GOING FURTHER

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2026

CPAs & ADVISORS

SOUTH CAROLINA OFFICE OF THE STATE AUDITOR
1401 Main Street, Suite 1200 • Columbia, SC 29201

September 23, 2026

Members of the Board of Directors
South Carolina Transportation Infrastructure Bank
Columbia, South Carolina

This report on the audit of the financial statements of the South Carolina Transportation Infrastructure Bank for the fiscal year ended June 30, 2026, was issued by Mauldin & Jenkins, LLC, Certified Public Accountants, under contract with the South Carolina Office of the State Auditor.

If you have any questions regarding this report, please let us know.

Respectfully submitted,

Sue F. Moss

Sue F. Moss, CPA
Interim State Auditor

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK

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MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report

Ms. Sue F. Moss, CPA
Interim State Auditor
South Carolina Office of the State Auditor
Columbia, South Carolina

Members of the Board of Directors
South Carolina Transportation Infrastructure Bank
Columbia, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the major fund of the **South Carolina Transportation Infrastructure Bank** (the "Bank"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Bank's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund for the Bank, as of June 30, 2026, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Bank and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As described in Note 1 to the financial statements, the financial statements of the Bank are intended to present the financial position and changes in financial position of only that portion of the governmental activities and the major fund of the State of South Carolina that is attributable to the transactions of the Bank. They do not purport to, and do not, present fairly the financial position of the State of South Carolina as of June 30, 2026, and changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 opinions. 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 GAAS 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 GAAS 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 and 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 Bank'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.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 4 through 8), the budgetary comparison information (on page 48), Schedule of the Bank's Proportionate Share of the Net Pension Liability (on page 51), the Schedule of the Bank's Pension Contributions (on page 52), the Schedule of the Bank's Proportionate Share of the Net OPEB Liability (on page 53), and the Schedule of the Bank's OPEB Contributions (on page 54), 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 GAAS, 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23,2026 on our consideration of the Bank'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 Bank'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 Bank's internal control over financial reporting and compliance.

Mauldin & Jenkins, LLC

Columbia, South Carolina
September 23,2026

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK
Management's Discussion and Analysis

The following discussion and analysis of the financial performance of the South Carolina Transportation Infrastructure Bank (the "Bank") provides a narrative overview of the Bank's financial activities for the fiscal year ended June 30, 2026. The Management's Discussion and Analysis should be read in conjunction with the Bank's financial statements which follow. The Bank was established in 1997 to select and assist in financing major qualified projects by providing loans and other financial assistance to government units and private entities for constructing and improving highway and transportation facilities necessary for public purposes including economic development. The enabling statute is Section 11-43-120 of the Code of Laws of South Carolina.

The Bank is governed by its Board of Directors. The Board consists of seven voting directors as follows: one director appointed by the Governor who shall serve as chairman; one director appointed by the Governor; the Chairman of the Department of Transportation Commission, ex officio; one director appointed by the Speaker of the House of Representatives; one member of the House of Representatives appointed by the Speaker, ex officio; one director appointed by the President of the Senate; and one member of the Senate appointed by the President of the Senate, ex officio. Directors appointed by the Governor, the Speaker, and the President shall serve terms coterminous with their terms of office.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Bank's basic financial statements. The Bank's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. These components are described below:

Government-Wide Financial Statements

The *Government-Wide Financial Statements* provide a broad overview of the Bank's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the Bank's financial position, which assists in assessing the Bank's economic condition at the end of the fiscal year. These financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This method of accounting is similar to that used by most businesses. The financial statements take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The Government-wide financial statements include two statements:

The *Statement of Net Position* presents all of the Bank's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Over time, increases or decreases in the Bank's net position may serve as a useful indicator of whether the mission of the Bank is successfully being implemented.

The assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the Bank as of June 30, 2026 by $160.2 million. The mission of the Bank is to provide financial assistance for major transportation projects. The Bank does not own or maintain any of the projects. The Bank issues bonds and incurs other financing liabilities to construct the projects, which are donated to the South Carolina Department of Transportation ("SCDOT") for ownership and maintenance. As a result, the assets of the Bank are reduced while the debt remains. Conversely, SCDOT will record these projects as construction in progress or capital assets in its financial statements with no related liability. Approximately $1.2 billion of the Bank's assets are pledged to service the outstanding debt and to fund projects under commitment.

The *Statement of Activities* presents information showing how the Bank's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods, such as receivables from state agencies and county governments.

During fiscal year 2026, revenue exceeded expenses by approximately $152 million resulting in an increase in net position as of fiscal year-end. This is primarily due to a decrease in project costs due to project timing; since the Bank only funds construction costs on new projects, which lowered the Bank's financial assistance disbursements.

The Government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Bank, like other governmental agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Bank can be divided into two categories, governmental funds and fiduciary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental Fund - The financial activity related to the mission of the Bank is accounted for in the governmental fund. The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Bank's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the Bank's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the Bank.

As of June 30, 2026, the fund balance in the Bank's governmental fund was approximately $1.303 billion. This fund balance is used for providing financial assistance to transportation projects and to service the debt related to providing that assistance. As of June 30, 2025 the fund balance was $1.246 billion.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Bank's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between the governmental fund and the Bank's governmental activities. These reconciliations are presented immediately following each governmental fund financial statement.

The governmental fund financial statements can be found immediately following the Government-wide financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-wide and the fund financial statements. The notes to the financial statements can be found immediately following the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Net position may serve over time as a useful indicator of a government's financial position, or in the case of the Bank, for which liabilities will generally exceed assets, an indicator of whether the mission is successfully being implemented. The Bank's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources (all classified as governmental activities) by $160.2 million at the close of business on June 30, 2026 (see Table 1). This was primarily due to the Bank paying only construction costs for new approved projects, with the Bank funds not being disbursed until all other funds are expended.

The largest portion of the Bank's assets are non-current assets from loans and other contributions receivable from county and state governments. The largest portion of the Bank's liabilities are non-current liabilities which include bonds payable. As the mission of the Bank is to provide financing for transportation projects, but not own or maintain these projects, the Statement of Net Position will generally reflect a negative net position. As mentioned above at year end June 30, 2026 the Banks assets exceeds liabilities, which is an anomaly due to the Bank funds not being disbursed until all other funds are expended. The investment in infrastructure as a result of the projects financed by the Bank will be reflected on the financial statements of the SCDOT or other governmental entity which will own and maintain the roads.

Table 1
Statement of Net Position
(expressed in millions)

	Governmental Activities	
	June 30, 2026	June 30, 2025
Current Assets	$ 188.5	$ 194.1
Non-current Assets	1,179.5	1,102.1
Total Assets	1,368.0	1,296.2
Deferred Outflows of Resources	20.0	21.4
Current Liabilities	155.8	139.2
Non-current Liabilities	1,056.5	1,152.2
Total Liabilities	1,212.3	1,291.4
Deferred Inflows of Resources	15.5	17.5
Net Position:		
Total net position	$ 160.2	$ 8.6

Changes in Net Position

The Bank's net position increased by approximately $152 million. The primary sources of program revenues are contributions and other payments made by state and county governments pursuant to intergovernmental agreements. The general revenue sources of the Bank in 2026 were truck registration fees (43%); contribution from SCDOT in an amount equivalent to revenues generated from one-cent of motor fuel user fees on gasoline (13%); motor vehicle registration fees (23%); electric power tax (2%); interest and investment income (18%); program revenues include contributions pursuant to intergovernmental agreements of $26 thousand which is (.01%) of total revenues. 62% of the Bank's expenses represent transportation projects and 38% of expenses were interest on debt and other debt related costs. Also, in FY 2026 the Bank received a nonrecurring state appropriation of $1.3 million (1%) due to Act 37 in accordance with Proviso 118.22 (B)(40) to spend on transportation projects.

Table 2 presents a breakdown of the revenues and expenses of the governmental activities.

Table 2
Changes in Net Position
(expressed in millions)

	Governmental Activities	
	June 30, 2026	June 30, 2025
Revenues:		
Program Revenues:		
Charges for Services	$ -	$ 2.1
General Revenues:		
Truck registration fees	96.4	100.3
Motor Fuel User Fee	28.5	28.5
Motor vehicle registration fees	50.9	52.0
Act 37 of 2021	1.3	-
Electric power tax	5.4	5.6
Interest/Investment income	39.7	65.4
Total general revenues	222.2	251.8
Total Revenues	222.2	253.9
Expenses:		
Administration	1.1	0.9
Transportation projects assistance	42.9	5.1
Interest and other debt costs	26.6	29.9
Total Expenses	70.6	35.9
Change in net position	151.6	218.0
Net position, beginning of year	8.6	(209.4)
Net position, end of year	$ 160.2	$ 8.6

FINANCIAL ANALYSIS OF THE BANK'S INDIVIDUAL FUND

As noted earlier, the Bank uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Fund

The focus of the Bank's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Bank's financing requirements. In particular, the classifications of fund balance may serve as a useful measure of a government's net resources available for spending, and the level of restriction related to those resources, at the end of the fiscal year. As of the end of the current fiscal year, the ending fund balance in the Bank's governmental fund was $1.303 billion, an increase of $57 million in comparison with the prior year. The entire governmental fund balance is restricted for debt service requirements, bond funded projects, or highway construction.

Debt Administration

The authority of the Bank to incur debt is pursuant to the act which created the Bank and is found in Sections 11-43-110, et seq. of the South Carolina Code. The Bank has the legal authority to issue general obligation bonds of the state and revenue bonds. The Bank's total original principal amount of revenue bonds issued is in excess of $2 billion. During fiscal year 2026, the Bank paid $73 million towards principal of outstanding revenue bonds and $3 million towards principal of outstanding general obligation bonds. At June 30, 2026, the principal balance of outstanding revenue bonds was $952 million and the outstanding balance of general obligation bonds was $6 million.

Additional information on the Bank's long-term debt obligations can be found in Notes 4 and 5 of the Notes to the Financial Statements of this report.

Economic Factors

The Bank's short-term and long-range financial plans are constantly reviewed and updated to ensure financial sources are available to meet commitments made by the Bank Board.

August 03, 2026 -- Moody's Investors Service affirms the SCTIB's revenue bond rating as Aa3 remaining a stable outlook which is consistent with the state's outlook and is supported by the likelihood the state will continue to ensure that pledged revenue provides adequate debt service coverage, in view of SCTIB's pivotal role in financing large transportation infrastructure projects.

August 07, 2026 -- Fitch reported the SCTIB bond rating has stayed the same (AA-) stating the outlook was stable. The 'AA-' rating assigned to the SC TIB's revenue bonds reflects the solid expansion of system revenue that has raised year-over-year revenue growth to levels approaching the pace of U.S. GDP expansion. In addition, the 'AA-' rating reflects Fitch's view that the pledged revenue stream has become broader and less volatile due to the diversification of South Carolina's economic base, combined with policy measures to enhance revenue.

