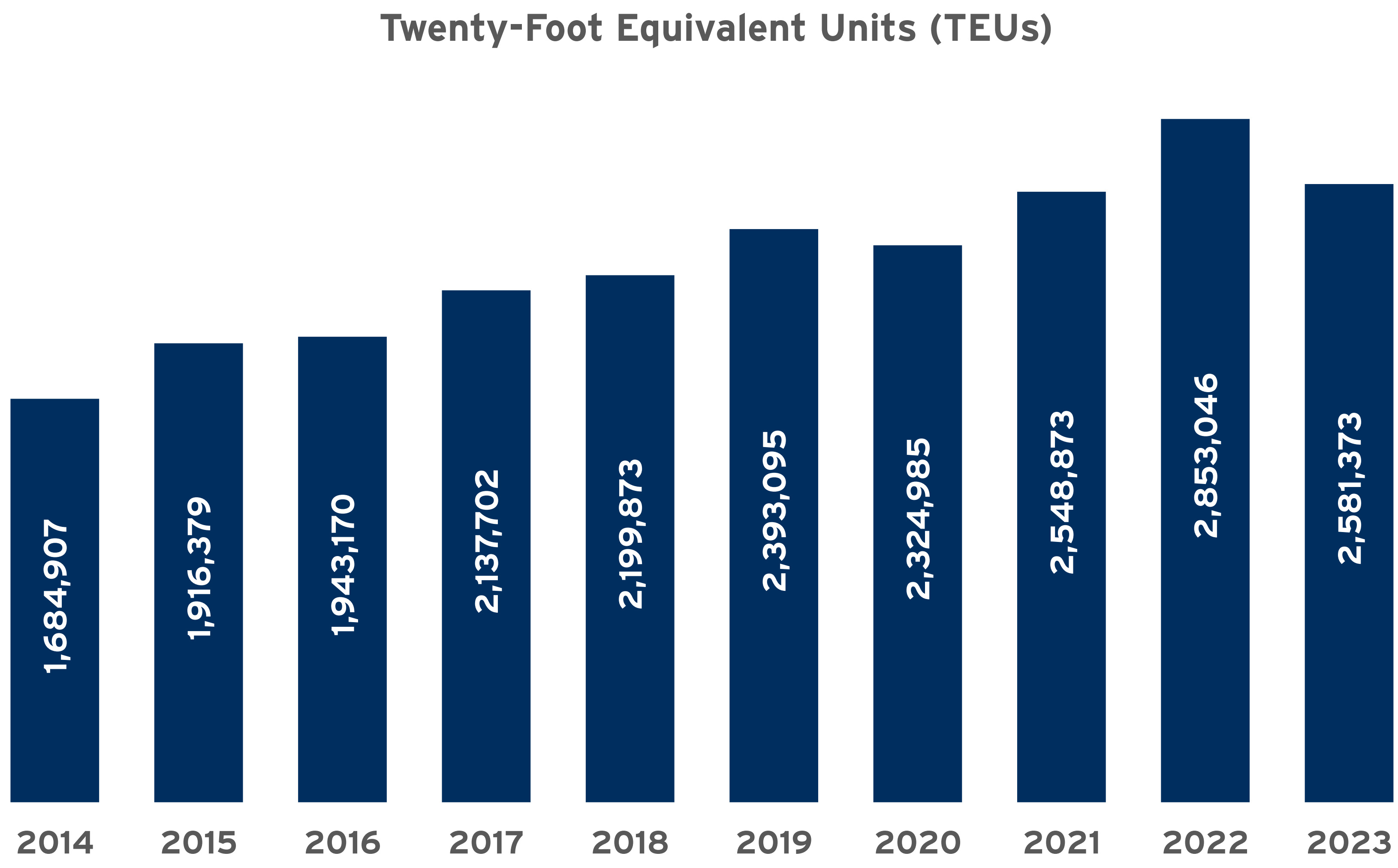
(IN THOUSANDS)

