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SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
(A COMPONENT UNIT OF THE STATE OF SOUTH CAROLINA)
COLUMBIA, SOUTH CAROLINA

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2026

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

October 1, 2026

Members of the Board of Commissioners
South Carolina State Housing Finance and Development Authority
Columbia, South Carolina

This report on the audit of the financial statements of the South Carolina State Housing Finance and Development Authority for the fiscal year ended June 30, 2026, was issued by CliftonLarsonAllen LLP, 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, CPA
Interim State Auditor

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
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YEAR ENDED JUNE 30, 2026

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INDEPENDENT AUDITORS' REPORT

Ms. Sue Moss, CPA, Interim State Auditor and
Members of the Board of Commissioners
South Carolina State Housing Finance and Development Authority
Columbia, South Carolina

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the South Carolina State Housing Finance and Development Authority, a component unit of the state of South Carolina, as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the South Carolina State Housing Finance and Development Authority'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, the business-type activities, and each major fund of the South Carolina State Housing Finance and Development Authority, as of June 30, 2026, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the South Carolina State Housing Finance and Development Authority 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.

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.

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

Auditors' 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 auditors' 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 an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of South Carolina State Housing Finance and Development Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Carolina State Housing Finance and Development Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the employer's proportionate share of the net pension liability, the schedule of the employer's pension contributions, the schedule of the employer's proportionate share of the net OPEB liability, and the schedule of the employer's OPEB contributions, as listed in the table of contents, 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 October 1, 2026, on our consideration of the South Carolina State Housing Finance and Development Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the South Carolina State Housing Finance and Development Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the South Carolina State Housing Finance and Development Authority's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
October 1, 2026

As management of the South Carolina State Housing Finance and Development Authority (the Authority), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2026.

Financial Highlights

- Net position of the Authority's business-type activities increased by $47,174,799 to $517,046,610. This increase is primarily attributable to the increase in the Authority's single-family mortgage portfolio and non-operating revenues in the General Operating Fund.
- The governmental activities net position increased by $6,448,864 to $149,314,031. This increase is primarily the result of an increase in documentary tax revenue, interest on deposits and investments, and the net increase in the fair value of investments.
- Federal grant revenue increased by $40,922,114 to $251,396,234. Federal assistance received by the Authority during the current fiscal year was from the U.S. Department of Housing and Urban Development (HUD) and the U.S. Department of Treasury. The increase in federal assistance is due primarily to increased funding for the Housing Choice Voucher program and Contract Administration.
- The Authority made principal payments on mortgage revenue bonds of $102,060,000 during the fiscal year. $89,465,000 of those principal payments represented bonds redeemed before maturity.
- For the fiscal year ended June 30, 2026, the Authority purchased $617,906,604 of single family first mortgages, down payment assistance loans, and multifamily mortgages in its proprietary funds. The majority of single family production was funded through the Mortgage Revenue Bond indenture and is recorded as loans.
- Bonds outstanding, net of unamortized premiums, increased by $575,192,804 to $2,176,141,544. This is mainly attributable to the increase in demand for the Authority's mortgage loans, which resulted in an increase in the current year of bonds issued by 10% over the prior year.

Overview of the Financial Statements

This annual report consists of three parts - management's discussion and analysis, the basic financial statements, and supplementary information. The basic financial statements include two types of statements presenting different views of the Authority's finances.

- The first two statements are entity-wide financial statements that provide information about the Authority's overall financial position and results. These statements, which are presented on an accrual basis of accounting, consist of the Statement of Net Position and the Statement of Activities. The Statement of Net Position includes all of the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid. Most of the Authority's activities are business-type activities and are reported in proprietary funds.
- The remaining statements are fund financial statements of the Authority's proprietary funds which operate similar to business activities and for which the Authority follows an accrual basis of accounting, and the governmental funds, which are special revenue funds that follow the modified accrual basis of accounting.

- The basic financial statements also include a "Notes to Financial Statements" section that explains the information in the entity-wide and fund financial statements. The notes also provide a more detailed explanation of data and significant accounting procedures and policies.

The remainder of this overview section explains the structure and contents of each of these statements. Prior year results referred to throughout this section are for comparison purposes only.

Fund Financial Statements

The fund financial statements provide more detailed information about the Authority's most significant funds and not the Authority as a whole. The Authority has two kinds of funds:

Governmental Funds – Governmental funds finance the Authority's governmental functions, including the disbursement of restricted monies. The Authority's governmental fund type is a special revenue fund. Expendable assets are assigned to the applicable governmental fund 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; and the difference between assets and liabilities is fund balance.

As such, in accordance with governmental accounting standards, the portions of net position/fund balances that are not available for appropriation and expenditure and/or are legally segregated for a specified use are presented as restricted in the fund entity-wide statements.

Proprietary Funds – The Authority's primary activities are accounted for in its proprietary funds. These activities are accounted for in a manner similar to businesses operating in the private sector. Funding is primarily provided through the issuance of bonds, the proceeds of which are used to make various types of loans to finance low and moderate-income housing. HUD contracts are accounted for in the proprietary funds since the Authority receives fees to administer various HUD programs. The net positions of these programs represent accumulated earnings since their inception and are generally restricted for program purposes.

Financial Analysis of the Authority as a Whole

Net Position: The combined net position of the Authority increased by $53,623,663 to $666,360,641. The following table summarizes the financial position for the Authority as of and for the fiscal years ended June 30, 2026 and 2025.

	Governmental Activities		Business-Type Activities		Total	
	2026	2025	2026	2025	2026	2025
Assets:						
Current Assets	$ 128,093,293	$ 123,765,482	$ 817,840,090	$ 628,393,898	$ 945,933,383	$ 752,159,380
Noncurrent Assets	21,771,495	20,747,570	1,982,217,310	1,557,591,515	2,003,988,805	$ 1,578,339,085
Total Assets	149,864,788	144,513,052	2,800,057,400	2,185,985,413	2,949,922,188	2,330,498,465
Deferred Outflows of Resources	-	-	6,943,173	7,323,922	6,943,173	7,323,922
Liabilities:						
Current Liabilities	550,757	1,647,885	106,527,864	107,257,429	107,078,621	108,905,314
Noncurrent Liabilities	-	-	2,176,555,050	1,608,387,513	2,176,555,050	1,608,387,513
Total Liabilities	550,757	1,647,885	2,283,082,914	1,715,644,942	2,283,633,671	1,717,292,827
Deferred Inflows of Resources	-	-	6,871,049	7,792,582	6,871,049	7,792,582
Net Position:						
Net Investment in Capital Assets	-	-	669,131	745,665	669,131	745,665
Restricted	149,314,031	142,865,167	465,810,711	441,603,956	615,124,742	584,469,123
Unrestricted	-	-	50,566,768	27,522,190	50,566,768	27,522,190
Total Net Position	$ 149,314,031	$ 142,865,167	$ 517,046,610	$ 469,871,811	$ 666,360,641	$ 612,736,978

Total net position of the Authority's governmental activities increased by $6,448,864 to $149,314,031. The Housing Trust Fund Act enacted by the General Assembly during 1992 restricts fund balance of the Housing Trust Fund. The Authority receives funding from a percentage of the documentary stamp tax on the instruments conveying real property to finance in whole or in part, affordable housing projects, and/or developments eligible under the Housing Trust Fund Act.

Net position of the Authority's business-type activities increased by $47,174,799 to $517,046,610.