Request For Information

This financial report is designed to provide a general overview of the South Carolina Transportation Infrastructure Bank's finances for all of the Bank's taxpayers, customers, investors, and creditors. This financial report seeks to demonstrate the Bank's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

South Carolina Transportation Infrastructure Bank
955 Park Street, Room 120B
Columbia, South Carolina 29201

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK
STATEMENT OF NET POSITION
JUNE 30, 2026
(expressed in thousands)

	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	$ 32,866
Accrued interest receivable	556
Restricted current assets:	
Cash and cash equivalents	112,167
Accrued interest receivable	4,865
Intergovernmental loans/receivables:	
State agencies	35,055
County governments	3,000
Total current assets	188,509
Noncurrent assets:	
Restricted assets:	
Cash and cash equivalents	1,117,369
Accrued interest receivable	16,830
Intergovernmental loans/receivables:	
State agencies	42,280
County governments	3,000
Total noncurrent assets	1,179,479
Total assets	1,367,988
DEFERRED OUTFLOWS OF RESOURCES	
Deferred loss on refunding of bonds	19,360
Deferred outflows of resources related to pensions	216
Deferred outflows of resources related to OPEB	392
Total deferred outflows of resources	$ 19,968

(continued)

STATEMENT OF NET POSITION (continued)
JUNE 30, 2026
(expressed in thousands)

	Governmental Activities
LIABILITIES	
Current liabilities:	
Liabilities payable from restricted current assets:	
Bonds payable - current portion	$ 79,745
Accrued interest payable - bonds	10,741
Total liabilities payable from restricted current assets	90,486
Accounts payable	1,192
Accounts payable - State Agency	13,540
Deposits payable	35,782
Unearned revenue	14,753
Compensated absences payable - current portion	11
Total current liabilities	155,764
Noncurrent liabilities:	
Bonds payable, net of current portion	1,053,237
Rebatable arbitrage payable	2,034
Compensated absences payable, net of current portion	44
Net pension liability	646
Net OPEB liability	545
Total noncurrent liabilities	1,056,506
Total liabilities	1,212,270
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding of bonds	15,034
Deferred inflows of resources related to pensions	111
Deferred inflows of resources related to OPEB	339
Total deferred inflows of resources	15,484
NET POSITION	
Restricted for debt service	$ 160,202

The notes to the financial statements are an integral part of these financial statements.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026
(expressed in thousands)

Expenses:	Governmental Activities
Public transportation facilities development:	
General operating	$ 1,127
Financial assistance awards for constructing and improving highway and other transportation facilities and other project costs	42,924
Interest and fiscal charges	26,610
Total program expenses	70,661
Program revenues	
Charges for services	26
Net program expenses	70,635
General revenues:	
Motor fuel and vehicle registration fees	175,858
Act 37 of 2021	1,300
Electric power tax	5,421
Interest/investment income	39,656
Total general revenues	222,235
Change in net position	151,600
Net position - beginning of year	8,602
Net position - end of year	$ 160,202

The notes to the financial statements are an integral part of these financial statements.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK
BALANCE SHEET - GOVERNMENTAL FUND
JUNE 30, 2026
(expressed in thousands)

ASSETS	Public Transportation Facilities Development
Unrestricted assets:	
Cash and cash equivalents	$ 32,866
Accrued interest receivable	556
Total unrestricted assets	33,422
Restricted assets:	
Cash and cash equivalents	1,229,536
Accrued interest receivable	21,695
State agencies	77,335
County governments	6,000
Total restricted assets	1,334,566
Total assets	$ 1,367,988
LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	$ 1,192
Accounts payable - State agency	13,540
Deposits payable	35,782
Unearned revenue	14,753
Total liabilities	65,267
Fund balance:	
Restricted for financial assistance award and debt service	1,302,721
Total fund balance	1,302,721
Total liabilities and fund balance	$ 1,367,988

The notes to the financial statements are an integral part of these financial statements.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUND TO THE STATEMENT OF NET POSITION
JUNE 30, 2026
(expressed in thousands)

Reconciliation to the statement of net position:		
Total fund balance, governmental fund		$ 1,302,721
Amounts reported for governmental activities in the statement of net position are different because:		
Liabilities are not due and payable in the current period, therefore, are not reported in the governmental fund:		
Bonds payable	(1,132,982)	
Rebatable arbitrage payable	(2,034)	
Compensated absences payable	(55)	
Accrued interest payable	(10,741)	
Net pension liability	(646)	
Net OPEB liability	(545)	(1,147,003)
Deferred inflows of resources are not reported in the governmental fund:		
Deferred gains on bond refundings	(15,034)	
Deferred inflows of resources related to pensions	(111)	
Deferred inflows of resources related to OPEB	(339)	(15,484)
Deferred outflows of resources are not reported in the governmental fund:		
Deferred loss on bond refundings	19,360	
Deferred outflows of resources related to pensions	216	
Deferred outflows of resources related to OPEB	392	19,968
Net position, governmental activities		$ 160,202

The notes to the financial statements are an integral part of these financial statements.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2026
(expressed in thousands)

	Public Transportation Facilities Development
Revenues:	
Contribution of motor fuel user fee revenue for construction projects by the South Carolina Department of Transportation	$ 28,498
Truck registration fees and penalties transferred from South Carolina Department of Motor Vehicles	96,408
Motor vehicle registration fees and penalties transferred from South Carolina Department of Motor Vehicles	50,952
Act 37 of 2021	1,300
Electric power tax revenue transferred from South Carolina Department of Transportation	5,421
Contributions pursuant to intergovernmental agreements for specific construction projects	26
Interest/investment income:	
Deposits and investments	37,630
Loans and receivables	2,026
TOTAL REVENUES	222,261
Expenditures:	
General operating	1,145
Financial assistance awards for constructing and improving highway and other transportation facilities	42,924
Debt service:	
Interest	44,014
Arbitrage	1,977
Principal	75,755
Bond related expenditures	65
TOTAL EXPENDITURES	165,880
CHANGE IN FUND BALANCE	56,381
FUND BALANCE, beginning of year	1,246,340
FUND BALANCE, end of year	$ 1,302,721

The notes to the financial statements are an integral part of these financial statements.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2026
(expressed in thousands)

Reconciliation to the statement of activities:		
Change in Fund Balance for the governmental fund	$	56,381
Amounts reported for governmental activities in the statement of activities are different because:		
Decrease in accrued interest payable is reported as a reduction of expense in the statement of activities		880
Amortization of premiums and discounts on bonds is reported as an adjustment of interest expense in the statement of activities		17,893
Amortization of deferred gains and losses on refunding of bonds is reported as a net expense in the statement of activities		353
Change in arbitrage liability is reported as expenses in the statement of activities		320
Repayment of long-term debt is reported as an expenditure in the governmental fund and as a reduction in liabilities in the statement of net position		75,755
Decrease in general operating expense due to increase in proportionate share of pension expense		32
Increase in general operating expense due to increase in proportionate share of OPEB expense		(25)
Decrease in compensated absences is reported as a decrease in expense in the statement of activities		11
Change in net position	$	151,600

The notes to the financial statements are an integral part of these financial statements.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of South Carolina Transportation Infrastructure Bank (the "Bank") were prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to governmental entities. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body in the United States of America for establishing governmental accounting and financial reporting principles. The more significant of the Bank's accounting policies are described below:

Reporting Entity

The Bank was established in 1997 to select and assist in financing major qualified projects by providing loans and other financial assistance to government units and private entities for constructing and improving highway and transportation facilities necessary for public purposes including economic development. The enabling statute is Section 11-43-120 of the Code of Laws of South Carolina (the "Act").

The Bank is governed by its Board of Directors. The Board consists of seven voting directors as follows: one director appointed by the Governor who shall serve as chairman; one director appointed by the Governor; the Chairman of the Department of Transportation Commission, ex officio; one director appointed by the Speaker of the House of Representatives; one member of the House of Representatives appointed by the Speaker, ex officio; one director appointed by the President of the Senate; and one member of the Senate appointed by the President of the Senate, ex officio. Directors appointed by the Governor, the Speaker, and the President shall serve terms coterminous with their terms of office.

The Bank is a funding entity that only provides loans and other financial assistance to approved projects pursuant to the Act. The Bank does not own, construct, manage the construction of, or maintain any of the projects it has approved for funding. The Bank has no financial obligation to fund any portion of any project other than that which is selected by action of its Board, is approved by the Joint Bond Review Committee of the State of South Carolina (the "JBRC"), and is subject to a valid and enforceable intergovernmental agreement or loan agreement. Subject to JBRC approval and, with respect to general obligation bonds, approval of the State Fiscal Accountability Authority ("SFAA"), the Bank may, in its sole discretion, issue bonded indebtedness in order to finance all or any portion of its obligations to provide approved projects with loans or other financial assistance.

Act 275 (2016) sets the minimum eligible costs of a project that the Bank may consider for financial assistance at $25 million. Also, for new approved projects, the Bank is paying only construction costs with Bank funds not being disbursed until all other funds for the project are expended. In addition to the JBRC approval, Act 275 included a requirement for the Bank, before providing financial assistance, to submit the decision to the South Carolina Department of Transportation ("SCDOT") Commission for its consideration and approval.

The primary sources of funding of the Bank consist of an annual contribution of revenues by SCDOT to the Bank of an amount not to exceed one cent per gallon of user fee collected on gasoline, contributions and donations from government units and private entities, state appropriations, truck registration fees and penalties, electric power tax, and motor vehicle registration fees.

All of the revenues collected for truck registration fees and penalties pursuant to SC Code of Laws Sections 56-3-660 and 56-3-670 were received by the Bank from the South Carolina Department of Motor Vehicles and were used to provide funding for various capital projects, including debt service on revenue bonds. The Bank also received 100% of the motor vehicle registration fees and one-half of the electric power tax collections exceeding $20 million dollars.

The core of the financial reporting entity is the primary government, which has a separately elected governing body. As required by generally accepted accounting principles, the financial reporting entity includes both the primary government and all of its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In turn, component units may have component units.

An organization other than a primary government may serve as a nucleus for a reporting entity when it issues separate financial statements. That organization is identified herein as a primary entity. The financial reporting entity includes the Bank (a primary entity). The Bank has determined that it has no component units.

A primary government or entity is financially accountable if it appoints a voting majority of the organization's governing body, including situations in which the voting majority consists of the primary entity's officials serving as required by law (e.g., employees who serve in an ex officio capacity on the component unit's board are considered appointments by the primary entity) and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary entity. The primary entity is financially accountable if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

An organization can provide a financial benefit to, or impose a financial burden on, a primary government in a variety of ways. The benefit or burden may result from legal entitlements or obligations, or it may be less formalized and exist because of decisions made by the primary government or agreements between the primary government and a component unit. If a primary government appoints a voting majority of an organization‘s officials or if the organization is fiscally dependent on the primary government and there is a potential for those organizations either to provide specific financial benefits to, or to impose specific financial burdens on, the primary government, the primary government is financially accountable for those organizations. An organization has a financial benefit or burden relationship with the primary government if, for example, any one of these conditions exists:

(1) The primary government is legally entitled to or can otherwise access the organization‘s resources.
(2) The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization.
(3) The primary government is obligated in some manner for the debt of the organization.

Based on these criteria, the Bank has determined it is not a component unit of another entity and it has no component units.

The Bank is part of the State of South Carolina primary government unit and is included in the Annual Comprehensive Financial Report of the State of South Carolina. The accompanying financial statements present the financial position and the results of operations of only the portions of the funds of the State of South Carolina that are attributable to the transactions of the Bank and do not include any other funds, agencies, divisions, instrumentalities or component units of the State of South Carolina.

The Bank is granted an annual appropriation for operating purposes as authorized by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the Bank. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the state and authorizes expenditures of total funds. The laws of the state and the policies and procedures specified by the state for state agencies and institutions are applicable to the activities of the Bank. Generally, all state departments, agencies, and institutions are included in the state's reporting entity, which is the primary government of the State of South Carolina. These entities are financially accountable to and fiscally dependent on the state. Although the Bank operates somewhat autonomously, it lacks full corporate powers.

Fund Structure

A fund is a separate fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with related liabilities and residual equities or balances and changes therein. These accounts are segregated to carry on specific activities or attain certain objectives in accordance with applicable regulations, restrictions, or limitations. Separate accounts are maintained for each fund. The funds of the Bank are classified as governmental.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed and are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are to be paid; the difference between the assets and liabilities is fund balance. The Bank has only one governmental fund.

Special Revenue Fund: The special revenue fund generally records the expenditure of revenues that are restricted to specific programs or projects. The special revenue fund accounts for financial assistance awards for construction of capital projects, taxes levied with statutorily defined distributions, and any other resources restricted as to purpose.

The expenditures for constructing and improving highway and transportation facilities for the benefit of government units and private entities are recorded as grant award expenditures in the special revenue fund. Grant awards for constructing and improving highway and transportation facilities include those expenditures made pursuant to financial assistance awards for specific projects.

Government - Wide and Fund Financial Statements

These financial statements are prepared in accordance with GASB statement No. 34, “Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments” and No. 37 “Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus”, as amended. The primary impacts of using these statements involved the presentation of the Government-wide financial statements on an accrual basis of accounting and the inclusion of a “Statement of Activities”, which demonstrates the degree to which the direct expenses of the Bank's programs are offset by program revenues, and a “Management's Discussion and Analysis”.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Bank considers revenues to be

available if they are collected within one year of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the Bank, available means expected to be received within one year of the fiscal year-end.