	Series 2015			Series 2018			Series 2019A			Series 2019B			Series 2019C			Series 2019D			
Fiscal Year Ending June 30,	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Total Debt Service
2024	-	2,268	2,268	7,325	14,418	21,743	1,255	5,074	6,329	2,695	10,966	13,661	-	4,505	4,505	-	5,697	5,697	54,201
2025	-	2,268	2,268	7,685	14,042	21,727	1,320	5,009	6,329	2,835	10,828	13,663	-	4,505	4,505	-	5,697	5,697	54,189
2026	-	2,268	2,268	8,070	13,649	21,719	1,390	4,942	6,332	2,980	10,683	13,663	-	4,505	4,505	-	5,697	5,697	54,184
2027	1,655	2,227	3,882	6,905	13,274	20,179	1,460	4,870	6,330	3,130	10,530	13,660	-	4,505	4,505	-	5,697	5,697	54,253
2028	1,740	2,142	3,882	7,260	12,920	20,180	1,535	4,795	6,330	3,290	10,369	13,659	-	4,505	4,505	-	5,697	5,697	54,253
2029	1,830	2,052	3,882	7,635	12,548	20,183	1,615	4,717	6,332	3,460	10,201	13,661	-	4,505	4,505	-	5,697	5,697	54,260
2030	1,925	1,959	3,884	8,025	12,156	20,181	1,695	4,634	6,329	3,640	10,023	13,663	-	4,505	4,505	-	5,697	5,697	54,259
2031	2,010	1,875	3,885	8,430	11,745	20,175	1,780	4,547	6,327	3,825	9,836	13,661	-	4,505	4,505	-	5,697	5,697	54,250
2032	-	1,840	1,840	8,860	11,313	20,173	1,875	4,456	6,331	4,020	9,640	13,660	650	4,495	5,145	2,080	5,666	7,746	54,895
2033	2,185	1,799	3,984	9,325	10,858	20,183	1,970	4,360	6,330	4,225	9,434	13,659	935	4,472	5,407	235	5,632	5,867	55,430
2034	-	1,758	1,758	9,800	10,380	20,180	2,070	4,259	6,329	4,445	9,217	13,662	965	4,444	5,409	3,355	5,575	8,930	56,268
2035	2,395	1,710	4,105	10,300	9,877	20,177	2,175	4,152	6,327	4,670	8,990	13,660	995	4,413	5,408	1,085	5,504	6,589	56,266
2036	2,490	1,613	4,103	10,830	9,349	20,179	2,290	4,041	6,331	4,885	8,775	13,660	1,025	4,380	5,405	1,120	5,467	6,587	56,265
2037	2,595	1,511	4,106	11,380	8,794	20,174	2,405	3,923	6,328	5,085	8,576	13,661	1,065	4,344	5,409	1,165	5,426	6,591	56,269
2038	2,700	1,405	4,105	11,965	8,210	20,175	2,515	3,813	6,328	5,290	8,368	13,658	1,100	4,306	5,406	1,205	5,384	6,589	56,261
2039	2,810	1,295	4,105	12,580	7,597	20,177	2,630	3,697	6,327	5,510	8,152	13,662	1,140	4,267	5,407	1,250	5,340	6,590	56,268
2040	2,925	1,180	4,105	13,225	6,951	20,176	2,755	3,576	6,331	5,735	7,927	13,662	1,180	4,227	5,407	1,295	5,295	6,590	56,271
2041	3,040	1,061	4,101	13,910	6,273	20,183	2,880	3,449	6,329	6,000	7,663	13,663	1,225	4,184	5,409	1,340	5,248	6,588	56,273
2042	4,610	908	5,518	5,820	5,780	11,600	3,030	3,301	6,331	6,305	7,355	13,660	1,270	4,139	5,409	8,690	5,064	13,754	56,272
2043	4,795	720	5,515	6,115	5,481	11,596	3,185	3,146	6,331	6,630	7,032	13,662	1,315	4,092	5,407	9,020	4,741	13,761	56,272
2044	4,990	524	5,514	6,430	5,168	11,598	3,345	2,983	6,328	6,970	6,692	13,662	1,365	4,044	5,409	9,350	4,405	13,755	56,266
2045	5,195	320	5,515	6,760	4,838	11,598	3,520	2,811	6,331	7,325	6,334	13,659	1,415	3,993	5,408	9,700	4,057	13,757	56,268
2046	5,410	108	5,518	7,110	4,491	11,601	3,660	2,668	6,328	7,665	5,998	13,663	1,465	3,941	5,406	10,055	3,696	13,751	56,267
2047	-	-	-	7,475	4,127	11,602	3,770	2,557	6,327	7,975	5,685	13,660	16,510	3,615	20,125	1,060	3,492	4,552	56,266
2048	-	-	-	7,855	3,743	11,598	3,885	2,442	6,327	8,300	5,360	13,660	17,120	3,005	20,125	1,105	3,450	4,555	56,265
2049	-	-	-	8,260	3,341	11,601	4,005	2,323	6,328	8,640	5,021	13,661	17,755	2,372	20,127	1,145	3,406	4,551	56,268
2050	-	-	-	8,660	2,939	11,599	4,130	2,201	6,331	8,995	4,668	13,663	18,410	1,716	20,126	1,190	3,361	4,551	56,270
2051	-	-	-	9,065	2,539	11,604	4,295	2,032	6,327	9,360	4,302	13,662	19,085	1,036	20,121	1,240	3,314	4,554	56,268
2052	-	-	-	9,475	2,122	11,597	4,515	1,812	6,327	9,735	3,924	13,659	19,010	345	19,355	2,080	3,249	5,329	56,267
2053	-	-	-	9,915	1,685	11,600	4,750	1,580	6,330	10,130	3,530	13,660	-	-	-	21,895	2,785	24,680	56,270
2054	-	-	-	10,370	1,229	11,599	4,990	1,337	6,327	10,540	3,120	13,660	-	-	-	22,760	1,920	24,680	56,266
2055	-	-	-	10,850	753	11,603	5,250	1,081	6,331	10,965	2,694	13,659	-	-	-	23,660	1,020	24,680	56,273
2056	-	-	-	11,345	255	11,600	5,470	861	6,331	11,410	2,248	13,658	-	-	-	14,500	281	14,781	46,370
2057	-	-	-	-	-	-	5,650	680	6,330	11,880	1,783	13,663	-	-	-	-	-	-	19,993
2058	-	-	-	-	-	-	5,835	493	6,328	12,365	1,298	13,663	-	-	-	-	-	-	19,991
2059	-	-	-	-	-	-	6,030	300	6,330	12,865	793	13,658	-	-	-	-	-	-	19,988
2060	-	-	-	-	-	-	6,230	101	6,331	13,395	268	13,663	-	-	-	-	-	-	19,994

