ANNUAL COMPREHENSIVE

FINANCIAL REPORT

For fiscal years ended June 30, 2026 and 2025



SOUTH CAROLINA PORTS

GATEWAY TO GROWTH

A Component Unit of the State of South Carolina

Prepared by SC Ports Finance Department

South Carolina State Ports Authority
Annual Comprehensive Financial Report
For Fiscal Years Ended June 30, 2026 and 2025

TABLE OF CONTENTS

Introductory Section

- Letter from the President and CEO 01
- Letter of Transmittal 03
- GFOA Certificate of Achievement 08
- Leadership 09
- Organizational Chart 10

Financial Section

- Independent Auditor's Report 14
- Management's Discussion and Analysis 17

Financial Statements

- Statements of Net Position 31
- Statements of Revenues, Expenses and Changes in Net Position 33
- Statements of Cash Flows 34
- Notes to Financial Statements 36

Required Supplementary Information

- Schedule of the Ports Authority's Total OPEB Liability 80
- Schedule of the Ports Authority's OPEB Contributions 81
- Schedule of the Ports Authority's Proportionate Share of the Net Pension Liability 82
- Schedule of the Ports Authority's Pension Contributions 83

Statistical Section

- Condensed Summary of Net Position 86
- Statement of Net Position 87
- Historical Revenues, Expenses & Changes in Net Position 88
- Capital Assets 89
- Operating Revenues 90
- Top 10 Customers by Percentage of Revenue 91
- Historical Debt Issuances 92
- Ratio of Outstanding Debt to Operating Revenues 93
- Debt Service Requirements Senior Lien Bonds 94
- Historical Debt Service Coverage Ratios 95
- Demographic & Economic Information 96
- Economic Impact 97
- Throughput Volumes 98
- Average Twenty-Foot Equivalent Units Per Vessel Docked 99
- Operating Statistics 100
- SCSPA Facilities & Employees 101
- Twenty-Foot Equivalent Units by Type 102
- Import & Export Commodities 103
- Key Volumes 104

SOUTH CAROLINA PORTS

200 Ports Authority Drive
Mount Pleasant, SC 29464

www.scspa.com

October 19, 2026

Dear Board Members, Customers, and Port Partners:

SC Ports enters fiscal year 2027 leaner, more competitive and focused on returning to growth. We built that position during a difficult year. In fiscal year 2026, SC Ports handled 2.44 million TEUs and 1.35 million pier containers, declines of 4.9% and 4.6%, respectively, as geopolitical events, higher fuel costs and broader economic uncertainty slowed global trade. We also lost market share to other Southeast ports. We did not accept that outcome, and we acted quickly.

We reduced operating expenses from the prior year through a companywide effort to proactively and creatively reduce costs. We renegotiated contract terms, managed overtime, operated terminals more efficiently, consolidated operations and deferred hiring, among other initiatives. These efforts delivered $18 million in cost savings, and we were able to meet our operating cash flow plan. Those savings allowed us to realign our rates with South Atlantic levels, passing value to customers and positioning the port to win back cargo. We have also become more disciplined with capital. Every investment must now be tied to new revenue or lower operating costs, and we are converting underused property into new revenue.

Results across the port system were mixed, and the bright spots matter. Inland Port Dillon handled 53,624 rail moves, up 58% and its highest annual total since opening, while Inland Port Greer declined 18% to 169,016 rail moves. Vehicle volumes grew 2.5% to more than 170,000 units. South Carolina also continues to attract the manufacturers and distributors that generate port demand. In the final quarter of calendar 2025, customers leased 2 million square feet of industrial space in the Charleston market, expected to add 25,000 containers a year.

Charleston offers the deepest harbor in the Southeast at 52 feet, expanding intermodal capabilities, and highly productive terminals that move cargo quickly. We deliver reliability and customized service for importers and exporters in the thriving Southeast market.

Our capital focus has shifted from building capacity to getting more value from the assets we have. Ahead of providing long-term container capacity at North Charleston Terminal, we will modernize the adjacent, port-owned land to handle ro-ro cargo in the interim, generating additional revenue from the site years ahead of plan. Construction of the Navy Base Intermodal Facility has been paced to align with demand, as we work to deliver additional intermodal capabilities to the market.

I am grateful to our Board of Directors and to our state and federal elected leaders for their continued support, and to our employees and maritime partners, who keep cargo moving every day.

We expect trade conditions to remain uncertain in the near term, but the fundamentals of our business have not changed. South Carolina is one of the fastest-growing states in the nation, leading the nation in GDP, population growth and job growth. We remain a major economic engine for South Carolina, with one in nine jobs in our state connected to the port, and port operations generating $87 billion in annual economic impact. Our goal is to return SC Ports to the above-market growth that defined it for nearly a decade.

Fiscal year 2027 is built around four priorities. Safety comes first, always. We will balance cost discipline with a high-service customer experience. We are working to retain our customers and win back market share by pursuing retail importers, new ocean carrier services, refrigerated cargo, discretionary intermodal rail, commodity exports and new manufacturing and economic development projects. We will also strengthen the skills and leadership capacity our team needs to execute on our mission of above-market growth.

Our mission has not wavered: deliver excellent port service for the businesses that depend on us, and grow our port to drive economic growth and help build a stronger South Carolina.

Regards,



Micah Mallace
President & CEO

October 19, 2026

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

SOUTH CAROLINA PORTS

200 Ports Authority Drive
Mount Pleasant, SC 29464

www.scspa.com

To Chairman Stern, Distinguished Members of the South Carolina State Ports Authority Board, and other Users of this Report:

Ladies and Gentlemen:

The South Carolina State Ports Authority ("Ports Authority") is pleased to present the Annual Comprehensive Financial Report for the fiscal year ended June 30, 2026. This report provides readers with an understanding of the Ports Authority'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 Ports Authority's management.

PBMares, LLP, Certified Public Accountants, has issued an unmodified opinion on South Carolina State Ports Authority's financial statements for the year ended June 30, 2026. 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 Ports Authority owns and operates public marine and inland terminals in three regions within the state: Charleston, Greer, and Dillon. The facilities within these regions are owner-operated terminals, meaning the Ports Authority owns and operates the terminals, container cranes, handling equipment, and container storage yards.

The Ports Authority 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 Ports Authority fulfills this mission by delivering cost competitive facilities and services, collaborating with customers and stakeholders, and sustaining its financial self-sufficiency.

Comprised of six public marine terminals, the Ports Authority is the eighth largest container port in the United States and one of the busiest container ports along the Southeast and Gulf coasts. The Ports Authority is recognized as one of the nation's most efficient and productive ports. The Ports Authority 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 Ports Authority 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 Ports Authority

The Port of Charleston is comprised of six ocean terminals handling import and export containerized, breakbulk, roll-on/roll-off ("Ro-Ro"), and bulk cargo. The Ports Authority also owns and operates two inland port facilities in Greer and Dillon.

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 Ports 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 2,500 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 Ports Authority's primary Ro-Ro, breakbulk, heavy lift, and project cargo facility. This terminal spans 155 acres, with 3,900 continuous feet of berth, an on-terminal rail yard served by Norfolk Southern and CSX and three warehouses encompassing 360,000 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 but also is home to the Ports Authority's cruise terminal. 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. During the fiscal year 2024, the Ports Authority entered into a contract for the sale of the property to a local developer for redevelopment.

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
Ports Authority's second inland port is 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 242-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 has a one-million square foot distribution center in Dillon and 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 Ports Authority's container volume grew from 1.94 million twenty-foot equivalent units (TEUs) in fiscal year 2016 to 2.44 million TEUs in fiscal year 2026, a compound annual growth rate of 2.3%. Volume declined 4.6% in fiscal year 2026, reflecting tariff and global trade uncertainty. As of June 30, 2026, the Ports Authority's investment in capital assets was $2.4 billion, an increase of 1.2% from June 30, 2025. These investments position the Ports Authority for long-term growth. They include the 52-foot Charleston Harbor deepening, Phase One and construction of Berth 2 at the Hugh K. Leatherman Terminal, the SMART Pool™, an approximately 280-acre site adjacent to the North Charleston Terminal, and the dual-served Navy Base Intermodal Facility.

Major Initiatives

Aligning costs with volume. In fiscal year 2026, the Ports Authority reduced operating expenses by approximately 10%, through renegotiation of vendor contracts, deferral of noncritical hiring, an early retirement program, managed overtime, and other efficiencies.

Hugh Leatherman Terminal. Effective August 1, 2026, after year-end, the Ports Authority paused container operations at the Hugh K. Leatherman Terminal and consolidated container handling at the Wando Welch and North Charleston Terminals. Both terminals have capacity for current volumes. Construction of the wharf for Berth 2 continues and is expected to be completed in 2027.

North Charleston Terminal. The approximately 280-acre site purchased in fiscal year 2024 supports a master plan for a modernized North Charleston Terminal. At full build-out, the terminal could offer 5,000 linear feet of berth, 5 million TEUs of capacity and 52 feet of depth. A raised Don Holt Bridge would remove the height restriction that currently limits vessel calls.

Navy Base Intermodal Facility. The General Assembly appropriated $550 million for this near-dock rail facility. CSX and Norfolk Southern will both serve it, and a one-mile private drayage road connects it to the Leatherman Terminal. Construction began in fiscal year 2022, including installation of six rail-mounted gantry cranes. The facility will open in line with operational readiness and market conditions.

Union Pier. The Ports Authority ended homeport cruise operations in fiscal year 2022, and the last port-of-call visits concluded in June 2026. The Ports Authority has contracted to sell the approximately 70-acre site to a local developer. Proceeds will fund critical infrastructure.

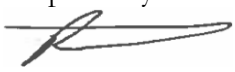
Acknowledgements

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, 2025. This was the ninth year that the Ports 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, PBMares LLP. We wish to thank all members of the Ports Authority's 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

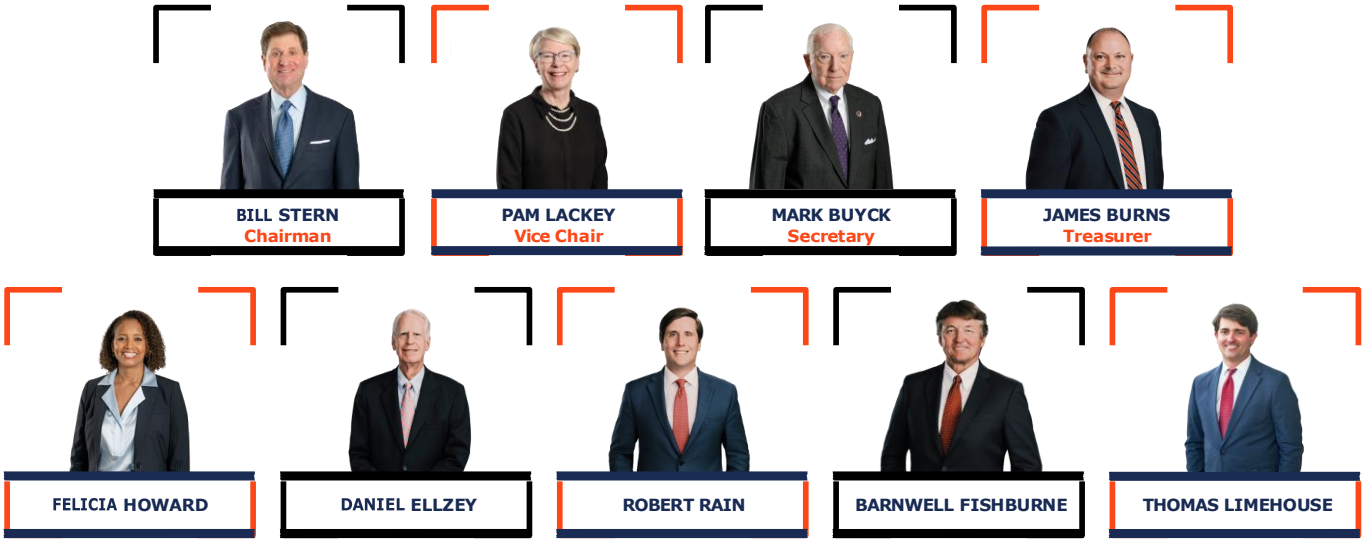
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2025

Christopher P. Morrill

Executive Director/CEO

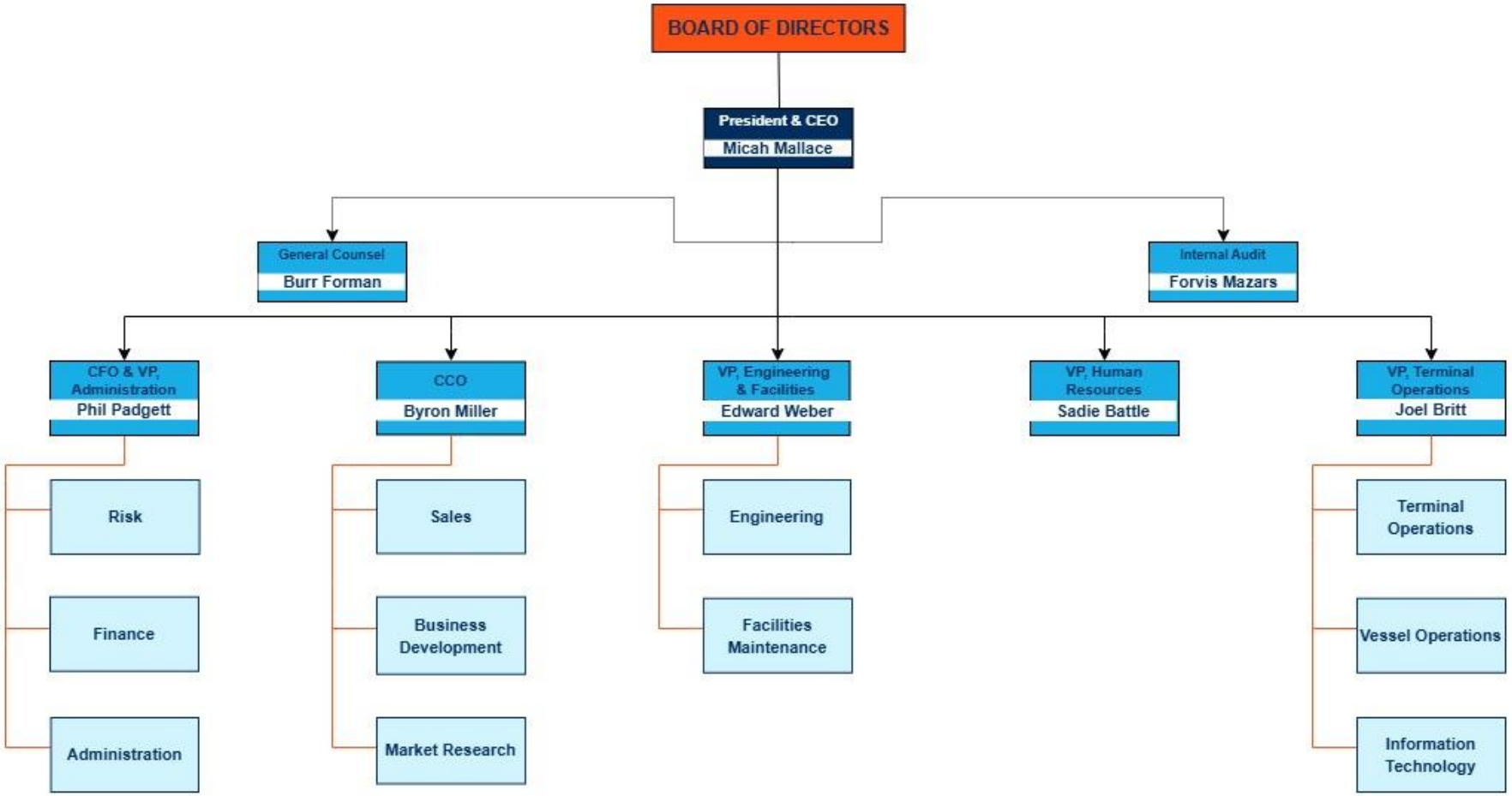
SC PORTS BOARD OF DIRECTORS



SC PORTS LEADERSHIP



As of 06/30/2026



As of 6/30/2026

FINANCIAL SECTION



South Carolina State Ports Authority

Report on Financial Statements and Required Supplementary Information

For the fiscal years ended June 30, 2026 and 2025

South Carolina State Ports Authority

Index

Page

Independent Auditor's Report 14-16

Management's Discussion and Analysis 17-30

Financial Statements

Statements of Net Position 31-32

Statements of Revenues, Expenses and Changes in Net Position 33

Statements of Cash Flows 34-35

Notes to Financial Statements 36-78

Required Supplementary Information

Schedule of the Ports Authority's Total OPEB Liability 80

Schedule of the Ports Authority's OPEB Contributions 81

Schedule of the Ports Authority's Proportionate Share of the Net Pension Liability 82

Schedule of the Ports Authority's Pension Contributions 83

PBMares SM
CPAs and Consultants

Independent Auditor's Report

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 year ended June 30, 2026, 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 accompanying 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, 2026, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit 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 (*Government Auditing Standards)*. 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.

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 Responsibilities 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Ports Authority has restated the beginning balance of cash of cash equivalents on the statement of cash flows as of July 1, 2024 and the Statement of Cash Flows for the year ended June 30, 2025 due to an error. The restatement did not have an effect on the Ports Authority's net position or change in net position for the year ended June 30, 2025. Our opinion is not modified with respect to this matter.

Required Supplementary 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 section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does 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 29, 2026, 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.

Other Matter

The financial statements of the Ports Authority, as of and for the year ended June 30, 2025, were audited by other auditors, whose report, dated September 16, 2025, expressed an unmodified opinion on those statements.

PBMares, LLP

Harrisonburg, Virginia
September 29, 2026

1. Overview of the Financial Statements

This discussion and analysis is an introduction to the South Carolina State Ports Authority's ("Ports Authority") financial statements for the fiscal year ended June 30, 2026, with comparative information for the fiscal year ended June 30, 2025. It should be read together with the financial statements and the accompanying notes.

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 facts, 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's presentation.

The Ports Authority is a single enterprise fund and reports as a business-type activity. Its financial statements are prepared on the accrual basis of accounting and consists of three statements that work together:

- The **Statements of Net Position** present everything the Ports Authority owns and is owed, everything it owes, and the deferred amounts that belong to other periods. The difference — net position — is one indicator of financial health when tracked over time.
- The **Statements of Revenue, Expenses and Changes in Net Position** show how much revenue the Ports Authority earned from moving cargo and operating its facilities, what it cost to do so, and any other resources that came in or went out during the year. The bottom of this statement explains the change in net position reported on the Statements of Net Position.
- The **Statements of Cash Flows** shows the inflows and outflows of cash, sorted into operating, investing, noncapital financing, and capital and related financing activities. Because the first two statements are prepared on the accrual basis, this statement explains the difference between earnings and cash.

The notes to the financial statements are an integral component and follow the financial statements. They explain the accounting policies applied and provide detail on capital assets, long-term debt, leases, subscription-based information technology arrangements, pension and other postemployment benefit obligations, potential and pending litigation, and commitments.

The Ports Authority has no discretely presented component units, so all information in this discussion relates to the primary government.

First year of GASB Statement No. 103. The Ports Authority adopted GASB Statement No. 103, *Financial Reporting Model Improvements*, in fiscal year 2026. The statement changes how revenues and expenses are grouped on the Statements of Revenue, Expenses and Changes in Net Position: certain resources received from, and provided to, other governments are now identified as subsidies and reported separately, with a new subtotal combining operating income with noncapital subsidies. Amounts previously reported below a capital contributions caption are now reported within nonoperating activity. The fiscal year 2025 amounts presented for comparison have been reclassified to conform to the new presentation.

Restatement of the fiscal year 2025 Statements of Cash Flows. During fiscal year 2026 the Ports Authority determined that certain investments had been classified as cash and cash equivalents in prior year Statements of Cash Flows, and those amounts have been restated. The restatement affects the presentation of the Statements of Cash Flows only and does not change net position, the change in net position, or operating results for any period presented. See Note 2.

2. Financial Summary

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

(in thousands of dollars)	2026	2025	2024
Assets			
Current assets	$ 698,414	$ 661,945	$ 522,949
Capital assets, net	2,396,525	2,367,408	2,227,330
Other assets	26,558	26,909	33,135
Total assets	3,121,497	3,056,262	2,783,414
Deferred outflows of resources	67,470	85,574	85,519
Total assets and deferred outflows of resources	$ 3,188,967	$ 3,141,836	$ 2,868,933
Liabilities			
Current liabilities	$ 120,180	$ 132,729	$ 134,542
Long-term obligations	1,638,821	1,656,956	1,678,635
Total liabilities	1,759,001	1,789,685	1,813,177
Deferred inflows of resources	72,734	54,964	41,306
Net position			
Net investment in capital assets	1,084,857	1,025,034	814,024
Restricted for debt service and capital projects	51,566	51,755	51,910
Unrestricted	220,809	220,398	148,516
Total net position	1,357,232	1,297,187	1,014,450
Total liabilities, deferred inflows of resources and net position	$ 3,188,967	$ 3,141,836	$ 2,868,933

2. Financial Summary, Continued

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)	**2026**	**2025**	**2024**
Operating revenue	$ 400,837	$ 426,473	$ 404,003
Operating expenses	382,416	399,798	406,285
Operating income (loss)	18,421	26,675	(2,282)
Noncapital subsidies, net	69,996	171,343	169,175
Operating income and noncapital subsidies	88,417	198,018	166,893
Capital subsidies	131	121,461	12,433
Interest Income	21,304	19,870	19,651
Investment (expense) income	(1,693)	3,446	13,966
Interest expense	(48,185)	(49,403)	(51,332)
Gain (loss) on disposal of capital assets	71	(11,085)	2,532
Other income (expense)	-	430	(11,945)
Total nonoperating revenues (expenses)	(28,372)	84,719	(14,695)
Unusual or infrequent item – impairment loss on capital assets	-	-	(18,562)
Change in net position	60,045	282,737	133,636
Net position, beginning	1,297,187	1,014,450	880,814
Net position, ending	$ 1,357,232	$ 1,297,187	$ 1,014,450

The fiscal year 2024 amounts have been reclassified to conform to the presentation required by GASB Statement No. 103. One notable difference is extraordinary items are now unusual or infrequent items. There were no unusual or infrequent items in fiscal years 2026 or 2025.