Nonexchange transactions, in which the Bank receives value without directly giving value in return, include grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Bank must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Bank on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must be available before it can be recognized.

Budget Policy

The Bank is granted an annual appropriation for operating purposes by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the Bank. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the state and authorizes expenditures of total funds. The “Total Funds” column in the Appropriation Act for each individual budgetary unit authorizes expenditures from all budgeted resources. A revenue budget is not adopted for individual budgetary units. The General Assembly enacts the budget through passage of line-item appropriations by program within budgetary unit within budgetary fund category, state General Fund or other budgeted funds. Budgetary control is maintained at the line-item level of the budgetary entity. Agencies may process disbursement vouchers in the state's budgetary accounting system only if enough cash and appropriation authorization exist.

Transfers of funds may be approved by the SFAA under its authority or by the agency as set forth in Appropriation Act Proviso 117.9 as follows: Agencies and institutions shall be authorized to transfer appropriations within programs and within the agency with notification to the Executive Budget Office and Comptroller General. No such transfer may exceed twenty percent of the program budget. Upon request, details of such transfers may be provided to members of the General Assembly on an agency by agency basis.

Transfers of appropriations from personal service accounts to other operating accounts or from other operating accounts to personal service accounts may be restricted to any established standard level set by the SFAA upon formal approval by a majority of the members of the SFAA. During the fiscal year-end closeout period in July, agencies may continue to charge vendor, interagency, and interfund payments for the fiscal year to that fiscal year's appropriations. Any unexpended State General Fund monies as of June 30 automatically lapse to the General Fund of the State on July 1 unless authorization is received from the General Assembly to carry over the funds to the ensuing fiscal year. State law does not require the use of encumbrance accounting.

Cash and Cash Equivalents

The amounts shown in the financial statements as “cash and cash equivalents” represent cash on deposit with the South Carolina State Treasurer and cash invested in various instruments by the State Treasurer as part of the state's internal cash management pool. Most state agencies, including the Bank, participate in the state's internal cash management pool.

Because the internal cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The pool includes some long-term investments such as obligations of the United States and certain agencies of the United States, obligations of the State of South

Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds.

The state's internal cash management pool consists of a general deposit account and several special deposit accounts. The state records each fund's equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the State. The Bank records and reports its deposits in the special deposit accounts at fair value. Investments held by the pool are recorded at fair value. Interest earned by the Bank's special deposit accounts is posted to the Bank's account at the end of each month and is retained. Interest earnings are allocated based on the percentage of the Bank's accumulated daily interest receivable to the total income receivable of the pool. Reported income includes interest earnings at the stated rate, realized gains/losses, and unrealized gains/losses arising from changes in the fair value on investments held by the pool. Realized gains and losses are allocated daily and are included in the accumulated income receivable. Unrealized gains and losses are allocated at year-end based on the percentage ownership in the pool. Some State Treasurer accounts are not included in the state's internal cash management pool because of restrictions on the use of the funds. For those accounts, cash equivalents include investments in short-term highly liquid securities having an initial maturity of three months or less at the time of acquisition. At year-end, the Bank held no short-term investments. For information pertaining to the State's internal cash management pool, see the deposits disclosures in Note 2.

Capital Assets

Capital assets are recorded at cost on the date of acquisition. The Bank follows capitalization guidelines established by the State. All land is capitalized, regardless of cost. The Bank capitalizes movable personal property with a unit value in excess of $5,000 and a useful life in excess of two years and intangible assets including software costing in excess of $100,000. Routine repairs and maintenance are charged to operating expenses in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The Bank had no capital assets as of June 30, 2026. The Bank donates all capital infrastructure projects to the South Carolina Department of Transportation. The Bank donated $40 million in capital projects during the fiscal year ended June 30, 2026. All expenditures for infrastructure projects are recorded as financial assistance award expenditures.

Deferred Outflows and Inflows of Resources

A deferred outflow or inflow of resources is a consumption or acquisition of net assets that is applicable to a future reporting period. The Bank has recorded deferred outflows and inflows of resources in connection with deferred amounts on bond refundings, and amounts related to its proportionate share of the net pension and OPEB liabilities.

Rebatable Arbitrage

Arbitrage involves the investment of proceeds from the sale of tax-exempt securities in a taxable investment that yields a higher rate, resulting in income in excess of interest costs. Federal law requires entities to rebate to the government such income on tax-exempt debt if the yield from those earnings exceeds the effective yield on the related tax-exempt debt issued. Governmental units may avoid the requirement to rebate the "excess" earnings to the federal government under certain circumstances, if they issue no more than $5 million in total of all such debt in a calendar year and if they meet specified targets for expenses of the proceeds and interest earnings thereon. For this purpose, tax-exempt indebtedness includes bonds and certain installment purchases. The federal government only requires arbitrage to be calculated, reported and paid every five years or at maturity of the debt, whichever is earlier. However, the potential liability is calculated annually for financial reporting purposes. The Bank recorded $2 million in arbitrage rebate liability as of June 30, 2026, and the Bank also paid $2 million to the Department of the Treasury Internal Revenue Service in fiscal year 2026.

Bond Discounts, Bond Premiums, Bond Issuance Costs, and Amortization

Bond discounts and bond premiums are amortized over the terms of the bonds using the bonds outstanding method, which results in amortization being computed using the percentage of bonds retired to total bonds issued. This method approximates the effective interest method of amortization.

Deposits Payable

Cash and cash equivalents reported include deposits for local participation from Jasper County which totaled $2 million and Greenville County which totaled $33 million to fund portions of their projects.

Unearned Revenue

Unearned revenue consists of advance payments received for construction projects and other contractual payments which have not been earned. Revenues are recognized in the period in which the project expenditures are made. The Bank has recorded $14.8 million of unearned revenue as of June 30, 2026.

Restricted Assets

Generally, under the applicable bond indentures, the earnings and receipts of loans and certain receivables are required to be used for the related bonds payable debt service payment. Because the assets are generally restricted for this purpose, they have been reflected in the restricted portion of the accompanying statements. The liabilities that are to be paid from these restricted assets are noted as liabilities payable from restricted assets.

Net Position / Fund Balance

The following categories of fund balance are used in the fund level financial statement of the governmental fund:

Nonspendable fund balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. It also includes the long-term amount of loans and notes receivable, as well as other assets. The Bank did not have any nonspendable fund balance at June 30, 2026.

Restricted fund balance

The restricted fund balance classification includes amounts that are either restricted externally by creditors, grantors, contributors, or laws or regulations of other governments or restricted by law through constitutional provisions or enabling legislation. All of the Bank's fund balance is presented as restricted as all fund balance is required to be used for debt service or for the construction of roads and highways.

The Bank has a Revenue Stabilization Fund, which has a balance of $48 million as of June 30, 2026. Transfers from the Revenue Stabilization Fund are revenues pledged for debt service. The Revenue Stabilization Fund was established to ensure a proper matching, over time, of pledged revenues and debt service. The State Treasurer shall monitor the historical receipt of Truck Registration Fees and penalties in determining (i) the amount of any required deposit into the Revenue Stabilization Fund, or (ii) the amount of any available transfer from the Revenue Stabilization Fund to the Pledged Revenue Fund. An initial deposit to the Revenue Stabilization Fund in the amount of $10 million was made from non-bond proceeds of the Bank upon the issuance of the Series 1998A Bonds. In those fiscal years when the budgeted amount of Truck Registration Fees exceeds the prior year's collections, seventy-five percent (75%) of the excess will be deposited to the Revenue Stabilization Fund. When the budgeted amount of Truck Registration Fees is less than the prior year's collections, seventy-five percent (75%) of the difference will be transferred from the Revenue Stabilization Fund to the Pledged Revenue Fund. Adjustments may be made following the close of each fiscal year to reflect amounts actually received during the prior fiscal year. These amounts are considered restricted, as their use is restricted per the terms of the Master Revenue Bond Resolution.

Committed fund balance

The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Bank's highest level of decision-making authority, which is the Bank's Board of Directors. The Board of Directors would have to pass a formal resolution to commit fund balance. Those committed amounts cannot be used for any other purpose unless the Bank removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed fund balances also incorporate contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. The Bank recognizes committed fund balances that have been approved for specific purposes by the Bank's Board of Directors before the fiscal year end. As of June 30, 2026, the Bank did not have any committed fund balance.

Assigned fund balance

The assigned fund balance classification includes amounts that are constrained by the Bank's intent to be used for specific purposes but are not restricted or committed. The authority for making an assignment is not required to be the Bank's highest level of decision-making authority and as such, the nature of the actions necessary to remove or modify an assignment does not require the Department's highest level of authority. The Bank's Director can choose to assign fund balance for a specific purpose. Assigned fund balance amounts in the Bank's financial statements represent amounts approved by the Bank's Board of Directors to be transferred and spent after year-end. In the special revenue fund, assigned fund balances represent amounts to be spent for specific purposes. As of June 30, 2026, the Bank did not have any assigned fund balance.

Unassigned fund balance

The unassigned fund balance classification includes amounts that have not been assigned to other funds and has not been restricted, committed, or assigned for specific purposes within the general fund. As of June 30, 2026, the Bank did not have any unassigned fund balance.

Based on the Bank's policies regarding fund balance classifications as noted above, the Bank considers amounts that are restricted, committed, or assigned to be spent when the corresponding expenditure that has been designated by the Bank's Board of Directors or donors has been made. After these fund balances have been depleted, unassigned fund balance will be considered to have been spent.

Net Position

The Bank reports net position in accordance with GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". The statement requires the presentation of deferred inflows and outflows of resources in addition to assets and liabilities as required components of the residual measure of the government, which is net position.

The following categories of net position are presented in the Statement of Net Position:

Restricted net position

Restricted net position consists of assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. As of June 30, 2026, the $160.202 million restricted net position is for debt service or construction of roads and bridges. In all cases, if individual restricted net position categories are negative, the negative balance is eliminated and reclassified against unrestricted net position.

Unrestricted net position

The unrestricted component of net position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

The Bank's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Compensated Absences

Generally, all permanent full-time employees and certain part-time employees scheduled to work at least one-half of the agency's work days of the month are entitled to accrue and carry forward at calendar year-end maximums of 180 days sick leave and 45 days annual vacation leave. Upon termination of State employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum, but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave earned for which the employees are entitled to paid time off or payment at termination. The Bank calculates the gross compensated absences liability based on recorded balances of unused leave. The entire unpaid liability for which the employer expects to compensate employees through paid time off or cash payments, inventoried at fiscal year-end current salary costs and the cost of the salary-related benefit payments, is recorded as a liability.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues and expenses and affect disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimates affecting the financial statements are the actuarial estimates used to calculate the net pension and OPEB liabilities. Actual results could differ from those estimates.

NOTE 2. DEPOSITS:

All deposits of the Bank are under the control of the State Treasurer who, by law, has sole authority for investing state funds. The following schedule reconciles deposits in the footnotes to the financial statement amounts (expressed in thousands):

Financial Statements		Footnotes	
Governmental fund:		Deposits held by:	
Cash and cash equivalents	$ 32,866	State Treasurer	$ 1,262,402
Restricted:			
Cash and cash equivalents	1,194,413		
Deposits restricted for local participation	35,123		
Total restricted cash and cash equivalents	1,229,536		
Total	$ 1,262,402		$ 1,262,402

Deposits Held by State Treasurer

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

With respect to investments in the state's internal cash management pool, all of the State Treasurer's investments are required to be insured or registered or are investments for which the securities are held by the state or its agent in the state's name.

Cash and cash equivalents reported include a cumulative unrealized appreciation of $8.5 million for the governmental fund as of June 30, 2026 arising from changes in the fair value of investments. Interest/investment income from deposits and investments for the current period includes an increase in the fair value of $7 million for the governmental funds for the year-ended June 30, 2026.

Deposits at fair value at June 30, 2026 held by the State Treasurer include $107.447 million for funding revenue bond debt service reserve requirements, $1.074 billion for funding revenue bond debt service, $13.310 million for funding general obligation bond debt service, and $32.866 million unrestricted highway cash.

Information pertaining to reported amounts, fair values, and credit risks of the State Treasurer's deposits and investments, including disclosure under GASB Statement No. 40, *Deposits and Investments - Risk Disclosures* and GASB Statement No. 72, *Fair Value Measurement and Application* are disclosed in the Annual Comprehensive Financial Report of the State of South Carolina, which can be found at www.cg.sc.gov.