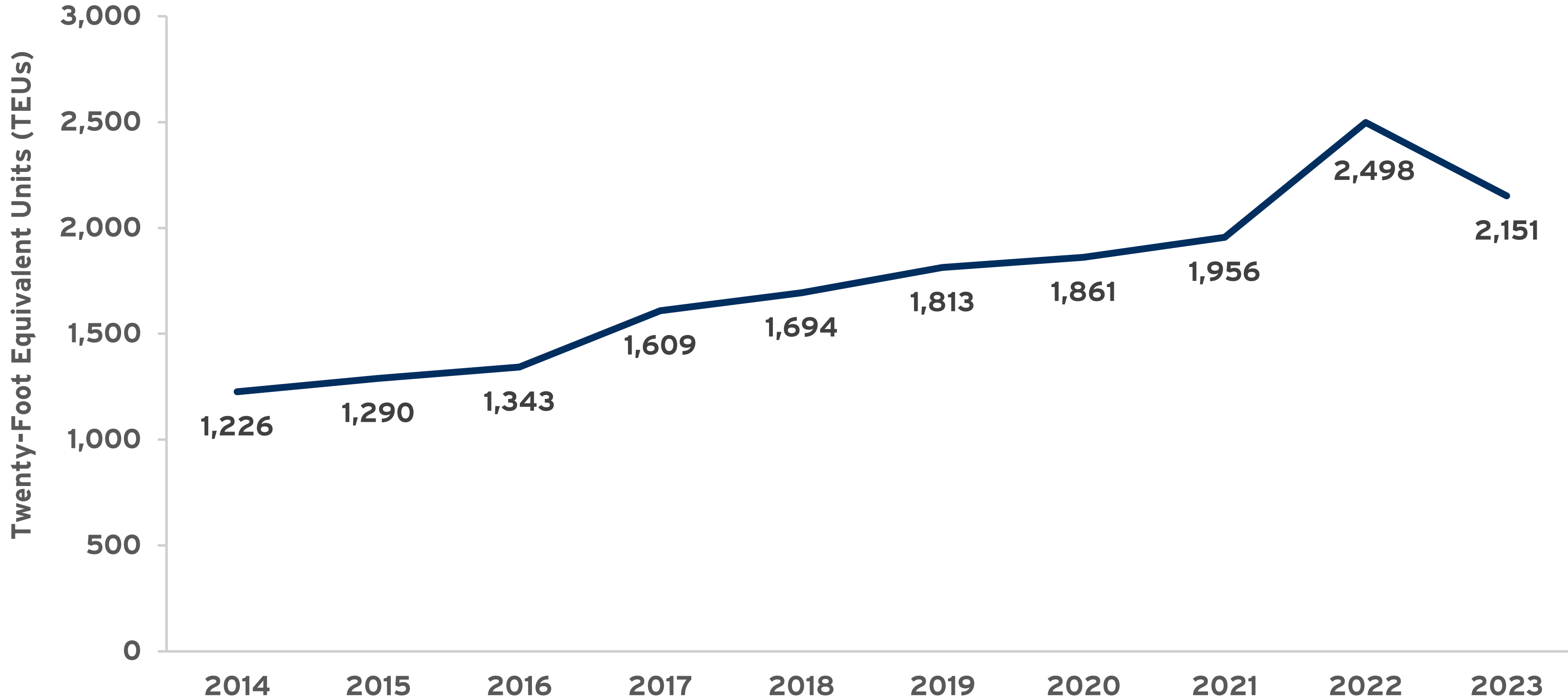
(IN THOUSANDS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenues	$164,143	$196,759	$211,166	$235,789	$252,013	$294,326	$292,256	$312,772	$443,102	$448,508
Operating Expenses	149,850	166,045	172,465	197,813	216,247	252,083	264,841	275,730	344,550	397,975
Operating Earnings	**14,293**	**30,714**	**38,701**	**37,976**	**35,766**	**42,243**	**27,415**	**37,042**	**98,552**	**50,533**
Non-Operating Revenues (Expenses), net [1]	1,314	(3,232)	(1,366)	40,669	(10,529)	(2,158)	(140,118)	(66,983)	(63,295)	70,689
Excess Revenues over/(under) Expenses before Capital Contributions, Grants, and Special Items	15,607	27,482	37,335	78,645	25,237	40,085	(112,703)	(29,941)	35,257	121,222
Capital Contributions from/(to) Government Entities and Grants from Federal Government and Special Items	(3,955)	6,327	26,376	15,119	762	2,004	164	1,490	3,855	4,503
Excess Revenues over/(under) Expenses after Contributions and Grants	**11,652**	**33,809**	**63,711**	**93,764**	**25,999**	**42,089**	**(112,539)**	**(28,451)**	**39,112**	**125,725**
Adjustments:										
Depreciation and Amortization	32,415	33,753	33,687	37,233	41,523	47,553	55,059	60,954	76,281	83,436
Unrealized (Gains)/Losses [2]	(436)	(896)	111	(196)	(337)	(250)	(28,183)	21,752	22,563	(722)
Interest Expense [3]	849	3,163	2,043	1,418	1,580	8,679	45,411	49,196	50,721	51,735
Net (Gains)/Losses on the Disposal of Assets	54	(2,650)	951	(37,063)	(8,832)	4,253	5,391	3,786	3,406	(3,593)
Land Contribution from Dillon Co. [4]	-	-	-	(2,309)	-	-	-	-	-	-
Land Contribution from Federal Gov't	-	-	-	-	-	(23,335)	-	-	-	-
Contribution to State for Bridge	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Contribution to Aiken County, SC	1,315	74	-	-	-	-	-	-	-	-
Contribution to Georgetown County, SC	-	-	-	15	-	-	-	-	-	1,000
Contribution to Cherokee County, SC	-	-	-	500	-	-	-	-	-	-
Contribution to Sumter County, SC	2,886	425	1,383	-	-	-	-	-	-	-
Contribution to Spartanburg County - Infrastructure	-	-	-	-	-	-	-	250	-	(250)
Contribution to Department of Commerce - Infrastructure	-	-	-	-	-	-	-	500	-	-
Contribution to Port Royal Sound	-	-	-	-	-	-	-	-	-	100
Contribution to CSX	-	-	-	-	-	-	-	-	-	9
Contribution to DERA Grant Receipient	-	-	-	-	-	-	-	-	-	304
Contribution from State - Jasper Ocean Terminal	-	(1,050)	(1,000)	(1,875)	(275)	(600)	(5,300)	(400)	(242)	(7)
Contribution to Jasper Ocean Terminal	-	1,088	1,083	1,875	1,425	500	400	-	100	-
Contribution (from)/to State for Harbor Deepening	-	-	(6,185)	137	299,043	(3,894)	(6,037)	4	-	-
Contribution from State - Navy Base Intermodal Facility	-	-	-	-	-	-	-	-	(13,667)	(45,047)
Contribution from State - Georgetown Terminal	-	-	-	-	-	-	-	-	-	(1,000)
Contribution from State - Port Royal Sound	-	-	-	-	-	-	-	-	-	(100)
Contruntion from Department of Commerce	-	-	-	-	-	-	-	-	-	(17,379)