Statement of Activities: The Statement of Activities shows the sources of the Authority's changes in net position as they progress through the various programs and functions. The Housing Trust Fund is shown as governmental activities, and all other programs are shown as business-type activities. The business-type activities include the Single Family Loan Programs, federal housing assistance, tax credits allocations, compliance monitoring, and other activities that are part of the Authority's administrative functions.

A condensed Statement of Activities for the last two fiscal years is shown below.

	Governmental Activities		Business-Type Activities		Total	
	2026	2025	2026	2025	2026	2025
Revenues:						
Charges for Services	$ 4,373,664	$ 4,616,406	$ 144,040,784	$ 111,544,176	$ 148,414,448	$ 116,160,582
General Revenues	26,886,792	28,429,117	13,454,289	16,703,269	40,341,081	45,132,386
Operating Grants and Contributions	-	-	251,396,234	210,474,120	251,396,234	210,474,120
Total Revenues	31,260,456	33,045,523	408,891,307	338,721,565	440,151,763	371,767,088
Expenses	24,811,592	17,516,503	361,716,508	311,558,901	386,528,100	329,075,404
Excess (Deficiency) Before Transfers	6,448,864	15,529,020	47,174,799	27,162,664	53,623,663	42,691,684
Transfers Between Funds	-	496,400	-	(496,400)	-	-
Change in Net Position	6,448,864	16,025,420	47,174,799	26,666,264	53,623,663	42,691,684
Net Position - Beginning of Year	142,865,167	126,839,747	469,871,811	443,205,547	612,736,978	570,045,294
Net Position - End of Year	$ 149,314,031	$ 142,865,167	$ 517,046,610	$ 469,871,811	$ 666,360,641	$ 612,736,978

Revenues of the Authority's governmental activities were derived from a documentary stamp tax, a federal grant, interest payments on loans, and investment income. Revenues of the Authority's business-type activities were primarily from federal program revenue of $251,396,234, charges for services of $144,040,784, and net program investment income of $13,454,289 which included a fair value adjustment decrease of $803,460. Charges for services consist primarily of interest income on loans, HUD administrative fees, tax credit application fees, and various other fees, such as monitoring and servicing. Program investment income came primarily from the bond programs, and the income is restricted to those programs.

Direct expenses of the Authority's business-type activities consist of two major types—housing assistance payments and bond interest. All administrative expenses were incurred in the Authority's General Operating Fund. Program revenue adequately covers all expenses of the Authority. Total revenues exceeded expenses by $47,174,799 for the business-type activities.

Total net position of the Authority increased from the previous year by $53,623,663 to $666,360,641.

Debt Administration

The Authority's total liabilities increased by $566,340,844 to $2,283,633,671. Non-current liabilities increased by $568,167,537 to $2,176,555,050. Refunding debt and optional bond redemptions are based on mortgage pre-payments received and an economic analysis of calling debt vs. making loans vs. investing funds. In recent years, calling debt has been the best financial alternative. The Authority's long-term liabilities, including amounts due within the next fiscal year, consists of bonds payable, net of unamortized premiums of $2,176,141,544, net pension liability of $14,296,399, net OPEB liability of $12,268,926, accrued compensated absences of $2,745,939, and $3,931,338 of noncurrent liabilities, which consists primarily of future lease payments. See Notes 5, 6, 11 and 12 to the financial statements for more information on the Authority's long-term liabilities.

Currently Known Facts, Decisions, or Conditions

Trends:

- The State of South Carolina continues to see a growth in population, rising 8.8% from 2020 to 2025.
- Unemployment in the State of SC as of June 2026 was 4.4%, which was the same at June 2025.
- Median Listing Price of Home in SC in June 2026 was $369,000, compared to the median listing price in June 2020 at $295,000.

Relevant Factors:

- Interest rates continue to remain high, hitting above 7% in September 2026.
- Municipal bond market volatility.
- Uncertainty surrounding Federal HUD subsidy realignments and HUD grant program continuation
- Uncertainty surrounding financial impacts (increased costs) related to Build America Buy America (BABA)
- The amount of the Authority's bond deals continue to increase. From fiscal year 2024-2025 to fiscal year 2025-2026, the Authority's bond issuances increased from $500 million to $650 million. With demand continuing to increase and housing prices remaining high, the Authority is balancing bond needs against the imposed tax-exempt bond cap.
- The Authority implemented a Capital Improvement Plan (CIP) for the FY2027-2028 budget process to address future capital needs of the agency, mostly related to SBITAs.
- The CIP sets forth several software upgrades. The cost of implementation services is the largest component of all SBITA-related future purchases.

Legislation:

- BABA (Build America Buy America) increasing costs for rental development and supportive housing

Requests for Information

This financial report provides a general overview of the South Carolina State Housing Finance and Development Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

South Carolina State Housing Finance and Development Authority
Finance Division
300-C Outlet Pointe Boulevard
Columbia, South Carolina 29210

BASIC FINANCIAL STATEMENTS

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2026

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ -	$ 3,209,449	$ 3,209,449
Restricted Assets:			
Cash and Cash Equivalents	2,027,173	519,711,843	521,739,016
Investments	122,637,862	56,013,466	178,651,328
Loans Receivable	459,935	199,143,888	199,603,823
Accrued Interest Receivable:			
Loans	-	9,372,778	9,372,778
Accounts Receivable:			
Due from Grantor	-	1,058,808	1,058,808
Due from Primary Government	2,962,420	4,925,000	7,887,420
Other	-	28,991	28,991
Accrued Interest Receivable:			
Loans	5,903	141,490	147,393
Deposits and Investments	-	1,052,633	1,052,633
Prepaids	-	23,181,744	23,181,744
Total Current Assets	128,093,293	817,840,090	945,933,383
Noncurrent Assets:			
Loans Receivable, Net of Current Portion	21,771,495	-	21,771,495
Restricted Assets:			
Investments	-	30,360,790	30,360,790
Loans Receivable, Net of Current Portion	-	1,997,718,585	1,997,718,585
Allowance for Doubtful Loans	-	(50,462,534)	(50,462,534)
Capital Assets, Net of Accumulated Depreciation and Amortization	-	4,600,469	4,600,469
Total Noncurrent Assets	21,771,495	1,982,217,310	2,003,988,805
Total Assets	149,864,788	2,800,057,400	2,949,922,188
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to Pension Plan	-	3,038,564	3,038,564
Deferred Outflows of Resources Related to OPEB Plan	-	3,904,609	3,904,609
Total Deferred Outflows of Resources	-	6,943,173	6,943,173

See accompanying Notes to Basic Financial Statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION (CONTINUED)
JUNE 30, 2026

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Liabilities Payable from Restricted Assets:			
Bonds Payable, Net of Unamortized Premiums	$ -	$ 31,163,024	$ 31,163,024
Accrued Interest Payable on Bonds	-	40,338,333	40,338,333
Other Liabilities	-	2,487,498	2,487,498
Mortgage Escrows	-	15,609,727	15,609,727
Total Liabilities Payable from Restricted Assets	-	89,598,582	89,598,582
Accrued Compensated Absences	-	1,207,277	1,207,277
Accrued Salaries and Related Payroll Expenses	-	1,386,034	1,386,034
Accounts Payable and Accrued Expenses	550,757	867,427	1,418,184
Unearned Revenue	-	13,468,544	13,468,544
Total Current Liabilities	550,757	106,527,864	107,078,621
Noncurrent Liabilities:			
Accrued Compensated Absences, Net of Current Portion	-	1,538,662	1,538,662
Bonds Payable, Net of Current Portion and Unamortized Premiums	-	2,144,978,520	2,144,978,520
Other Noncurrent Liabilities	-	3,472,543	3,472,543
Net Pension Liability	-	14,296,399	14,296,399
Net OPEB Liability	-	12,268,926	12,268,926
Total Noncurrent Liabilities	-	2,176,555,050	2,176,555,050
Total Liabilities	550,757	2,283,082,914	2,283,633,671
DEFERRED INFLOWS OF RESOURCES			
Deferred Gain on Refunding	-	663,208	663,208
Deferred Inflows of Resources Related to Pension Plan	-	979,273	979,273
Deferred Inflows of Resources Related to OPEB Plan	-	5,228,568	5,228,568
Total Deferred Inflows of Resources	-	6,871,049	6,871,049
NET POSITION			
Net Investment in Capital Assets	-	669,131	669,131
Restricted for:			
Debt Service	-	107,410,256	107,410,256
Bond Reserves	-	62,009,400	62,009,400
Housing Projects and Development	149,314,031	296,391,055	445,705,086
Unrestricted	-	50,566,768	50,566,768
Total Net Position	$ 149,314,031	$ 517,046,610	$ 666,360,641