3. Detailed Analyses

Financial position comparison of fiscal year 2026 to fiscal year 2025

Total assets increased $65.2 million, or 2.1 percent, to $3.12 billion.

Total cash, cash equivalents and investments increased $81.8 million, or 14.7 percent, to $636.8 million, against capital spending of $147.8 million during the year. The increase was funded principally by $66.7 million received from the Union Pier Terminal sale agreement, and the collection of $32.5 million of State and Federal receivables outstanding at June 30, 2025.

Investments increased $187.9 million to $252.9 million while cash and cash equivalents decreased $106.1 million to $383.9 million. The shift reflects a transition to bonds at favorable yields, funded by the receipts described above, together with the reallocation of existing deposit account balances. The Ports Authority's investment policy was unchanged.

Amounts due from the federal government fell to $0.4 million from $32.9 million as harbor deepening and BUILD grant reimbursements outstanding at the prior year end were collected. Amounts due from the State of South Carolina fell $8.2 million to $6.9 million with reimbursement received related to the Navy Base Intermodal Facility. Trade accounts receivable decreased $7.8 million, or 15.7 percent, to $41.7 million, reflecting lower fourth quarter billings. The allowance for uncollectible accounts was reduced from $2.0 million to $0.5 million. The Ports Authority recorded a net bad debt credit of $0.2 million during the year, compared with a $0.3 million charge in fiscal year 2025, with the balance of the reduction reflecting write-offs of previously reserved amounts. The reduction in the allowance during the year reflects write-offs and an improved aged profile.

Capital assets, net, increased $29.1 million, or 1.2 percent, to $2.4 billion. The Ports Authority invested $147.8 million in capital assets during the year, down from $257.8 million, offset by depreciation of $93.0 million and by disposals. See Section 4.

Other noncurrent assets and receivables increased $0.2 million to $8.8 million. The Ports Authority recorded a $0.8 million receivable under a settlement agreement entered during the year, representing the portion due beyond one year of amounts receivable in monthly instalments over ten years. This was substantially offset by a $0.6 million reduction in lease receivables, principally on the termination of a lease during the year.

Deferred outflows of resources decreased $18.1 million, or 21.2 percent, to $67.5 million. Amounts related to defined benefit pension plans decreased $12.7 million, almost entirely from changes in the Ports Authority's proportionate share. Amounts related to postemployment benefit plans decreased $4.4 million, reflecting the change in the discount rate. The remaining $1.1 million is amortization of the deferred loss on the 2019C and 2019D revenue bond refunding.

Total liabilities decreased $30.7 million, or 1.7 percent, to $1.76 billion.

Current liabilities decreased $12.5 million, or 9.5 percent, to $120.2 million. Construction-related payables and retainage together decreased $19.5 million, consistent with slowed construction of the Navy Base Intermodal Facility. Accrued payroll and related expenses increased $5.7 million, or 57.7 percent, to $15.5 million. The increase reflects the accrual of the final full pay period of fiscal year 2026 and $2.0 million payable under the early separation incentive program.

Long-term debt decreased $35.1 million, or 2.6 percent, to $1.3 billion, attributable to scheduled principal payments with no new debt issued. See Section 4.

3. Detailed Analyses, Continued

Net pension liability decreased $32.6 million, or 21.4 percent, to $119.7 million. The Ports Authority participates in the South Carolina Retirement System and the Police Officers Retirement System and reports a proportionate share of each plan's collective net pension liability. Two factors account for the decrease. First, the collective net pension liability of the plans fell, principally because investment returns exceeded expectations during the measurement year — the South Carolina Retirement System's fiduciary net position grew $4.4 billion against a $2.6 billion increase in its total pension liability — reducing the Ports Authority's share by $10.2 million. Second, the Ports Authority's proportionate share of the plans declined, accounting for the remaining $22.4 million. Because the allocation is based on employer contributions, the decline follows the Ports Authority's contributions to the South Carolina Retirement System, falling to $14.3 million from $15.7 million as covered payroll decreased.

The total OPEB liability decreased $10.7 million, or 13.2 percent, to $70.4 million. The decrease is principally the effect of the discount rate used to measure the liability, which rose from 3.97 percent at June 30, 2024 to 5.20 percent at June 30, 2025 and reduced the liability by $14.8 million. Service cost of $3.1 million and interest on the liability of $3.2 million partly offset this, and benefit payments were $2.4 million. The retiree health care plan is not administered through a trust and has no accumulated assets, so the discount rate is set by reference to a 20-year tax-exempt municipal bond index and moves with that index each year; a one percent reduction in the rate would increase the liability to $82.0 million.

Deposits on future sale of a capital asset increased $66.7 million to $150.0 million. The Ports Authority received two installment payments during fiscal year 2026 under its agreement to sell Union Pier Terminal. Because the sale had not closed at June 30, 2026, the amounts received are reported as a liability, the terminal remains in capital assets, and no gain or loss has been recognized.

Deferred inflows of resources increased $17.8 million, or 32.3 percent, to $72.7 million. Amounts related to defined benefit pension plans increased $9.1 million to $36.8 million, but the composition changed far more than the total suggests: amounts arising from the difference between projected and actual investment earnings rose to $29.0 million from $5.9 million, reflecting the plans' investment performance during the measurement year, while amounts arising from changes in proportionate share and from the difference between contributions fell to nil from $21.6 million. Amounts related to postemployment benefit plans increased $9.2 million to $31.1 million, principally the deferred portion of the discount rate change described above. Amounts related to leases decreased by $0.5 million.

Net position increased $60.0 million, or 4.6 percent, to $1.36 billion.

In FY25 there was an increase of $282.7 million driven by non-recurring State and federal capital support described in Section 3.2.

Of total net position at June 30, 2026, 79.9 percent represents net investment in capital assets (79.0 percent in 2025). These assets — land, terminals, buildings, cranes and other equipment, and rail infrastructure — are used to provide services to steamship lines and their agents and are not available for future spending; the debt issued to acquire them must nonetheless be repaid from operations. A further 3.8 percent (4.0 percent in 2025) is restricted for debt service and capital projects by external requirements. The remaining 16.3 percent (17.0 percent in 2025), or $220.8 million, is unrestricted and available to meet any of the Ports Authority's ongoing obligations. Unrestricted net position was essentially unchanged from the prior year at $220.8 million, as the year's operating result and capital support were substantially absorbed into net investment in capital assets.

3. Detailed Analyses, Continued

Operating results comparison of fiscal year 2026 to fiscal year 2025

Key operating statistics of the Ports Authority for the years ended June 30 is shown below:

(in thousands of dollars)	2026	2025	Change	% Change
Total Pier Containers	$ 1,347,635	$ 1,412,173	$ (64,538)	(4.6)%
Total TEUs (20' equivalent units)	2,441,000	2,566,764	(125,764)	(4.9)%
Vessels docked, excluding barges	1,562	1,449	113	7.8%
Chassis – SMART Pool usage days	2,193,834	2,591,455	(397,621)	(15.3)%
Breakbulk – Pier Tons	665,734	702,998	(37,264)	(5.3)%
Breakbulk – Vehicles	170,028	165,949	4,079	2.5%
Cruise Passengers	61,541	158,940	(97,399)	(61.3)%
Inland Port Greer – rail moves	169,016	205,523	(36,507)	(17.8)%
Inland Port Dillon – rail moves	53,624	33,958	19,666	57.9%

Volumes declined across most measures in fiscal year 2026, reflecting softer trade conditions rather than any single event. Container volumes fell moderately — pier containers declined 4.6 percent and TEUs 4.9 percent — while vessel calls rose 7.8 percent to 1,562, indicating cargo arrived across more calls carrying less on each. Chassis usage days fell 15.3 percent, tracking the container decline as expected. Breakbulk pier tonnage declined 5.3 percent, though vehicle units recovered 2.5 percent following the sharp decline recorded in fiscal year 2025. Rail moves at Inland Port Greer declined 17.8 percent from fiscal year 2025, while Inland Port Dillon rose 57.9 percent on a sourcing shift by the facility's anchor tenant that moved cargo to the Port of Charleston from another port. Cruise passengers declined 61.3 percent, the result of a strategic decision rather than market conditions — home port sailings concluded in December 2024, leaving only port of call vessels, and the final such vessel called on June 30, 2026.

Operating revenues

Operating revenues declined $25.6 million, or 6.0 percent, to $400.8 million. The decline was concentrated in three areas — the inland port network, the chassis pool, and cruise — while the container business, which remains the Ports Authority's largest source of revenue, was nearly flat.

(in thousands of dollars)	2026	% of total	2025	% of total	2024	% change
Operating revenues						
Container	$ 294,621	73.5%	$ 300,687	70.5%	$ 284,625	(2.0)%
Inland Ports	35,368	8.8%	46,469	10.9%	30,834	(23.9)%
Chassis	39,239	9.8%	45,794	10.7%	42,568	(14.3)%
Breakbulk & RoRo Cargo	25,339	6.3%	24,489	5.7%	30,042	3.5%
Cruise	4,273	1.1%	8,468	2.1%	15,850	(49.5)%
All other	1,997	0.5%	566	0.1%	84	252.2%
Total operating revenues	$ 400,837	100%	$ 426,473	100%	$ 404,003	(6.0)%

3. Detailed Analyses, Continued

The container segment above combines terminal container revenue of $256.0 million (2025: $259.2 million) with intermodal revenue of $38.6 million (2025: $41.5 million). The inland port network comprises Inland Port Greer and Inland Port Dillon, shown separately below.

Inland ports declined $11.1 million, or 23.9 percent, the largest single contributor to the revenue decline. The two facilities moved in opposite directions:

- **Inland Port Greer declined $15.1 million, or 36.4 percent, to $26.3 million.** The decline was principally related to reduced demurrage as storage revenue fell $10.9 million, or 70 percent, accounting for 72 percent of the facility's total decline. The fiscal year 2025 result included demurrage earned when trade uncertainty caused importers to hold cargo on terminal for extended periods; that pattern did not repeat in fiscal year 2026. Rail moves at Greer declined 17.8 percent to 169,016, from the record 205,523 achieved in fiscal year 2025, and container gate and throughput revenue declined broadly in line with that volume.
- **Inland Port Dillon rose $4.0 million, or 78.9 percent, to $9.0 million,** on a 57.9 percent increase in rail moves to 53,624. The volume increase is attributable to a sourcing shift from Dillon's anchor tenant that shifted cargo to the facility from another port during the year.
- **Chassis revenue declined $6.6 million, or 14.3 percent, to $39.2 million,** tracking SMART Pool usage days, which fell 15.3 percent to 2,193,834 as container volumes declined. Chassis services expense declined by a comparable $6.4 million, or 29.0 percent, over the same period as leased chassis were off hired from the pool.
- **Cruise revenue declined $4.2 million, or 49.5 percent, to $4.3 million,** the first full year following the conclusion of home port cruise operations at Union Pier Terminal in December 2024. Passenger embark and debark revenue fell $3.3 million, or 54.7 percent, as home port sailings ceased entirely: embarked passengers fell from 133,863 to none, while port of call passengers rose 145.4 percent to 61,541. Total passengers declined 61.3 percent to 61,541 and cruise vessel calls declined to 36 from 57. Dockage, terminal security and property rental revenue each increased, partly offsetting the decline. Following the conclusion of home port sailings the Ports Authority hosted port of call vessels only, and the final such vessel called on June 30, 2026. Cruise operations have therefore ceased entirely; see Section 5.

Container revenue declined $6.1 million, or 2.0 percent, to $294.6 million and rose as a share of operating revenue to 73.5 percent. Terminal container revenue of $256.0 million declined $3.2 million, or 1.2 percent, and intermodal revenue of $38.6 million declined $2.9 million, or 6.9 percent on a 3.6 percent decline in Charleston intermodal rail drays. Within terminal container revenue, a broad decline tracking lower volumes was substantially offset by growth in labor surcharge revenue.

TEUs fell 4.9 percent to 2,441,000 and pier containers fell 4.6 percent to 1,347,635. Throughput, ancillary revenue and container services moved broadly in line with those volumes, each declining less than the revenue decline. Demurrage and storage declined 28.3 percent, the same normalization seen at Inland Port Greer.

Labor surcharge revenue, which was implemented to help recover the increased costs associated with the operations of HLT, rose $9.8 million, or 62.7 percent. The additional revenue is matched on the expense side by a $6.6 million, or 26.4 percent, increase in operating cost and a $3.7 million, or 22.2 percent, increase in outside personnel charged to the container segment. The increase in both reflects the movement in contracted labor rates during the year. Because the revenue recovers the cost, neither figure should be read on its own as a change in the Ports Authority's underlying results.

3. Detailed Analyses, Continued

Breakbulk and RoRo revenue rose $0.8 million, or 3.5 percent, to $25.3 million, despite pier tonnage declining 5.3 percent to 665,734 tons. Demurrage and storage rose $1.1 million, or 54.6 percent, and throughput fees rose $0.5 million, or 13.8 percent, partly offset by a $0.5 million, or 16.0 percent, decline in dockage. Vehicle units recovered to 170,028 from 165,949, an increase of 2.5 percent, following the 21.3 percent decline recorded in fiscal year 2025.

Demurrage arising from extended cargo dwell reflects conditions largely outside the Ports Authority's control and does not recur predictably. The $10.9 million decline in demurrage at Inland Port Greer during the year, following an elevated fiscal year 2025, illustrates how quickly such revenue can reverse.

Operating expenses declined $17.4 million, or 4.3 percent, to $382.4 million. The composition of that decrease matters more than its size: substantially all of it is attributable to non-cash and non-recurring payroll items, while the underlying cost of operating the Ports Authority's facilities rose.

(in thousands of dollars)	2026	2025	Change	% Change
Operating expenses				
Direct operating expenses	$ 260,089	$ 260,117	$ (28)	(0.0)%
Administrative expense	29,363	51,421	(22,058)	(42.9)%
Depreciation expense	92,964	88,260	4,704	5.3%
Total operating expenses	$ 382,416	$ 399,798	$ (17,382)	(4.3)%

Total payroll and related expense declined $15.5 million, or 9.3 percent.

Fiscal year 2026 contains 27 biweekly pay periods against 26 in fiscal year 2025. The Ports Authority had historically recorded payroll on the pay date, one pay period in arrears, and during fiscal year 2026 it accrued the final full pay period of the year, which under the previous practice would have been recorded in fiscal year 2027. The additional pay period added $3.8 million to fiscal year 2026 payroll expense. Fiscal year 2027 returns to 26 pay periods, so the effect is not recurring.

Pension expense swung from a charge of $6.8 million to a credit of $10.4 million, a $17.3 million change. The credit is the Ports Authority's proportionate share of the plans' pension expense of $3.6 million less employer contributions of $14.0 million made after the measurement date and arises from the same investment performance that reduced the net pension liability by $32.6 million. This is the dominant item this year and it does not reflect a change in the cost of operating the Ports Authority.

Retirement incentives of $3.5 million, against $0.9 million in fiscal year 2025, under a voluntary early separation incentive program were offered to employees who met certain eligibility requirements. This is a one-time cost and should reduce labor costs in fiscal year 2027.

Excluding those items, wage and related expense rose $4.5 million, or 3.0 percent, as recorded. On a comparable 26-period basis it rose $0.7 million, or 0.5 percent — the Ports Authority's underlying cost of labor was close to flat against a 6.0 percent decline in operating revenue.

Two movements within wage and related expense run in opposite directions.

Contract labor rose $6.6 million, or 26.4 percent, on higher contracted rates, recovered through labor surcharge revenue. HLT labor is contracted and invoiced rather than paid through the Ports Authority's biweekly payroll cycle.

3. Detailed Analyses, Continued

The Ports Authority's overtime declined $3.0 million, with reductions of between 20 and 23 percent in each of the direct, maintenance and security categories, reflecting a scheduling initiative undertaken during the year to reduce overtime.

Other operating expenses. Excluding depreciation, other operating expenses declined $6.6 million, or 4.5 percent. Significant changes were:

- **Chassis services fell $6.4 million, or 29.0 percent.** This caption covers the full cost of the chassis program, including depot, repositioning and maintenance costs and the cost of chassis held under lease. Two factors account for the decline: SMART Pool activity followed container volumes, and the Ports Authority moved part of the fleet from leased to owned units, with leases on 1,289 chassis ending during the year. Lease costs on those units ceased accordingly, with amortization of the related right-of-use assets falling from $5.8 million to $0.1 million.
- **Rail service rose $4.2 million, or 61.2 percent,** essentially all of it at Inland Port Dillon, where rail service fees of $11.2 million (2025: $6.9 million) tracked the 57.9 percent increase in rail moves at that facility. The increase is volume-driven at contracted rates; the fee per move was unchanged.
- **Dredging rose $1.6 million, or 59.5 percent,** concentrated in the breakbulk segment, up $1.0 million, and cruise, up $0.7 million, partly offset by a small decline in the container segment. Dredging is performed on a berth maintenance cycle, and the work in both segments was completed early in the fiscal year to maintain berths and to accommodate port of call cruise vessels. The movement reflects the timing of that cycle rather than a change in maintenance practice.
- **Depreciation rose $4.7 million, or 5.3 percent,** reflecting a full year of depreciation on assets placed in service during fiscal year 2025 — including the second berth at the Hugh K. Leatherman Terminal, the Inland Port Greer expansion completed in March 2025, and the Wando Welch Terminal toe wall — together with $9.3 million of Inland Port Greer assets placed in service in July 2025. Depreciation at Inland Port Greer alone rose $1.7 million, or 36.1 percent, on the expansion. The Navy Base Intermodal Facility assets placed in service in March 2026 contributed only a partial year and will carry a full year of depreciation in fiscal year 2027.

Operating income was $18.4 million, compared with $26.7 million in fiscal year 2025, a decline of $8.3 million, or 30.9 percent as recorded. Adjusted for the additional pay period, operating income was $22.2 million, a decline of $4.5 million or 16.8 percent. Fiscal year 2026 results also carry a $4.9 million benefit from the reversal of the prior year performance incentive accrual, which is not repeatable. Operating revenue fell $25.6 million while operating expenses fell $17.4 million, and nearly all of the expense reduction came from the non-cash and non-recurring payroll items described above, which are not expected to recur at the same level.

Subsidies and other nonoperating activity comparison of fiscal year 2026 to fiscal year 2025

The Ports Authority provided noncapital subsidies of $1.5 million during fiscal year 2026, consisting of its annual $1.0 million contribution to the State of South Carolina for the Arthur Ravenel Jr. Bridge, $17 thousand to the Wards Creek Trail Project, and a one-time non-cash transfer of land to the South Carolina Department of Transportation with a carrying amount of $0.5 million. Noncapital subsidies received were $71.5 million, against $172.4 million in fiscal year 2025, and comprised State appropriations for the Navy Base Intermodal Facility of $71.3 million together with a $0.2 million property transfer from Palmetto Rail. The prior year also included $22.5 million of federal harbor deepening reimbursement, which concluded during that year, and $35 thousand from the South Carolina Department of Commerce.

3. Detailed Analyses, Continued

Operating income and noncapital subsidies were $88.4 million, against $198.0 million. The decline of $109.6 million is driven by the reduction in State appropriations for the Navy Base Intermodal Facility, which are recognized as construction proceeds, together with the conclusion of the harbor deepening reimbursement.

Capital subsidies were $0.1 million, against $121.5 million. The fiscal year 2025 amount reflected an unusual concentration of State and federal support: $105.0 million for the acquisition of property adjacent to the North Charleston Terminal, provided as $55.0 million in cash and $50.0 million in loan forgiveness; $10.2 million in federal capital grants; $4.2 million from the State for the Port Access Road; and $2.0 million from the State for the Jasper Ocean Terminal. Fiscal year 2026 comprised $0.1 million of federal grants and $13 thousand for the Jasper Ocean Terminal. Capital spending across the Ports Authority fell over the same period, from $257.8 million to $147.8 million, and State support for the Navy Base Intermodal Facility is expected to continue.

Interest income was $21.3 million and investment income a loss of $1.7 million, against $19.9 million and income of $3.4 million respectively. The two moved in opposite directions. Interest income rose $1.4 million, or 7.2 percent, to $21.3 million as the Ports Authority made fuller use of higher-yielding deposit accounts and placed additional funds in bonds. Investment income moved from income of $3.4 million to a loss of $1.7 million, reflecting unrealized losses on the enlarged bond portfolio; investments are reported at fair value, with changes in fair value recognized in investment income. The Ports Authority intends and expects to hold these securities to maturity, and the unrealized losses are expected to reverse as the securities approach maturity.