Contribution from Palmetto Rail	-	-	-	-	-	-	-	-	-	(41,104)
Capital Grants from Federal Government	(143)	(361)	(5,156)	(5,681)	(762)	(2,004)	(164)	(1,490)	(3,855)	(4,504)
Contribution from Spartanburg for BMW facility	-	(281)	(15,035)	(7,095)	-	-	-	-	-	-
Contribution from SC Dept of Public Safety	-	-	-	(34)	-	-	-	-	-	-
Contribution from Railway Co for Inland Port	(1,103)	(1,134)	-	-	-	-	-	-	-	-
Contribution to Department of Transportation - Infrastructure	-	-	-	-	12,600	23,000	100,000	-	7,500	-
Contribution (from)/to the Army Corps of Engineers for Harbor Deepening	-	-	-	-	(299,043)	3,933	33,294	-	-	-
Contribution to the Army Corps of Engineers for Harbor Deepening	-	-	-	-	275	-	-	-	-	-
Pass through Payments Related to Grants above [5]	95	-	796	91	15	-	-	-	-	-
Pension - GASB 68 [6]	-	-	1,542	3,995	6,656	6,740	10,699	12,058	940	14,468
OPEB [7]	-	-	1,643	1,606	933	1,059	1,636	4,150	5,670	3,246
Leases - GASB 87 [8]	-	-	-	-	-	-	-	-	(149)	(3,405)
Net Harbormaster Fees	33	4	(17)	(227)	(259)	(269)	(246)	(264)	(241)	(244)
Subscription Based IT Arrangements - GASB 96 [9]	-	-	-	-	-	-	-	-	-	41
Loss on Defeasance of Series 2010 Bonds [10]	-	-	-	-	6,194	-	-	-	-	-
Non-Cash Adjustments to Projects	-	-	-	-	-	-	3,508	-	-	-
Cruise Terminal Write-Off	-	-	-	-	-	-	-	-	8,909	-
Bond Issue Costs [11]	1,372	60	1,817	-	1,790	65	3,022	-	-	-
Net Adjustments	38,337	33,195	18,663	(6,610)	63,526	66,430	219,490	151,496	158,936	37,984
Net Revenues Available for Debt Service	**$49,989**	**$67,004**	**$82,374**	**$87,154**	**$89,525**	**$108,519**	**$106,951**	**$123,045**	**$198,048**	**$163,710**
Series 2010 Bonds	13,264	13,259	13,251	13,254	13,249	-	-	-	-	-
Series 2015 Bonds	-	-	2,326	14,688	14,688	14,688	11,185	2,268	2,268	2,268
Series 2018 Bonds	-	-	-	-	-	9,054	21,779	21,765	21,766	21,755
Series 2019A Bonds	-	-	-	-	-	-	1,271	5,143	5,143	5,874
Series 2019B Bonds	-	-	-	-	-	-	2,743	11,096	11,096	12,315
Series 2019C Bonds	-	-	-	-	-	-	1,114	4,505	4,505	4,505
Series 2019D Bonds	-	-	-	-	-	-	649	5,697	5,697	5,697
Principal and Interest Paid on Senior Lien Bonds	13,264	13,259	15,577	27,942	27,937	23,742	38,741	50,474	50,475	52,414
Principal and Interest Paid Second Lien Bonds	-	1,925	1,925	1,925	1,925	1,925	1,925	962	-	-
Principal and Interest Paid on Third Lien Bonds	-	3	78	1,042	2,517	6,596	12,509	14,509	21,804	28,021
Total Principal and Interest Paid	13,264	15,187	17,580	30,909	32,379	32,263	53,175	65,945	72,279	80,435
Debt Service Coverage Ratio - Senior Lien	**3.77x**	**5.05x**	**5.29x**	**3.12x**	**3.20x**	**4.57x**	**2.76x**	**2.44x**	**3.92x**	**3.12x**
Debt Service Coverage Ratio - Senior & Second Lien	**-**	**4.41**	**4.71x**	**2.92x**	**3.00x**	**4.23x**	**2.63x**	**2.39x**	**3.92x**	**3.12x**
Debt Service Coverage Ratio - All	**-**	**4.41**	**4.69x**	**2.82x**	**2.76x**	**3.36x**	**2.01x**	**1.87x**	**2.74x**	**2.04x**