See accompanying Notes to Basic Financial Statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2026

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Net Revenue (Expenses) and Change in Net Position: Governmental Activities	Net Revenue (Expenses) and Change in Net Position: Business-Type Activities	Net Revenue (Expenses) and Change in Net Position: Total
GOVERNMENTAL ACTIVITIES						
Housing Development	$ 24,811,592	$ 4,373,664	$ -	$ (20,437,928)	$ -	$ (20,437,928)
Total Governmental Activities	24,811,592	4,373,664	-	(20,437,928)	-	(20,437,928)
BUSINESS-TYPE ACTIVITIES						
Administrative	24,511,532	40,214,858	-	-	15,703,326	15,703,326
Single-Family Mortgage Loan Programs	86,161,463	103,825,926	-	-	17,664,463	17,664,463
Federal Programs	251,043,513	-	251,396,234	-	352,721	352,721
Total Business-Type Activities	361,716,508	144,040,784	251,396,234	-	33,720,510	33,720,510
Total	$ 386,528,100	$ 148,414,448	$ 251,396,234	(20,437,928)	33,720,510	13,282,582
General Revenues:						
Documentary Stamp Taxes				27,718,015	-	27,718,015
Investment Income				(831,223)	13,454,289	12,623,066
Total General Revenues and Transfers				26,886,792	13,454,289	40,341,081
CHANGE IN NET POSITION				6,448,864	47,174,799	53,623,663
Net Position - Beginning of Year				142,865,167	469,871,811	612,736,978
NET POSITION - END OF YEAR				$ 149,314,031	$ 517,046,610	$ 666,360,641

See accompanying Notes to Basic Financial Statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2026

	Housing Trust Fund
ASSETS	
CURRENT ASSETS	
Cash and Cash Equivalents	$ 2,027,173
Investments	122,637,862
Accounts Receivable:	
Due from Primary Government	2,962,420
Loans Receivable	459,935
Accrued Interest Receivable:	
Loans	5,903
Total Current Assets	128,093,293
NONCURRENT ASSETS	
Loans Receivable, Net of Current Portion	21,771,495
Total Noncurrent Assets	21,771,495
Total Assets	$ 149,864,788
LIABILITIES AND FUND BALANCE	
CURRENT LIABILITIES	
Accounts Payable and Accrued Expenses	$ 550,757
Total Current Liabilities	550,757
FUND BALANCE	
Nonspendable	21,771,495
Restricted for:	
Housing Projects and Development	127,542,536
Total Fund Balance	149,314,031
Total Liabilities and Fund Balance	$ 149,864,788

See accompanying Notes to Basic Financial Statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2026

	Housing Trust Fund
REVENUE	
Documentary Stamp Taxes	$ 27,718,015
Administrative Fees	166,581
Interest on Loans	129,401
Interest on Deposits and Investments	4,077,682
Net Increase (Decrease) in the Fair Value of Investments	(831,223)
Total Revenue	31,260,456
EXPENDITURES	
Housing Development	24,811,592
Total Expenditures	24,811,592
NET CHANGES IN FUND BALANCE	6,448,864
Fund Balances - Beginning of Year	142,865,167
FUND BALANCES - END OF YEAR	$ 149,314,031

See accompanying Notes to Basic Financial Statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2026

	General Operating	Single Family Finance Programs	Program	Total
ASSETS				
Current Assets:				
Cash and Cash Equivalents	$ 3,202,618	$ -	$ 6,831	$ 3,209,449
Restricted Assets:				
Cash and Cash Equivalents	53,745,743	465,966,100	-	519,711,843
Investments	22,144,006	17,092,194	16,777,266	56,013,466
Loans Receivable	2,267,656	196,348,250	527,982	199,143,888
Accrued Interest Receivable:				
Loans Receivable	-	9,372,778	-	9,372,778
Accounts Receivable:				
Due From Primary Government	4,925,000			4,925,000
Due from Grantor	1,058,808	-	-	1,058,808
Due from Other Funds		3,905,421	-	3,905,421
Other	28,991	-	-	28,991
Accrued Interest Receivable:				
Loans	73,234	-	68,256	141,490
Deposits and Investments	2,111	1,050,522	-	1,052,633
Prepaids	23,138,023	43,721	-	23,181,744
Total Current Assets	110,586,190	693,778,986	17,380,335	821,745,511
Noncurrent Assets:				
Restricted Assets:				
Investments	-	30,360,790	-	30,360,790
Loans Receivable, Net of Current Portion	84,408,104	1,908,307,504	5,002,977	1,997,718,585
Allowance for Doubtful Loans	(1,414,813)	(45,661,141)	(3,386,580)	(50,462,534)
Capital Assets:				
Capital Assets, Net of Depreciation and Amortization	4,600,469	-	-	4,600,469
Total Noncurrent Assets	87,593,760	1,893,007,153	1,616,397	1,982,217,310
Total Assets	198,179,950	2,586,786,139	18,996,732	2,803,962,821
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Outflows of Resources Related to Pension Plan	3,038,564	-	-	3,038,564
Deferred Outflows of Resources Related to OPEB Plan	3,904,609	-	-	3,904,609
Total Deferred Outflows of Resources	6,943,173	-	-	6,943,173

See accompanying Notes to Basic Financial Statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (CONTINUED)
JUNE 30, 2026

	General Operating	Single Family Finance Programs	Program	Total
LIABILITIES				
Current Liabilities:				
Liabilities Payable from Restricted Assets:				
Bonds Payable, Net of Unamortized Premiums	$ -	$ 31,163,024	$ -	$ 31,163,024
Accrued Interest Payable on Bonds	-	40,338,333	-	40,338,333
Other Liabilities	1,906,305	579,250	1,943	2,487,498
Mortgage Escrows	15,609,727	-	-	15,609,727
Total Liabilities Payable from Restricted Assets	17,516,032	72,080,607	1,943	89,598,582
Accrued Compensated Absences	1,207,277	-	-	1,207,277
Accrued Salaries and Related Payroll Expenses	1,386,034	-	-	1,386,034
Due to Other Funds	3,905,421	-	-	3,905,421
Accounts Payable and Accrued Expenses	867,427	-	-	867,427
Unearned Revenue	13,457,029	-	11,515	13,468,544
Total Current Liabilities	38,339,220	72,080,607	13,458	110,433,285
Noncurrent Liabilities:				
Accrued Compensated Absences, Net of Current Portion	1,538,662	-	-	1,538,662
Bonds Payable, Net of Current Portion and Unamortized Premiums	-	2,144,978,520	-	2,144,978,520
Other Noncurrent Liabilities	3,472,543	-	-	3,472,543
Net Pension Liability	14,296,399	-	-	14,296,399
Net OPEB Liability	12,268,926	-	-	12,268,926
Total Noncurrent Liabilities	31,576,530	2,144,978,520	-	2,176,555,050
Total Liabilities	69,915,750	2,217,059,127	13,458	2,286,988,335
DEFERRED INFLOWS OF RESOURCES				
Deferred Gain on Refunding	-	663,208	-	663,208
Deferred Inflows of Resources Related to Pension Plan	979,273	-	-	979,273
Deferred Inflows of Resources Related to OPEB Plan	5,228,568	-	-	5,228,568
Total Deferred Inflows of Resources	6,207,841	663,208	-	6,871,049
NET POSITION				
Net Investment in Capital Assets	669,131	-	-	669,131
Restricted for:				
Debt Service	-	107,410,256	-	107,410,256
Bond Reserves	-	62,009,400	-	62,009,400
Housing Projects and Development	96,746,907	199,644,148	-	296,391,055
Unrestricted	31,583,494	-	18,983,274	50,566,768
Total Net Position	$ 128,999,532	$ 369,063,804	$ 18,983,274	$ 517,046,610