Interest expense declined $1.2 million to $48.2 million, consistent with scheduled principal amortization and the absence of new borrowing.

Net gain on disposal of capital assets was $0.1 million, compared with a net loss of $11.1 million in fiscal year 2025, which arose primarily on the sale of chassis equipment previously written down. Disposal activity in fiscal year 2026 was minimal, generating proceeds of $0.5 million.

Fiscal year 2025 compared with fiscal year 2024

The financial statements present fiscal year 2025 comparatively with fiscal year 2026. The analysis below therefore addresses fiscal year 2025 against fiscal year 2024. Fiscal year 2024 amounts are drawn from the financial statements for the fiscal year ended June 30, 2024 and, where the comparison requires it, reclassified to the presentation adopted under GASB Statement No. 103.

Operating revenues rose $22.5 million, or 5.6 percent, to $426.5 million. The increase was led by the container business, up $16.1 million to $300.7 million on a 2.8 percent increase in twenty-foot equivalent units and additional capacity at the Hugh K. Leatherman Terminal, and by the inland ports, up $15.6 million, or 50.7 percent, to $46.5 million. Within the inland ports, rail moves at Inland Port Greer reached a record 205,523, an increase of 9.5 percent over the 187,638 recorded in fiscal year 2024, and demurrage revenue was elevated by trade uncertainty in the second half of the year; rail moves at Inland Port Dillon fell 20.9 percent to 33,838. Chassis revenue rose $3.2 million to $45.8 million in the SMART Chassis Pool's third year of operation.

Two businesses declined. Breakbulk and RoRo revenue fell $5.6 million to $24.5 million as vehicle units handled fell 21.3 percent to 165,949, against 210,817 in fiscal year 2024 when production resumed following earlier supply chain disruption. Cruise revenue fell $7.4 million to $8.5 million; home port sailings concluded in December 2024, after which the Ports Authority hosted port of call vessels only.

Operating expenses fell $6.5 million, or 1.6 percent, to $399.8 million. Direct operating expenses fell $6.5 million and administrative expenses $4.1 million, together reflecting reductions in dredging, fuel and chassis lease fees, partly offset by the costs of reopening the Hugh K. Leatherman Terminal. Depreciation rose $4.1 million to $88.3 million. Operating income was $26.7 million, against an operating loss of $2.3 million in fiscal year 2024, a movement of $29.0 million.

3. Detailed Analyses, Continued

Operating income and noncapital subsidies were $198.0 million, against $166.9 million. Noncapital subsidies received rose modestly: State appropriations for the Navy Base Intermodal Facility increased $14.9 million to $149.8 million as construction advanced, offset by federal harbor deepening reimbursement falling $12.9 million to $22.5 million as that project neared completion.

Capital subsidies were $121.5 million, against $12.4 million. The increase reflects $105.0 million of State support for the acquisition of property adjacent to the North Charleston Terminal, provided as $55.0 million in loan forgiveness, together with $4.2 million for the Port Access Road.

Within other nonoperating activity, investment income fell $10.5 million to $3.4 million and the Ports Authority recorded an $11.1 million net loss on the disposal of property and equipment, against a $2.5 million gain. Interest expense fell $1.9 million to $49.4 million. Other income was $0.4 million, against an expense of $11.9 million in fiscal year 2024.

Fiscal year 2024 included an impairment loss on capital assets of $18.6 million, reported in the financial statements for that year as an extraordinary item. GASB Statement No. 103 eliminates that caption; the amount is presented above as an unusual or infrequent item. There was no comparable item in fiscal year 2025.

Net position increased $282.7 million to $1.30 billion, against an increase of $133.6 million in fiscal year 2024. Total assets rose $272.8 million, principally a $140.1 million increase in capital assets, net of depreciation, together with an increase in current assets, and total liabilities fell $23.5 million as long-term debt reduced by $85.1 million through scheduled principal payments, partly offset by $83.3 million of deposits received on the future sale of a capital asset. Net investment in capital assets rose $211.0 million and unrestricted net position $71.9 million.

4. Significant Capital Asset and Long-Term Financing Activity

Capital assets

The Ports Authority's investment in capital assets was $2.4 billion, net, at June 30, 2026, an increase of 1.2 percent over the prior year. Capital assets include land, land improvements, buildings, equipment, railroad tracks, furniture and fixtures, construction in progress, and intangible right-to-use lease and subscription assets.

The Ports Authority invested $147.8 million in capital assets during fiscal year 2026, compared with $257.8 million in fiscal year 2025. The reduction is primarily attributed to the slowing of construction at the Navy Base Intermodal Facility as scope and phasing changes were made during fiscal year 2026. Significant capital activity during the year included the following:

- **Navy Base Intermodal Facility.** The General Assembly has appropriated $550.0 million to the Ports Authority for the facility and related container barge infrastructure. Approximately $414.7 million had been expended at June 30, 2026, against $343.4 million a year earlier, leaving approximately $135.3 million of the appropriation available. The $71.3 million expenditure during fiscal year 2026 corresponds to the State contribution recognized for the year, and the reduction from $149.8 million in fiscal year 2025 reflects a lower volume of work performed rather than any change in the appropriation. The facility will be served by both Norfolk Southern Railway Company and CSX Transportation, Inc.
- **Hugh Leatherman Terminal.** Construction on Berth 2 at HLT continued during fiscal year 2026 with completion currently scheduled for the Summer of 2027. The berth is expected to be of continuing value to the Ports Authority when container operations resume at the terminal, and the Ports Authority determined that the cost of terminating the construction contract would in any event exceed the cost of completing the work.
- **Chassis.** The Ports Authority continued the transition from leased to owned units during the year. A total of 1,475 units were placed in service during fiscal year 2026, adding $27.5 million to capital assets.

4. Significant Capital Asset and Long-Term Financing Activity, Continued

- **Assets placed in service.** The Ports Authority placed $108.4 million of assets in service during fiscal year 2026: $71.6 million of land improvements, $31.0 million of equipment, $5.3 million of buildings and structures and $0.6 million of furniture and fixtures. The largest single component was the Navy Base Intermodal Facility, of which $63.7 million was placed in service in March 2026, comprising the bridge and its associated land improvements, paving, drainage, duct bank, fencing and traffic signals. A further $9.3 million relating to Inland Port Greer, including the terminal operations building and associated site work, was placed in service in July 2025, completing the expansion described in the prior year. Chassis additions totaled $27.5 million, comprising 1,475 units placed in service as the Ports Authority moved part of the fleet from leased to owned equipment.
- **Commitments.** At June 30, 2026 the Ports Authority had commitments for construction of approximately $113.9 million and for non-construction property and equipment of approximately $1.6 million, against $157.0 million and $0.7 million respectively a year earlier. Construction commitments fell $43.1 million, or 27.5 percent, consistent with the stage of the Navy Base Intermodal Facility and the completion of projects during the year. Further detail is in Note 8.
- **Right-to-use lease and subscription-based information technology arrangement assets** are included in capital assets. The Ports Authority held twenty-one subscription-based information technology arrangements at June 30, 2026, and entered into and terminated arrangements during the year in the ordinary course. Subscription payments of $3.5 million and lease payments of $0.6 million are reported in capital and related financing activities. Additional detail is in Note 5 for leases and Note 6 for subscription-based information technology arrangements.

Long-term financing

Total long-term debt outstanding, including current maturities, was $1.32 billion at June 30, 2026, a decrease of $35.1 million, or 2.6 percent. The decrease is attributable entirely to scheduled principal payments; the Ports Authority issued no new debt during the year.

Revenue bonds outstanding were $973.7 million at June 30, 2026, against $986.1 million a year earlier, and direct borrowings with various third parties were $284.4 million, against $304.4 million. Together with unamortized bond premium of $62.0 million, these comprise total long-term debt including current maturities of $1.32 billion. The Ports Authority has no refunding, defeasance or new issuance planned.

Debt service paid during the year totaled $81.7 million, consisting of $32.5 million of principal and $49.2 million of interest, in line with the Ports Authority's scheduled debt service for the year.

Scheduled debt service is $81.8 million in fiscal year 2027 and remains close to that level through fiscal year 2030. Senior lien debt service is essentially level at approximately $54.3 million a year; subordinate lien debt service varies in later years as balloon maturities on certain direct borrowings fall due.

The Ports Authority's senior revenue bonds are rated A1 by Moody's and A+ by S&P Global. Neither rating changed during fiscal year 2026.

Additional information on capital assets is in Note 4 and on long-term debt is in Note 7.

5. Currently Known Facts, Decisions, or Conditions

The following are expected to have a significant effect on the Ports Authority's financial position or results of operations in future periods.

- **Trade conditions and tariffs.** Trade policy was a major external condition affecting the Ports Authority during fiscal year 2026. Duty levels and the legal basis for them changed more than once during the year, and the resulting uncertainty – more than the level of duty itself – shaped customer behavior, as importers advanced, deferred and re-sourced shipments in response. Container volumes declined (4.6%) and operating revenue of approximately $401 million finished 5% below plan. Trade policy remains unsettled as of the date of this report. The framework changed again following fiscal year end, and duties continue to apply to a broad range of imported goods and trading partners. Certain of these measures are the subject of pending legal challenges, the outcome and timing of which cannot be predicted. Management has assumed for planning purposes that duties at approximately current levels remain in effect throughout fiscal year 2027. National forecasts published in September 2026 project United States container import volumes to be approximately flat to modestly lower year over year in the coming months. SCPA's forecast reflects a similar picture as planned volumes for fiscal year 2027 are relatively flat.
- **Sale of Union Pier Terminal.** The Ports Authority has an agreement to sell Union Pier Terminal. At June 30, 2026, it held $150.0 million of deposits received under that agreement, of which $66.7 million was received during fiscal year 2026. The sale had not closed at the reporting date, the terminal remains in capital assets, and no gain or loss has been recognized. Further information is in Note 11.
- **Hugh K. Leatherman Terminal.** On June 25, 2026, the Ports Authority announced that it would consolidate container operations at the Wando Welch and North Charleston Terminals and pause operations at the Hugh K. Leatherman Terminal effective August 1, 2026. The decision reflects industry headwinds, an uncertain trade forecast and tempered container volumes, and is intended to improve cost competitiveness and position the Ports Authority for sustainable long-term growth. Sufficient capacity exists at the Wando Welch and North Charleston Terminals to accommodate current customer demand and near-term growth during the pause, which the Ports Authority expects to be temporary. Management has evaluated the terminal under GASB Statement No. 42 and concluded that the pause represents a temporary change in the manner and duration of use rather than a significant and unexpected permanent decline in service utility; accordingly, no impairment loss has been recognized. See Note 13.
- **Navy Base Intermodal Facility**. State funding for the facility is expected to continue; approximately $135.3 million of the $550.0 million appropriated, remained available at June 30, 2026. The facility will be served by both Norfolk Southern Railway Company and CSX Transportation, Inc. as business term sheets were agreed to during fiscal year 2026. Conversations continue with International Longshoreman Association (ILA) on jurisdiction and appropriate manning and wages for the facility. Once an agreement is reached, construction on the Southern Connector will commence and a path to opening will be determined.
- **Inland Port Dillon volumes.** The fiscal year 2026 increase at Dillon is the result of a shift in sourcing from SCPA's anchor tenant in Dillon that shifted cargo from another port to the Port of Charleston. The Ports Authority does expect a modest decrease in Dillon rail moves in FY27.
- **Cooper River deepening feasibility study.** On August 28, 2026, the Ports Authority and the United States Army Corps of Engineers, Charleston District signed a feasibility study agreement to investigate additional depth on the Cooper River from the Hugh K. Leatherman Terminal to the North Charleston Terminal, from 48 feet to 52 feet. Congress authorized the study in the Water Resources Development Act of 2024, with federal funding included in the fiscal year 2026 federal appropriations. See Note 13.

5. Currently Known Facts, Decisions, or Conditions

- **Captive insurance company.** In August 2026, the Board of Directors authorized the formation of a captive insurance company to complement the Ports Authority's commercial insurance program, together with a holding company to provide governance and oversight. The Ports Authority provides the captive's funding. Both entities were formed in accordance with applicable law and regulatory requirements, and 1942 Assurance Company issued its first policies on September 1, 2026. See Note 13.
- **Cruise operations.** The Ports Authority hosted its final port of call cruise vessel at Union Pier Terminal on June 30, 2026, concluding cruise operations. Cruise revenue was $4.3 million in fiscal year 2026 and $8.5 million in fiscal year 2025, and no cruise revenue is expected in fiscal year 2027.
- **Jasper Ocean Terminal.** In May 2026, the Ports Authority and the State of Georgia signed a letter standing down the Jasper Ocean Terminal project, ending further activity at this time.
- **Chassis fleet.** During fiscal year 2026 leases on 1,289 chassis ended and 1,475 units were placed in service as owned equipment, adding $27.5 million to capital assets. Lease expense on the units removed are replaced by depreciation on the units acquired.
- **Capital program and funding.** The Ports Authority's capital program for fiscal year 2027 calls for approximately $289 million of capital expenditures and will be funded from State appropriations, operations and proceeds of the sale of Union Pier Terminal. No refunding, defeasance or new debt issuance is planned. Approximately $135.3 million of the Navy Base Intermodal Facility appropriation remained available at June 30, 2026.

As of June 30, 2026 and 2025

(in thousands of dollars)	2026	2025
Assets		
Current assets		
Cash and cash equivalents, unrestricted	$ 329,128	$ 408,689
Cash and cash equivalents, restricted	18,011	44,996
Cash and cash equivalents held by trustee for debt service	33,865	33,404
Investments, unrestricted	237,997	49,524
Accrued interest receivable	1,148	1,206
Accounts receivable trade, net of allowance for uncollectible accounts of $497 in 2026 and $1,978 in 2025	41,651	49,433
Other receivables	6,224	4,549
Due from State of SC	6,924	15,139
Due from Federal government	428	32,899
Inventories, net	14,860	13,545
Prepaid and other current assets	8,178	8,561
Total current assets	698,414	661,945
Noncurrent assets		
Cash and cash equivalents held by trustee for debt service	2,871	2,883
Investments, restricted	14,892	15,468
Capital assets, net	2,396,525	2,367,408
Other noncurrent assets and receivables	8,795	8,558
Total noncurrent assets	2,423,083	2,394,317
Total assets	3,121,497	3,056,262
Deferred outflows of resources		
Defined benefit plans	23,897	36,552
Post-employment benefit plans	23,149	27,541
Deferred loss on refunding bonds	20,424	21,481
Total deferred outflows of resources	67,470	85,574
Total assets and deferred outflows of resources	$ 3,188,967	$ 3,141,836

The Accompanying Notes to Financial Statements Are An Integral Part of This Statement.

As of June 30, 2026 and 2025

(in thousands of dollars)	2026	2025
Liabilities		
Current liabilities		
Current maturities of total OPEB liability	$ 2,684	$ 2,809
Current maturities of long-term debt	33,698	32,490
Accounts payable	27,737	27,253
Accounts payable, construction	9,567	21,285
Retainage payable	7,222	15,048
Accrued interest	21,498	21,842
Accrued payroll and related expenses	15,533	9,848
Other liabilities	2,241	2,154
Total current liabilities	120,180	132,729
Noncurrent liabilities		
Total OPEB liability, net of current maturities	67,695	78,260
Net pension liability	119,692	152,243
Long-term debt, net of current maturities	1,286,275	1,322,632
Deposits on future sale of capital asset	150,000	83,333
Other noncurrent liabilities	15,159	20,488
Total noncurrent liabilities	1,638,821	1,656,956
Total liabilities	1,759,001	1,789,685
Deferred inflows of resources		
Defined benefit plans	36,771	27,698
Post-employment benefit plans	31,088	21,842
Leases	4,875	5,424
Total deferred inflows of resources	72,734	54,964
Net position		
Net investment in capital assets	1,084,857	1,025,034
Restricted for		
Debt service	41,566	41,755
Capital projects	10,000	10,000
Unrestricted	220,809	220,398
Total net position	1,357,232	1,297,187
Total liabilities, deferred inflows of resources and net position	$ 3,188,967	$ 3,141,836

The Accompanying Notes to Financial Statements Are An Integral Part of This Statement.

For the fiscal years ended June 30, 2026 and 2025

(in thousands of dollars)	2026	2025
Operating revenues	$ 400,837	$ 426,473
Operating expenses		
Direct operating	260,089	260,117
Administrative	29,363	51,421
Depreciation	92,964	88,260
Total operating expenses	382,416	399,798
Operating income	18,421	26,675
Noncapital subsidies		
Intergovernmental revenue	71,348	149,811
Contribution to the State of SC for Arthur Ravenel Jr. Bridge	(1,000)	(1,000)
Contribution to Wards Creek Trail Project	(17)	(17)
Contribution to SC Department of Transportation	(503)	-
Contribution from SC Department of Commerce	-	35
Contribution from Federal Government for harbor deepening	-	22,514
Contribution from Palmetto Rail for NBIF Property transfer	168	-
Total noncapital subsidies	69,996	171,343
Operating income and noncapital subsidies	88,417	198,018
Other nonoperating revenues (expenses)		
Capital subsidies		
Capital grants from the federal government	118	10,207
Contribution from the State of SC for Port Access Road	-	4,229
Contribution from the State of SC for acquisition of property	-	55,000
Contribution from the State of SC for Jasper Ocean Terminal	13	2,025
Loan forgiveness from the State of SC	-	50,000
Interest income	21,304	19,870
Other income	-	430
Gain (loss) on disposal of property and equipment, net	71	(11,085)
Interest expense	(48,185)	(49,403)
Investment (expense) income	(1,693)	3,446
Total other nonoperating (expenses) revenues, net	(28,372)	84,719
Increase in fund net position	60,045	282,737
Total net position		
Beginning of year	1,297,187	1,014,450
End of year	$ 1,357,232	$ 1,297,187

The Accompanying Notes to Financial Statements Are An Integral Part of This Statement.

For the fiscal years ended June 30, 2026 and 2025

(in thousands of dollars)

	2026	2025
Cash flows from operating activities		
Cash received from customers	$ 406,299	$ 423,931
Cash paid to suppliers	(167,752)	(147,648)
Cash paid for employees	(121,445)	(148,274)
Net cash provided by operating activities	117,102	128,009
Cash flows from investing activities		
Change in unrealized gains on short term investments	-	1,577
Purchase of investments	(190,879)	(50,000)
Sale of investments	-	5,706
Interest/Gain on short term cash/investments	18,813	21,727
Net cash used in investing activities	(172,066)	(20,990)
Cash flows from noncapital financing activities		
Proceeds from dredging	-	2
Proceeds from scrap steel sales	-	78
Proceeds from vending income	-	23
Proceeds from (payment to) captive insurance company	-	30
Contribution to the State of SC for Arthur Ravenel Jr. Bridge	-	(1,000)
Transfer of subsidies provided to others	(1,520)	(17)
Contribution from Federal government for Harbor Deepening	21,281	1,233
Contribution from EPA Grant	-	165
Contribution from Port Security Grant	-	256
Contribution from PEBA for pension true-up	-	413
Net cash provided by noncapital financing activities	19,761	1,183
Cash flows from capital and related financing activities		
Acquisition and construction of capital assets	(146,821)	(257,808)
Proceeds from sales of capital assets	1,010	10,332
Proceeds from future sale of capital asset	66,667	83,333
Lease principal payments	(129)	(4,734)
SBITA principal payments	(2,714)	(2,183)
Principal paid on revenue bonds	(12,440)	(11,840)
Principal paid on other debt	(20,052)	(19,565)
Interest paid on revenue bonds	(41,742)	(42,349)
Interest paid on other debt/leases/SBITAs	(6,255)	(7,959)
Leased capital assets	601	-
Leased capital asset interest	228	-
Contribution from DERA Grant	-	166
Contribution from PDIP Grant	-	8,741
Contribution from BUILD Grant	11,190	-
Contribution from the State of SC for the Navy Base Intermodal Facility	79,563	145,795
Contribution from the State of SC for Port Access Road	-	4,229
Contribution from the State of SC for acquisition of property	-	55,000
Net cash used in capital and related financing activities	(70,894)	(38,842)
Net (decrease) increase in cash and cash equivalents	(106,097)	69,360
Cash and cash equivalents		
Beginning of year	489,972	420,612
End of year	$ 383,875	$ 489,972

The Accompanying Notes to Financial Statements Are An Integral Part of This Statement.

For the fiscal years ended June 30, 2026 and 2025

(in thousands of dollars)

	2026	2025
Reconciliation of cash and cash equivalents to financial statements		
Cash and cash equivalents	$ 383,875	$ 489,972
Total cash and cash equivalents	$ 383,875	$ 489,972
Reconciliation of operating income to net cash provided by operating activities		
Operating income	$ 18,421	$ 26,675
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	92,964	88,260
Amortization	4,872	8,748
Lease revenue	(601)	(1,286)
Changes in operating assets and liabilities		
Accounts receivable trade	7,782	(2,544)
Other receivables	(1,719)	16
Inventories, net	(1,315)	(426)
Prepaid and other current assets	383	1,239
Other noncurrent assets	(792)	-
Accounts payable and other liabilities	484	(5,634)
Payroll related liabilities	5,685	3,211
Total OPEB liability	2,948	3,390
Net pension liability	(10,823)	6,435
Other liabilities	(1,187)	(75)
Net cash provided by operating activities	$ 117,102	$ 128,009
Noncash investing, capital and financing activities		
SBITA assets reduced for contract change	$ (2,858)	$ (1,371)

The Accompanying Notes to Financial Statements Are An Integral Part of This Statement.