(1) Includes interest expense.
(2) As of fiscal year 2020 Audited Financial Statements, unrealized gains on the fair value of invested assets included with fair value of interest rate exchange agreements.
(3) Reflects amounts deducted for capitalized interest expense.
(4) Donated land did not require cash expenditure by the Authority.
(5) Payments reported in Other Income/(Expense), net amount in the Authority's Financial Statements.
(6) Non-Cash Portion of Pension Expense.
(7) Non-Cash Portion of OPEB (Other Post-Employment Benefits) Expense.
(8) Non-Cash Portion of Lease Revenue and Expense.
(9) Non-Cash Portion of Subscription-Based IT Arrangements Revenue and Expense.
(10) Book loss.
(11) Bond issue cost transactions recorded pre & post GASB 65.


Twenty-Foot Equivalent Units (TEUs)
1,684,907
1,916,379
1,943,170
2,137,702
2,199,873
2,393,095
2,324,985
2,548,873
2,853,046
2,581,373
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023

AVERAGE TWENTY-FOOT EQUIVALENT UNITS PER VESSEL DOCKED[1]



(1) Vessels Docked includes ships and barge

Twenty-Foot Equivalent Units
By Terminal

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Columbus Street	-	160	27	-	-	-	-	-	-	-
Hugh Leatherman	-	-	-	-	-	-	-	31,073	264,757	162,907
North Charleston	531,177	563,691	648,580	463,935	560,532	539,304	394,011	435,436	517,226	455,063
Wando Welch	1,153,730	1,352,528	1,294,563	1,673,767	1,639,341	1,853,791	1,930,974	2,082,364	2,071,063	1,963,403
Total	**1,684,907**	**1,916,379**	**1,943,170**	**2,137,702**	**2,199,873**	**2,393,095**	**2,324,985**	**2,548,873**	**2,853,046**	**2,581,373**

Pier Container Lifts
By Terminal

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Columbus Street	-	80	27	-	-	-	-	-	-	-
Hugh Leatherman	-	-	-	-	-	-	-	16,820	146,408	91,613
North Charleston	303,379	322,483	366,484	262,959	318,375	305,337	222,388	240,444	285,529	252,797
Wando Welch	653,306	772,343	730,295	944,745	932,453	1,058,898	1,094,944	1,161,601	1,151,017	1,084,337
Total	**956,685**	**1,094,906**	**1,096,806**	**1,207,704**	**1,250,828**	**1,364,235**	**1,317,332**	**1,418,865**	**1,582,954**	**1,428,747**

Non-Containerized Cargo Pier Tons
By Terminal

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Columbus Street	590,755	721,092	808,630	818,417	733,635	605,805	632,092	799,961	856,737	793,366
Georgetown	553,039	548,933	249,149	7,466	-	-	-	-	-	-
Hugh Leatherman	-	-	-	-	-	-	-	2,050	18,876	23,980
North Charleston	6,386	907	1,626	529	19,607	6,251	2,498	3,377	2,623	5,477
Union Pier	150,823	144,054	90,420	31,245	3,006	11,124	-	-	-	-
Veterans	14,228	3,392	-	-	-	-	-	1,177	-	-
Wando Welch	1,038	2,469	1,298	1,470	4,253	2,143	1,688	955	1,923	3,768
Total	**1,316,269**	**1,420,847**	**1,151,123**	**859,127**	**760,501**	**625,323**	**636,278**	**807,520**	**880,159**	**826,591**

Inland Port Rail Moves
By Terminal

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Dillon	-	-	-	-	628	29,580	32,453	34,987	26,019	39,143
Greer	19,512	58,407	91,698	121,761	117,812	143,204	140,155	157,842	151,261	146,813
Total	**19,512**	**58,407**	**91,698**	**121,761**	**118,440**	**172,784**	**172,608**	**192,829**	**177,280**	**185,956**

Other Statistics	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Pier Vehicles (Rolling Stock)	208,874	253,597	274,662	258,804	232,390	194,902	199,825	253,983	219,712	188,517
Cruise Passengers	192,508	189,050	212,286	224,105	225,483	213,081	217,673	-	123,336	294,136
Ships Docked [1]	1,830	1,896	1,900	1,765	1,705	1,696	1,567	1,594	1,465	1,579

(1) Self-powered vessels, excluding barges.

Facilities

DESCRIPTION	WANDO WELCH	NORTH CHARLESTON	HUGH LEATHERMAN [1]	COLUMBUS STREET	UNION PIER	VETERANS TERMINAL	INLAND PORT DILLON	INLAND PORT GREER
Terminal Area (Acres)	689	201	286	155	71	23	158	97
Developed Terminal Area (Acres)	399	198	134	135	65	23	40	42
Channel Width Min (Feet)	400	500	500	500	500	500	N/A	N/A
Channel Width Max (Feet)	1,400	1,400	1,400	1,400	1,400	1,000	N/A	N/A
Channel Project Depth (Feet)	52	45	52	45	35	25	N/A	N/A
Berth/Working Trackage (Linear Feet)	3,800	2,460	1,400	3,900	2,470	2,400	10,080	7,800
Cargo Handled (Type)	Container Breakbulk	Container Breakbulk	Container Breakbulk	Rolling Stock Breakbulk	Breakbulk Cruise	Breakbulk	Container	Container
Container Crane Class								
Post-Panamax	-	3	-	-	-	-	-	-
Super Post Panamax	15	2	5	-	-	-	-	-
Total	15	5	5	-	-	-	-	-
Container Handlers								
Empty Toplifter	30	2	6	-	-	-	2	5
Toplifter	5	14	-	1	-	-	-	2
RTG	65	10	25	-	-	-	2	7
Total	100	26	31	1	-	-	4	14
Warehouse Sq. Ft.	187,680	-	-	359,149	334,000	-	-	-

[1] Hugh Leatherman Terminal details reflect the currently completed Phase 1. At full buildout, the terminal is projected to have a developed terminal area of 286 acres, berth length of 3,510 feet, 15 ship-to-shore cranes, and 70 RTGs.