See accompanying Notes to Basic Financial Statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2026

	General Operating	Single Family Finance Programs	Program	Eliminations	Total
OPERATING REVENUES					
Federal Grant and Contract Revenue	$ 241,774,150	$ -	$ -	$ -	$ 241,774,150
Interest and Other Charges on Loans	681,727	92,565,912	31,024	-	93,278,663
Administrative Fees and Other	37,123,282	6,032,133	197,113	-	43,352,528
Recovery on Bad Debt	757,342	5,227,881	1,424,370		7,409,593
Total Operating Revenues	280,336,501	103,825,926	1,652,507	-	385,814,934
OPERATING EXPENSES					
Housing Assistance Payments and Grant Awards Disbursed	250,932,746	-	110,767	-	251,043,513
Program Services	-	11,539,117	-	-	11,539,117
General and Administrative	23,610,072	-	-	-	23,610,072
Depreciation and Amortization	901,460	-	-	-	901,460
Total Operating Expenses	275,444,278	11,539,117	110,767	-	287,094,162
OPERATING INCOME	4,892,223	92,286,809	1,541,740	-	98,720,772
NONCAPITAL SUBSIDIES					
Federal Grant and Contract Revenue	9,622,084	-	-	-	9,622,084
Transfers In	9,114,683	-	-	(9,114,683)	-
Transfers Out		(9,114,683)	-	9,114,683	-
Total Noncapital Subsidies	18,736,767	(9,114,683)	-	-	9,622,084
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	23,628,990	83,172,126	1,541,740	-	108,342,856
OTHER NONOPERATING REVENUES (EXPENSES)					
Interest on Deposits and Investments	120,533	13,509,262	627,954	-	14,257,749
Net Decrease in the Fair Value of Investments	(259,586)	(437,341)	(106,533)	-	(803,460)
Bond Interest	-	(69,307,321)	-	-	(69,307,321)
Bond Issuance Expense	-	(5,315,025)	-	-	(5,315,025)
Total Other Nonoperating Revenues (Expenses)	(139,053)	(61,550,425)	521,421	-	(61,168,057)
INCREASE (DECREASE) IN FUND NET POSITION	23,489,937	21,621,701	2,063,161	-	47,174,799
Fund Net Position - Beginning of Year	105,509,595	347,442,103	16,920,113	-	469,871,811
FUND NET POSITION - END OF YEAR	$ 128,999,532	$ 369,063,804	$ 18,983,274	$ -	$ 517,046,610

See accompanying Notes to Basic Financial Statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2026

	General Operating	Single Family Finance Programs	Program	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts of Loan Payments	$ 2,275,366	$ 99,050,461	$ (651,705)	$ 100,674,122
Purchases of New Loans	(357,341)	(617,606,100)	(250,504)	(618,213,945)
Receipts from Federal Grants	241,774,150	-	-	241,774,150
Payments of Housing Assistance Grants	(250,932,746)	-	(110,767)	(251,043,513)
Administrative Fees and Other	9,679,186	97,888,597	1,664,302	109,232,085
Payments to Employees	(16,783,607)	-	-	(16,783,607)
Payments to Vendors	(810,704)	(11,539,117)	(137)	(12,349,958)
Net Cash Provided (Used) by Operating Activities	(15,155,696)	(432,206,159)	651,189	(446,710,666)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Equipment	(262,443)	-	-	(262,443)
Net Cash Used by Capital and Related Financing Activities	(262,443)	-	-	(262,443)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from Other Programs	9,114,683	-	-	9,114,683
Transfers to Other Programs	-	(9,114,683)	-	(9,114,683)
Lease Liability Payments	(599,404)	-	-	(599,404)
Proceeds from the Sale of Bonds	-	650,000,000	-	650,000,000
Receipts from Federal Grants	9,622,084	-	-	9,622,084
Premium Received from the Sale of Bonds	-	37,360,825	-	37,360,825
Principal Payments on Bonds Payable	-	(107,435,000)	-	(107,435,000)
Interest Payments on Bonds Payable	-	(69,210,537)	-	(69,210,537)
Net Cash Provided (Used) by Noncapital Financing Activities	18,137,363	501,600,605	-	519,737,968
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales and Maturities of Investments	-	218,082,638	-	218,082,638
Purchase of Investments	(5,352,328)	(32,109,297)	(2,078,307)	(39,539,932)
Income on Deposits and Investments	(139,053)	13,071,921	1,346,488	14,279,356
Net Cash Provided (Used) by Investing Activities	(5,491,381)	199,045,262	(731,819)	192,822,062
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,772,157)	268,439,708	(80,630)	265,586,921
Cash and Cash Equivalents - Beginning of Year	59,720,518	197,526,392	87,461	257,334,371
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 56,948,361	$ 465,966,100	$ 6,831	$ 522,921,292

See accompanying Notes to Basic Financial Statements.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2026

	General Operating	Single Family Finance Programs	Program	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income	$ 4,892,223	$ 92,286,809	$ 1,541,740	$ 98,720,772
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization Expense	901,460	-	-	901,460
Recovery of Bad Debt	757,342	-	-	757,342
Pension Expense Related to the Recognition of the Net Pension Liability	(986,341)	-	-	(986,341)
OPEB Expense Related to the Recognition of the Net OPEB Liability	(618,843)	-	-	(618,843)
Changes in Operating Assets and Liabilities:				
Loans Receivable	1,918,025	(518,555,639)	(902,209)	(517,539,823)
Due From Primary Government	(4,925,000)	-	-	(4,925,000)
Due From Grantor	107,838	-	2,010	109,848
Accrued Interest Receivables - Loans	24,901	(2,238,312)	1,707	(2,211,704)
Accounts Receivable	(24,788)	-	-	(24,788)
Due from Other Funds	-	(3,905,421)	-	(3,905,421)
Due to Other Funds	5,400,083	-	-	5,400,083
Prepaids	(6,218,189)	206,404	-	(6,011,785)
Deferred Outflows - OPEB	583,575	-	-	583,575
Deferred Outflows - Pension	(202,826)	-	-	(202,826)
Unearned Revenue	(18,605,269)	-	8,078	(18,597,191)
Mortgage Escrows	4,595,244	-	-	4,595,244
Accrued Compensated Absences	133,797	-	-	133,797
Accrued Salaries and Related Payroll Expenses	63,397	-	-	63,397
Accounts Payable and Accrued Expenses	(1,843,280)	-	-	(1,843,280)
Other Liabilities	(1,565,099)	-	(137)	(1,565,236)
Deferred Inflows - OPEB	176,010	-	-	176,010
Deferred Inflows - Pension	280,044	-	-	280,044
Total Adjustments	(20,047,919)	(524,492,968)	(890,551)	(545,431,438)
Net Cash Provided (Used) by Operating Activities	$ (15,155,696)	$ (432,206,159)	$ 651,189	$ (446,710,666)

See accompanying Notes to Basic Financial Statements.