Note 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 six ocean terminals at the port of Charleston, 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 amortization, 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 included in the calculation of investment in capital assets, net of related debt.

Note 1. Summary of Significant Accounting Policies, Continued

Components of net investment in capital assets are as follows:

(in thousands of dollars)

	2026	2025
Capital assets, net	$ 2,396,525	$ 2,367,408
Unspent loan proceeds	18,000	44,985
Bonds payable	(973,670)	(986,110)
Unamortized bond premiums	(61,973)	(64,630)
Deferred loss on refunding bonds	20,424	21,481
Notes payable	(284,330)	(304,382)
Lease liabilities	(560)	(689)
Subscription liabilities	(12,770)	(16,696)
Construction related payables and retainage	(16,789)	(36,333)
	$ 1,084,857	$ 1,025,034

- *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 September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. This statement is to provide the users of government financial statements with essential information about certain types of capital assets. This statement requires certain types of capital assets to be disclosed separately in the capital asset note disclosures required by Statement No. 34, *Basic Financial Statements and Management Discussions and Analysis for State and Local Governments*. This statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for the fiscal years beginning after June 15, 2025, and the Ports Authority adopted the pronouncement in the current year and it did not have a material effect on the current year financial statements.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and the Ports Authority adopted the pronouncement in the current year. As a result, certain capital and noncapital grants and contributions reported in 2025 have been reclassified as noncapital or capital subsidies received or paid. The implementation did not result in a change to net position for the Ports Authority.

Other accounting standards 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.

Note 1. Summary of Significant Accounting Policies, Continued

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 an original 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 the trustee received credit ratings from Moody's Investors Service of Aaa and Fitch Ratings, Inc. of AA+ as of June 30, 2026 and 2025. 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, 2026 and 2025. 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, mutual funds, US Government securities, and interest-bearing accounts, which totaled approximately $252,889,000 and $64,992,000 as of June 30, 2026 and 2025, respectively. Investments are fully collateralized as of June 30, 2026 and 2025.

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.

Note 1. Summary of Significant Accounting Policies, Continued

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)

Investment Type	Maturity	2026	2025
Mutual funds	Less than one year	$ 4,830	$ 5,468
Certificate of deposit	Less than one year	10,062	10,063
U.S. Government agency securities	One to five years	237,997	49,461
		$ 252,889	$ 64,992

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 and amortization are 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
Equipment	5 to 25 years
Furniture and fixtures	5 to 20 years

Note 1. Summary of Significant Accounting Policies, Continued

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.

Subsidies:

From time to time, the Ports Authority receives subsidies in the form of 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 subsidies. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses as capital subsidies.

Note 1. Summary of Significant Accounting Policies, Continued

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 total OPEB liabilities – decreases in net pension and total 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 total 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 ended June 30, 2026, 2025, and 2024.

Note 1. Summary of Significant Accounting Policies, Continued

Concentration of credit risk:

The Ports Authority provides services and facilities usage for companies located throughout the world. During the years ended June 30, 2026 and 2025, three customers accounted for the following revenue and accounts receivable percentages:

	2026		2025	
	Revenue	Accounts Receivable	Revenue	Accounts Receivable
Customer 1	19%	17%	18%	10%
Customer 2	14%	28%	16%	18%
Customer 3	12%	8%	13%	21%
	45%	53%	47%	49%

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.

Compensated absences:

The Ports Authority's policies permit employees to accumulate vacation and sick leave benefits that may be realized as paid time off or, for vacation leave only, as a cash payment. A liability is accrued for compensated absences as the benefits are earned if the leave is more likely than not to be used for time off or settled in cash.

Employees earn vacation leave at rates of 12 days per year and may accumulate up to a maximum of 25 days depending on their length of employment and type of employment contract. Employees may carry over a maximum of 5 days. Upon termination, employees are paid for any unused accumulated vacation, up to their respective maximum. The liability for vacation leave is accrued at its accumulated value for the current year plus the respective maximum in the accompanying financial statements.

Employees earn sick leave at a rate of 12 days per year and may accumulate up to a maximum of 180 days. Use of sick leave is restricted to specific qualifying events such as personal illness or care for an immediate family member. Sick leave is not paid out upon separation from employment. Based on historical usage trends, the liability for sick leave was determined to be immaterial to the financial statements.

The Ports Authority's total compensated absence liability is approximately $1,641,000 and $2,065,000 as of June 30, 2026 and 2025, 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.

Note 1. Summary of Significant Accounting Policies, Continued

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.

Reclassification:

Certain reclassifications have been made to prior years' financial statements in order to conform with the current year presentation.

Subsequent events:

In preparing these financial statements, the Ports Authority has evaluated events and transactions for potential recognition or disclosure through September 29, 2026, the date the financial statements were available to be issued.

Note 2. Restatement due to an error

During fiscal year 2026, the Ports Authority determined that, for purposes of the Statement of Cash Flows as of and for the year ended June 30, 2025, certain investments totaling $64,992,000 with original maturities greater than three months from the date of purchase were incorrectly classified as cash and cash equivalents. These investments did not meet the Ports Authority's accounting policy or the definition of cash equivalents under applicable Governmental Accounting Standards Board (GASB) guidance. As a result, cash and cash equivalents reported as of June 30, 2024 and 2025 in the prior-year Statement of Cash Flows were overstated.

The restatement affects only the presentation of amounts reported in the Statement of Cash Flows and does not impact previously reported net position, changes in net position, operating results, cash flows from operations in total, or deposit and investment risk disclosures. The correction has been reflected in the comparative financial statements for the year ended June 30, 2026.

Restatement for error correction is summarized below.

	2024		
	Ending Balance, as Previously Reported	Error Correction	Ending Balance, as Restated
Cash and cash equivalents	$ 441,984	$ 21,372	$ 420,612

	2025		
	Ending Balance, as Previously Reported	Error Correction	Ending Balance, as Restated
Cash and cash equivalents	$ 554,964	$ 64,992	$ 489,972

Note 3. Cash and Investments

The Ports Authority's total cash and cash equivalents and investments at June 30, 2026 and 2025 was approximately $636,764,000 and $554,964,000, 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, 2026 and 2025.

At times, 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 ended June 30, 2026 and 2025, approximately $65,000 of the $13,317,000 and $221,000 of the $32,948,000, respectively, identified in the schedule below as "Deposits held by State Treasurer" is attributable to unrealized gains.

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

The Ports Authority holds a foreign currency-denominated deposit. This deposit is subject to foreign currency risk, which is the risk that changes in exchange rates will adversely affect the fair value of an investment. For the fiscal year ended June 30, 2026 and 2025, the foreign currency balance at fair value USD was approximately $331,000 and $10,133,000, respectively. Foreign currency risk is measured by the currency's exchange rate at the balance sheet date. Gains or losses resulting from fluctuations in these exchange rates are reported in the other non-operating revenues (expenses) section of the Statements of Revenues, Expenses, and Changes in Net Position.

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

(in thousands of dollars)	2026	2025
Statement of Net Position		
Current assets		
Cash and cash equivalents, unrestricted	$ 329,128	$ 408,689
Cash and cash equivalents, restricted	18,011	44,996
Cash and cash equivalents held by trustee for debt service	33,865	33,404
Investments, unrestricted	237,997	49,524
Noncurrent assets		
Cash and cash equivalents held by trustee for debt service	2,871	2,883
Investments, restricted	14,892	15,468
	$ 636,764	$ 554,964
Deposits and Investments		
Deposits insured (FDIC) or collateralized by securities held by the pledging financial institution's agent in the Ports Authority's name	$ 333,822	$ 420,737
Deposits held by the State Treasurer's Office	13,317	32,948
Investments held by third party banks	252,889	64,992
Deposits held by trustee	36,736	36,287
	$ 636,764	$ 554,964

Note 3. Cash and Investments, Continued

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 and future environmental remediation.

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 7). 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.

Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

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.

Note 3. Cash and Investments, Continued

The cost, gross unrealized gain, gross unrealized loss, and fair values of fixed maturity securities as of and for the years ended June 30, 2026 and 2025 are as follows:

(in thousands of dollars)	2026			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Mutual funds	$ 4,830	$ -	$ -	$ 4,830
Certificate of deposit	10,062	-	-	10,062
U.S. Government securities	239,145	-	1,148	237,997
	$ 254,037	$ -	$ 1,148	$ 252,889

(in thousands of dollars)	2025			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
Mutual funds	$ 5,468	$ -	$ -	$ 5,468
Certificate of deposit	10,063	-	-	10,063
U.S. Government securities	49,146	315	-	49,461
	$ 64,677	$ 315	$ -	$ 64,992

For the fiscal year ended June 30, 2026, investment (expense) as reported on the Statements of Revenues, Expenses and Changes in Net Position of ($1,693,000) included unrealized loss on investments of $1,148,000. Investment income (expense) as reported on the Statements of Revenues, Expenses and Changes in Net Position of $3,446,000 for the year ended June 30, 2025, includes unrealized gains on investments of $315,000.

The investment balances in the tables above and below are included in the Statements of Net Position as investments (approximately $252,889,000 and $64,992,000 as of June 30, 2026 and 2025, respectively). There were seven securities in an unrealized loss position at June 30, 2026. There were no securities in an unrealized loss position at June 30, 2025.

Note 3. Cash and Investments, Continued

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)	2026		
	Level 1	**Level 2**	**Total**
Mutual funds	$ 4,830	$ -	$ 4,830
Certificate of deposit	10,062	-	10,062
U.S. Government securities	-	237,997	237,997
	$ 14,892	$ 237,997	$ 252,889

(in thousands of dollars)	2025		
	Level 1	**Level 2**	**Total**
Mutual funds	$ 5,468	$ -	$ 5,468
Certificate of deposit	10,063	-	10,063
U.S. Government securities	-	49,461	49,461
	$ 15,531	$ 49,461	$ 64,992

Note 4. Capital Assets

Capital assets consist of the following amounts:

(in thousands of dollars)	Balance at June 30, 2025	Additions	Disposals	Transfers	Balance at June 30, 2026
Capital assets not depreciated:					
Land	$ 887,403	$ 168	$ (503)	$ -	$ 887,068
Capital projects in progress	400,246	127,093	-	(135,272)	392,067
Total capital assets not depreciated	1,287,649	127,261	(503)	(135,272)	1,279,135
Depreciable capital assets:					
Land improvements	786,812	-	-	94,548	881,360
Buildings and structures	721,801	-	-	8,495	730,296
Railroad tracks	23,508	-	-	-	23,508
Equipment	477,418	16	(2,987)	31,669	506,116
Furniture and fixtures	42,948	-	-	560	43,508
Intangible lease assets - equipment	437	-	(29)	-	408
Intangible subscription assets	19,369	1,646	(3,122)	-	17,893
Total depreciable capital assets	2,072,293	1,662	(6,138)	135,272	2,203,089
Less: Accumulated depreciation and amortization					
Land improvements	412,608	39,273	-	-	451,881
Buildings and structures	300,291	23,789	-	-	324,080
Railroad tracks	13,607	991	-	-	14,598
Equipment	223,141	27,998	(2,847)	-	248,292
Furniture and fixtures	39,590	913	-	-	40,503
Total accumulated depreciation	989,237	92,964	(2,847)	-	1,079,354
Intangible lease assets - equipment	43	54	-	-	97
Intangible subscription assets	3,254	2,994	-	-	6,248
Total accumulated amortization	3,297	3,048	-	-	6,345
Depreciable capital assets, net	1,079,759	(94,350)	(3,291)	135,272	1,117,390
Capital assets, net	$ 2,367,408	$ 32,911	$ (3,794)	$ -	$ 2,396,525

Note 4. Capital Assets, Continued

(in thousands of dollars)	Balance at June 30, 2024	Additions	Disposals	Transfers	Balance at June 30, 2025
Capital assets not depreciated:					
Land	$ 882,650	$ 35	$ (21)	$ 4,739	$ 887,403
Capital projects in progress	267,615	256,591	(21,288)	(102,672)	400,246
Total capital assets not depreciated	1,150,265	256,626	(21,309)	(97,933)	1,287,649
Depreciable capital assets:					
Land improvements	759,572	-	-	27,240	786,812
Buildings and structures	702,056	-	-	19,745	721,801
Railroad tracks	23,508	-	-	-	23,508
Equipment	427,263	30	(455)	50,580	477,418
Furniture and fixtures	42,641	-	(61)	368	42,948
Intangible lease assets - buildings	388	-	(388)	-	-
Intangible lease assets - equipment	14,272	408	(14,243)	-	437
Intangible subscription assets	19,634	1,609	(1,874)	-	19,369
Total depreciable capital assets	1,989,334	2,047	(17,021)	97,933	2,072,293
Less: Accumulated depreciation and amortization					
Land improvements	375,760	36,856	-	(8)	412,608
Buildings and structures	277,025	23,258	-	8	300,291
Railroad tracks	12,615	992	-	-	13,607
Equipment	197,413	26,127	(399)	-	223,141
Furniture and fixtures	38,597	1,027	(34)	-	39,590
Total accumulated depreciation	901,410	88,260	(433)	-	989,237
Intangible lease assets - buildings	262	126	(388)	-	-
Intangible lease assets - equipment	8,454	5,636	(14,047)	-	43
Intangible subscription assets	2,143	2,986	(1,875)	-	3,254
Total accumulated amortization	10,859	8,748	(16,310)	-	3,297
Depreciable capital assets, net	1,077,065	(94,961)	(278)	97,933	1,079,759
Capital assets, net	$ 2,227,330	$ 161,665	$ (21,587)	$ -	$ 2,367,408

Included in capital assets at June 30, 2026 are land improvements, buildings and structures, railroad tracks, equipment, furniture and fixtures, and land that are capital assets held for sale. None of these assets are pledged as collateral for any of the Ports Authority's outstanding debt.

	Historical Cost	Accumulated Depreciation	Net
Land Improvements	$ 9,539	$ 9,325	$ 214
Buildings and structures	22,544	21,512	1,032
Railroad tracks	2,085	2,069	16
Equipment	4,420	4,160	260
Furniture and fixtures	42	41	1
Land	3,171	-	3,171
Total	$ 41,801	$ 37,107	$ 4,694

Note 5. Leases

Lessor:

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 $5,187,000 and $5,786,000 for the fiscal years ended June 30, 2026 and 2025, respectively, and is included in other receivables and other noncurrent assets and receivables in the Statements of Net Position. For the fiscal year ended June 30, 2026, the Ports Authority reported lease revenue of $551,000 and interest revenue of $227,000. For the fiscal year ended June 30, 2025, the Ports Authority reported lease revenue of $1,286,000 and interest revenue of $356,000.

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. One lease was discounted using its implicit rate of 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 $23,000 and $18,000 for the fiscal years ended June 30, 2026 and 2025, respectively. The variable revenue and rent waivers were not included in the measurement of the lease receivable.

Note 5. Leases, Continued

Minimum future lease receipts are:

(in thousands of dollars)	Principal	Interest	Total
2027	$ 423	$ 192	$ 615
2028	443	172	615
2029	464	151	615
2030	485	130	615
2031	508	107	615
2032–2036	1,000	360	1,360
2037–2041	465	245	710
2042–2046	540	170	710
2047–2051	628	82	710
2052–2056	81	25	106
2057–2061	31	20	51
2062–2066	36	15	51
2067–2071	41	10	51
2072–2076	42	3	45
	$ 5,187	$ 1,682	$ 6,869

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.

Lessee:

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

For included leases, the Ports Authority is reporting a lessee lease liability of $560,000 for the year ended June 30, 2026 and $689,000 for the year ended June 30, 2025, and is included in other current and non-current liabilities in the Statements of Net Position. For the fiscal year ended June 30, 2026, the Ports Authority reported lease expense of $84,000 and interest expense of $32,000. For the fiscal year ended June 30, 2025, the Ports Authority reported lease expense of $5,762,000 and interest expense of $129,000.

Note 5. Leases, Continued

Lease liability activity for the fiscal years ending June 30, 2026 and 2025 is as follows:

(in thousands of dollars)	June 30, 2025	Additions	Reductions	June 30, 2026	Current Portion
Lease liability	$ 689	$ -	$ (129)	$ 560	$ 129

(in thousands of dollars)	June 30, 2024	Additions	Reductions	June 30, 2025	Current Portion
Lease liability	$ 6,102	$ 716	$ (6,129)	$ 689	$ 129

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.

Equipment

The Ports Authority leases container chassis, printing and postage equipment for terms that range from two to five years. Fixed equipment expense totaled $84,000 and $5,636,000 for the fiscal years ended June 30, 2026 and 2025, respectively. The container chassis leases include a variable component based on the number of chassis units leased over a stated minimum. Variable expenses totaled $14,000 and $3,740,000 for the fiscal years ended June 30, 2026 and 2025, respectively. The variable chassis expenses were not included in the measurement of the lease liability.

Minimum future lease expenditures are:

(in thousands of dollars)	Principal	Interest	Total
2027	$ 129	$ 26	$ 155
2028	136	19	155
2029	143	12	155
2030	152	4	156
	$ 560	$ 61	$ 621

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.

Note 6. 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 two to nine years. For included SBITAs, the Ports Authority is reporting a subscription liability of $12,770,000 for the year ended June 30, 2026 and $16,696,000 for the year ended June 30, 2025, and is included in other current and non-current liabilities in the Statements of Net Position. For the fiscal year ended June 30, 2026, the Ports Authority reported subscription expense of $3,189,000 and interest expense of $897,000. For the fiscal year ended June 30, 2025, the Ports Authority reported subscription expense of $2,987,000 and interest expense of $904,000.

Some of the Ports Authority SBITAs include a variable component for additional service offerings and additional licenses over a stated minimum. Variable expenses totaled $246,000 and $302,000 for the fiscal years ended June 30, 2026 and 2025. The variable subscription expenses were not included in the measurement of the subscription liability.

Subscription liability activity for the fiscal years ending June 30, 2026 and 2025 are as follows:

(in thousands of dollars)	June 30, 2025	Additions	Reductions	June 30, 2026	Current Portion
Subscription liability	$ 16,696	$ 1,646	$ (5,572)	$ 12,770	$ 2,026

(in thousands of dollars)	June 30, 2024	Additions	Reductions	June 30, 2025	Current Portion
Subscription liability	$ 16,608	$ 1,605	$ (1,517)	$ 16,696	$ 1,684

Note 6. Subscription Based Information Technology Arrangements (SBITAs), Continued

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
2027	$ 2,026	$ 645	$ 2,671
2028	1,874	538	2,412
2029	1,706	446	2,152
2030	1,784	352	2,136
2031	1,865	254	2,119
2032 - 2034	3,515	193	3,708
	$ 12,770	$ 2,428	$ 15,198

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.

Note 7. Long-Term Debt

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

(in thousands of dollars)	June 30, 2025	Additions	Reductions	June 30, 2026	Current Portion
Revenue bonds – Series 2015	$ 55,300	$ -	$ -	$ 55,300	$ 1,655
Revenue bonds – Series 2018	284,005	-	(8,070)	275,935	6,905
Revenue bonds – Series 2019 A	118,585	-	(1,390)	117,195	1,460
Revenue bonds – Series 2019 B	251,640	-	(2,980)	248,660	3,130
Revenue bonds – Series 2019 C	125,000	-	-	125,000	-
Revenue bonds – Series 2019 D	151,580	-	-	151,580	-
Notes payable	304,382	-	(20,052)	284,330	20,548
	1,290,492	-	(32,492)	1,258,000	33,698
Plus: Unamortized premium	64,630	-	(2,657)	61,973	2,657
	$ 1,355,122	$ -	$ (35,149)	$ 1,319,973	$ 36,355

(in thousands of dollars)	June 30, 2024	Additions	Reductions	June 30, 2025	Current Portion
Revenue bonds – Series 2015	$ 55,300	$ -	$ -	$ 55,300	$ -
Revenue bonds – Series 2018	291,690	-	(7,685)	284,005	8,070
Revenue bonds – Series 2019 A	119,905	-	(1,320)	118,585	1,390
Revenue bonds – Series 2019 B	254,475	-	(2,835)	251,640	2,980
Revenue bonds – Series 2019 C	125,000	-	-	125,000	-
Revenue bonds – Series 2019 D	151,580	-	-	151,580	-
Notes payable	373,947	-	(69,565)	304,382	20,050
	1,371,897	-	(81,405)	1,290,492	32,490
Plus: Unamortized premium	67,282	-	(2,652)	64,630	2,657
	$ 1,439,179	$ -	$ (84,057)	$ 1,355,122	$ 35,147

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 approximately $164,287,000 were received to (i) refund certain maturities of the Ports 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 approximately $11,185,000.

Note 7. Long-Term Debt, Continued

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 approximately $545,942,000 were received to (i) pay or reimburse the Ports Authority for a portion of the cost of a port access road and related improvements in connection with the development by the Ports Authority of the Hugh K. Leatherman Terminal, (ii) pay or reimburse the Ports Authority for construction, equipment and other capital costs in connection with the Leatherman Terminal, and certain capital expenditures included in the Ports 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 approximately $13,780,000 and $27,689,000, 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 approximately $9,753,000 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 Ports 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, 2026 and 2025.

Note 7. Long-Term Debt, Continued

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. As of June 30, 2026, none of these bonds have been redeemed.

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 approximately $88,865,000 lease purchase agreement with a bank to defray the costs of acquiring equipment to be utilized for the operation of the Ports 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 ended December 22, 2036. As of June 30, 2026 and 2025, the Ports Authority had amounts outstanding under this agreement of approximately $65,209,000 and $70,670,000, respectively.