State Appropriation

In fiscal year 2026 the Bank received a nonrecurring state appropriation of $1.3 million due to Act 37 in accordance with Proviso 118.22 (B)(40) to spend on transportation projects. Act 37 requires large commercial motor vehicles to register annually rather than biennially. The $1.3 million was fully expended in fiscal year 2026 on project costs.

NOTE 3. LOANS/RECEIVABLES/UNEARNED REVENUE:

A summary of intergovernmental loans/receivables and unearned revenue at June 30, 2026 is as follows (expressed in thousands):

	State Agencies		County Governments	
Contribution Receivables:				
Charleston County Project				
S.C. Department of Transportation[1]	9,333	*	-	
S.C. Ports Authority	1,000	*	-	
Charleston County	-		6,000	*
Intergovernmental loans:				
S.C. Department of Transportation				
US 17 project[1]	44,034	*	-	
Other Receivables:				
Truck registration fees and penalties -				
S.C. Department of Motor Vehicles	13,493	*	-	
Vehicle Registration Fees - SC Dept Motor Vehicle	8,567	*	-	
Electric Power Tax Equivalent	908	*	-	
Totals	$ 77,335		$ 6,000	

Unearned Revenue:	
Florence County Project	14,753
	$ 14,753

*These receivables are pledged pursuant to the bond covenants to secure the payment of bonds outstanding and are classified as restricted for debt service principal and interest in the net position section of the statement of net position and as restricted for debt service in the fund balance section of the governmental fund balance sheet.

[1] The SCDOT defeased the Charleston County Project Phase I, and US 17 loans on December 2, 2021, and the loans are now the liability of the U.S. Bank, who is the escrow agent.

CONTRIBUTION RECEIVABLES:

Each fiscal year, the Bank records revenues from contributions pursuant to intergovernmental agreements in amounts equal to the project expenditures made in the fiscal year that are applicable to the contribution share of the project costs. A summary of changes in the contribution receivables for the fiscal year ended June 30, 2026 is as follows (expressed in thousands):

Charleston County Project

	Balances 6/30/25	Current Expenditures	Contributions Received	Balances 6/30/26
SCDOT Phase I (a)	$ 17,333	$ -	$ 8,000	$ 9,333
SC Ports Authority (b)	2,000	-	1,000	1,000
Charleston County (c)	9,000	-	3,000	6,000
	$ 28,333	$ -	$ 12,000	$ 16,333

a) The total contribution obligation is $200 million which was fully advanced as of June 30, 2005. $190.667 million was collected on this receivable through June 30, 2026. In fiscal year 2022, the SCDOT defeased the loan with the Bank.

b) The total contribution obligation is $45 million which was advanced as of June 30, 2005. $44 million was collected on this receivable through June 30, 2026.

c) The total contribution is $75 million, which was advanced as of June 30, 2005. $69 million was collected on this receivable through June 30, 2026.

Florence County Project

	Balances 6/30/25	Current Expenditures	Contributions Received	Balances 6/30/26
Florence County (d)	$ (14,771)	$ 18	$ -	$ (14,753)
	$ (14,771)	$ 18	$ -	$ (14,753)

d) The total contribution paid from Florence County is $144.988 million through June 30, 2026. Expenditures on this project totaled $390.75 million with the County's share totaling $130.40 million resulting in unearned revenue of $14.75 million.

INTERGOVERNMENTAL LOANS:

The Bank has also entered into intergovernmental agreements whereby the Bank will make loans for all or partial funding for certain permanent highway and transportation facilities projects. Details of the loan balances and changes thereto are as follows (expressed in thousands):

US 17 Project

	Balances 6/30/25	Current Expenditures	Contributions Received	Balances 6/30/26
SCDOT (e)	$ 46,987	$ -	$ 2,953	$ 44,034
	$ 46,987	$ -	$ 2,953	$ 44,034

e) Total loan amount is $82.0 million which was advanced as of June 30, 2009. $37.1 million was collected on this loan as of June 30, 2026. In fiscal year 2022, the SCDOT defeased the loan with the Bank and the funds were placed in escrow. Based on the escrow agreement payments are semiannually rather than monthly.

NOTE 4. LONG-TERM LIABILITIES:

Changes in long-term liabilities for the year ended June 30, 2026 are as follows (expressed in thousands):

	Beginning Balance July 1, 2025	Increases	Decreases	Ending Balance June 30, 2026	Due Within One Year
General obligation bonds payable	$ 8,970	-	$ (3,185)	$ 5,785	$ 3,325
Unamortized premiums	1,403	-	(498)	905	-
Total general obligation bonds payable	10,373	-	(3,683)	6,690	3,325
Revenue bonds payable	1,024,555	-	(72,570)	951,985	76,420
Unamortized premiums	191,702	-	(17,395)	174,307	-
Total revenue bonds payable	1,216,257	-	(89,965)	1,126,292	76,420
Arbitrage payable	2,354	1,682	(2,002)	2,034	-
Compensated absences liability[1]	66	-	(11)	55	11
Pension liability	520	126	-	646	-
OPEB liability	426	119	-	545	-
Total long-term liabilities	$ 1,229,996	$ 1,927	$ (95,661)	$ 1,136,262	$ 79,756

[1] The change in compensated absences noted above is a net change

NOTE 5. BONDS PAYABLE:

A summary of the bonds payable as of June 30, 2026 is as follows (expressed in thousands):

Issue Date	Series	Original Face Amount	Final Maturity Date	Interest Rate (%)	Unpaid Principal Balance
July 7, 2015	2015A Refunding	157,095	10/1/27	2.90-5.00	20,440
Plus unamortized premium					2,815
July 20, 2016	2016A Refunding	213,595	10/1/37	2.00-5.00	173,205
Plus unamortized premium					14,240
July 27, 2017	2017A Refunding	188,725	10/1/40	5.00	188,725
Plus unamortized premium					30,041
August 22, 2019	2019A Revenue	179,030	10/1/32	5.00	108,720
Plus unamortized premium					26,704
July 7, 2021	2021A Refunding	52,645	10/1/33	4.00	47,770
Plus unamortized premium					11,952
July 7, 2021	2021B Refunding	317,800	10/1/31	5.00	263,465
Plus unamortized premium					75,002
September 24, 2024	2024A Refunding	149,660	10/1/33	4.00	149,660
Plus unamortized premium					13,553
Subtotal Revenue Bonds					1,126,292
January 28, 2021	2021A GO Refunding	8,970	04/01/28	3.00	5,785
Plus unamortized premium					905
Subtotal GO Bonds					6,690
Total bonds payable including unamortized premiums					$ 1,132,982

A summary of the components of bonds payable at June 30, 2026 is as follows (expressed in thousands):

Face value of revenue bonds outstanding	$ 951,985
Face value of general obligation bonds outstanding	5,785
Unamortized premium	175,212
	$ 1,132,982

Details of the future revenue bond debt service payments, including interest, are as follows (expressed in thousands):

		Principal	Interest	Totals
Year Ending:	6/30/27	76,420	40,303	116,723
	6/30/28	72,495	36,974	109,469
	6/30/29	75,220	33,610	108,830
	6/30/30	84,245	29,953	114,198
	6/30/31	89,915	25,959	115,874
Five years ending:	6/30/36	367,270	72,191	439,461
	6/30/41	186,420	23,816	210,236
Total debt service obligations		$ 951,985	$ 262,806	$ 1,214,791

The payment of the principal and interest on the bonds outstanding is secured by liens on and pledges of a certain portion of the Bank's revenues and collections of certain receivables. Pledged revenues are defined as all payments payable to the Bank pursuant to any agreement between the Bank and the United States government, the state, any county, municipality, political subdivision, public body or other government entity or under any law, statute, ordinance, resolution or other authorizing instrument. The master revenue bond resolution also requires the establishment and maintenance of various debt service reserve bank accounts. The reserve requirement is the lesser of 10% of bonds outstanding; the maximum annual aggregate debt service; or 125% of the aggregate average annual debt service. The fair value of the Debt Service Reserve Fund at June 30, 2026 was $107.59 million. Total cost of the investment in the State Treasurer's investment pool is $116 million. Pursuant to Section 3.08 of the Master Revenue Bond Resolution, the amount in the Debt Service Reserve Fund is to be valued at the "cost" of the investment in order to comply with the reserve requirements. For the year ended June 30, 2026, the fair value of the Bank's pledged revenues was approximately $781.25 million, which include payments on contributions receivable and intergovernmental loans as described under the bond documents, while net debt service was $119.77 million.

The outstanding balance at June 30, 2026 on defeased debt, after issuance of the 2015A Revenue Refunding Bonds, 2016A Revenue Refunding Bonds, 2017A Revenue Refunding Bonds, the 2019 cash defeasance of the 2010A Revenue bonds is zero, the 2021A and 2021B Revenue Refunding Bonds, and the 2024A Revenue Refunding Bonds is zero.

Details of the future general obligation bond debt service payments, including interest, are as follows (expressed in thousands):

		Principal	Interest	Totals
Year Ending:	6/30/27	3,325	174	3,499
	6/30/28	2,460	74	2,534
Total debt service obligations		$ 5,785	$ 248	$ 6,033

The Bank issued $265.965 million of revenue refunding bonds on April 1, 2012. The 2012A bonds were issued to refund $34.635 million of the 2001A bonds and $253.625 million of the 2002A bonds. The 2012A refunding bonds have a maturity date of October 1, 2033 with a 3.00 to 5.00% coupon rate over the life of the issue.

The Series 2012A Refunding Bonds maturing on or after October 1, 2022, are redeemable prior to maturity, at the option of the Bank, on and after October 1, 2021, in whole or in part, at any time, at par plus accrued interest to the date fixed for redemption. On July 8, 2019, the Bank cash defeased $143.025 million of the 2012A refunding bonds. On July 7, 2021, the Bank refunded $65.530 million of the 2012A refunding bonds.

The Bank issued $424.910 million of revenue refunding bonds on October 1, 2012. The 2012B bonds were issued to refund $253.970 million of the 2003A bonds and $198.810 million of the 2004A bonds. The bonds were

issued with a premium of $53.560 million. The 2012B refunding bonds have a maturity date of October 1, 2033 with a 3.00 to 5.00% coupon rate over the life of the issue. The 2012B bonds maturing on and after October 1, 2023 are subject to optional redemption prior to their stated maturity dates on any date on and after October 1, 2022 at par. On July 8, 2019, the Bank cash defeased $62.525 million of the 2012B refunding bonds.

The State Treasurer's Office issued $28.745 million to refund a portion of the outstanding general obligation bonds on May 1, 2012. The bonds were issued to refund $31.220 million of the 2004A general obligation bonds issued on behalf of the Bank. The bonds were issued with a premium of $5.579 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt as an accounting loss of $2.966 million. This difference is reported in the accompanying financial statements as a deferred outflow and is being amortized on a straight line basis over the life of the bonds. The refunding was completed to reduce the overall debt service by $4.389 million with a net present value, or economic gain, of $3.847 million.

The Bank issued $157.095 million of revenue refunding bonds on July 1, 2015. The 2015A bonds were issued to refund $74.60 million of the 2005A bonds and $98.020 million of the 2007A bonds. The bonds were issued with a premium of $21.638 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt in an accounting loss of $246 thousand. This difference is reported in the accompanying financial statements as a deferred outflow of resources and is being amortized on a straight line basis over the life of the bonds. The refunding was completed to reduce the overall debt service by $24.818 million with a net present value, or economic gain, of $20.895 million.

The Bank issued $213.595 million of revenue refunding bonds on July 7, 2016. The 2016A bonds were issued to refund $143.635 million of the 2007A Revenue bonds which mature in the years 2032 through 2037 and $85.570 million of the 2007B Revenue Refunding bonds which mature in the years 2017 through 2031. The bonds were issued with underwriters' discount of $2.283 million and a net original issue premium of $17.560 million.