Noncash Noncapital Financing Activities

a. Interest payments on bonds do not include $4,733,021 of amortization of bond premiums and $1,377,588 of amortization of deferred gains on refunding of debt that were included in operating revenues and expenses in the Single Family Finance Program Funds.

b. The Authority recorded a decrease in the fair value of investments in the amount of $803,460 for the fiscal year ended June 30, 2026.

c. The Authority recorded $2,915,637 of amortization of servicing release premiums and $16,868 of amortization of deferred fee revenue in the General Operating Fund.

d. The Authority recorded $140,608 in acquisitions of right-to-use subscription assets.

	General Operating	Single Family Finance Programs	Program	Total
Cash is Reported on the Statement of Net Position as:				
Cash and Cash Equivalents	$ 3,202,618	$ -	$ 6,831	$ 3,209,449
Restricted Cash and Cash Equivalents	53,745,743	465,966,100	-	519,711,843
Total Cash and Cash Equivalents	$ 56,948,361	$ 465,966,100	$ 6,831	$ 522,921,292

See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of South Carolina State Housing Finance and Development Authority (the Authority) were prepared in conformity with accounting principles generally accepted in the United States of America 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 most significant accounting policies of the Authority are described hereafter.

A. Reporting Entity

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 officials of the primary government are financially accountable. In turn, component units may also 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 Authority, a primary entity, is a public body, corporate, and politic, and is a discretely presented component unit of the state of South Carolina. As such, its funds are included in the Annual Comprehensive Financial Report of the state of South Carolina as a discretely presented component unit.

The Authority was established during 1971 pursuant to Section 31-13-20 of the South Carolina Code of Laws. The laws of the state of South Carolina and policies and procedures specified by the state of South Carolina for state agencies are applicable to the Authority. The powers of the Authority were expanded through the passage of the South Carolina State Housing Act of 1977 (31-13-10 through 330 and 31-3-1510), and as amended during 1982 (31-13-70), 1983 (31-13-80), 1986 (31-1-340), 1988 (31-13-50), and 1990 (31-13-200).

The South Carolina State Housing Act empowers the Authority to enter into grants and contracts with the federal government and to issue bonds and notes. During 1992, the General Assembly amended Chapter 13, Title 13 by adding Article 4 which enacts the Housing Trust Fund Act of 1992.

The Authority’s Board of Commissioners (the Board), whose members are appointed by the Governor, is the governing body of the Authority. The Board administers, has jurisdiction over, and is responsible for the management of the Authority.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

SC Housing Corp. was formed in 2010 to administer and distribute funds from the U.S. Department of Treasury's Hardest Hit Fund, through the SC HELP Program. SC Housing Corp. is governed by a Board of Directors, whose members are appointed by the Authority's Board of Commissioners.

The SC HELP Program closed in October 2020 and all unused funds were returned to Treasury. The entity remains open only for the purpose of releasing liens on downpayment assistance loans as they mature or are forgiven.

The Authority follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units*, GASB Statement No. 61, *The Financial Reporting Entity Omnibus*, GASB Statement No. 80, *Blending Requirement For Certain Component Units*, and GASB Statement No. 90, *Majority Equity Interests*, an amendment of GASB Statements No. 14 and No. 61.

GASB Statement No. 61 clarified previous statements by requiring a financial benefit or burden criteria to be present in order for a separate entity to be dependent on a primary government and included as a component unit of the primary entity, regardless of whether the primary government appoints a voting majority of the organization's governing body. The financial benefit or burden exists if the primary government is (a) legally entitled or can access the organization's resources, or (b) legally obligated or has assumed the obligation to finance deficits or provide financial support to the organization, or (c) obligated in some manner for the debt of the organization. In addition, the relationship to the primary government can also be determined by the services provided by the component unit to the citizens, such that separate reporting as a major component unit is considered essential to the financial statement users.

Based on these criteria, the Authority has been determined to be classified as a discretely presented component unit of the state of South Carolina and that SC Housing Corp. is a blended component unit of the Authority. SC Housing Corp. has no activity reported.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Reporting Entity (Continued)

The accompanying financial statements present the financial position, results of operations, and cash flows of only that portion of the funds of the state of South Carolina that is attributable to the transactions of the Authority and SC Housing Corp. The mortgage revenue bonds are special obligations of the Authority and are not a debt, grant or loan of the state of South Carolina nor any political subdivision of the state of South Carolina, and neither the state of South Carolina nor any political subdivision thereof is liable. The bonds are secured by and payable solely from the monies, income, and receipts of the Authority pledged for the payment thereof under the bond indentures. Payment of the principal or redemption price of, and interest on, all bonds is secured ratably and equally by the proceeds of the bonds, revenue (including scheduled payments of principal and interest on mortgages and repayments of mortgage loans and interest and income received on investments of money held in the funds and accounts), and the right, title, and interest of the Authority in and to the mortgage loans.

B. Fund Accounting

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the Authority's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds. The Authority reports no fiduciary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund accounting is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives, in accordance with limitations and restrictions imposed by sources outside the entity and in accordance with directives issued by the governing board.

The Authority's funds are classified into two categories: governmental and proprietary.

Governmental Funds

Governmental funds finance the Authority's governmental functions including the disbursement of restricted monies. Within the Authority's governmental funds, expendable assets are assigned to the applicable governmental fund 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; and the difference between assets and liabilities is fund balance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

Governmental Funds (Continued)

As such, in accordance with governmental accounting standards, the portions of net position/fund balance that are not available for appropriation and are legally segregated for a specified use are presented as restricted in the entity-wide and fund statements.

Housing Trust Fund

The Housing Trust Fund, a special revenue fund, was established during May 1992 pursuant to South Carolina Code of Laws, Chapter 31, Article 4. The Authority receives funding from a percentage of the documentary stamp tax on instruments conveying real property under Title 12. Under this legislation, the Housing Trust Fund is to be used to "increase the supply of safe, decent and affordable housing for members of the very low-and lower-income individuals and households."

Proprietary Funds

The proprietary funds are used to account for activities similar to those found in the private sector, where the determination of operating income is necessary or useful for sound financial administration. Goods or services from activities of the Authority are provided to outside parties, and such activities are accounted for in an enterprise fund type. An enterprise fund accounts for activities that are self-sustaining, primarily through user charges or are used when management wants to control or measure costs of services.

The Authority's proprietary fund category includes the following enterprise funds:

General Operating Fund

The General Operating Fund records administrative fees from the U.S. Department of Housing and Urban Development (HUD), loan servicing fees, other fee type income, and interest earned on loans and investments. These sources of funds as well as operating transfers from other programs are used to defray the general and administrative expenses of the Authority. The General Operating Fund also accounts for HUD funds that are used to provide rental assistance to qualified recipients as well as fund loans and grants for various other rental, homeownership, rehabilitation, and development activities. The General Operating Fund also accounts for funds from the U.S. Department of the Treasury to administer both the Emergency Rental and
Assistance Funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting (Continued)

Proprietary Funds (Continued)

Single Family Finance Programs Fund

The Single Family Finance Programs Fund accounts for the financing activities of the Authority's Single Family Mortgage Purchase Bond Indenture, and the Mortgage Revenue Bonds Indenture. The proceeds of each series of bonds issued under these three programs are used to purchase mortgage loans made to the State of South Carolina's moderate- to low-income citizens who meet federal and Authority eligibility requirements. The three indentures generate income to cover the costs of administration and debt service on the bonds. Excess funds as determined by cash flow analysis and certification may be transferred to the other programs at the discretion of the Authority.