Employees

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Administrative	100	104	98	99	97	97	94	95	89	94
Operations	383	382	403	454	501	596	641	663	833	854
Grand Total	**483**	**486**	**501**	**553**	**598**	**693**	**735**	**758**	**922**	**948**

As of 6/30/2023

(IN THOUSANDS)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Capital Projects in Progress	$ 227,910	$ 249,411	$ 342,330	$ 463,281	$ 403,960	$ 520,588	$ 615,601	$ 72,833	$ 75,065	$ 148,700
Land	201,675	203,281	202,613	206,197	352,532	374,214	374,341	696,208	716,971	777,861
Land Improvements	303,764	317,416	327,916	370,336	408,479	401,974	443,703	669,184	709,541	713,547
Buildings and Structures	339,654	340,354	335,364	347,312	413,221	449,776	498,134	669,842	694,476	700,928
Railroad Tracks	16,826	16,962	16,990	16,990	19,418	19,677	19,774	19,774	23,844	23,508
Terminal Equipment	141,368	146,945	155,534	163,900	189,522	182,911	256,553	311,383	395,199	418,395
Furniture & Fixtures	29,117	27,220	29,303	35,993	36,881	39,147	40,132	41,111	41,517	42,266
Intangible Assets	-	-	157	355	87	52	27	-	-	-
Intangible Lease Assets	-	-	-	-	-	-	-	757	819	14,660
Intangible Subscription Assets	-	-	-	-	-	-	-	-	2,064	3,325
Total Capital Assets	**1,260,314**	**1,301,589**	**1,410,207**	**1,604,364**	**1,824,100**	**1,988,339**	**2,248,265**	**2,481,092**	**2,659,496**	**2,843,190**
Depreciation (Accumulated)	(522,544)	(549,718)	(563,656)	(587,800)	(622,633)	(600,317)	(648,642)	(695,291)	(751,754)	(821,844)
Capital Assets, net	**$ 737,770**	**$ 751,871**	**$ 846,551**	**$ 1,016,564**	**$ 1,201,467**	**$ 1,388,022**	**$ 1,599,623**	**$ 1,785,801**	**$ 1,907,742**	**$ 2,021,346**

Description	Charleston Region[1]	State
Population	830,529	5,368,708
Total Personal Income	$52,455,134,671	$299,708,124,100
Per Capita Personal Income	$63,159	$55,825
Unemployment Rate	2.10	2.90

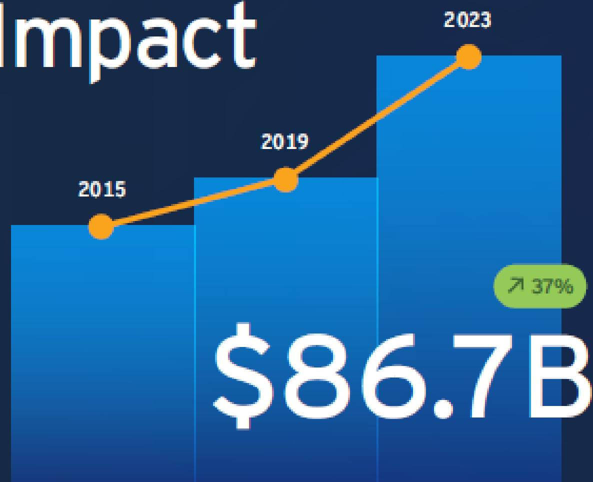
Source: www.charlestonregionaldata.com, www.census.gov, www.bls.gov, www.bea.gov

Top Ten Employers[2]

Charleston Region	South Carolina
The Boeing Company	Walmart Inc.
Roper St. Francis Healthcare	Prisma Health
Walmart Inc.	BMW
Trident Health System	Blue Cross
Robert Bosch LLC	Michellin
Volvo Car USA LLC	Lexington Med Center
Mercedes-Benz Vans, LLC	The Boeing Company
Kiawah Resort	Roper St. Francis Healthcare
Publix Supermarkets	Amazon
iQor	Spartanburg Health Care
Source: www.crda.org	Source: Regional data, news, and company websites

(1) Charleston Region includes Berkeley, Charleston, and Dorchester Counties.
(2) Excludes State and Federal Entities.

Economic Impact



1 in 9

↗ 23%

JOBS SUPPORTED

Upstate	132,082
Midlands	66,785
Lowcountry	32,214
Pee Dee	28,939

IMPACT BY REGION

Upstate	$44.0B	↗34%
Midlands	$22.3B	↗43%
Lowcountry	$10.7B	↗37%
Pee Dee	$9.7B	↗36%

$17.6B ↗38%

LABOR INCOME

Upstate	$9.0B
Midlands	$4.5B
Lowcountry	$2.2B
Pee Dee	$2.0B

$1.5B ↗36%

SC TAX REVENUE

$67.8K ↗19%

AVERAGE INCOME

FY 23 INVESTMENTS

LOWCOUNTRY — $10.8 BILLION

Redwood Materials, Nucor, Bosch, Flexcold, Blanchard CAT, KION Group, Arcadia, Neal Brothers, Boise Cascade

UPSTATE — $2.37 BILLION

HealthSupply US, BMW, GE, FN, FedEx, Bosch, Yanfeng, Visual Comfort & Co., BorgWarner, Milliken, Boysen, Flybar

MIDLANDS — $108.7 MILLION

Pet Supplies Plus, Hounan, Xerxes, Albemarle, PDM

PEEDEE — $68.7 MILLION

Georgia-Pacific, Coca-Cola Consolidated, Honda

Study conducted by Joseph C. Von Nessen, Ph.D.

	Customer [1]	Percentage of Revenues	Customer Type	Years at SCSPA [2]
1)	Mediterranean (MSC)	13%	Steamship Line (Cargo)	32
2)	Maersk / Hamburg Sud	13%	Steamship Line (Cargo)	34
3)	Hapag-Lloyd	12%	Steamship Line (Cargo)	31
4)	CMA-CGM / APL	11%	Steamship Line (Cargo)	34
5)	Evergreen	7%	Steamship Line (Cargo)	34
6)	ONE	6%	Steamship Line (Cargo)	34
7)	COSCO / OOCL	6%	Steamship Line (Cargo)	34
8)	Walmart	3%	Beneficial Cargo Owner	2
9)	Carnival Cruise Lines	3%	Cruise Line (Passengers)	13
10)	Zim	2%	Steamship Line (Cargo)	34
	All Other	24%		
		100%		

[1] Includes subsidiaries.
[2] Records go back 34 years. If customer merged with another customer, represents maximum number of combined years.