Note 7. Long-Term Debt, Continued

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 approximately $35,593,000. 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 ended July 30, 2031. There will be 114 equal payments of principal and interest with a final balloon payment. As of June 30, 2026 and 2025, the Ports Authority had amounts outstanding under this loan agreement of approximately $26,139,000 and $28,324,000, 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 ended September 1, 2036. As of June 30, 2026 and 2025, the Ports Authority had amounts outstanding under this loan agreement of approximately $40,042,000 and $43,546,000, respectively.

On January 26, 2021, the Ports Authority entered into a loan and security agreement with a bank for approximately $21,255,000. 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, 2026 and 2025, the Ports Authority had amounts outstanding under this loan agreement of approximately $18,576,000 and $19,102,000, respectively.

On April 17, 2020, the Ports Authority entered into a loan and security agreement with a bank for approximately $82,933,000. 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 2.09% per annum, beginning September 15, 2020 with payments made semi-annually thereafter until the loan matures on March 15, 2035. As of June 30, 2026 and 2025, the Ports Authority had amounts outstanding under this loan agreement of approximately $61,175,000 and $64,965,000, respectively.

Note 7. Long-Term Debt, Continued

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 8). The loan was payable as to interest only until such time as either the debt is extinguished, or the principal amortization commences. The loan bore interest at a per annum rate equal to the average yield on the South Carolina State investment pool which was 2.52% as of June 30, 2024. The loan was unsecured and expressly subordinate to all debt obligations of the Ports Authority. The loan was forgiven by the South Carolina General Assembly through the ratification of General Bill H.5100, effective August 2024.

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 3.34% 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, 2026 and 2025, the Ports Authority had amounts outstanding under this loan agreement of approximately $57,783,000 and $61,281,000, 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 2.70% per annum. The loan matures on March 21, 2037. As of June 30, 2026 and 2025, the Ports Authority had amounts outstanding under this loan agreement of approximately $12,298,000 and $13,248,000, 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 3.00%. As of June 30, 2026, and 2025, the remaining balance is approximately $3,108,000 and $3,246,000, respectively.

The maturities of long-term debt are summarized as follows:

(in thousands of dollars)	Revenue Bonds		Direct Borrowing Debt	
	Principal	Interest	Principal	Interest
2027	$ 13,150	$ 41,102	$ 20,548	$ 6,977
2028	13,825	40,428	21,058	6,466
2029	14,540	39,718	21,592	5,933
2030	15,285	38,973	22,118	5,407
2031	16,045	38,205	38,447	4,713
2032–2036	101,255	177,869	154,365	10,793
2037–2041	129,900	151,442	5,750	234
2042–2046	162,515	118,829	452	20
2047–2051	199,290	82,045	-	-
2052–2056	233,615	37,830	-	-
2057–2060	74,250	5,716	-	-
	$ 973,670	$ 772,157	$ 284,330	$ 40,543

Note 7. Long-Term Debt, Continued

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

(in thousands of dollars)	2026	2025
Interest expense on long-term debt	$ 48,855	$ 49,965
Interest expense on leases and SBITAs	930	1,033
Amortization of premiums on long-term debt	(2,657)	(2,652)
Amortization of deferred outflows for bond refunding	1,057	1,057
	$ 48,185	$ 49,403

Note 8. Commitments

Construction:

In addition to routine commitments for repairs and maintenance, the Ports Authority had commitments for construction of approximately $113,874,000 and $157,004,000 as well as commitments for non-construction property and equipment of approximately $1,635,000 and $714,000 at June 30, 2026 and 2025, respectively.

Arthur Ravenel Jr. 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 Arthur Ravenel Jr. 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 Arthur Ravenel Jr. Bridge totaled $1,000,000 in each of the fiscal years ended June 30, 2026 and 2025.

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, 2026, the project cost to date is $566,513,000 and the remaining tasks are estimated to cost approximately $4,192,000 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.

Note 8. Commitments, Continued

Navy base intermodal facility:

On June 21, 2021, the South Carolina General Assembly ratified Appropriations Bill H.4100. As part of the bill, the 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.

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 NBIF 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 approximately $414,748,000 and $343,399,000 of the State appropriated funding as of June 30, 2026 and 2025, respectively. At June 30, 2026 and 2025, the Ports Authority had approximately $6,924,000 and $15,139,000, respectively, included in Due from State of SC on the Statements of Net Position.

Rail overpass:

On December 20, 2021, the Ports Authority and the City of North Charleston entered into a Settlement Agreement related to a 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 the final $10,000,000 payment in January 2025.

Note 9. 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.

Note 9. Retirement Plans, Continued

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 ACFR for the state.

Plan descriptions:

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established 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 individuals first elected to the South Carolina General Assembly at or after the general election in November 2012.

- 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 individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. 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 Supplemental 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 individuals first elected to the South Carolina General Assembly at or after the general election in November 2012. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Note 9. Retirement Plans, Continued

- State ORP – As an alternative to membership in SCRS, newly hired state, public school and higher education employees, as well as individuals first elected to the South Carolina General Assembly at or after the general election in November 2012 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. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A 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 the 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.

Note 9. Retirement Plans, Continued

- 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. Effective July 1, 2017, employee rates were increased and capped at 9 percent for SCRS and 9.75 percent for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56 percent for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS 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:

	2026	2025
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%

Note 9. Retirement Plans, Continued

Required employer contribution rates are as follows:

	2026	2025
SCRS		
Employer class two	18.41%	18.41%
Employer class three	18.41%	18.41%
Employer incidental death benefit	0.15%	0.15%
State ORP		
Employer contribution	15.41%	18.41%
Employer incidental death benefit	0.15%	0.15%
PORS		
Employer class two	21.04%	21.04%
Employer class three	21.04%	21.04%
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. The GASB Statement No. 67 valuation report prepared as of June 30, 2025 is based on the experience study report for the period ended June 30, 2023.

The June 30, 2025, total pension liability (TPL), net pension liability (NPL), and sensitivity information shown in this report were determined by the PEBA consulting actuary, Gabriel Roeder Smith & Company (GRS) and are based on an actuarial valuation performed as of July 1, 2024. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2025, using generally accepted actuarial principles. There was no legislation enacted during the 2025 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, 2025 and 2024.

	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

Note 9. Retirement Plans, Continued

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, 2025 and 2024 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, 2025 and 2024, for SCRS and PORS are presented below.

(in thousands of dollars)	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$ 63,956,319	$ 42,347,352	$ 21,608,967	66.2%
PORS	10,857,735	8,092,430	2,765,305	74.5%

(in thousands of dollars)	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$ 61,369,807	$ 37,919,492	$ 23,450,315	61.8%
PORS	10,177,904	7,178,119	2,999,785	70.5%

Note 9. Retirement Plans, Continued

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, 2026, the Ports Authority reported a liability of approximately $116,461,000 and $3,231,000, respectively, for SCRS and PORS proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025 and 2024, 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 2025 and 2024 relative to the contributions made by all participating employers. At June 30, 2026 and 2025, the Ports Authority's proportion was 0.5389 percent and 0.6333 percent, respectively, for the SCRS and 0.1168 percent and 0.1241 percent, respectively, for the PORS.

For the years ended June 30, 2026 and 2025, the Ports Authority recognized pension expense for SCRS of approximately $2,406,000 and $20,305,000, respectively. For the years ended June 30, 2026 and 2025, the Ports Authority recognized pension expense for PORS of approximately $1,149,000 and $1,354,000, respectively. At June 30, 2026 and 2025, the Ports Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SCRS – 2026	
(in thousands of dollars)	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between actual and expected experience	$ 5,464	$ -
Net difference between projected and actual earnings on pension plan investments	-	(7,477)
Changes in actuarial assumptions	1,376	-
Changes in proportionate share and differences between contributions and proportionate share of contributions	1,070	(28,828)
The Ports Authority's contributions subsequent to the measurement date	13,477	-
	$ 21,387	$ (36,305)

Note 9. Retirement Plans, Continued

(in thousands of dollars)	PORS – 2026 Deferred Outflows of Resources	PORS – 2026 Deferred Inflows of Resources
Difference between actual and expected experience	$ 379	$ -
Net difference between projected and actual earnings on pension plan investments	-	(304)
Changes in actuarial assumptions	43	-
Changes in proportionate share and differences between contributions and proportionate share of contributions	1,600	(162)
The Ports Authority's contributions subsequent to the measurement date	488	-
	$ 2,510	$ (466)
Total SCRS and PORS	$ 23,897	$ (36,771)

(in thousands of dollars)	SCRS – 2025 Deferred Outflows of Resources	SCRS – 2025 Deferred Inflows of Resources
Difference between actual and expected experience	$ 4,881	$ (184)
Net difference between projected and actual earnings on pension plan investments	-	(5,723)
Changes in actuarial assumptions	2,618	-
Changes in proportionate share and differences between contributions and proportionate share of contributions	11,298	(21,525)
The Ports Authority's contributions subsequent to the measurement date	14,292	-
	$ 33,089	$ (27,432)

Note 9. Retirement Plans, Continued

(in thousands of dollars)	PORS – 2025 Deferred Outflows of Resources	PORS – 2025 Deferred Inflows of Resources
Difference between actual and expected experience	$ 350	$ (21)
Net difference between projected and actual earnings on pension plan investments	-	(209)
Changes in actuarial assumptions	81	-
Changes in proportionate share and differences between contributions and proportionate share of contributions	2,512	(36)
The Ports Authority's contributions subsequent to the measurement date	520	-
	$ 3,463	$ (266)
Total SCRS and PORS	$ 36,552	$ (27,698)

Approximately $13,965,000 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 year ended June 30, 2026 will be recognized as a reduction of the net pension liability during the year ended June 30, 2027.

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

Year Ended June 30,	SCRS	PORS
2027	$ (9,453)	1,078
2028	(12,024)	661
2029	(5,196)	(113)
2030	(1,722)	(68)
Total	$ (28,395)	$ 1,558

Long-term expected rate of return:

The long-term expected rate of return on pension plan investments is based upon 30-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 2025 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 adding expected inflation and is summarized in the table on the following page. 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.

Note 9. Retirement Plans, Continued

	2026		
	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public equity	46.0%	5.87%	2.70%
Bonds	26.0%	3.20%	0.83%
Private equity	9.0%	8.50%	0.77%
Private debt	7.0%	7.40%	0.52%
Real assets			
Real estate	9.0%	5.00%	0.45%
Infrastructure	3.0%	7.70%	0.23%
Total expected return	100.0%		5.50%
Inflation for actuarial purposes			2.25%
			7.75%

	2025		
	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public equity	46.0%	6.23%	2.86%
Bonds	26.0%	2.60%	0.68%
Private equity	9.0%	9.60%	0.86%
Private debt	7.0%	6.90%	0.48%
Real assets			
Real estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total expected return	100.0%		5.49%
Inflation for actuarial purposes			2.25%
			7.74%

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 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.

Note 9. Retirement Plans, Continued

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, 2026 and 2025 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:

	2026		
(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	$ 157,378	$ 116,461	$ 82,411
PORS	4,918	3,231	1,847

	2025		
(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	$ 192,464	$ 148,520	$ 108,050
PORS	5,395	3,723	2,355

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, 2025, and the accounting valuation report as of June 30, 2025. 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, 2026 and 2025, the Ports Authority recognized compensation expense of approximately $329,982 and $742,000, respectively. At June 30, 2026 and 2025, the Ports Authority reported a liability of approximately $4,830,000 and $5,468,000, respectively, for the plans, which are included in accounts payable and other non-current liabilities in the Statements of Net Position.

Note 10. 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 as follows.

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.

Note 10. Other Post-Employment Benefits (OPEB), Continued

At June 30, 2026 and 2025, the following employees were covered by the benefit terms:

	2026	2025
Retirees and beneficiaries currently receiving benefit payments	314	314
Active employees	868	868
Total	1,182	1,182

Total OPEB liability:

The Ports Authority's total OPEB liability of approximately $70,379,000 and $81,069,000 was measured as of June 30, 2025 and 2024, respectively (measurement dates).

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:

	2025
Inflation	2.25%
Salary increases	3.00% to 9.65%, including inflation
Discount rate	5.2%
Healthcare cost trend rates	6.80% decreasing to an ultimate rate of 4.25% after 15 years
Participation rate	90% of eligible retirees for full subsidy, 60% of retirees for partially funded subsidy and 10% who are not eligible for any subsidy

	2024
Inflation	2.25%
Salary increases	3.00% to 9.65%, including inflation
Discount rate	3.97%
Healthcare cost trend rates	6.00% decreasing to an ultimate rate of 4.00% after 13 years
Participation rate	90% of eligible retirees for full subsidy, 60% of retirees for partially funded subsidy and 10% who are not eligible for any subsidy

For 2025, 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 Pub-2010 General Headcount-Weighted Healthy Retiree mortality table, with fully generational mortality projections from the year 2021 using 80% of the ultimate rates in Scale MP-2021. The actuarial assumptions used in the June 30, 2025 valuation was based on the results of an actuarial experience study and covers the 5 year period ending June 30, 2023 as conducted by the South Carolina Retirement System.

For 2024, 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, 2024 valuation was based on the results of an actuarial experience study and measurement date of June 30, 2023.

Note 10. Other Post-Employment Benefits (OPEB), Continued

(in thousands of dollars)	2026	2025
Total OPEB obligation, beginning of year	$ 81,069	$ 61,430
Service cost	3,106	2,534
Interest on the total OPEB liability	3,232	2,374
Difference between expected and actual experience	142	6,245
Changes in assumptions or other inputs	(14,754)	10,857
Benefit payments	(2,416)	(2,371)
Net change in total OPEB liability	(10,690)	19,639
Total OPEB obligation, end of year	$ 70,379	$ 81,069

Changes of assumptions reflect a change in the discount rate from 3.97% as of June 30, 2024 to 5.20% as of June 30, 2025. In fiscal year 2025, changes of assumptions or other inputs reflect a change in the discount rate from 3.86% as of June 30, 2023 to 3.97% as of June 30, 2024.

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 (4.20 percent) or 1-percentage-point higher (6.20 percent) than the current discount rate:

	2026		
(in thousands of dollars)	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	$ 82,049	$ 70,379	$ 61,029

	2025		
(in thousands of dollars)	1% Decrease (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
Total OPEB liability	$ 95,834	$ 81,069	$ 69,368

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 (5.80 percent decreasing to 3.25 percent) or 1-percentage point higher (7.80 percent decreasing to 5.25 percent) than the current healthcare cost trend rates:

Note 10. Other Post-Employment Benefits (OPEB), Continued

(in thousands of dollars)	2026 1% Decrease	2026 Healthcare Cost Trend Rates	2026 1% Increase
Total OPEB liability	$ 59,234	$ 70,379	$ 84,872

(in thousands of dollars)	2025 1% Decrease	2025 Healthcare Cost Trend Rates	2025 1% Increase
Total OPEB liability	$ 67,740	$ 81,069	$ 98,648

OPEB expense, deferred outflows of resources and deferred inflows of resources:

For the years ended June 30, 2026 and 2025, the Ports Authority recognized OPEB expense of approximately $5,630,000 and $5,805,000, respectively. The Ports Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

(in thousands of dollars)	2026 Deferred Outflows of Resources	2026 Deferred Inflows of Resources
Difference between actual and expected experience	$ 5,901	$ (6,038)
Changes in actuarial assumptions or other inputs	14,564	(25,050)
The Ports Authority's contributions subsequent to the measurement date	2,684	-
	$ 23,149	$ (31,088)

(in thousands of dollars)	2025 Deferred Outflows of Resources	2025 Deferred Inflows of Resources
Difference between actual and expected experience	$ 6,865	$ (7,275)
Changes in actuarial assumptions or other inputs	18,260	(14,567)
The Ports Authority's contributions subsequent to the measurement date	2,416	-
	$ 27,541	$ (21,842)

Note 10. Other Post-Employment Benefits (OPEB), Continued

Approximately $2,684,000 reported as deferred outflows of resources related to OPEB resulting from the Ports Authority's contributions paid subsequent to the measurement date during the fiscal years ended June 30, 2026 will be recognized as a reduction of the total OPEB liability during the fiscal year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,
(in thousands of dollars)

2027	$ (865)
2028	(1,266)
2029	(1,724)
2030	(3,127)
2031	(3,079)
Thereafter	(562)
	$ (10,623)

Note 11. Other Matters

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). During the years ended June 30, 2026 and 2025, the Ports Authority has expended approximately $118,000 and $10,207,000, respectively, related to these grant agreements.

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 Ports 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 enroute 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.

As of June 30 2025, the Ports Authority has paid $41,123,000 under the terms of the contract. During fiscal year 2024, the Ports Authority began to market and sell the chassis for re-export out of the United States and determined the need to write down the remaining units to the estimated fair market value and recognized an extraordinary loss of approximately $18,562,000. During fiscal year 2025, the Ports Authority sold the remaining units and recognized a loss on the disposal of property and equipment of $10,500,000 in the Statement of Revenues, Expenses and Changes in Net Position.

Note 11. Other Matters, Continued

Union Pier Sale:

In March 2024, the Ports Authority entered into a Purchase and Sale agreement to sell Union Pier Terminal for redevelopment. The agreement allows the buyer to make scheduled payments over a period of time while all conditions of the agreement are satisfied. At June 30, 2026, the Ports Authority has received approximately $150,000,000 in payments related to the sale of Union Pier Terminal and is included in deposits on future sale of capital asset in the Statements of Net Position.

Reimbursement for property purchased:

During the fiscal year ended June 30, 2025, the Ports Authority received reimbursement from the State of South Carolina totaling $105,000,000 for the purchase of property adjacent to the North Charleston Terminal acquired in April 2024. The $105,000,000 was reimbursed via $55,000,000 in cash, reported on the Statements of Revenues, Expenses and Changes in Net Position under capital grant and contributions. The remaining $50,000,000 was settled by a loan forgiven by the South Carolina General Assembly through the ratification of General Bill H.5100, effective August 2024. This is reported on the Statements of Revenues, Expenses, and Changes in Net Position under nonoperating revenues (expenses). The original loan agreement was executed April 30, 2019 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).

Note 12. Litigation

In the ordinary course of business, the Ports Authority becomes involved in litigation, claims and administrative proceedings. Certain litigation, claims, and proceedings were pended at June 30, 2026, 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.

On April 4, 2022, a wrongful death action was filed against the Ports Authority for a death resulting from an electrical accident that occurred at the Wando Welch Terminal on April 27, 2020. The complaint asserts multiple instances of negligence, among other claims. The claim was settled for $20,000,000 in March 2026 in conjunction with commercial insurance underwriters.

On August 29, 2024, BMW Manufacturing Company, LLC (BMW) sent a claim notice letter to the Ports Authority asserting flood damage during two storms to certain BMW vehicles while on the Ports Authority's Columbus Street Terminal. During fiscal year 2026, the Ports Authority and BMW entered into a Mutual Compromise and Settlement Agreement for the release of all claims and covenant not to sue, resolving this matter.

In June 2026, the Southern Environmental Law Center and the Charleston Waterkeeper sent a notice letter to the Ports Authority alleging that the Ports Authority is one of four parties that are discharging plastic pellets into Charleston harbor. Initial discussions are underway to determine the facts and if the accusation has merit. 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.

Note 13. Subsequent Event

On August 28, 2026, the Ports Authority and the U.S. Army Corps of Engineers, Charleston District signed a feasibility study agreement to investigate additional depth on the Cooper River from Leatherman Terminal to the North Charleston Terminal, from 48 feet to 52 feet. Congress authorized the study in the Water Resources Development Act of 2024, with federal funding included in the fiscal year 2026 Federal Appropriations.

In August 2026, the Ports Authority's Board of Directors authorized the formation of a captive insurance company to complement the commercial insurance program of the Ports Authority and a holding company to provide governance and oversight of the captive. Both entities were formed in accordance with applicable law and regulatory requirements, and 1942 Assurance Company issued its first policies on September 1, 2026.

During August 2026, the Ports Authority temporarily paused operations at the Leatherman Terminal. As of the date of these financial statements, operations at the terminal have not resumed. Management will continue to assess the operational and financial impact of the temporary pause.