Program Fund

The Program Fund was established in accordance with Section 31-13-340 of the South Carolina Code of Laws. Monies not required to be accounted for elsewhere can be deposited into the Program Fund. This fund is used by the Authority to finance special initiatives and down payment assistance loans (both forgivable and repayable) as authorized by the Authority's Board.

C. Measurement Focus, Basis of Accounting, and Reporting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

All governmental funds are accounted for using the current financial resources measurement focus whereby only current assets and current liabilities generally are included on the balance sheet. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the Authority also reports the noncurrent portion of outstanding loans receivable on the balance sheet. Operating statements of these funds present increases and decreases in fund balance.

Governmental fund revenues and expenditures are recognized on the modified accrual basis of accounting. Revenues and other fund financial resources are recognized during the accounting period in which they become both measurable and available to finance expenditures. For this purpose, the Authority considers funds to be available if they are collected within 60 days of the end of the current fiscal year. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Expenditures are recognized during the accounting period in which the fund liability is incurred, if measurable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Reporting (Continued)

Proprietary funds are accounted for via the flow of economic resources measurement focus. With the government-wide and this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net position.

The Authority recognizes revenues and expenses and the recording of depreciation expense for the enterprise fund-type using the accrual basis of accounting. Revenues and federal reimbursement type grants are recognized during the accounting period in which they are earned and become measurable; expenses are recognized during the period incurred, if measurable.

Transfers of financial resources among funds are recognized in all affected funds during the period in which the related interfund receivables and payables arise.

The Authority has elected to treat all funds as major and present them in separate columns.

D. Restricted Assets and Liabilities Payable from Restricted Assets under Revenue Bond Resolutions

Generally, under the applicable bond indentures, the earnings and receipts of loan payments related to investment and mortgage loan assets in the Single Family Finance Programs Fund are required to be used to purchase mortgages or for the related debt service payments. Because these assets are generally restricted for this purpose, they have been reflected as current and noncurrent restricted assets in the accompanying statements of net position. Net restricted position for bond reserves are computed July 1 of each year by a percentage of the then outstanding bond principal in accordance with the bond indenture (see Note 2E).

E. Discounts, Premiums, and Deferred Gains and Losses on Refundings of Debt

Under provisions of applicable bond indentures, net restricted position not restricted for the respective bond reserves of the Single Family Finance Programs Fund are reflected as either restricted for debt service or for special programs in the accompanying statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Discounts, Premiums, and Deferred Gains and Losses on Refundings of Debt (Continued)

Bond discounts and premiums are amortized over the terms of the bonds. The deferred gains and losses on refundings of debt include the call premiums and the unamortized premiums or discounts attributable to the bonds refunded and are amortized over the term of the refunded issues or the new issues whichever is shorter, using the bonds outstanding method. The deferred gains on refundings of debt represent a deferred inflow of resources, which is reported separately on the statement of net position. The deferred losses on refundings of debt represent a deferred outflow of resources, which is reported separately on the statement of net position. Amortization of bond discounts and premiums and deferred losses and gains on refunding of debt are included in interest expense.

F. Federally Assisted Program Advances and Fees

In accordance with the terms of contracts between the Authority and HUD, the Authority administers Section 8 Housing Assistance Payments Programs, Contract Administration, and the Housing Choice Voucher Program, the Mainstream 5 Voucher Program and the Emergency Voucher Program in certain areas of South Carolina. Under these programs, housing assistance payments are made to eligible individuals or to owners of rental housing on behalf of persons of limited income who meet the eligibility requirements.

Generally, HUD advances the Authority sufficient funds to cover the current month's housing assistance payments before such disbursements are made by the Authority. Additionally, HUD advances funds on a monthly basis for the Authority's costs of administering the subsidy contracts. These administrative fees are recognized as operating revenues when earned in the General Operating Fund. Because such funds are generally restricted as to purpose, they have been reflected in the restricted portion of the accompanying statements where appropriate.

The Authority also administers the Home Investments Partnership Program and Neighborhood Stabilization Program. The Home Investments Partnership Program provides loans and grants to local governments and nonprofit entities to assist private property owners in building new and rehabilitating existing rental housing for low-income tenants. The Home Investments Partnership Program also provides forgivable and repayable down payment assistance loans to qualified first time homebuyers. The Neighborhood Stabilization Program provides grants to other entities, primarily local governments and nonprofit entities, to purchase foreclosed or abandoned properties and to rehabilitate, resell, or redevelop these properties in order to stabilize neighborhoods and stem the decline of value for other homes in the neighborhood. Under both of these programs, an administrative fee is drawn from HUD to reimburse the Authority, as well as the entity that has been awarded funds under the program, for administrative costs. These administrative fees are recognized as operating revenues when earned.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Federally Assisted Program Advances and Fees (Continued)

Funds granted and passed through by the Authority are included in the accompanying financial statements in the General Operating Fund as nonoperating revenues and expenses.

The Authority is also in the process of closing out the Emergency Rental Assistance Program and the Homeowners Assistance Fund Program, both funded by the U.S. Department of Treasury. Unlike the HUD pass-through programs, the Treasury programs were funded to the state in full, via several tranches of payments. The programs allow for 10% - 15% of the funds to be used for administrative expenses. The Homeowners Assistance Fund Program's sunset date is September 30, 2026 and the Emergency Rental Assistance Program's sunset date was September 30, 2025. The Authority anticipates the U.S. Department of Treasury to complete the final closeout of the funds in the fiscal year 2026-2027.

G. Cash and Cash Equivalents

Amounts denoted in the financial statements as “cash and cash equivalents” represent cash on deposit in banks and cash on deposit with the State Treasurer’s Office.

For purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments purchased with a maturity of three months or less at the time of acquisition to be cash equivalents.

Most state agencies, including the Authority, participate in the state of South Carolina’s cash management pool. Because the cash management pool operates as a demand deposit account, amounts invested in the pool are classified as cash and cash equivalents. The State Treasurer administers the cash management pool. The cash management 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 of South Carolina’s cash management pool consists of a general deposit account and several special deposit accounts. The state of South Carolina 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 of South Carolina.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Cash and Cash Equivalents (Continued)

Interest earned by the Authority on amounts held in special deposit accounts is posted to the Authority's accounts at the end of each month and is retained by the Authority. Interest earnings are allocated based on the percentage of the Authority's accumulated daily interest income receivable to the total income receivable of the cash management pool. Reported interest income includes interest earnings at the stated rate, realized gains/losses, and unrealized gains/losses arising from changes in fair value on investments held by the cash management pool. Realized gains and losses are allocated daily and are included in the receivable. Unrealized gains and losses are allocated at year-end based on the Authority's percentage ownership in the cash management pool.

Although the cash management pool may include some long-term investments, it operates as a demand deposit account. Credit risk information pertaining to the cash management pool is contained in Note 2D.

The Authority has funds in State Treasurer accounts not included in the state's cash management pool and at other institutions. For these 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.

The Authority records and reports its deposits in the general deposit account at cost but reports its deposits in the special deposit accounts at fair value.