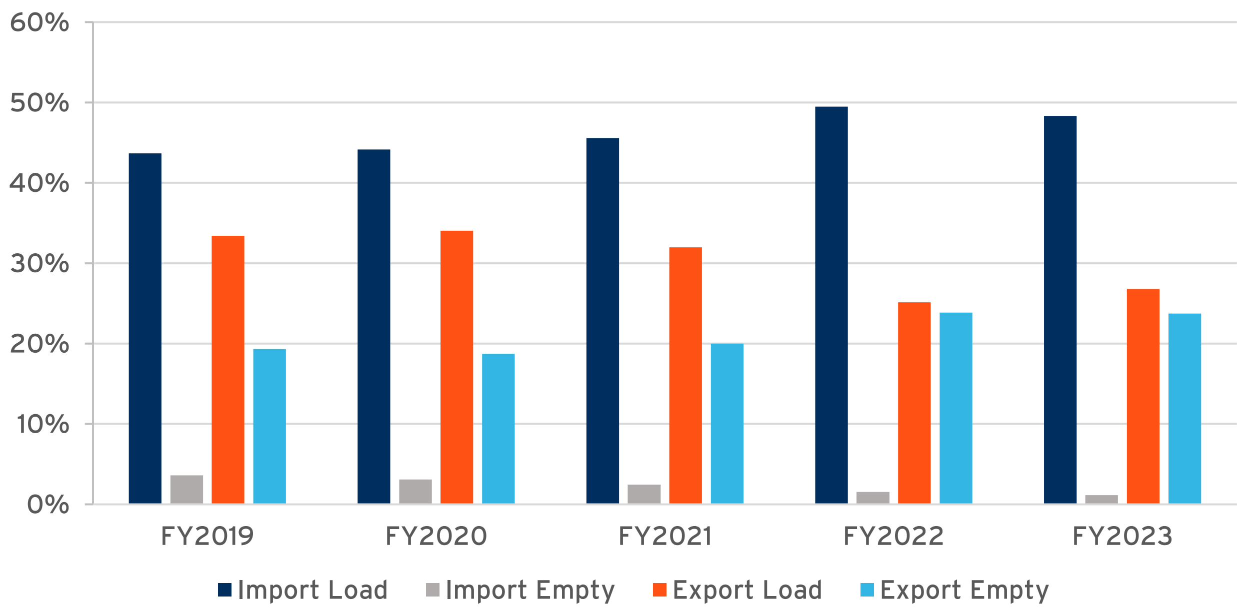
	Fiscal Years Ending June 30				
	2019	2020	2021	2022	2023
Pier Containers	1,364,235	1,317,332	1,418,865	1,582,954	1,428,747
TEUs	2,393,095	2,324,985	2,548,873	2,853,046	2,581,373
Breakbulk and Bulk Pier Tons [1]	625,323	636,278	807,520	880,159	826,591
Pier Vehicles	194,902	199,825	253,983	219,712	188,517
Ships Docked [2]	1,696	1,567	1,594	1,465	1,579

[1] Includes net tonnage for Pier Vehicles.
[2] Self-powered vessels, excluding barges.

Annual TEUs

Fiscal Year	Import	Export	Empty	Total
FY2019	1,044,858	799,393	548,844	2,393,095
FY2020	1,026,514	791,569	506,902	2,324,985
FY2021	1,161,407	815,504	571,962	2,548,873
FY2022	1,411,993	716,540	724,513	2,853,046
FY2023	1,247,628	691,785	641,960	2,581,373

Annual TEUs By Percent Contribution

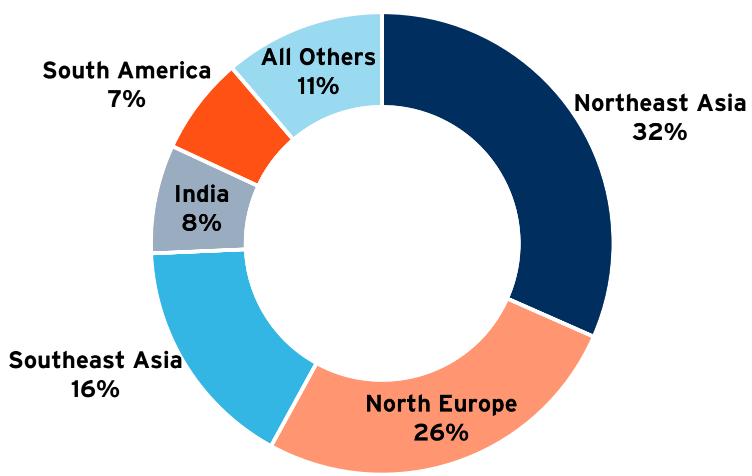


(LOADED TEUs)