The Bank issued $188.725 million of revenue refunding bonds on July 11, 2017. The 2017A bonds were issued to refund $203.580 million of the 2010A Revenue bonds which mature in the years 2034 through 2036 and in 2040. The par amount of the bonds was $188,725,000 and was issued at a premium of $30,041,170. The bonds have a maturity date of October 1, 2040 with a 5.00% coupon rate. The Series 2017A Bonds may, at the option of the Bank, be called for redemption prior to maturity, in whole or in part on any date, on or after October 1, 2027, and if in part, in maturities selected by the Bank, and by lot within maturity, at a Redemption Price of par plus interest accrued thereon to the date fixed for redemption. The bonds were issued with underwriters' discount of $574 thousand and a net original issue premium of $30.041 million. The Series 2017A bonds may be called for redemption prior to maturity, in whole or in part on any date, on or after October 1, 2027. The refunding was completed to reduce the overall debt service by $41.481 million with a net present value, or economic gain, of $23.991 million.

On August 7, 2019, the Bank closed on the Series 2019A Revenue Bond Issue in the par amount of $179,030,000 that was issued at a premium of $43,972,827. On May 8, 2019 Joint Bond Review Committee approved the Bank's request to issue Series 2019 Revenue Bonds in an amount not to exceed $235,000,000 to finance capital expenditures for existing projects that are currently under construction and previously approved by the Bank and the Committee, and to pay costs of issuance of the Bonds.

The Series 2019A Bonds were offered at competitive sales, and their issuance was undertaken as a component of a financial plan that included cash defeasance of the Bank's Series 2012A and Series 2012B Bonds on July 8, 2019. Together, these transactions resulted in a net present value savings of $35,391,096 or 17%.

The State Treasurer's Office issued $8.970 million to refund a portion of the outstanding general obligation bonds on January 13, 2021. The bonds were issued to refund the remaining $10.190 million of the 2004A general obligation bonds issued on behalf of the Bank. The bonds were issued with a premium of $1.403 million. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt as an accounting loss of $71 thousand. This difference is reported in the accompanying financial statements as a deferred outflow and is being amortized on a straight line basis over the life of the bonds. The refunding was completed to reduce the overall debt service by $1.546 million.

On July 7, 2021 the Bank closed on the issuance of Series 2021 Revenue Refunding Bonds in the amount of $370,445,000. The 2021 Series was a combination of Series 2021A ($52,645,000) and Series 2021B ($317,800,000) bonds. Series 2021A proceeds were used to refund the outstanding Bank Revenue Refunding Bonds, Series 2012A and related costs of issuance. The 2021A bonds were issued to refund $65.53 million of the 2012A revenue bonds, which mature in the year 2033. The 2021A refunding was completed to reduce the overall debt service by $16.983 million with a net present value, or economic gain, of $14.683 million. Series 2021B proceeds were used to refund the Bank's Revenue Refunding Bonds, Series 2003B, pay interest rate swap termination fees, and costs of issuance. The 2021B bonds were issued to refund $341.940 million of the 2003B revenue bonds, which mature in 2031. The 2021B refunding was completed to reduce the overall debt service by $15.657 million with a net present value, or economic gain, of $7.156 million.

On September 24, 2024, the Bank closed on the Series 2024A Revenue Refunding Bond issue. The par amount of the bonds was $149,660,000 and was issued at a premium of $13,553,121. The bonds will mature on October 1, 2033. The bond proceeds were used to refund the remaining outstanding balance of the 2012B bonds. The present value of total estimated savings is approximately $9.7 million.

NOTE 6. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES:

The deferred amounts on refunding of bonds is amortized straight-line based on the shorter of the original bond or refunding bond issuance.

The detail below summarizes the deferred gains and losses on refunding bonds by bond issue (in thousands):

Series	Original Face Amount	Final Maturity Date	Deferred (Gain) Loss on Refunding Bonds
Deferred Outflows:			
2015A Revenue Refunding	157,095	10/1/2027	27
2016A Revenue Refunding	213,595	10/1/2037	1,312
2017A Revenue Refunding	188,725	10/1/2040	15,587
2021B Revenue Refunding	317,800	10/1/2031	2,419
2021A GO Refunding	8,970	4/1/2028	15
			19,360
Deferred Inflows:			
2021A Revenue Refunding	52,645	10/1/2033	(2,934)
2024A Revenue Refunding	149,660	10/1/2033	(12,100)
			(15,034)
			$ 4,326

Net amortization of the deferred amounts on refunding of bonds was approximately $353 thousand for the year ended June 30, 2026 and was recognized as a component of interest expense.

See Note 10 for information regarding deferred outflows and inflows of resources related to the Bank's net pension liability and Note 11 for information regard deferred outflows and inflows of resources related to the Bank's net OPEB liability.

NOTE 7. TRANSACTIONS WITH STATE ENTITIES:

The Bank has significant transactions with the State and various state agencies as described below.

Services received at no cost from state agencies include maintenance of certain records by the Comptroller General; check preparation, banking, bond trustee and investment services from the State Treasurer; and legal services from the Attorney General. Other services received at no cost from various divisions of the Executive Budget Office and SFAA include insurance plans administration, procurement services, audit services, assistance in the preparation of the State Budget, review and approval of certain budget amendments, and other centralized functions.

The Bank had financial transactions with various state agencies during the fiscal year. Payments were made to divisions of the SFAA for insurance plan premiums and to the State Accident Fund for workers' compensation insurance. The Bank paid $11 thousand for insurance and $3 thousand for workers' compensation during the year ended June 30, 2026.

The SCDOT provides the Bank certain project management and other related services during the fiscal year; however, for the year ended June 30, 2026 there were no reimbursements by the Bank. The Bank reimbursed SCDOT $33 million for direct project expenditures on various projects and construction management paid by SCDOT to consultants. In addition, the Bank reimbursed SCDOT $60 thousand for administrative related services provided by SCDOT.

The Bank provided no services free of charge to other State agencies during the fiscal year.

The motor fuel user fee amounts received from SCDOT during the year totaled $42 million. Based on the year-end calculation of the required SCDOT motor fuel user fee contribution, an amount not to exceed the one cent per gallon collected in accordance with Section 11-43-160 of the South Carolina Code of Laws, it was determined that the SCDOT should reimburse the SCTIB $13.5 million. Therefore, the amount of motor fuel user fee revenue recognized by the Bank was $28.5 million for the year ended June 30, 2026.

The Bank recorded $97.7 million of revenues from truck registration fees and penalties from the South Carolina Department of Motor Vehicles during fiscal year 2026, which included $1.3 million per proviso 118.20 based on changes in Act 37. Act 37 may require a large commercial motor vehicle to register annually rather than biennially.

The Bank recorded $51 million of revenues from motor vehicle fees from the South Carolina Department of Motor Vehicles during fiscal year 2026.

The Bank recorded $5.4 million in Electric Power Tax Revenue transferred from the SCDOT during fiscal year 2026.

NOTE 8. RISK MANAGEMENT:

The Bank is exposed to various risks of loss including theft of, damage to, or destruction of assets, general torts, and board member breach, theft or misappropriation and maintains state insurance coverage for non-owned motor vehicles and general torts. The bank did not incur any losses during the year.

The Bank and other entities pay premiums to the State's Insurance Reserve Fund (IRF) which issues policies, accumulates assets to cover the risks of loss, and pays claims incurred for covered losses related to the following assets, activities and/or events:

1. Motor vehicles (non-owned); and
2. Torts

The IRF is a self-insurer and purchases reinsurance to obtain certain services and specialized coverage and to limit losses in the areas of certain property and equipment and auto liability. Reinsurance permits partial recovery of losses from reinsurers, but the IRF remains primarily liable. The IRF's rates are determined actuarially. The Bank paid $11 thousand to the IRF for insurance premiums during fiscal year 2026.

NOTE 9. COMMITMENTS/INTERGOVERNMENTAL AGREEMENTS:

The Bank entered into various intergovernmental agreements to provide financial assistance for highway and transportation facilities projects. Details of the agreements that still have Bank commitments outstanding and their status as of June 30, 2026 are as follows:

A. Intergovernmental agreements

City of Aiken: – In February 2012, the Bank approved financial assistance in the form of a grant up to $13.5 million for the Hitchcock Parkway widening, University Parkway widening, and Intersection Improvement at Dougherty & Whiskey Road, which are components of the Aiken, approved project.

In September of 2014, the City of Aiken requested and was granted a scope change to the components of the approved project. The Hitchcock Parkway improvements were removed from the projects and the financial assistance from the Bank was reduced to $6.2 million for the remaining two projects. The local match by City of Aiken and Aiken County for the Projects consists of contributions from the County's Capital Project Sales Tax revenues in the amount of $6 million. University Parkway construction ($4.6 million) has not yet begun, but Dougherty and Whiskey Road intersection improvements ($1.6 million) are complete. The City of Aiken and Bank signed an amended Intergovernmental Agreement on October 8, 2020 reducing the scope of the Projects

City of Aiken – Whiskey Road Corridor Congestion Relief Project: The Bank, SCDOT Commission, and the JBRC approved financial assistance in the form of a grant from the Bank in the amount of up to $20.8 million for the City of Aiken Whiskey Road Corridor Congestion Relief Project. The local match by City of Aiken is $8.7 million, plus an additional $8 million in Federal funds. An Intergovernmental Agreement has been signed by all parties.

Beaufort County - US 278 Corridor: On July 7, 2020, the Bank approved financial assistance in the form of a grant in an amount up to $120 million for Beaufort County's US 278 Corridor Improvement Project. The County's Local match of $80 million comes from the County's one-cent sales tax, with an additional $12.3 million from the County's road impact fees. The SCDOT Commission and the JBRC also approved the project. All parties have signed an Amended Intergovernmental Agreement. Beaufort County, the Town of Hilton Head, and SCDOT are negotiating the final design of the Project. The total estimated cost of the project has increased significantly to approximately $425 million from the initial Intergovernmental Agreement amount of $292 million. The source of the additional funding has not yet been identified. The Intergovernmental Agreement provides that the Bank's grant is the last source of funds to be spent and any material changes in the project require Bank approval. The Bank is not obligated to provide additional funding.

As of May 12, 2025, the Bank is still discussing the increased projections for the project. The Bank Board is aware that some of the County's requests are not consistent with the current IGA. There will be an additional 90-day window to discuss the matter further. Currently, the Bank is not terminating the IGA but is going to stand by Beaufort County's contract.

On June 23, 2025, the Bank Board accepted the request from the County to proceed with a revised design for the US 278 Corridor Project to align with the available funds, and determined that it was appropriate under the circumstances presented. On December 18, 2025, an amended IGA was signed by all parties.

City of Charleston: – On July 7, 2020, the Bank and the JBRC approved additional financial assistance of up to $21.5 million for Phase 5 of the U.S. 17/Septima Clark Parkway Project in Charleston. This is the final phase of the project along U.S. 17 (Septima Clark) between Ashley River and I-26. The project will include the installation of multiple pump stations and associated infrastructure to increase the gravity flow capacity provided by the previous phases and to assist in relieving flooding issues on U.S. 17 and in the Medical District. The SCDOT Commission and the JBRC also approved the project. All parties have signed an Amended Intergovernmental Agreement.

Charleston County – Mark Clark Expressway: Total project funding requested from Bank was $420 million. The Bank approved funding for the total projected project cost. An Intergovernmental Agreement between Charleston County, SCDOT, and the Bank was executed on June 8, 2007. Preliminary design is underway on the project. In August 2012, the Bank approved an additional amount of up to $150 million to complete the Mark Clark Expressway project from future capacity of the Bank and an additional amount of up to $90 million to complete the Florence County Project. The additional funding for the Mark Clark Expressway project would not be available until the Florence Project was fully funded. In December 2013, the JBRC approved the $90 million additional funding for Florence County. SCDOT recently reported that the estimated costs of the project had risen to approximately $725 million from the original $420 million. There have been other material changes in the project, including the change in design from an interstate project to a parkway project that have not been approved by the Bank. The Bank requested that the County secure or provide the additional funding for the project costs above $420 million. The Bank, the County, and SCDOT signed an Amended Intergovernmental Agreement (IGA) January 10, 2019. The Joint Bond Review Committee (JBRC), at its meeting June 4, 2019, took action to authorize up to the full $12 million commitment of the Bank and the matching $12 million commitment of Charleston County to fund the remaining preliminary work as per the Amended IGA.