Required Supplementary Information

South Carolina State Ports Authority

Schedule of the Ports Authority's Total OPEB Liability

For the fiscal years ended June 30,

(in thousands of dollars)	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability									
Service cost	$ 3,106	$ 2,534	$ 2,707	$ 5,159	$ 3,642	$ 2,596	$ 1,781	$ 1,848	$ 1,779
Interest on the total OPEB liability	3,232	2,374	2,229	1,686	1,941	1,913	1,971	1,883	1,655
Difference between expected and actual experience	142	6,245	89	(10,986)	41	2,677	62	717	3
Changes in assumptions or other inputs	(14,754)	10,857	(1,618)	(19,972)	4,298	12,422	4,416	(968)	(5,484)
Benefit payments	(2,416)	(2,371)	(2,056)	(2,120)	(2,064)	(1,971)	(1,943)	(1,857)	(1,691)
Net change in total OPEB liability	(10,690)	19,639	1,351	(26,233)	7,858	17,637	6,287	1,623	(3,738)
Total OPEB liability – beginning	81,069	61,430	60,079	86,312	78,454	60,817	54,530	52,907	56,645
Total OPEB liability – ending	70,379	81,069	61,430	60,079	86,312	78,454	60,817	54,530	$52,907
Covered employee payroll	$ 72,543	$ 79,679	$ 85,954	$ 79,294	$ 56,476	$ 53,575	$ 51,042	$ 46,051	$ 42,582
Total OPEB liability as a percentage of covered employee payroll	97.02%	101.74%	71.47%	75.77%	152.83%	146.44%	119.15%	118.41%	124.25%

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, 2025	5.20%
Measurement date, June 30, 2024	3.97%
Measurement date, June 30, 2023	3.86%
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.*

***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 OPEB Contributions

For the fiscal years ended June 30,

(in thousands of dollars)	2026	2025	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	$ 2,684	$ 2,416	$ 2,371	$ 2,056	$ 2,120	$ 2,065	$ 1,971	$ 1,944	$ 1,857
Contributions in relation to the actuarially determined contribution	2,684	2,416	2,371	2,056	2,120	2,065	1,971	1,944	1,857
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ports Authority's covered-employee payroll**	$ 67,983	$ 72,543	$ 79,679	$ 85,954	$ 79,294	$ 56,476	$ 53,575	$ 51,042	$ 46,051
Contributions as a percentage of covered-employee payroll**	3.95%	3.33%	2.98%	2.39%	2.67%	3.66%	3.68%	3.81%	4.03%

**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 the fiscal years ended June 30,

SCRS

(in thousands of dollars)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Ports Authority's proportion of the net pension liability	0.53895%	0.63334%	0.75998%	0.73504%	0.55232%	0.52767%	0.51704%	0.46930%	0.43470%	0.40660%
Ports Authority's proportionate share of the net pension liability	$ 116,461	$ 148,520	$ 183,742	$ 178,190	$ 119,529	$ 134,830	$ 118,061	$ 105,416	$ 98,315	$ 79,430
Ports Authority's covered payroll for the measurement period	$ 70,089	$ 77,247	$ 85,865	$ 79,189	$ 56,342	$ 53,438	$ 50,906	$ 45,922	$ 42,391	$ 38,198
Ports Authority's proportionate share of the net pension liability as a percentage of its covered payroll	166.16%	192.27%	213.99%	225.02%	212.15%	252.31%	231.92%	229.55%	231.92%	207.94%
Plan fiduciary net position as a percentage of the total pension liability	66.21%	61.79%	60.73%	57.06%	60.75%	50.71%	54.40%	54.10%	53.34%	52.91%

PORS

(in thousands of dollars)	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Ports Authority's proportion of the net pension liability	0.1168%	0.1241%	0.0051%	0.0066%	0.0089%	0.0091%	0.0094%	0.0093%	0.0096%	0.0093%
Ports Authority's proportionate share of the net pension liability	$ 3,231	$ 3,723	$ 155	$ 198	$ 230	$ 301	$ 268	$ 265	$ 264	$ 235
Ports Authority's covered payroll for the measurement period	$ 2,454	$ 2,432	$ 89	$ 105	$ 134	$ 137	$ 136	$ 129	$ 130	$ 118
Ports Authority's proportionate share of the net pension liability as a percentage of its covered payroll	131.66%	153.08%	174.16%	188.57%	171.64%	219.71%	197.06%	205.43%	203.08%	199.15%
Plan fiduciary net position as a percentage of the total pension liability	74.53%	70.53%	67.79%	66.45%	70.37%	58.79%	62.69%	61.70%	60.94%	60.44%

South Carolina State Ports Authority

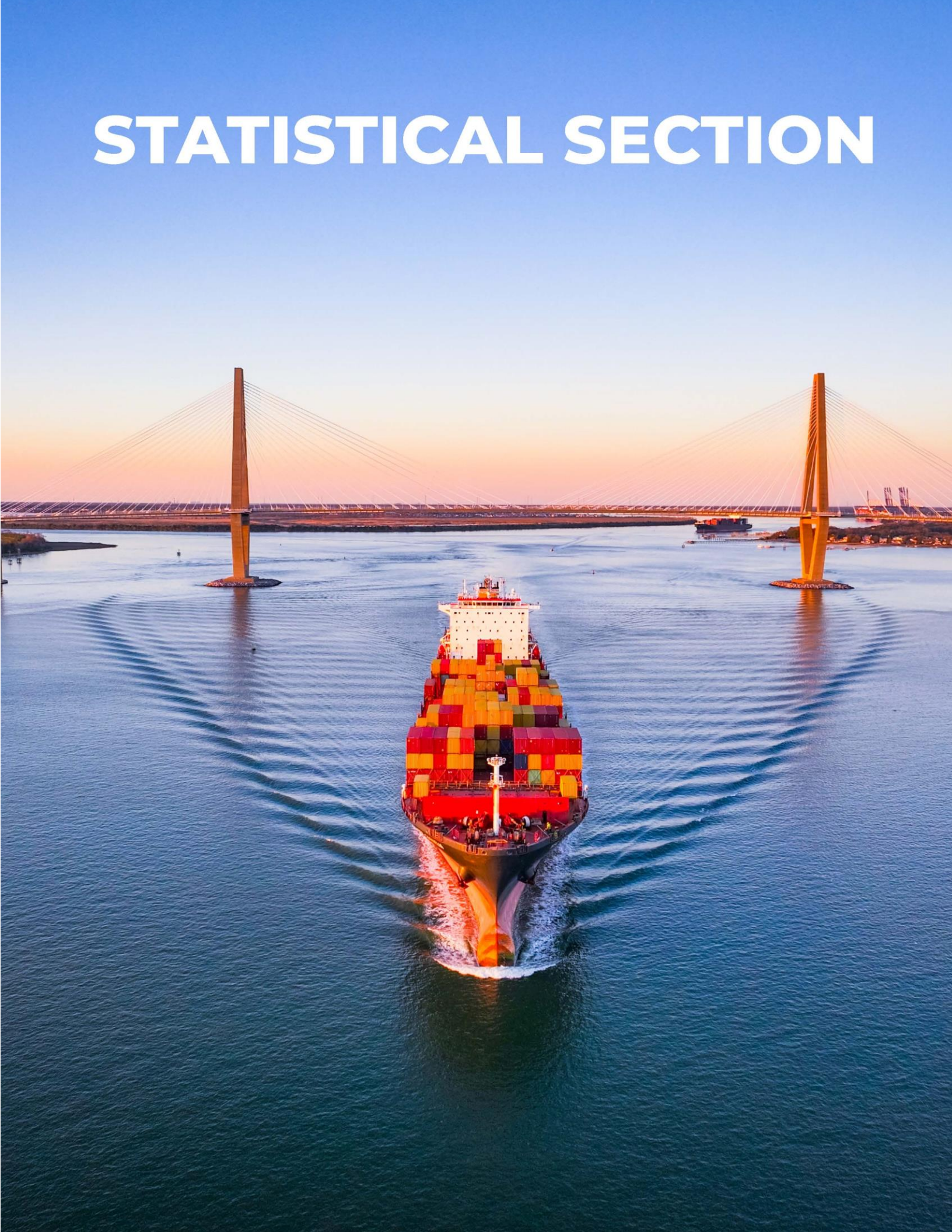
Schedule of the Ports Authority's Pension Contributions

For the fiscal years ended June 30,

	SCRS									
(in thousands of dollars)	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Contractually required contribution	$ 13,477	$ 14,292	$ 15,745	$ 16,459	$ 14,082	$ 9,303	$ 9,159	$ 7,950	$ 6,183	$ 5,102
Contributions in relation to the contractually required contribution	13,477	14,292	15,745	16,459	14,082	9,303	9,159	7,950	6,183	5,102
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ports Authority's covered payroll	$ 65,681	$ 70,089	$ 77,247	$ 85,865	$ 79,189	$ 56,342	$ 53,438	$ 50,906	$ 45,922	$ 42,391
Contributions as a percentage of covered payroll	20.52%	20.39%	20.38%	19.17%	17.78%	16.51%	17.14%	15.62%	13.46%	12.04%

	PORS									
(in thousands of dollars)	**2026**	**2025**	**2024**	**2023**	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Contractually required contribution	$ 488	$ 520	$ 516	$ 18	$ 19	$ 26	$ 25	$ 23	$ 18	$ 16
Contributions in relation to the contractually required contribution	488	520	516	18	19	26	25	23	18	16
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Ports Authority's covered payroll	$ 2,302	$ 2,454	$ 2,432	$ 89	$ 105	$ 134	$ 137	$ 136	$ 129	$ 130
Contributions as a percentage of covered payroll	21.20%	21.19%	21.22%	20.22%	18.10%	19.40%	18.25%	16.91%	13.95%	12.31%

STATISTICAL SECTION



The Statistical Section of the Annual Comprehensive Financial Report provides additional context for users of the Financial Statements, Notes, and Required Supplementary Information, and indicates overall financial condition.

Contents

Financial Trend Data.....86-89

These schedules contain trend information to show changes in the Port Authority's financial performance & condition over time.

Revenue Capacity Data.....90-91

These schedules contain information to display the Port Authority's most significant revenue sources and how they change over time.

Debt Capacity Data.....92-95

These schedules present information regarding current outstanding debt requirements and the ability to issue additional future debt.

Demographic and Economic Information.....96-97

These schedules provide demographic and economic data relevant to the operating environment of the Ports Authority.

Operating Information.....98-104

These schedules contain operation and infrastructure information about the services and activities performed by the Ports Authority.

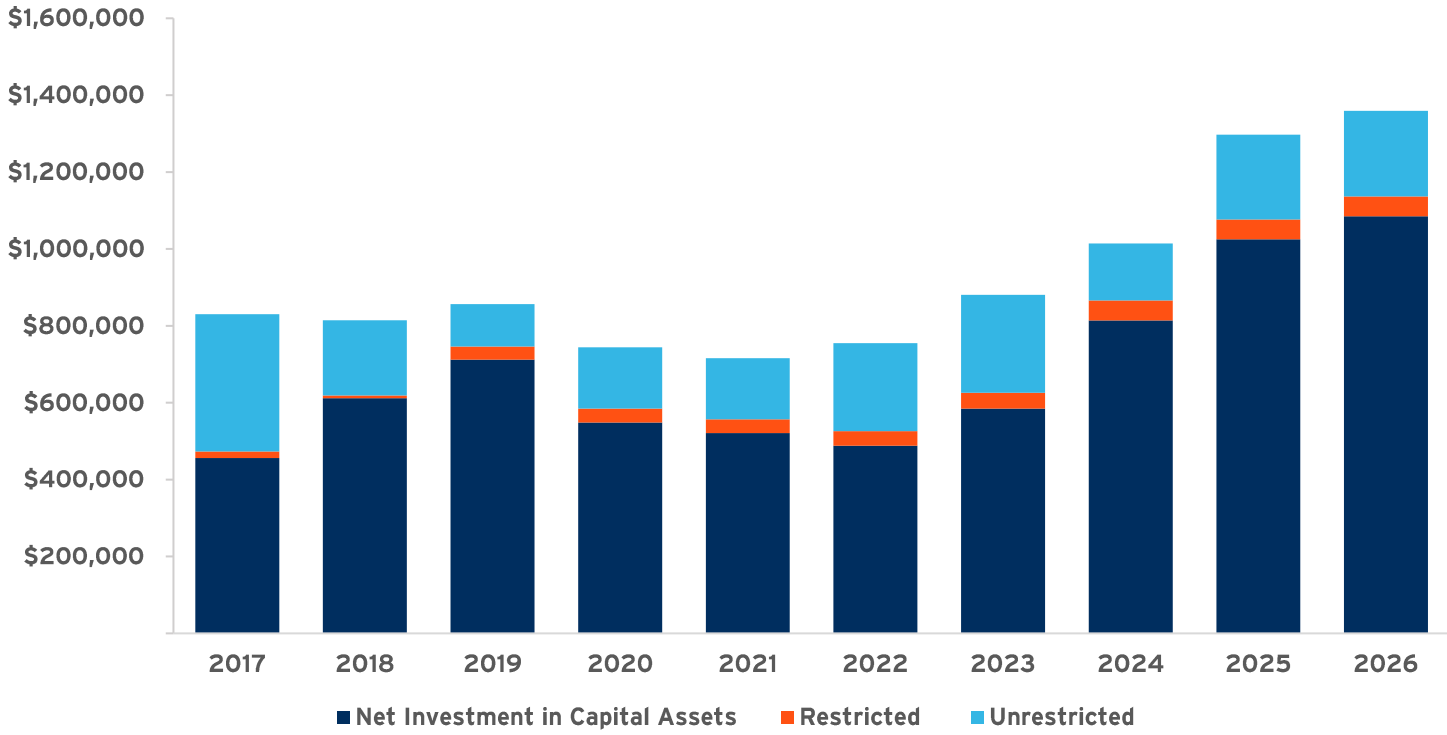
(IN THOUSANDS)

Assets	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Current assets [1]	$471,906	$610,497	$586,714	$705,959	$483,905	$577,557	$585,320	$489,787	$628,541	$664,549
Investments, restricted [2]	-	-	-	-	4,151	4,036	5,303	15,666	15,468	14,892
Held by trustee for debt service	36,241	20,007	34,160	31,518	31,623	33,759	35,806	36,244	36,287	36,736
Capital assets, net	1,016,564	1,201,467	1,388,022	1,599,623	1,785,667	1,907,742	2,021,346	2,227,330	2,367,408	2,396,525
Other assets	1,165	1,254	1,334	1,553	8,837	10,003	16,353	14,387	8,558	8,795
Total assets	1,525,876	1,833,225	2,010,230	2,338,653	2,314,183	2,533,097	2,664,128	2,783,414	3,056,262	3,121,497
Deferred outflows of resources [3]	11,943	25,783	27,202	60,007	74,615	76,216	100,016	85,519	85,574	67,470
Total assets and deferred outflows of resources	**$1,537,819**	**$1,859,008**	**$2,037,432**	**$2,398,660**	**$2,388,798**	**$2,609,313**	**$2,764,144**	**$2,868,933**	**$3,141,836**	**$3,188,967**
Liabilities										
Current liabilities	$68,716	$49,485	$81,042	$112,466	$94,768	$94,498	$122,440	$132,093	$129,920	$117,496
Current maturities of OPEB liability [4]	-	-	-	-	-	-	2,056	2,449	2,809	2,684
Total OPEB liability, net of current maturities	13,279	52,907	54,530	60,817	78,454	86,312	58,023	58,981	78,260	67,695
Net pension liability	79,665	98,579	105,681	118,329	135,131	119,759	178,388	183,897	152,243	119,692
Harbor deepening obligation, long term [5]	4,110	3,997	3,881	3,762	3,638	-	-	-	-	-
Long-term debt, net of current maturities	541,842	834,851	930,377	1,354,567	1,337,493	1,484,887	1,451,343	1,407,774	1,322,632	1,286,275
Deposits on future sale of capital asset	-	-	-	-	-	-	-	-	83,333	150,000
Other non-current liabilities [6]	-	-	-	-	8,675	37,120	22,225	27,983	20,488	15,159
Total liabilities	707,612	1,039,819	1,175,511	1,649,941	1,658,159	1,822,576	1,834,475	1,813,177	1,789,685	1,759,001
Deferred inflows of resources	119	4,777	5,420	4,757	14,997	31,648	48,855	41,306	54,964	72,734
Net position	830,088	814,412	856,501	743,962	715,642	755,089	880,814	1,014,450	1,297,187	1,357,232
Total liabilities, deferred inflows and net position	**$1,537,819**	**$1,859,008**	**$2,037,432**	**$2,398,660**	**$2,388,798**	**$2,609,313**	**$2,764,144**	**$2,868,933**	**$3,141,836**	**$3,188,967**

(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) Current OPEB liability reclassified as of fiscal year 2024 Audited Financial Statements.
(5) Harbor deepening obligation, long-term included in long-term debt as of fiscal year 2022 Audited Financial Statements.
(6) Liabilities reclassified as non-current liabilities as of fiscal year 2021 Audited Financial Statements.

(IN THOUSANDS)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Net Investment in Capital Assets	$456,125	$611,645	$712,008	$548,444	$521,168	$488,248	$584,756	$814,024	$1,025,034	$1,084,857
Restricted for Debt Service	16,805	7,344	34,161	36,173	35,774	37,795	41,109	41,910	41,755	41,566
Restricted for Capital Projects	-	-	-	-	-	-	-	10,000	10,000	10,000
Unrestricted	357,068	195,423	110,332	159,345	158,700	229,046	254,949	148,516	220,398	220,809
Total Net Position	**$830,088**	**$814,412**	**$856,501**	**$743,962**	**$715,642**	**$755,089**	**$880,814**	**$1,014,450**	**$1,297,187**	**$1,357,232**



HISTORICAL REVENUES, EXPENSES, AND CHANGES IN NET POSITION[1]

(IN THOUSANDS)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Operating Revenues										
Direct Operating Revenues	$ 233,648	$ 251,820	$ 288,326	$ 292,256	$ 312,772	$ 443,102	$ 448,508	$ 404,003	$ 426,473	$ 400,837
Gain on Property Damage, Including Insurance Recovery [2]	2,141	193	6,000	-	-	-	-	-	-	-
Total Operating Revenues	**235,789**	**252,013**	**294,326**	**292,256**	**312,772**	**443,102**	**448,508**	**404,003**	**426,473**	**400,837**
Operating Expenses										
Direct Operating Expenses	123,876	137,861	162,364	167,412	162,220	223,818	254,640	266,571	260,117	260,089
Administrative Expenses	36,704	36,863	42,166	42,370	52,556	44,451	59,899	55,553	51,421	29,363
Depreciation Expense	37,233	41,523	47,553	55,059	60,954	76,281	83,436	84,161	88,260	92,964
Total Operating Expenses	197,813	216,247	252,083	264,841	275,730	344,550	397,975	406,285	399,798	382,416
Operating Income (Loss)	**37,976**	**35,766**	**42,243**	**27,415**	**37,042**	**98,552**	**50,533**	**(2,282)**	**26,675**	**18,421**
Noncapital Subsidies										
Intergovernmental Revenues	-	-	-	-	-	13,667	45,048	134,873	149,811	71,348
Contribution of Property from the State of SC – Navy Base Intermodal Facility	-	-	-	-	-	-	41,103	-	-	-
Contribution to State of SC - Arthur Ravenel Jr. Bridge	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)	(1,000)
Contribution to Wards Creek Trail Project	-	-	-	-	-	-	-	(17)	(17)	(17)
Contribution to SC Department of Transportation	-	-	-	-	-	-	-	-	-	(503)
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 Spartanburg County - Infrastructure Improvements	-	-	-	-	(250)	-	-	-	-	-
Contribution to Department of Commerce - Infrastructure Improvements	-	-	-	-	(500)	-	-	-	-	-
Contribution to Army Corps of Engineers for Harbor Deepening	-	(298,768)	(3,933)	(33,294)	-	-	-	-	-	-
Contribution from State of SC for Harbor Deepening	137	299,043	3,894	6,037	10	-	-	-	-	-
Other Contributions Related to Harbor Deepening	-	-	-	-	(4)	-	-	-	-	-
Contribution to Georgetown County - Infrastructure Improvements	-	-	-	-	-	-	(1,000)	-	-	-
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 to Project Spartan - Infrastructure Improvements	-	-	-	-	-	-	-	(121)	-	-
Contribution to SC Department of Commerce	-	-	-	-	-	-	-	-	35	-
Contribution from the Federal Government for Harbor Deepening	-	-	-	-	-	-	-	35,440	22,514	-
Contribution from Palmetto Rail for NBIF Property Transfer	-	-	-	-	-	-	-	-	-	168
Contribution to Cherokee County - Economic Improvements	(500)	-	-	-	-	-	-	-	-	-
Contribution to Port Royal Sound Foundation	-	-	-	-	-	-	(100)	-	-	-
Grant from SC Department of Public Safety	34	-	-	-	-	-	-	-	-	-
Contribution to Georgetown County - Steel Mill Study	(15)	-	-	-	-	-	-	-	-	-
Total Noncapital Subsidies	(1,344)	(14,034)	(24,039)	(128,257)	(1,744)	5,167	86,151	169,175	171,343	69,996
Operating Income and Noncapital Subsidies	**36,632**	**21,732**	**18,204**	**(100,842)**	**35,298**	**103,719**	**136,684**	**166,893**	**198,018**	**88,417**
Other Nonoperating Revenues (Expenses)										
Capital Subsidies										
Capital Grants from Federal Government	5,681	762	2,004	164	1,490	3,855	3,754	11,433	10,207	118
Contribution from the State of SC for Port Access Road	-	-	-	-	-	-	-	-	4,229	-
Contribution from the State of SC for Acquisition of Property	-	-	-	-	-	-	-	-	55,000	-
Contribution from the State of SC for Jasper Ocean Terminal	1,875	275	600	5,300	400	242	7	1,000	2,025	13
Contribution from Spartanburg County for BMW Land/Facility	7,095	-	-	-	-	-	-	-	-	-
Contribution from Department of Commerce - BMW Expansion	-	-	-	-	-	-	17,379	-	-	-
Contribution of Land from Dillon County for Inland Port	2,309	-	-	-	-	-	-	-	-	-
Loan forgiveness from the State of SC	-	-	-	-	-	-	-	-	50,000	-
Interest Expense on Financing Lease	-	-	-	-	(37)	-	-	-	-	-
Unrealized Gain on Interest Rate Exchange Agreements	196	337	250	-	-	-	-	-	-	-
Interest Income	5,717	5,230	11,088	11,943	8,858	5,968	13,125	19,651	19,870	21,304
Other (Expense) Income, Net	(1,386)	(9,589)	22,875	(6,485)	274	2,043	2,364	(11,945)	430	-
Gain (Loss) on Sale of Property and Equipment, Net	37,063	8,832	(4,253)	(5,391)	(3,786)	(3,406)	3,593	2,532	(11,085)	71
Investment Income (Expense) [3]	-	-	-	28,183	(21,752)	(22,563)	722	13,966	3,446	(1,693)
Interest Expense [4]	(1,418)	(1,580)	(8,679)	(45,411)	(49,196)	(50,746)	(51,903)	(51,332)	(49,403)	(48,185)
Total Other Nonoperating Revenues (Expenses), Net	57,132	4,267	23,885	(11,697)	(63,749)	(64,607)	(10,959)	(14,695)	84,719	(28,372)
Income (Loss) Before Unusual or Infrequent Items	**93,764**	**25,999**	**42,089**	**(112,539)**	**(28,451)**	**39,112**	**125,725**	**152,198**	**282,737**	**60,045**
Unusual or Infrequent Items										
Impairment Loss on Capital Assets	-	-	-	-	-	-	-	(18,562)	-	-
Increase (Decrease) in Fund Net Position	**93,764**	**25,999**	**42,089**	**(112,539)**	**(28,451)**	**39,112**	**125,725**	**133,636**	**282,737**	**60,045**
Total Fund Net Position										
Beginning of Year	736,324	830,088	814,412	856,501	743,962	715,642	755,089	880,814	1,014,450	1,297,187
Adoption of GASB 75	-	(41,675)	-	-	-	-	-	-	-	-
Adoption of GASB 87	-	-	-	-	131	-	-	-	-	-
Adoption of GASB 96	-	-	-	-	-	335	-	-	-	-
End of Year	**$ 830,088**	**$ 814,412**	**$ 856,501**	**$ 743,962**	**$ 715,642**	**$ 755,089**	**$ 880,814**	**$ 1,014,450**	**$ 1,297,187**	**$ 1,357,232**