H. Investments

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, Government National Mortgage Association (GNMA), Federal National Mortgage Association (FNMA), Mortgage Backed Securities (MBS), and the state of South Carolina's cash management pool are recorded at fair value and unrealized gains or losses are reported in the statement of revenues, expenses, and changes in net position.

In accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, the Authority uses valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value of investments.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Loans Receivable

Loans receivable consist of mortgage loans, which are carried at par. Most mortgage loans in the Single Family Finance Programs Fund as well as the single family mortgage loans of approximately $86 million in the General Operating and Program Fund are insured with various governmental agencies and private mortgage insurance carriers at specified percentages of the original loan amount varying from 18% to 100%. Loans closed after July 29, 1999, are covered by the Homeowners Protection Act. Private mortgage insurance is cancelled after the loan-to- value ratio reaches 78% as provided by federal law. The Authority considers the mortgaged property as adequate collateral against significant potential loan losses for such uninsured properties. Most loans made from the Housing Trust Fund and a portion of the loans in the General Operating Fund are not single family mortgage loans and are not insured.

Management is of the opinion that the mortgage insurance coverage, in addition to over-collateralization, is adequate to cover any significant potential loan losses under the Single Family Finance Programs should they occur. Loans determined to be uncollectible and unrecoverable from mortgage insurance carriers are charged off against program income. The Authority has recorded allowances for doubtful loans which are considered adequate.

J. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods. Servicing Release Premium (SRP) means the fee included with the Purchase Price as compensation to the Originator for release of the right to service the mortgage loan, which shall be based on an amount equal to 1.50% of the principal amount of the mortgage loan (FHA Insured, Rural Development Guaranty, Veterans Administration, or Conventional Mortgage Loans) purchased by the Authority. The Housing Authority records these payments as prepaid items in both the government-wide and fund financial statements. The state's policy is to reflect consumption of the future benefit under the consumption method.

K. Capital Assets

Capital assets are recorded at cost at the date of acquisition. The Authority follows capitalization guidelines established by the state of South Carolina. The Authority capitalizes furniture and equipment with a unit value exceeding $5,000 and an estimated useful life of more than two years. Routine repairs and maintenance are charged to operating expenses during the year in which the expense was incurred.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets (Continued)

Depreciation is computed using the straight-line method over estimated useful lives of 3 to 10 years for furniture and equipment. Currently, the Authority owns personal property only and owns no real property (land, buildings, attachments, etc.).

The Authority is a lessee for noncancelable leases of office space. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position. The Authority recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors change in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with accounts payable and accrued expenses for current and long-term liabilities for noncurrent on the statement of net position.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Subscription-Based Information Technology Arrangements (SBITA)

SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

M. Mortgage Escrows

Under provisions of certain mortgage loan agreements, the Authority is responsible for collecting deposits from homeowners for payment of property taxes and insurance. This is recorded as a current liability and paid from restricted assets.

N. Compensated Absences

The liability for compensated absences consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave

O. Unearned Revenue

Unearned revenue are funds received in advance of the period in which they are earned and are recorded as a liability in the statement of net position. As of June 30, 2026, unearned revenue of $13,468,544 consisted of the following:

	Unearned Revenue
Compliance Monitoring	$ 2,777,592
Tax Credit Assistance Program	1,142,285
Neighborhood Stabilization Program - Program Income	1,828,194
Emergency Rental Assistance #2 - Unspent Funds	4,628,660
Homeowners Assistance Fund - Unspent Funds	3,033,548
Emergency Housing Vouchers - Unspent	-
Program Fund - Unspent Funds	11,515
Loan Servicing and Miscellaneous Prepaid	46,750
Total Unearned Revenue	$ 13,468,544

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Rebatable Arbitrage

Arbitrage involves the investment of proceeds from the sale of tax-exempt debt in a taxable investment that yields a higher rate than the rate of the obligation. This results 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, notes, and certain capital leases and 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. At June 30, 2026, the Authority had no arbitrage rebate liability associated with the Authority’s Mortgage Revenue Bonds outstanding.

Q. Budget Policy

The Appropriations Act as enacted by the General Assembly becomes the legal operating budget for the Authority. The Appropriations Act authorizes expenditures from funds appropriated from the General Fund of the state of South Carolina and authorizes expenditures of Total Funds. The Total Funds column in the Appropriations 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 of South Carolina’s budgetary accounting system only if enough appropriation authorization exists and generally if sufficient cash is on hand.

Under GASBS No. 34, budgetary comparison information is required to be presented for each major special revenue fund with a legally adopted budget. The Authority is not legally required to adopt a budget for the Housing Trust Fund. Therefore, budget comparison information is not included in the Authority’s financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

R. Net Position and Fund Balance

Net position or fund balance is presented in the following components or classifications:

Net Investment in Capital Assets – Consists of capital assets, right to use assets, net of accumulated depreciation and amortization, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets, and the lease liability associated with the right to use asset.

Restricted Net Position – Net position or fund balance, for enterprise or governmental fund types, respectively, are reported as restricted when constraints placed on resource use are restricted by legal and/or contractual requirements. Generally, such assets have use restrictions placed on them by (1) external parties such as creditors, grantors, contributions, or laws or regulations of other governments; or (2) laws of the enabling government. The Authority's restrictions are primarily due to requirements of bond indentures, South Carolina law and federal program requirements. Amounts restricted for housing projects and development include funds that have been set aside for projects approved by the Board of Commissioners and unspent bond proceeds for single family housing.

Unrestricted Net Position – For business-type activities, all assets not meeting the definition of "restricted" or "net investment in capital assets" are classified as unrestricted.

Other Governmental Fund Balance Classifications – The Authority follows the provisions of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Under GASB Statement No. 54, all governmental fund assets of the Authority not meeting the definition of "restricted" are classified as "nonspendable," "committed," "assigned," or "unassigned" as appropriate. The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The nonspendable fund balance includes long-term loan receivables.

For governmental funds, it is the policy of the Authority to spend unassigned fund balances first followed thereafter by restricted, committed, and assigned resources as needed.

For business-type activities, when both restricted and unrestricted resources are available, it is the policy of the Authority to spend restricted resources first followed thereafter by unrestricted resources as needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

S. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions at the date of financial statement preparation that affect certain reported amounts of assets, liabilities, revenues, expenses, and disclosures of contingent assets and liabilities, for the reporting period. Actual results may differ from those estimates.

T. Pension Plan

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

U. Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the South Carolina Retiree Health Insurance Trust Fund (SCRHITF), as well as additions to and deductions from SCRHITF's fiduciary net position, have been determined on the same basis as they are reported by SCRHITF. 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.

V. Deferred Outflows of Resources and Deferred Inflows of Resources

Certain changes in the net pension liability and net OPEB liability that are not included in current-period pension or OPEB expense are reported as deferred outflows or deferred inflows of resources. Employer contributions made subsequent to the measurement date of the net pension liability and net OPEB liability are reported as deferred outflows of resources. Deferred outflows of resources and deferred inflows of resources are also determined by the difference in actual and expected liability experience, projected and actual returns on investments, deferred amounts from changes in the Authority's proportionate share, changes in assumptions, and differences between the Authority's contributions and its proportionate share of the total employer contributions to the plans. Deferred outflows of resources and deferred inflows of resources also include deferred losses and deferred gains on bond refundings, respectively.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

W. Adoption of New Accounting Standard

During 2026, the Authority implemented GASB Statement No. 103, *Financial Reporting Model Improvements*, and GASB Statement No. 104, *Disclosure of Certain Capital Assets*. The financial statements have been updated to reflect the implementation of those statements. There was no impact to beginning fund balance or net position.