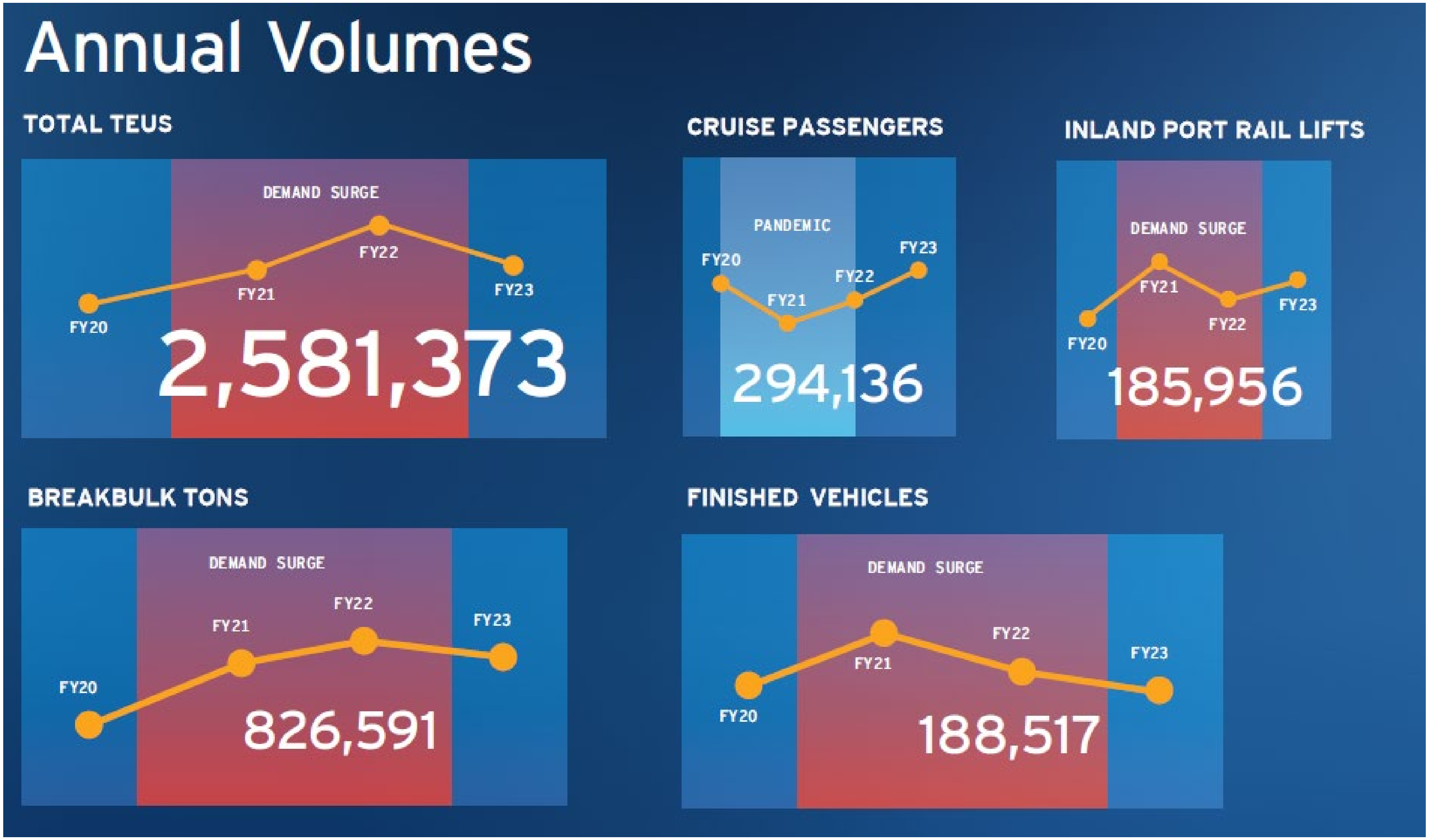
EXPORTS		Contribution
1)	FOREST PRODUCTS	23%
2)	CHEMICALS	22%
3)	VEHICLES BOATS AIRCRAFT	14%
4)	FOODSTUFFS AND BASIC AGRICULTURAL MATERIALS	10%
5)	YARNS FIBRES TEXTILES APPAREL	6%
6)	MACHINERY PARTS	5%
7)	TIRES UNFINISHED RUBBER PLASTIC PRODUCTS	5%
8)	MISCELLANEOUS	3%
9)	METALS INCLUDING PRIMARY SHAPES	2%
10)	MINERAL PRODUCTS INCL COAL TILES GLASS	2%
11)	HARDWARE LIGHTING MISC METALWARE	2%
12)	FURNITURE SPORTING GOODS TOYS	2%
13)	ORES CONCENTRATES	1%
14)	PLASTIC FILMS SHEETS FOAM SPONGES	1%
15)	ELECTRIC AND ELECTRIC GOODS	1%
	ALL OTHER	1%
	Total Exports	**100%**

IMPORTS		Contribution
1)	FURNITURE SPORTING GOODS TOYS	14%
2)	MACHINERY PARTS	13%
3)	YARNS FIBRES TEXTILES APPAREL	10%
4)	CHEMICALS	10%
5)	TIRES UNFINISHED RUBBER PLASTIC PRODUCTS	9%
6)	VEHICLES BOATS AIRCRAFT	9%
7)	HARDWARE LIGHTING MISC METALWARE	7%
8)	FOREST PRODUCTS	6%
9)	FOODSTUFFS AND BASIC AGRICULTURAL MATERIALS	5%
10)	MINERAL PRODUCTS INCL COAL TILES GLASS	5%
11)	ELECTRIC AND ELECTRIC GOODS	4%
12)	FOOTWARE GLOVES BAGS	2%
13)	METALS INCLUDING PRIMARY SHAPES	2%
14)	MISC ITEMS JEWELRY COMBS ARTS CRAFTS	1%
15)	PLASTIC FILMS SHEETS FOAM SPONGES	1%
	ALL OTHER	2%
	Total Imports	**100%**

Fiscal Year 2023 Trade Lanes



(1) Source: PIERS


Annual Volumes
TOTAL TEUS
DEMAND SURGE
FY20
FY21
FY22
FY23
2,581,373
CRUISE PASSENGERS
PANDEMIC
FY20
FY21
FY22
FY23
294,136
INLAND PORT RAIL LIFTS
DEMAND SURGE
FY20
FY21
FY22
FY23
185,956
BREAKBULK TONS
DEMAND SURGE
FY20
FY21
FY22
FY23
826,591
FINISHED VEHICLES
DEMAND SURGE
FY20
FY21
FY22
FY23
188,517

PHOTOGRAPH BY MATTHEW PEACOCK
COVER DESIGN BY CHERNOFF NEWMAN