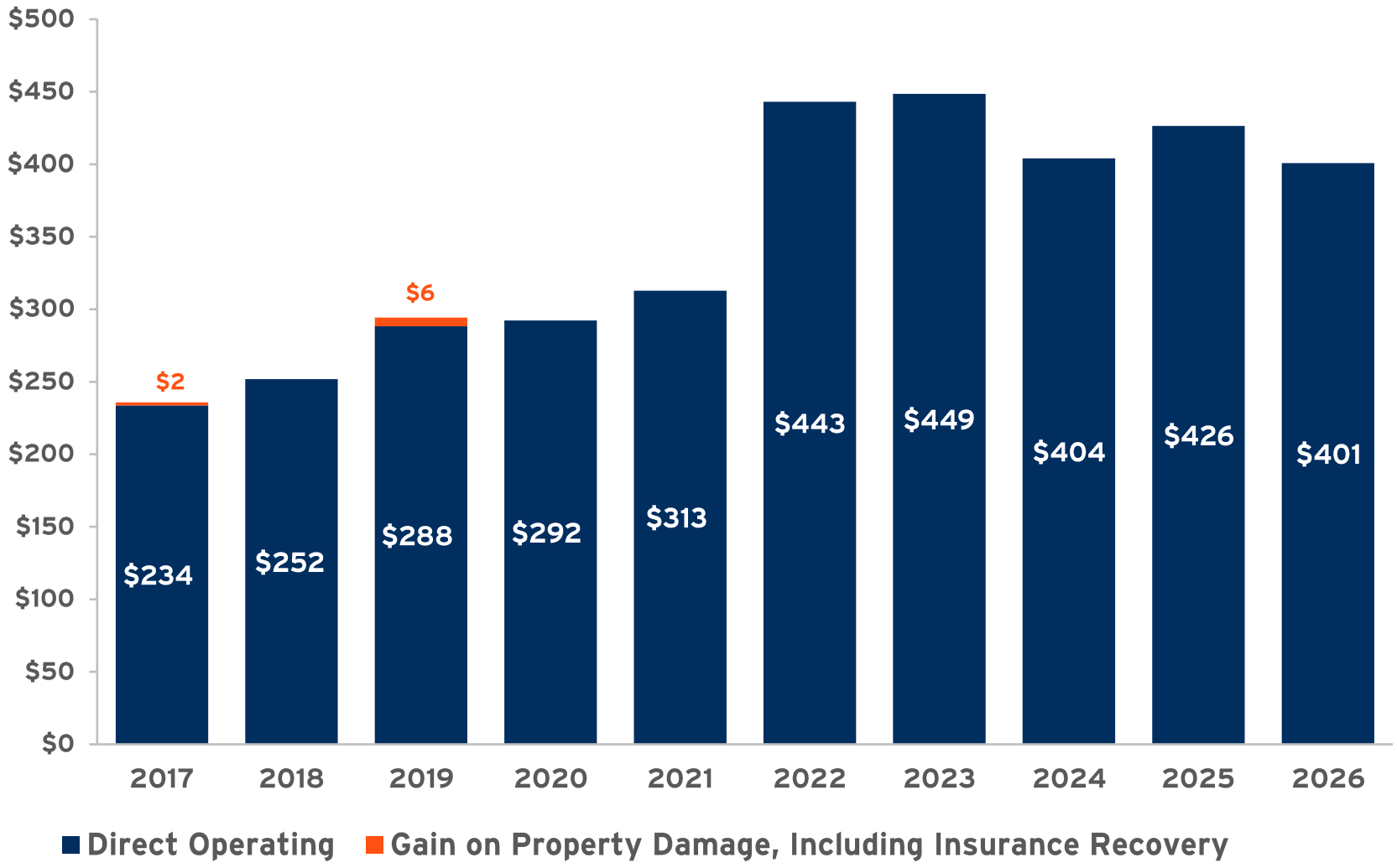
(1) As of fiscal year 2026 Audited Financial Statements amounts have been reclassified to conform to the presentation required by GASB Statement No. 103, *Financial Reporting Model Improvements*.
(2) As of fiscal year 2018 Audited Financial Statements included in Operating Revenues.
(3) As of fiscal year 2020 Audited Financial Statements Unrealized Gain on Investments, Net separated out from Other (Expense) Income, Net.
(4) 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 THOUSANDS)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Capital Projects in Progress	$ 463,281	$ 403,960	$ 520,588	$ 615,601	$ 72,833	$ 75,065	$ 148,700	$ 267,615	$ 400,246	$ 392,067
Land	206,197	352,532	374,214	374,341	696,208	716,971	777,861	882,650	887,403	887,068
Land Improvements	370,336	408,479	401,974	443,703	669,184	709,541	713,547	759,572	786,812	881,360
Buildings and Structures	347,312	413,221	449,776	498,134	669,842	694,476	700,928	702,056	721,801	730,296
Railroad Tracks	16,990	19,418	19,677	19,774	19,774	23,844	23,508	23,508	23,508	23,508
Equipment	163,900	189,522	182,911	256,553	311,383	395,199	418,395	427,264	477,418	506,116
Furniture & Fixtures	35,993	36,881	39,147	40,132	41,111	41,517	42,266	42,641	42,948	43,508
Intangible Assets	355	87	52	27	-	-	-	-	-	-
Intangible Lease Assets	-	-	-	-	623	819	14,660	14,660	437	408
Intangible Subscription Assets	-	-	-	-	-	2,064	3,325	19,634	19,369	17,893
Total Capital Assets	**1,604,364**	**1,824,100**	**1,988,339**	**2,248,265**	**2,480,958**	**2,659,496**	**2,843,190**	**3,139,600**	**3,359,942**	**3,482,224**
Accumulated Depreciation & Amortization	(587,800)	(622,633)	(600,317)	(648,642)	(695,291)	(751,754)	(821,844)	(912,270)	(992,534)	(1,085,699)
Capital Assets, net	**$ 1,016,564**	**$ 1,201,467**	**$ 1,388,022**	**$ 1,599,623**	**$ 1,785,667**	**$ 1,907,742**	**$ 2,021,346**	**$ 2,227,330**	**$ 2,367,408**	**$ 2,396,525**

OPERATING REVENUES

(IN MILLIONS)

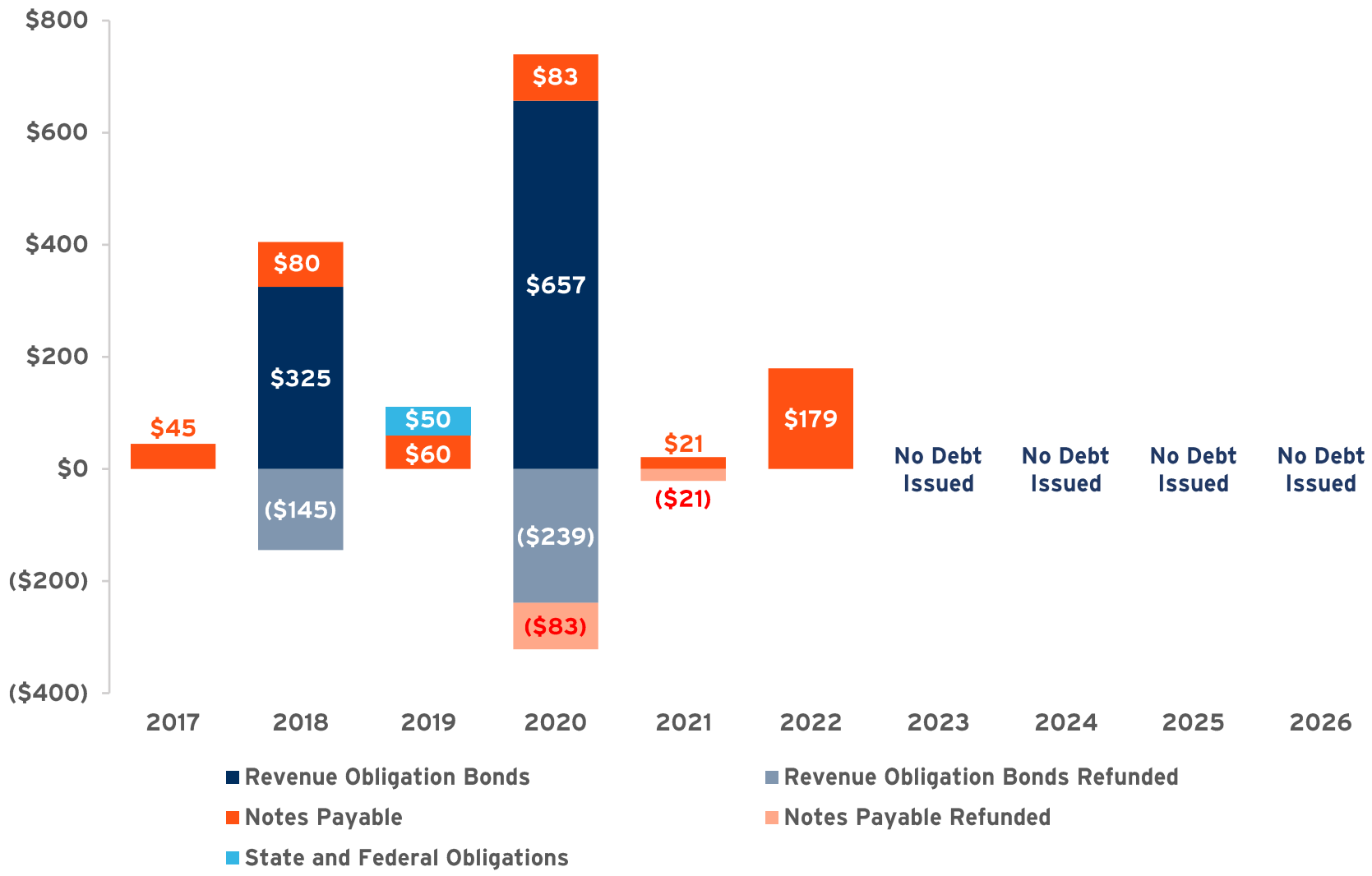


	Customer [1]	Percentage of Revenues	Customer Type	Years at SCSPA [2]
1)	Hapag Lloyd	19.4%	Steamship Line (Cargo)	34
2)	Mediterranean Shipping	14.1%	Steamship Line (Cargo)	35
3)	Maersk / Hamburg Süd	12.5%	Steamship Line (Cargo)	37
4)	CMA-CGM / APL	7.9%	Steamship Line (Cargo)	36
5)	ONE	6.8%	Steamship Line (Cargo)	37
6)	COSCO / OOCL	6.3%	Steamship Line (Cargo)	37
7)	Evergreen	4.3%	Steamship Line (Cargo)	37
8)	Zim	4.2%	Steamship Line (Cargo)	36
9)	Harbor Freight Tools	3.1%	Beneficial Cargo Owner	25
10)	BMW	2.7%	Beneficial Cargo Owner	33
	All Other	18.8%		
		100.0%		

(1) Includes subsidiaries.
(2) Records go back 37 years. If customer merged with another customer, represents maximum number of combined years.

HISTORICAL DEBT ISSUANCES

(IN MILLIONS)



RATIO OF OUTSTANDING DEBT TO OPERATING REVENUES

(IN THOUSANDS)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Revenue Bonds - Series 2010	$ 150,190	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Revenue Bonds - Series 2015	294,025	294,025	294,025	55,300	55,300	55,300	55,300	55,300	55,300	55,300
Revenue Bonds - Series 2018	-	325,000	325,000	318,970	312,645	305,995	299,015	291,690	284,005	275,935
Revenue Bonds - Series 2019A	-	-	-	121,910	121,910	121,910	121,160	119,905	118,585	117,195
Revenue Bonds - Series 2019B	-	-	-	258,420	258,420	258,420	257,170	254,475	251,640	248,660
Revenue Bonds - Series 2019C	-	-	-	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Revenue Bonds - Series 2019D	-	-	-	151,580	151,580	151,580	151,580	151,580	151,580	151,580
Unamortized Premium on Revenue Bonds [1]	21,517	59,587	57,845	77,654	75,119	72,540	69,924	67,282	64,630	61,973
Notes Payable	84,808	161,658	267,980	261,359	252,607	418,674	403,121	373,947	304,382	284,330
Harbor Deepening Obligation	4,219	4,110	3,997	3,881	3,761	3,638	-	-	-	-
Total Debt Issuance	554,759	844,380	948,847	1,374,074	1,356,342	1,513,057	1,482,270	1,439,179	1,355,122	1,319,973
Lease Liabilities	-	-	-	-	618	364	13,721	6,102	689	560
Subscription Liabilities	-	-	-	-	-	1,580	1,770	16,608	16,696	12,770
Total Debt with Lease and Subscription Liabilities	$ 554,759	$ 844,380	$ 948,847	$1,374,074	$1,356,960	$1,515,001	$1,497,761	$1,461,889	$1,372,507	$1,333,303
Operating Revenues [2]	$ 233,648	$ 251,820	$ 288,326	$ 292,256	$ 312,772	$ 443,102	$ 448,508	$ 404,003	$ 426,473	$ 400,837
Ratio - Total Debt/Operating Revenues	**2.37**	**3.35**	**3.29**	**4.70**	**4.34**	**3.41**	**3.30**	**3.56**	**3.18**	**3.29**
Ratio - Total Debt with Lease & Subscription Liabilities/Operating Revenues	**2.37**	**3.35**	**3.29**	**4.70**	**4.34**	**3.42**	**3.34**	**3.62**	**3.22**	**3.33**

(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)

Fiscal Year Ending June 30,	Series 2015			Series 2018			Series 2019A			Series 2019B			Series 2019C			Series 2019D			Total Debt Service
	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	Principal	Interest	Debt Service	
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	$ 54,252
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	54,258
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	54,258
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	56,267
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	56,264
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	56,272
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	56,272
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	56,271
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	56,265
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	56,265
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	56,264
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	56,271
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	46,369
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	-	-	-	-	-	-	19,989
2060	-	-	-	-	-	-	6,230	101	6,331	13,395	268	13,663	-	-	-	-	-	-	19,993

(IN THOUSANDS)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Operating Revenues	$235,789	$252,013	$294,326	$292,256	$312,772	$443,102	$448,508	$404,003	$426,473	$400,837
Operating Expenses	197,813	216,247	252,083	264,841	275,730	344,550	397,975	406,285	399,798	382,416
Operating Earnings	**37,976**	**35,766**	**42,243**	**27,415**	**37,042**	**98,552**	**50,533**	**(2,282)**	**26,675**	**18,421**
Interest Income	5,717	5,230	11,088	11,943	8,858	5,968	13,125	19,651	19,870	21,304
Operating Earnings & Interest Income	**43,693**	**40,996**	**53,331**	**39,358**	**45,900**	**104,520**	**63,658**	**17,369**	**46,545**	**39,725**
Adjustments										
Depreciation and amortization	37,233	41,523	47,553	55,059	60,954	76,281	83,436	84,161	88,260	92,964
Pension – GASB 68 [1]	1,542	3,995	6,656	6,740	10,699	12,058	940	16,851	6,848	(10,410)
OPEB [2]	1,643	1,606	933	1,059	1,636	4,150	5,670	838	2,996	2,509
Leases – GASB 87 [3]	-	-	-	-	-	277	394	38	42	-
Subscription Based IT Arrangements – GASB 96 [4]	-	-	-	-	-	-	(30)	(394)	565	897
IT Software Write-Off	-	-	-	-	-	-	-	6,081	-	-
Other Qualifying Non-Operating Revenues (Expenses)	3,060	1,632	305	5,005	4,093	1,025	13,095	126	(226)	(757)
Net adjustments [5]	**43,478**	**48,756**	**55,447**	**67,862**	**77,381**	**93,791**	**103,505**	**107,703**	**98,485**	**85,204**
Net Revenues Available for Debt Service	**$87,154**	**$89,525**	**$108,519**	**$106,951**	**$123,035**	**$198,048**	**$166,922**	**$124,833**	**$145,030**	**$124,929**
Debt Service – Senior Lien	$27,942	$27,937	$23,742	$38,741	$50,473	$50,474	$52,413	$54,202	$54,189	$54,182
Debt Service – Subordinate Lien	2,966	4,442	8,521	14,434	15,472	21,804	28,021	28,992	27,525	27,525
Total Principal and Interest Paid	**$30,909**	**$32,379**	**$32,263**	**$53,175**	**$65,945**	**$72,278**	**$80,434**	**$83,194**	**$81,714**	**$81,706**
Debt Service Coverage Ratio - Senior Lien	**3.12x**	**3.20x**	**4.57x**	**2.76x**	**2.44x**	**3.92x**	**3.18x**	**2.30x**	**2.68x**	**2.13x**
Debt Service Coverage Ratio - All	**2.82x**	**2.76x**	**3.36x**	**2.01x**	**1.87x**	**2.74x**	**2.08x**	**1.50x**	**1.77x**	**1.53x**

(1) Non-Cash portion of pension expense.
(2) Non-Cash portion of OPEB (other post-employment benefits) expense.
(3) Non-Cash portion of lease revenue and expense.
(4) Non-Cash portion of subscription-based IT arrangements revenue and expense.
(5) Harbor Master fee removed as net amounts are a loss.