In 2022, the SCDOT revised the estimated project costs from approximately $725 million to a total of approximately $2.3 billion. On December 5, 2023, per the request of the Bank, the JBRC reviewed the Bank Board's recent action approving the SCDOT's request for an additional $150 million in preliminary costs ($75 million each from the Bank and Charleston County). This $75 million amount is part of the Bank's maximum grant of $420 million on the project. The JBRC directed the Bank to request that Charleston County Council adopt as an official action of Council the dates the ordinances will be completed for the implementation of the referendum for the new Transportation Sales Tax. Charleston County has stated it intends to provide its share of funding to complete the Project through, among other sources, the revenues from the passage of this Transportation Sales Tax. Pursuant to the amended intergovernmental agreement, the County is responsible for all costs in excess of the Bank's grant of $420 million to complete the Project. Per the Board's request, Charleston County Council adopted a resolution resolving that it shall adopt ordinances to establish a transportation sales tax referendum to provide for the continuation of the Charleston County One-Half of One Percent Sales and Use Tax no later than August 13, 2024. Further, the resolution provided any such ordinances shall specifically name the Mark Clark Expressway Extension/1-526 Project.

At its May 12, 2025 meeting the Bank Board stated the Bank had worked with SCDOT and the County to agree to terminate the Mark Clark Expressway IGA. The resolution was signed and approved by all parties. As it relates to the termination, the parties must pay any costs up to date, both the County and the Bank were reimbursed by the SCDOT for any remaining funds held. There will be a small amount held in trust for demolition, and lastly any right-of-way that was purchased with Banks funds, will be returned to the Bank at fair market value if sold.

In May 2026 SCDOT completed all project activities in accordance with the Termination of the Mark Clark IGA Resolution and refunded the Bank the remaining project funds.

Charleston County – Main Road and Bohicket Road Project: On July 7, 2020, the Bank approved financial assistance of up to $40.8 million for the Charleston County Main Road and Bohicket Road Project. The project includes a grade separated interchange at U.S.-17 (Savannah Highway) and Main Road (S-20). In addition, two miles of Main/Bohicket Road (S-20) will be widened to four lanes from Bees Ferry Road to River Road. Charleston County will be providing local funding of $70.2 million. The project was also approved by the SCDOT Commission and the JBRC. An Intergovernmental Agreement has been signed by all parties. The cost of the Project has increased approximately 236%. Charleston County intends to cover the increased costs with available 2nd Transportation Sales Tax funding. The Bank is not obligated to commit additional funding. An amended IGA is being prepared to reflect cost overages.

Charleston County - SC 41 Widening Project: On September 8, 2022, the Bank approved a funding in the form of a grant in an amount up to $62,193,500 for Charleston County's SC 41 Widening Project. The County will contribute $122,600,000 to the project. At subsequent meetings, the SCDOT Commission and the JBRC also approved the project. An Intergovernmental Agreement has been signed by all parties. The cost of the Project has increased approximately 31%. Charleston County has stated it will cover the increased costs, but it has not yet identified the specific funding source. The Bank is not obligated to commit

additional funding. An amended IGA is being prepared to reflect cost overages and revised construction completion date.

Dorchester County: On February 2012, the Bank approved financial assistance in the form of a grant up to $19 million for the Widening of SC Highway 165 from two lanes to five lanes from Carolinian to Ashley Ridge High School, U.S. Highway 78 Phase 3 Right-of-Way, U.S. Highway 78 and Deming Way Intersection Improvement, and Orangeburg Road and Butternut Road Intersection Improvement which are components of the Dorchester project.

The Bank approved financial assistance in the form of a grant of up to $4 million for additional costs for the Widening of SC Highway 165 at their May 26, 2016 meeting. The project was approved by the JBRC at their September 2016 meeting.

On September 8, 2022, the Bank board made a motion on Dorchester County's request to reallocate up to $400,000 for the completion of right-of-way plans for US 78 Phase 3B from funds of a prior $4 million Bank grant, be approved on the condition that the County enter into an amended Intergovernmental Agreement acceptable to the Bank including all changes in funding approved by the Bank and otherwise updated the IGA as the Bank determined is necessary.

Florence County Project: Total project funding in the amount of $375 million consisting of a $250 million financial assistance award by the Bank and a contribution from the County from Capital Project Sales Tax in the amount of $125 million. An Intergovernmental Agreement between Florence County, SCDOT, and the Bank was executed on May 3, 2007. The projects are under various stages of preliminary design, right of way, and construction. In August 2012, the Bank approved an additional amount of up to $90 million to complete the Florence County project from future capacity of the Bank. In December of 2013, the Joint JBRC approved the additional $90 million for Florence County. In April of 2016, a First Amended and Restated Intergovernmental Agreement was signed that applied excess Capital Project Sales Tax revenues and interest earnings to the project as part of the County's local contribution. In FY 2026, the project is in closure status and is expected to close in FY 2027.

Horry County - Ride II Project: The total project costs were previously estimated to be $198 million, which were to be funded by the Bank as a financial assistance award and $2.279 million of contributions by Horry County from Admissions Tax District revenues. The full amount has been paid as of June, 30, 2009. The county and the Bank have executed an Intergovernmental Agreement. In July 2005, the Bank increased approved financial assistance for this project in the amount of $37 million with $25 million paid by the Bank and $12 million included in the SCDOT Multi-Project Loan. Subsequently, the $12 million was not needed by the Horry County Ride II program and was transferred to the SCDOT statewide bridge replacement program. In October 2006, the Bank increased approved financial assistance for this project in the amount of $31.256 million in the form of a grant from the Bank. These projects are complete.

Horry County – Carolina Bays Parkway Southern Extension/Widening of SC 707: Total project funding requested from Bank was $150 million. An Intergovernmental Agreement between Horry County, SCDOT, and the Bank was executed on June 20, 2007. In November 2007 the Bank approved a request to increase its financial assistance in the amount of $85 million for a total of $235 million. These projects are complete.

Greenville County - Woodruff Road Congestion Relief Project: On July 7, 2020, the Bank approved financial assistance in the form of a grant in an amount of up to $49 million. Greenville County will provide local match of $30.3 million from Special Source Revenue Bonds. SCDOT Commission and the JBRC approved the project. All parties signed an Intergovernmental Agreement on February 22, 2023. The cost of the Project has increased approximately 128%. The County intends to cover the increased costs with Greenville-Pickens Area transportation Study (GPATS) Metropolitan Planning Organization (MPO) Guideshares. The Bank is not obligated to commit additional funding. An amended IGA is being prepared to reflect cost overages and revised construction completion date.

Greenwood County - SC Hwy 246 South Widening Project: On September 8, 2022, the Bank approved funding in the form of a grant in an amount up to $38 million for Greenwood County's SC Highway 246 South Widening Project. The County will provide a $12 million local match for the project. SCDOT

Commission and the JBRC approved the project. All parties signed an Intergovernmental Agreement on June 12, 2023. The Bank is not obligated to commit additional funding.

Jasper County / City of Hardeeville - Exit 3 Proper Project: On July 7, 2020, the Bank approved financial assistance for Jasper County's Exit 3 Proper Project. The Bank awarded the County $56.2 million with ½ of this amount in the form of a grant and ½ in the form of a loan. Other funding sources come from Right of Way donation of $5.5 million and another $26.3 million from the developer. SCDOT Commission and the JBRC approved the project. The Bank, Jasper County, and the City of Hardeeville are in discussions on the terms of the loan document, the Intergovernmental Agreement with Hardeeville and Jasper County, an Intergovernmental Agreement with the SCDOT, and other related documents.

At its November 20, 2024 meeting the Bank Board gave the County an additional $35 million grant and extending the loan term to twenty-five years to make up the shortfall.

Pickens County – SC 183 Widening Project: The Bank, SCDOT Commission, and the JBRC approved financial assistance in the form of a grant from the Bank in the amount of up to $44.7 million for the Pickens County SC 183 Widening Project. The County will provide a local match of $22.5 million to the project, which includes $10 million appropriation from the General Assembly's 2023-2024 Appropriations Act and $12.5 million from revenues of the County's general obligation bonds. All parties signed an Intergovernmental Agreement on June 2, 2025. The Bank is not obligated to commit additional funding.

York County I-77 Three Corridor Projects:

First is the I-77 Corridor Project Exit 85, the Bank approved financial assistance in the form of a grant On July 7, 2020, with Bank assistance in the amount of up to $42.1 million, and $7.4 million provided by York County. This project includes interchange improvements to the existing interchange of I-77 at S.C.-160 (Exit 85). It is anticipated that this project will include two new bridges spanning I-77 and replacing/widening the existing S.C.-160 Bridge over I-77. The SCDOT Commission and the JBRC also approved the project. All parties signed an Intergovernmental Agreement in January 2021. The total cost of the project has increased from $49 million to approximately $92 million. York County and the regional metropolitan planning organization have committed additional funds to complete the Project. On August 20, 2025, the Bank and York County amended the Intergovernmental Agreement to include the estimated new project costs and the new funding sources, which do not include any additional funding from the Bank.

The second project is the I-77 Corridor Project Exit 82 (A-C), the Bank approved financial assistance in the form of a grant On July 7, 2020, with Bank assistance in the amount of up to $32.5 million, $5.7 million provided by York County, and $6 million from RFATS. This project includes interchange improvements to the existing interchange of I-77 with Celanese/Cherry Road, Exit 82, A, B, and C. The SCDOT Commission and the JBRC also approved the project. All parties signed an Intergovernmental Agreement in January 2021. The Intergovernmental Agreement provides that the Bank's grant is the last source of funds to be spent and any material changes in the project require Bank approval. The total cost of the project has increased from $38.0 million to approximately $106 million and will require additional funding. On December 12, 2025 the Bank Board approved an additional grant funding of $29.9 million for a total of $62.4 million from the Bank. The other sources of funding include an additional $10.9 million from the County, and $21 million from SCDOT. An amended IGA was signed on August 20, 2025, to reflect cost overages.

The third project is the York County I-77 Corridor Exit 90 Project, the Bank, SCDOT Commission, and JBRC approved financial assistance in the form of a grant on September 8, 2022, from the Bank in the amount of up to $64.4 million for the York County I-77 Exit 90 Project. The County will provide $21.4 million local match to the project. An Intergovernmental Agreement has been signed by all parties. The total cost of the project has increased from $85.8 million to approximately $161.0 million and will require additional funding. The source of the additional funding has not yet been identified. The Intergovernmental Agreement provides that the Bank's grant is the last source of funds to be spent and any material changes in the project require Bank approval. On December 12, 2025 the Bank Board approved to terminate the exiting IGA.

Outstanding commitments on active projects as of June 30, 2026 are as follows (expressed in millions):

		Expenditures		Outstanding Commitments
	Total Award	Prior	Current	6/30/2026
Charleston County Main Road and Bohicket Road	40.8	-	-	40.8
Charleston County SC 41 Widening Project	62.2	-	-	62.2
Florence County Project	340.0	286.4	0.1	53.5
City of Aiken University Parkway Widening	6.2	1.5	-	4.7
City of Aiken Whiskey Road Corridor Congestion Relief	20.8	-	5.6	15.2
Beaufort County US 278 Corridor	120.0	-	-	120.0
City of Charleston US 17/Septima Clark Phase 5	21.5	19.2	2.3	-
Dorchester County	23.0	19.4	1.1	2.5
Jasper County/City of Hardeeville I-95 Exit 3	91.2	-	-	91.2
Greenville County Woodruff Road	49.0	-	-	49.0
Greenwood County SC Hwy 246 South Widening	38.0	-	-	38.0
Pickens County	44.7	-	-	44.7
York County Exit 82	62.4	-	-	62.4
York County Exit 85	42.2	-	32.9	9.3
* Act 98 Greenville I85/I-385 Interchange	80.0	80.0	-	-
* Act 98 Lexington County I-20 Widening	77.1	77.1	-	-
* Act 98 Cherokee/Spartanburg I-85 Widening	50.4	50.4	-	-
* Act 98 Richland County I-77 Widening	32.0	32.0	-	-
* Act 98 Richland/Lexington PE I-26/I-20	10.0	10.0	-	-
* Act 98 PE Cherokee County I-85 Phase III	3.8	3.8	-	-
* Act 98 PE - (I-26/US176 to SC296, I-26 Widening)	2.1	2.1	-	-
Totals	$ 1,217.4	$ 581.9	$ 42.0	$ 593.5

* Act 98 have been reduced to actual, and projects have been taken over by SCDOT.