Description	Charleston Region[1]	State
Population	889,263	5,570,274
Total Personal Income	$65,430,193,014	$353,350,331,190
Per Capita Personal Income	$73,578	$63,435
Unemployment Rate	3.80%	4.50%

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	Michelin
Volvo Car USA LLC	Lexington Med Center
Mercedes-Benz Vans, LLC	The Boeing Company
Kiawah Resort	Roper St. Francis Healthcare
Publix Supermarkets	Concentrix
Harris Teeter	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

SC PORTS: In Focus

Driving South Carolina's Global Reach

ECONOMIC ENGINE

$87 BILLION
Annual Economic Impact

52 FEET
Deepest harbor in the South Atlantic

260,000 JOBS
1 IN 9 S.C. JOBS

PATH TO 8 MILLION TEUs
Long-Term Marine Terminal Capacity

$17.6 BILLION
Annual Labor Income

$2.7 BILLION
Investment over 10 years

STATEWIDE REACH

THREE MAJOR LOGISTICS NODES
Inland Port Greer, Inland Port Dillon,
Port of Charleston

RAPID RAIL CONNECTIVITY
Direct access to inland rail facilities

10,000
Modern, Dedicated Chassis

94 MILLION
Customers Within a
One-Day Drive of Greer

WITHIN TWO MILES
Interstate Access from Charleston Terminals

GLOBAL CONNECTIVITY

25 WEEKLY SERVICES

9 Asia - 2 First In Priority
(Avg 12,000 TEU Ships)
4 India
3 North Europe

TRADE BY REGION (top 4)

North-East Asia	25%
North Europe	24%
South-East Asia	23%
Indian Subcontinent	10%

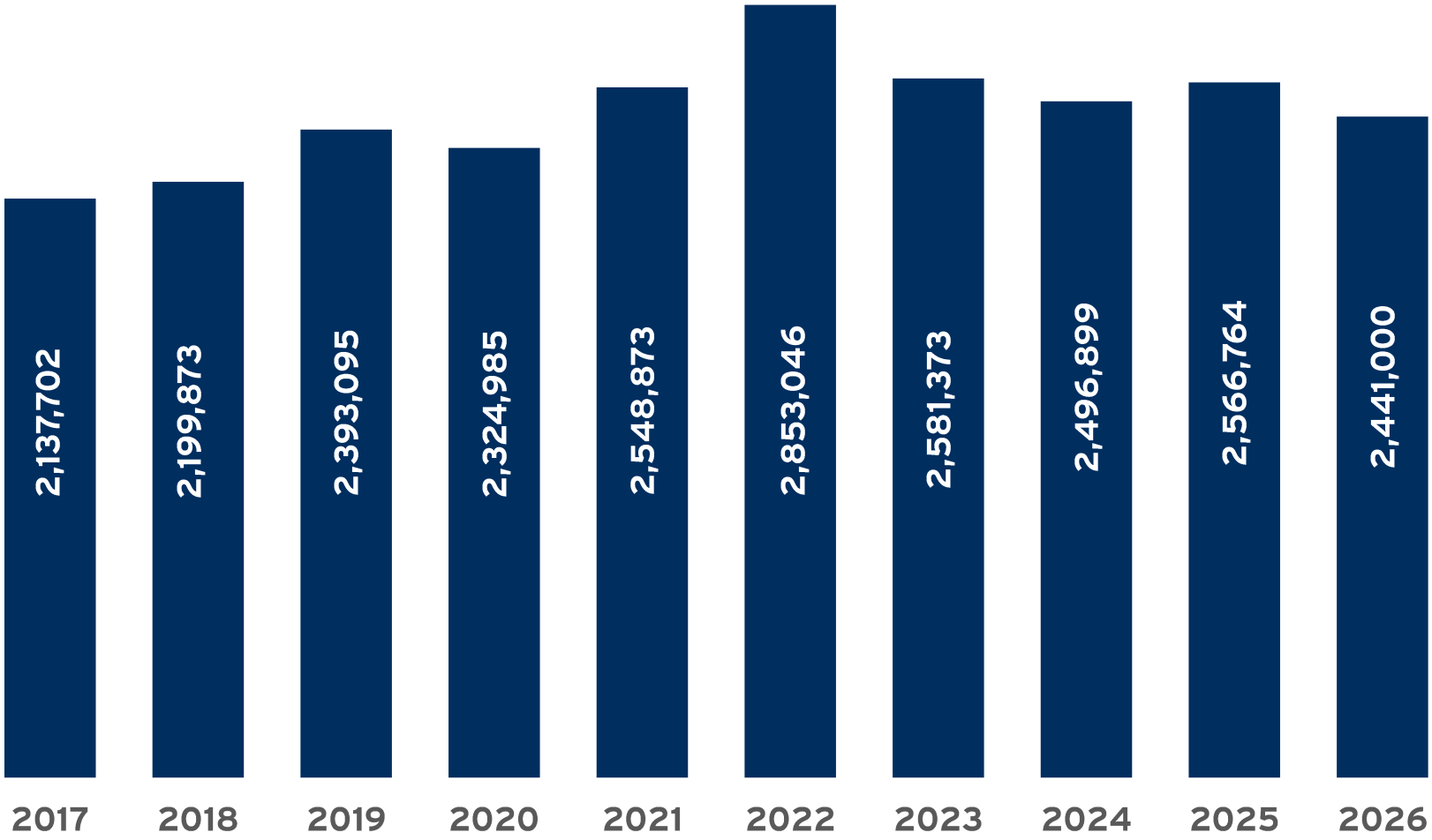
FY26 PERFORMANCE

2.441 MILLION TEUs ↓ 4.9% vs FY2025

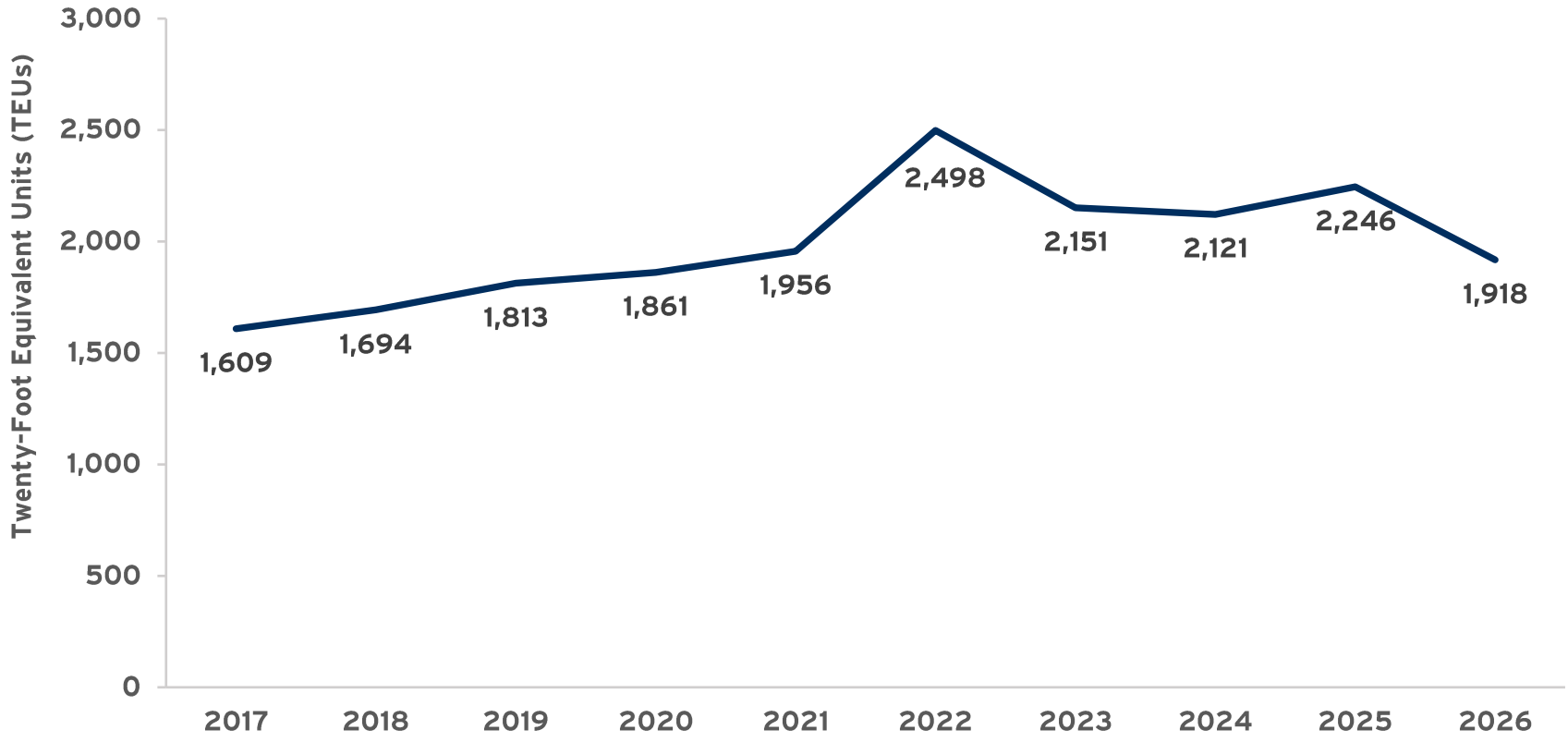
222,640 RAIL MOVES ↓ 7.0% vs FY2025

170,028 VEHICLES ↑ 2.5% vs FY2025

Twenty-Foot Equivalent Units (TEUs)



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



(1) Vessels Docked includes ships and barges.

Twenty-Foot Equivalent Units

By Terminal

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Hugh Leatherman	-	-	-	-	31,073	264,757	162,907	140	138,012	154,289
North Charleston	463,935	560,532	539,304	394,011	435,436	517,226	455,063	286,755	330,058	180,437
Wando Welch	1,673,767	1,639,341	1,853,791	1,930,974	2,082,364	2,071,063	1,963,403	2,210,004	2,098,694	2,106,275
Total	**2,137,702**	**2,199,873**	**2,393,095**	**2,324,985**	**2,548,873**	**2,853,046**	**2,581,373**	**2,496,899**	**2,566,764**	**2,441,000**

Pier Container Lifts

By Terminal

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Hugh Leatherman	-	-	-	-	16,820	146,408	91,613	70	75,931	84,752
North Charleston	262,959	318,375	305,337	222,388	240,444	285,529	252,797	158,835	181,590	98,579
Wando Welch	944,745	932,453	1,058,898	1,094,944	1,161,601	1,151,017	1,084,337	1,221,055	1,154,652	1,164,304
Total	**1,207,704**	**1,250,828**	**1,364,235**	**1,317,332**	**1,418,865**	**1,582,954**	**1,428,747**	**1,379,960**	**1,412,173**	**1,347,635**

Non-Containerized Cargo Pier Tons

By Terminal

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Columbus Street	818,417	733,635	605,805	632,092	799,961	856,737	793,366	825,828	644,889	657,258
Georgetown	7,466	-	-	-	-	-	-	-	-	-
Hugh Leatherman	-	-	-	-	2,050	18,876	23,980	12,939	46,496	1,183
North Charleston	529	19,607	6,251	2,498	3,377	2,623	5,477	1,958	9,273	2,629
Union Pier	31,245	3,006	11,124	-	-	-	-	-	-	-
Veterans	-	-	-	-	1,177	-	-	-	-	-
Wando Welch	1,470	4,253	2,143	1,688	955	1,923	3,769	4,422	2,340	4,665
Total	**859,127**	**760,501**	**625,323**	**636,278**	**807,520**	**880,159**	**826,591**	**845,147**	**702,998**	**665,734**

Inland Port Rail Moves

By Terminal

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Dillon	-	628	29,580	32,453	34,987	26,019	39,143	42,769	33,958	53,624
Greer	121,761	117,812	143,204	140,155	157,842	151,261	146,813	187,638	205,523	169,016
Total	**121,761**	**118,440**	**172,784**	**172,608**	**192,829**	**177,280**	**185,956**	**230,407**	**239,481**	**222,640**

Other Statistics	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Pier Vehicles (Rolling Stock)	258,804	232,390	194,902	199,825	253,983	219,712	188,517	210,817	165,949	170,028
Cruise Passengers	224,105	225,483	213,081	217,673	-	123,336	294,136	295,624	158,940	61,542
Ships Docked [1]	1,765	1,705	1,696	1,567	1,594	1,465	1,579	1,561	1,449	1,562

(1) Self-powered vessels, excluding barges.

Facilities

Description	WANDO WELCH	NORTH CHARLESTON[1]	HUGH LEATHERMAN[2]	COLUMBUS STREET	UNION PIER	VETERANS TERMINAL	INLAND PORT DILLON	INLAND PORT GREER
Terminal Area (Acres)	689	201	286	155	71	23	242	97
Developed Terminal Area (Acres)	399	198	134	135	65	23	40	65
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	42	N/A	N/A
Berth/Working Trackage (Linear Feet)	3,800	2,500	1,400	3,900	2,470	2,400	10,080	7,800
Storage Trackage (Linear Feet)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14,350
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	-	8	-	-	-	2	6
Toplifter	9	11	-	1	-	-	-	2
RTG	65	10	25	-	-	-	2	9
Total	104	21	33	1	-	-	4	17
Warehouse Sq. Ft.	187,680	-	-	359,149	334,000	-	-	-

[1] North Charleston Terminal acreage does not reflect the recent purchase of the adjacent WestRock facility. This will add approximately 210 acres to the terminal when developed.
[2] Hugh Leatherman Terminal details reflect the currently completed Phase 1.

Employees

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
Administrative	99	97	97	94	95	89	95	92	83	87
Operations	454	501	596	641	663	833	854	784	647	628
Grand Total	**553**	**598**	**693**	**735**	**758**	**922**	**949**	**876**	**730**	**715**

As of 6/30/2026

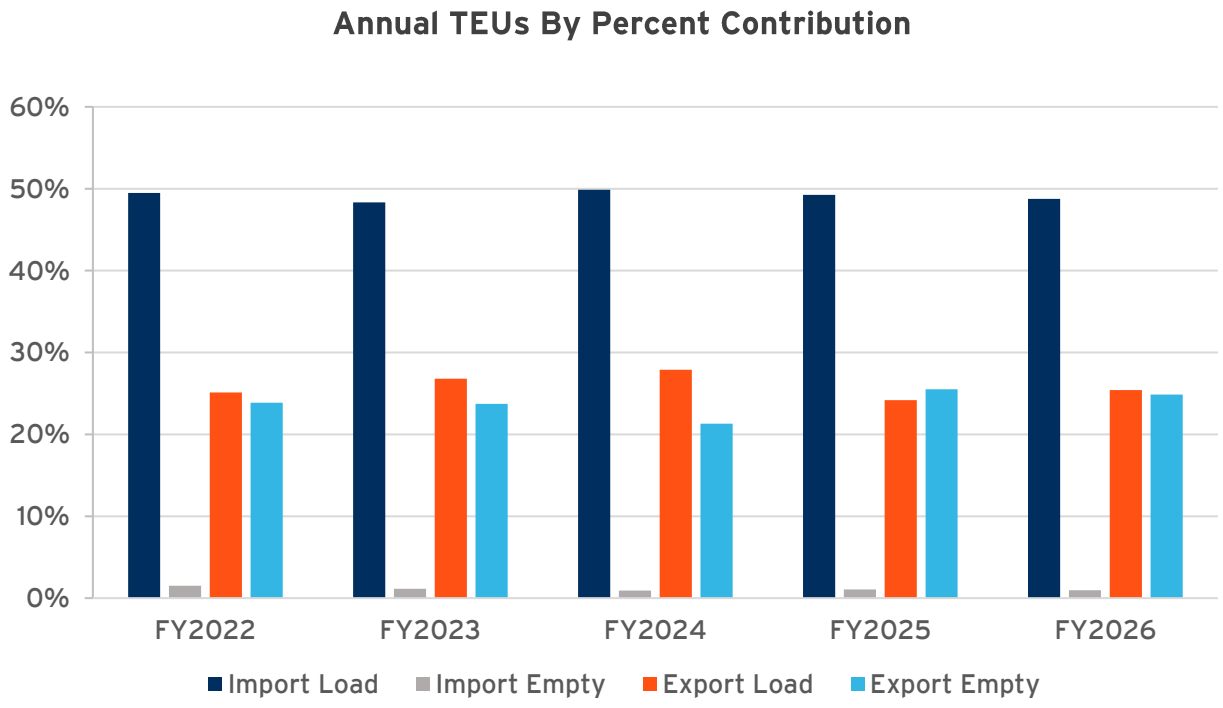
Fiscal Years Ending June 30

	2022	2023	2024	2025	2026
Pier Containers	1,582,954	1,428,747	1,379,960	1,412,173	1,347,635
TEUs	2,853,046	2,581,373	2,496,899	2,566,764	2,441,000
Breakbulk and Bulk Pier Tons [1]	880,159	826,591	845,147	702,998	665,734
Pier Vehicles	219,712	188,517	210,817	165,949	170,028
Ships Docked [2]	1,465	1,579	1,561	1,449	1,562

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

Annual TEUs

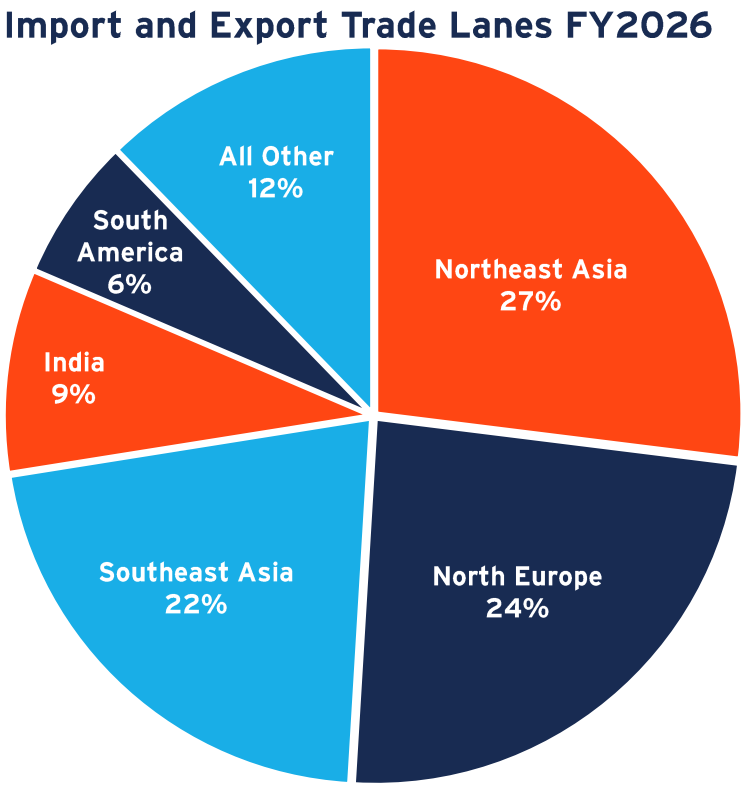
Fiscal Year	Import	Export	Empty	Total
FY2022	1,411,993	716,540	724,513	2,853,046
FY2023	1,247,628	691,785	641,960	2,581,373
FY2024	1,245,223	696,522	555,154	2,496,899
FY2025	1,264,170	620,750	681,844	2,566,764
FY2026	1,190,056	620,452	630,493	2,441,000



(LOADED TEUs)

Exports	Contribution
CHEMICALS	30%
FOODSTUFFS AND BASIC AGRICULTURAL MATERIALS	20%
FOREST PRODUCTS	16%
TIRES UNFINISHED RUBBER PLASTIC PRODUCTS	6%
YARNS FIBRES TEXTILES APPAREL	6%
HARDWARE LIGHTING MISC METALWARE	4%
VEHICLES BOATS AIRCRAFT	4%
MACHINERY PARTS	2%
MINERAL PRODUCTS INCL COAL TILES GLASS	2%
METALS INCLUDING PRIMARY SHAPES	2%
ALL OTHER	7%
Grand Total	**100%**

Imports	Contribution
MACHINERY PARTS	19%
FURNITURE SPORTING GOODS TOYS	11%
YARNS FIBRES TEXTILES APPAREL	10%
TIRES UNFINISHED RUBBER PLASTIC PRODUCTS	9%
CHEMICALS	9%
HARDWARE LIGHTING MISC METALWARE	7%
VEHICLES BOATS AIRCRAFT	6%
FOREST PRODUCTS	6%
FOODSTUFFS AND BASIC AGRICULTURAL MATERIALS	6%
ELECTRIC AND ELECTRIC GOODS	5%
ALL OTHER	13%
Grand Total	**100%**

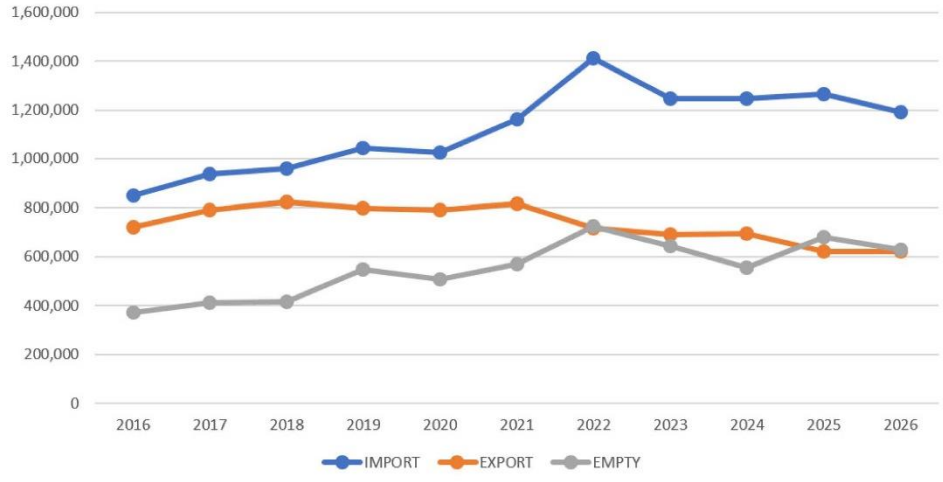


(1) Source: PIERS

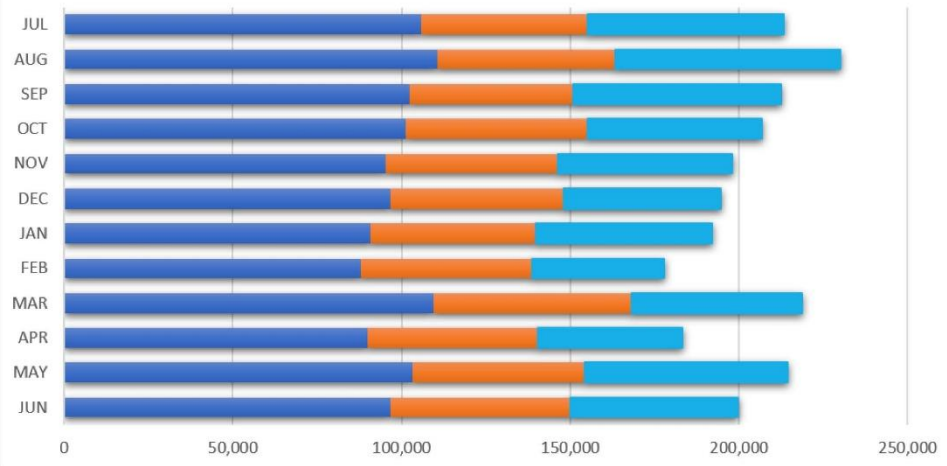
TOTAL FY26 TEUs

2,441,001

ANNUAL TEU VOLUME



MONTHLY TEU VOLUME



INLAND PORTS RAIL LIFTS

222,640

FINISHED VEHICLES

170,028

BREAKBULK TONNAGE

665,734

CRUISE PASSENGERS

61,542



SOUTH CAROLINA PORTS

GATEWAY TO GROWTH

PHOTOGRAPH BY MATTHEW PEACOCK