Note 10. PENSION PLAN:

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

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

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive,

Columbia, SC 29223. PEBA is a division of the primary government of the state of South Carolina and therefore, retirement trust fund financial information is also included in the ACFR for the state.

Plan Description

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 Bank does not currently participate in the Police Officers Retirement System which is another plan administered by PEBA.

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 newly elected to the South Carolina General Assembly beginning with the November 2012 general election. An employee member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

State ORP - As an alternative to membership in SCRS, newly hired state, public 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.

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.

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 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. The legislation also increased employer contribution rates beginning July 1, 2017, for SCRS until reaching 18.56 percent for SCRS. 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.

Required employer contribution rates[1] are as follows:

	Fiscal Year 2026[1]	Fiscal Year 2025[1]
SCRS		
Employer Class Two	18.56%[3]	18.56%[3]
Employer Class Three	18.56%[3]	18.56%[3]
State ORP		
Employer Contribution[2]	18.56%[3]	18.56%[3]

1 Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

2 Of this employer contribution, 5% of earnable compensation must be remitted by the employer directly to the ORP service provider to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

3 Includes incidental death benefit contribution rate of 0.15%.

Pension reform legislation modified statute such that the employer contribution rates for SCRS 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 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 may not be decreased until the plans are at least 85 percent funded.

Required employee contribution rates[1] are as follows:

	Fiscal Year 2026[1]	Fiscal Year 2025[1]
SCRS		
Employer Class Two	9.00%	9.00%
Employer Class Three	9.00%	9.00%
State ORP		
Employee	9.00%	9.00%

1 Calculated on earnable compensation as defined in Title 9 of the South Carolina Code of Laws.

The Bank's employer contribution totaled $51 thousand to the SCRS for the year ended June 30, 2026.

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 ending 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 our 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.

	SCRS
Actuarial cost method	Entry age normal
Investment rate of return[1]	7%
Projected salary increases	3.0% to 11.0% (varies by service)[1]
Benefit adjustments	lesser of 1% or $500 annually

[1] *Includes inflation at 2.25%*

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 June 30, 2025, TPL 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 Bank's proportionate share of the net pension liability, $646 thousand, was calculated on the basis of historical employer contributions. Although GASB 68 encourages the use of the employer's projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. For the year ending June 30, 2025, the Bank's percentage of the SCRS net pension liability was 0.002219%. For the year ending June 30, 2026, the Bank's percentage of the SCRS net pension liability was 0.002991%, which is an increase of 0.000772%. The Bank's proportionate share is determined by its percentage of total contributions to SCRS during the respective fiscal year. The change in percentage resulted in

the Bank's recognizing a change in its proportionate share of the SCRS net pension liability and related deferred outflows and inflows of resources.

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 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.

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.

Allocation / Exposure	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[1]	9.0%	8.50%	0.77%
Private Debt[1]	7.0%	7.40%	0.52%
Real Assets	**12.0%**		
Real Estate[1]	9.0%	5.00%	0.45%
Infrastructure[1]	3.0%	7.70%	0.23%
Total Expected Return[2]	100.0%		5.50%
Inflation for Actuarial Purposes			2.25%
Expected Rate of Return			7.75%

1. RSIC staff and consultant will notify the Commission if the collective exposure to Private Equity, Private Debt and Private Real Assets exceeds 30 percent of total plan assets.

2 Portable Alpha Strategies, which are not included in the Policy Target, will be capped at 15% of total assets.

Sensitivity Analysis

The following table presents the collective NPL of the participating employers calculated using the discount rate of 7 percent, as well as what the employers' 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.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate (in thousands)			
System	**1% Decrease (6%)**	**Current Discount Rate (7%)**	**1% Increase (8%)**
SCRS	$873	$646	$457

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2026, the Bank recognized pension expense of ($31) thousand, which is included in employer fringe benefits in the accompanying financial statements. At June 30, 2026, the Bank reported deferred outflows (inflows) of resources related to pensions from the following sources and will be amortized to pension expense as noted in following schedules.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 51	$ -
Differences in actual and expected plan experience	30	-
Change in proportionate share and differences between the Bank's contributions and proportionate share of contributions	127	70
Changes in assumptions	8	-
Net differences between projected and actual earnings on plan investments	-	41
Total	$ 216	$ 111

The $51 thousand reported by the Bank as deferred outflows of resources for contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. The remaining deferred outflows and deferred inflows of resources will be amortized into pension expense as follows:

Measurement Period Ending June 30,	Fiscal Year, Ending June 30	SCRS
2026	2027	$ 27
2027	2028	27
2028	2029	9
2029	2030	(10)
2030	2031	-
Thereafter		-

NOTE 11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS:

The South Carolina Public Employee Benefit Authority (PEBA) was created by the South Carolina General Assembly as part of Act No. 278 effective July 1, 2012. PEBA – Insurance Benefits is a state agency responsible for the administration and management of the state's employee insurance programs, other post-employment benefits trusts and retirement systems and is part of the State of South Carolina primary government.

The governing board of PEBA is a board of 11 members. The membership composition is three members appointed by the Governor, two members appointed by the President Pro Tempore of the Senate, two members appointed by the Chairman of the Senate Finance Committee, two members appointed by the Speaker of the House of Representatives and two members appointed by the Chairman of the House Ways and Means Committee. Individuals appointed to the PEBA board must possess certain qualifications. Members of the PEBA board serve for terms of two years and until their successors are appointed and qualify. Terms commence on July first of even numbered years. The PEBA board appoints the Executive Director. The laws of the State and the policies and procedures specified by the State for State agencies are applicable to all activities of PEBA. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions in administering the State Health Plan and other post-employment benefits (OPEB).

Plan Description

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective in May 2008.

The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

In accordance with Act 195, the OPEB Trusts are administered by the PEBA – Insurance Benefits and the State Treasurer is the custodian of the funds held in trust. The Board of Directors of PEBA has been designated as the Trustee.

The OPEB Trusts are cost-sharing multiple-employer defined benefit OPEB plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents. For financial reporting purposes, the Bank only records its proportionate share of the activity related to the SCRHITF due to the immaterial nature of its participation in the SCLTDITF.

Benefits

The SCRHITF is a healthcare plan that covers retired employees of the State of South Carolina, including all agencies, and public school districts. The SCRHITF provides health and dental insurance benefits to eligible retirees. Generally, retirees are eligible for the health and dental benefits if they have established at least ten years of retirement service credit. For new hires beginning employment May 2, 2008 and after, retirees are eligible for benefits if they have established 25 years of service for 100% employer funding and 15-24 years of service for 50% employer funding.

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2025 was 6.35 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves. However, due to the COVID-19 pandemic and the impact it has had on the PEBA – Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutorily required transfer until further notice. The SCRHITF is also funded through investment income.

The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer.

For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB Trusts, and additions to and deductions from the OPEB Trusts fiduciary net position have been determined on the same basis as they were reported by the OPEB Trusts. For this purpose, revenues are recognized when earned and expenses are recognized when incurred. Therefore, benefit and administrative expenses are recognized when due and payable. Investments are reported at fair value.

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits' link on PEBA's

website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the comprehensive annual financial report of the state.

Actuarial Assumptions and Methods

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date:	June 30, 2024
Actuarial Cost Method:	Individual Entry – Age Normal
Inflation:	2.25%
Investment Rate of Return:	2.75%, net of OPEB Plan investment expense; including inflation
Single Discount Rate:	5.05% as of June 30, 2025
Demographic Assumptions:	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2023
Mortality:	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with multipliers based on plan experience; the rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2020 to account for future mortality improvements.
Health Care Trend Rate:	Initial trend starting at 6.80% and gradually decreasing to an ultimate trend rate of 4.25% over a period of 15 years
Aging Factors:	Based on plan specific experience
Retiree Participation:	75% for retirees who are eligible for funded premiums 60% participation for retirees who are eligible for Partial Funded Premiums 20% participation for retirees who are eligible for Non-Funded Premiums
Notes:	The discount rate changed from 3.97% as of June 30, 2024, to 5.05% as of June 30, 2025. Additionally, the demographic and salary increase assumptions were updated to reflect the 2024 SCRS experience study, and both the health care trend rates and election assumption rates were updated to reflect the plan's anticipated experience.

Roll Forward Disclosures

The actuarial valuation was performed as of June 30, 2024. Update procedures were used to roll forward the total OPEB liability to June 30, 2025, the Bank's measurement date for the June 30, 2026 Financial Statements.

Net OPEB Liability

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the

measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors.

The following table represents the components of the net OPEB liability for the SCRHITF in total as of June 30, 2025, 2024, 2023, 2022, 2021, 2020, 2019, 2018 and 2017:

SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

Fiscal Year Ending	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a % of Total OPEB Liability
June 30, 2025	$ 17,049,657,227	$ 1,931,391,247	$ 15,118,265,980	11.33%
June 30, 2024	$ 17,894,389,610	$ 1,772,587,512	$ 16,121,802,098	9.91%
June 30, 2023	$ 14,749,639,155	$ 1,658,152,923	$ 13,091,486,232	11.24%
June 30, 2022	$ 16,835,502,593	$ 1,623,661,403	$ 15,211,841,190	9.64%
June 30, 2021	$ 22,506,597,989	$ 1,683,416,992	$ 20,823,180,997	7.48%
June 30, 2020	$ 19,703,745,672	$ 1,652,299,185	$ 18,051,446,487	8.39%
June 30, 2019	$ 16,516,264,617	$ 1,394,740,049	$ 15,121,524,568	8.44%
June 30, 2018	$ 15,387,115,010	$ 1,216,530,062	$ 14,170,584,948	7.91%
June 30, 2017	$ 14,659,610,970	$ 1,114,774,760	$ 13,544,836,210	7.60%

The TOL is calculated by the Trusts' actuary, and each Trust's fiduciary net position is reported in the Trust's financial statements. The NOL is disclosed in accordance with the requirements of GASB No. 74 in the Trusts' notes to the financial statements and required supplementary information. Liability calculations performed by the Trusts' actuary for the purpose of satisfying the requirements of GASB Nos. 74 and 75 and are not applicable for other purposes, such as determining the Trusts' funding requirements.

At June 30, 2026, the Bank reported a liability of $545 thousand for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2025, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024 and rolled forward to June 30, 2025. The Bank's proportion of the net OPEB liability was based on a projection of the Bank's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2025, the Bank's proportion was 0.003602%, an increase of 0.000959% from the Bank's proportion at the prior measurement date.

Single Discount Rate

The Single Discount Rate of 5.05% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

Long-term Expected Rate of Return

The long-term expected rate of return represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market based inputs. The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2018 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. This information is summarized in the following table:

SOUTH CAROLINA RETIREE HEALTH INSURANCE TRUST FUND

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Allocation-Weighted Long-Term Expected Real Rate of Return
U.S. Domestic Fixed Income	80.00%	0.95%	0.76%
Cash equivalents	20.00%	0.35%	0.07%
Total	100.00%		0.83%
Expected Inflation			2.25%
Total Return			3.08%
Investment Return Assumption			**2.75%**

Sensitivity Analysis

The following table presents the SCRHITF's net OPEB liability calculated using a Single Discount Rate of 5.05%, as well as what the plan's net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of the Proportional Share of Net OPEB Liability to Changes in the Single Discount Rate (in thousands)			
OPEB Trust	1.00% (Decrease 4.05%)	Current Discount Rate (5.05%)	1.00% Increase (6.05%)
SCRHITF	$638	$545	$471

Regarding the sensitivity of the SCRHITF's net OPEB liability to changes in the healthcare cost trend rates, the following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if were calculated using a trend rate that is one percent lower or one percent higher:

Sensitivity of the Proportional Share of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate (in thousands)			
OPEB Trust	1.00% Decrease	Current Health Care Cost Trend	1.00% Increase
SCRHITF	$456	$545	$660

OPEB Deferred Outflows and Inflows of Resources

As discussed in paragraph 86 of GASB Statement No. 75, differences between expected and actual experience and changes in assumptions are recognized in OPEB expense using a systematic and rational method over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan (active and inactive members) determined as of the beginning of the measurement period.

Additionally, differences between projected and actual earnings on OPEB plan investments should be recognized in OPEB expense using a systematic and rational method over a closed five-year period. For this purpose, the deferred outflows and inflows of resources are recognized in the OPEB expense as a level dollar amount over the closed period identified above.

As of June 30, 2026, the Bank reported deferred outflows of resources and deferred inflows of resources related to OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 51	$ —
Differences in actual and expected plan experience	44	64
Changes in assumptions	85	154
Changes in Proportionate share and differences between the Bank's contributions and proportionate share of contributions	212	120
Net differences between projected and actual earnings on plan investments	—	1
Total	$ 392	$ 339

Contributions subsequent to the measurement date were reported as deferred outflows of resources related to OPEB and will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2027. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows.

Measurement Period Ending June 30,	**Fiscal Year, Ending June 30**	**SCRHITF**
2026	2027	$ 14
2027	2028	(8)
2028	2029	(25)
2029	2030	(6)
2030	2031	(14)
Thereafter		12

Required Supplementary Information
South Carolina Transportation Infrastructure Bank
Budgetary Comparison Schedule
Governmental Fund
For the Fiscal Year Ended June 30, 2026
(amounts expressed in thousands)

	Budgeted Amounts		Variance with Original Budget - over (under)	Actual Amounts Budgetary (and GAAP)	Variance with Final Budget - over (under)
	Original	Final	Final Budget	Basis	Actual Amounts
Expenditures					
Act 37 of 2021	$ 1,300	$ 1,300	-	$ 1,300	-
Administration					
Classified positions	665	480	185	401	79
Unclassified positions	10	195	(185)	193	2
Other personal services	25	25	-	14	11
Other operating expenses	430	430	-	298	132
Transportation infrastructure	123,790	123,790	-	40,826	82,964
Employer contributions	350	350	-	231	119
Total budgetary expenditures	$ 126,570	$ 126,570	$ -	$ 43,263	$ 83,307

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2026

NOTE 1. BUDGETARY FUNDS:

South Carolina's Annual Appropriation Act, the State's legally adopted budget, does not present budgets by GAAP fund. Instead, it presents program-level budgets for the following two funds:

General Funds

These funds are general operating funds. The resources in the funds are primarily taxes. The State expends General Funds to provide traditional State government services.

Total Funds

The Total Funds column in the Appropriations Act includes all budgeted resources. Amounts in this column include General Funds as well as most, but not all, federal and department-generated resources. Total funds include portions of certain proprietary and capital project fund activities as well as most special revenue activities but exclude the pension trust funds and some other fiduciary fund activities.

The Bank's legally adopted budget is part of the Total Funds budget for the State. It is presented for the Infrastructure Bank Board at the program level. However, not all of the Bank's funds are legally budgeted and therefore, the budgetary comparison schedule only includes funds legally budgeted by the State.

NOTE 2. ORIGINAL AND FINAL BUDGETED AMOUNTS; BASIS OF PRESENTATION:

The original appropriations presented in the accompanying schedule for the Infrastructure Bank Board include amounts in the Appropriations Act as well as any appropriation reductions specifically authorized by law to prevent duplicate appropriations. The terminology, classification, and format of the appropriations section of the accompanying schedule for department's governmental fund are substantively the same as for the legally enacted budget.

The State's General Assembly does not approve estimated revenue or fund balance amounts for Other Budgeted Funds, which include the Infrastructure Bank Board. However, Section 115 (Recapitulations) of the Appropriation Act includes net source of funds amounts (i.e. estimated cash brought forward from the previous fiscal year plus estimated revenue for the current fiscal year minus estimated cash to be carried forward to the following fiscal year) for three categories of Other Budgeted Funds: Federal, Earmarked, and Restricted. A budget versus actual comparison for the Infrastructure Bank Board is presented as required supplementary information.

As operating conditions change, the Bank may move appropriations between programs and classifications within programs. However, limits are placed on increasing/decreasing authorizations for personal services without SFAA approval. Also, a revision of budgeted amounts over and above the total revenues appropriated requires approval of the SFAA.

NOTE 3. LEGAL LEVEL OF BUDGETARY CONTROL:

The Bank maintains budgetary control at the level of summary objective category of expenditure within each program of each department or agency, which is the level of detail presented in the accompanying schedule.

NOTE 4. BASIS OF BUDGETING:

Current legislation states that the General Assembly intends to appropriate all monies to operate State government for the current fiscal year. Unexpended appropriations lapse on July 31 unless the department or agency is given specific authorization to carry them forward to the next fiscal year. The Bank has authorization to carry over unexpended funds.

SOUTH CAROLINA TRANSPORTATION INFRASTRUCTURE BANK
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION –
BUDGETARY COMPARISON SCHEDULE
JUNE 30, 2026

State law does not precisely define the State's basis of budgeting. In practice, however, it is the cash basis with the following exceptions:

- Cash-basis accounting for payroll expenditures is used, while the accrual basis is used for other expenditures.
- Departments and agencies shall charge certain vendor and inter-fund payments against the preceding fiscal year's appropriations through July 14.
- The motor fuel user fees are recorded on the modified accrual basis in accordance with State law.
- All other revenues are recorded only when the State receives the related cash.

NOTE 5. RECONCILIATION OF BUDGET TO GAAP REPORTING DIFFERENCES:

Adjustments of the GAAP basis of accounting to the budgetary basis of accounting consist primarily of reclassifications from financial statement classifications to budgetary fund categories, the accrual and reversal of accounts payable and payroll and related fringe benefits, which exceed the cut off for the Bank to charge the previous fiscal year's appropriations. Additionally, a significant portion of the Bank's expenditures are unbudgeted as the funding source, principally pledged revenues, is held by the South Carolina State Treasurer. The Bank must request transfer of pledged revenue funds from the Treasurer before expending the funds; however, these expenditures are not budgeted by the State. As not all of the Bank's expenditure activity is budgeted, a reconciliation of budget to GAAP basis differences is not provided.

NOTE 6. SIGNIFICANT VARIANCES BETWEEN ORIGINAL AND FINAL BUDGET AND FINAL BUDGET AND ACTUAL RESULTS:

For the year ended June 30, 2026, the Bank had one significant variance between the original budget and final budget amounts for classified position and unclassified position line items. The variance was due to the Bank adding an unclassified position (Chief Operating Officer) and allocating funds from classified to unclassified to fund that position. There was also one significant variance between the final budget and actual results for transportation infrastructure line item. The variance is due to project timing; since the Bank only funds construction costs on new projects, which lowered the Bank's financial assistance disbursements.

South Carolina Transportation Infrastructure Bank
Required Supplementary Information
Schedule of the South Carolina Transportation Infrastructure Bank's
Proportionate Share of the Net Pension Liability -
South Carolina Retirement System
As of June 30, 2026
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Bank's proportion of the net pension liability	0.002991%	0.002219%	0.002772%	0.003045%	0.002494%	0.0022950%	0.0019400%	0.0019540%	0.0018450%	0.001856%
Bank's proportion of the net pension liability	$646,321	$520,412	$670,092	$738,233	$539,824	$586,309	$442,982	$439,832	$415,339	$396,814
Bank's covered payroll	$427,323	$304,958	$350,417	$362,617	$281,971	$204,894	$204,894	$206,135	$189,461	$209,855
Bank's proportionate share of the net pension liability as percentage of covered payroll	151.25%	170.65%	191.23%	203.58%	191.45%	286.15%	216.20%	213.37%	219.22%	189.09%
Plan fiduciary net position as a percentage of the total pension liability	66.2%	61.8%	58.6%	57.1%	60.7%	50.7%	54.4%	54.1%	53.3%	52.9%

Note 1: The amounts presented above were determined as of June 30 of the preceding year.

South Carolina Transportation Infrastructure Bank
Required Supplementary Information -
Schedule of the South Carolina Transportation Infrastructure Bank's Contributions –
South Carolina Retirement System
As of June 30, 2026
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$50,991	$38,459	$27,446	$31,538	$32,636	$25,378	$29,833	$27,458	$27,952	$21,901
Contributions in relation to the contractually required contribution	$50,991	$38,459	$27,446	$31,538	$32,636	$25,378	$29,833	$27,458	$27,952	$21,901
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Bank's covered payroll	$566,564	$427,323	$304,958	$350,417	$362,617	$281,971	$204,894	$204,894	$206,135	$189,461
Contributions as a percentage of covered payroll	18.56%	18.41%	18.41%	17.41%	16.41%	15.41%	14.41%	13.41%	13.56%	11.36%

Note 1:

Actuarial Valuation Date:	July 1, 2023
Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	5-year Smoothed
Amortization Method:	Level Percentage of Pay
Amortization Period as of the Actuarial Valuation Date:	Twenty-four (24) Years Maximum, Closed Period
Investment Return:	7.00%, including Inflation
Inflation:	2.25%
Salary Increases:	3.00% plus step-rate increases for members with less than twenty-one years of service
Mortality:	The 2020 Public Retirees of South Carolina Mortality Tables for Males and Females both projected at Scale UMP from the year 2020. Male rates multiplied by 97% and female rates multiplied by 107%.

Note 2: Contribution rates for fiscal year 2025 is determined in accordance with the Retirement Systems Funding and Administration Act of 2017.

South Carolina Transportation Infrastructure Bank

Required Supplementary Information

Schedule of the South Carolina Transportation Infrastructure Bank's

Proportionate Share of the Net OPEB Liability -

South Carolina Health Insurance Trust Fund

As of June 30, 2026

Last Nine Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018
Bank's proportion of the net OPEB liability	0.003602%	0.002643%	0.003342%	0.003689%	0.003024%	0.002777%	0.002343%	0.0023480%	0.0022070%
Bank's proportion of the net OPEB liability	$544,560	$426,099	$437,517	$561,165	$629,693	$501,289	$354,297	$332,735	$298,939
Bank's covered payroll	$427,323	$304,958	$350,417	$362,617	$281,971	$204,894	$192,947	$183,636	$170,450
Bank's proportionate share of the net OPEB liability as percentage of covered payroll	127.44%	139.72%	124.86%	154.75%	223.32%	244.66%	162.39%	172.45%	175.38%
Plan fiduciary net position as a percentage of the total OPEB liability	11.33%	9.91%	11.24%	9.64%	7.48%	8.39%	8.44%	7.91%	7.60%

Note 1:

This schedule is intended to show ten years of trend information, as required by GASB Statement No. 75. Additional years will be displayed as they become available.

South Carolina Transportation Infrastructure Bank
Required Supplementary Information -
Schedule of the South Carolina Transportation Infrastructure Bank's Contributions –
South Carolina Health Insurance Trust Fund
As of June 30, 2026
Last Ten Fiscal Years

	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$50,991	$38,459	$27,446	$31,538	$32,636	$25,378	$12,396	$14,096	$10,100	$9,085
Contributions in relation to the contractually required contribution	$50,991	$38,459	$27,446	$31,538	$32,636	$25,378	$12,396	$14,096	$10,100	$9,085
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Bank's covered payroll	$566,564	$427,323	$304,958	$350,417	$362,617	$281,971	$204,894	$192,947	$183,636	$170,450
Contributions as a percentage of covered payroll	6.35%	6.35%	6.25%	6.25%	6.25%	6.25%	6.05%	7.31%	5.50%	5.33%

COMPLIANCE SECTION

MAULDIN & JENKINS
CPAs & ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Ms. Sue F. Moss, CPA
Interim State Auditor
South Carolina Office of the State Auditor
Columbia, South Carolina

Members of the Board of Directors
South Carolina Transportation Infrastructure Bank
Columbia, South Carolina

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund of the **South Carolina Transportation Infrastructure Bank** (the "Bank"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the Bank's basic financial statements, and have issued our report thereon dated September 23, 2026. Our report includes a reference to the fact that the Bank's financial statements are intended to present the financial position and changes in financial position of only that portion of the governmental activities and the major fund of the State of South Carolina that is attributable to the transactions of the Bank.

Report on Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Bank's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bank's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bank's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mauldin & Jenkins, LLC

Columbia, South Carolina
September 23, 2026