NOTE 2 DEPOSITS AND INVESTMENTS

	Financial Statements
Current Assets:	
Cash and Cash Equivalents:	
Unrestricted	$ 3,209,449
Restricted	521,739,016
Investments:	
Restricted	178,651,328
Noncurrent Assets:	
Investments:	
Restricted	30,360,790
Total	$ 733,960,583
Footnotes:	
Deposits:	
Deposits Held by State Treasurer	$ 15,689,922
Deposits with Banks	509,258,543
Total Deposits	524,948,465
Investments:	
State Treasurer	161,559,133
Other Investments	47,452,985
Total Investments	209,012,118
Total	$ 733,960,583

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

A. Deposits

All deposits of the Authority are insured or collateralized by using the dedicated method. Under the dedicated method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by each of the depository banks. At June 30, 2026, excluding the deposits held by the State Treasurer of $15,689,922, the Authority's cash had a carrying amount of $509,258,543 and a bank balance of $507,705,813. Of that balance, $750,000 was covered by federal depository insurance and the remainder was covered by collateral held under the dedicated method.

B. Deposits Held by State Treasurer

State law requires full collateralization of all deposits and investments of state funds. The depository institution must correct any deficiencies in collateral within seven days. With respect to investments in the state's cash management pool, all of the state Treasurer's investments are insured or registered or are investments for which the securities are held by the state or its agents in the state's name. Information pertaining to the reported amounts, fair values, and credit risk of the state Treasurer's investments is disclosed in the Annual Comprehensive Financial Report of the State of South Carolina.

C. Investments

At June 30, 2026, the Authority's investment balances were as follows:

	Fair Value	Less Than 1 Year	Greater Than 1 Year
SC State Treasurer Pool	$ 161,559,133	$ 161,559,133	$ -
U.S. Treasuries	17,092,195	17,092,195	-
Government National Mortgage Association Insured Mortgage-Backed Securities (GNMAs)	22,607,044	-	22,607,044
Federal National Mortgage Association Mortgage-Backed Securities (FNMAs)	7,753,746	-	7,753,746
Total	$ 209,012,118	$ 178,651,328	$ 30,360,790

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. GNMAs and FNMAs are backed by HUD and have a credit rating of AAA.

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

The Authority has the following recurring fair value measurements as of June 30, 2026: The South Carolina Treasurer's Pool of $161,559,133 is valued using quoted prices for similar assets or liabilities in active markets (Level 2 inputs). U.S. Treasuries of $17,092,195, GNMAs of $22,607,044 and FNMAs of $7,753,746 are valued using a matrix pricing model (Level 2 inputs).

D. Investment Risk Factors

There are a number of variables that affect the value of investments. These risks are discussed below.

Interest Rate Risk

Interest rate risk is the risk that the value of fixed income securities will decline because of changes in interest rates. It is the Authority's policy to limit interest rate risk by calling debt as quickly as allowed. During the fiscal year ended June 30, 2026, the Authority called over $107 million in debt prior to maturity.

Custodial Credit Risk

For a deposit, the custodial credit risk is the risk that in the event of the failure of the counterparty, the Authority will not be able to recover the value of its deposits, investments, or collateral securities held by an outside party. The Authority has no policy on custodial credit risk.

Credit Risk

The Authority follows Section 11-9-660 of the South Carolina Code of Laws regarding credit risk. The Authority places a portion of its funds on deposit in the state's cash management pool. Although the state's cash management pool itself is unrated, it is invested according to the requirements of state law, which allows only limited investments in instruments subject to credit risk. State law further requires that investments in obligations of corporations and in state or political subdivisions of the United States have an investment grade rating from at least two nationally recognized rating agencies.

Concentration of Credit Risk

The Authority places no limit on the amount it may invest in any one issuer. The Authority's investments are as follows: State Treasurer Investment Pools (77.29%), U.S. Treasuries (8.18%), GNMAs (10.82%), and FNMAs (3.71%).

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

E. Restricted Deposits and Investments

Under provisions of applicable bond indentures, the Authority is required to restrict sufficient assets with an independent trustee (The Bank of New York/Mellon) in the Single Family Finance Program Funds in order to meet reserve requirements for payment of debt service on bonds. The required and actual reserve amounts for each program at June 30, 2026, are as follows:

	Reserve Requirements	Actual Funding	Over
Mortgage Revenue Indenture Bond Reserve Funds	$ 62,009,400	$ 62,602,829	$ 593,429
Total	$ 62,009,400	$ 62,602,829	$ 593,429

NOTE 3 LOANS RECEIVABLE

Loans receivable consist of the following:

Governmental Funds:	
Housing Trust Fund notes maturing on various dates from 2026-2055 plus interest ranging from 0.000%-4.000% per annum, payable in monthly installments of principal and interest, as provided in the notes, reported net of allowance for doubtful accounts of $-0-.	$ 22,231,430
Total Governmental Funds	$ 22,231,430
Proprietary Funds:	
General Operating Fund notes maturing on various dates from 2026-2060 plus interest ranging from 0.000%-6.000% per annum, payable in installments of principal and interest as provided in the notes, reported net of allowance for doubtful accounts of $1,414,813.	$ 85,260,947
Program Fund notes maturing on various dates from 2026- 2041 plus interest ranging from 0.000%-4.000% per annum, payable in monthly installments of principal and interest as provided in the notes, reported net of allowance for doubtful accounts of $3,386,580.	2,144,379
Single Family Finance Programs notes maturing on various dates from 2026-2055 plus interest ranging from 0.000%-9.500% per annum, payable in monthly installments of principal and interest, reported net of allowance for doubtful accounts of $45,661,141.	2,058,994,613
Total Proprietary Funds	$ 2,146,399,939

NOTE 3 LOANS RECEIVABLE (CONTINUED)

The Authority issues various loans that will be forgiven once certain criteria are met. Due to the nature of these loans, they are recorded as grants and expensed in the year issued. If the borrower fails to satisfy the conditions of the underlying agreement, and the loan becomes due, the Authority will recognize a recovery equal to the amount repaid. For the fiscal year ending June 30, 2026, the Authority recovered $7,409,593 of previously expensed loans and issued $18,940,000 in forgivable loans. As of June 30, 2026, the balance of forgivable loans issued is $73,738,972.

NOTE 4 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2026, was as follows:

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Business-Type Activities:					
Capital Assets, Depreciable/Amortizable:					
Right-to-Use Asset - Building	$ 4,243,880	$ -	$ -	$ -	$ 4,243,880
Right-to-Use Asset - Copiers	56,156	-	-	-	56,156
Equipment and Furniture	3,014,494	262,443	(453,234)	-	2,823,703
Right-to-Use Subscription Assets	1,399,889	140,608	-	-	1,540,497
Total Capital Assets, Depreciable/Amortizable	8,714,419	403,051	(453,234)	-	8,664,236
Less: Accumulated Depreciation/Amortization for:					
Right-to-Use Asset - Building	(707,313)	(424,388)	-	-	(1,131,701)
Right-to-Use Asset - Copiers	(25,248)	(11,239)	-	-	(36,487)
Equipment and Furniture	(2,732,624)	(100,963)	453,234	-	(2,380,353)
Right-to-Use Subscription Assets	(150,356)	(364,870)	-	-	(515,226)
Total Accumulated Depreciation/Amortization	(3,615,541)	(901,460)	453,234	-	(4,063,767)
Business-Type Activities Capital Assets, Net	$ 5,098,878	$ (498,409)	$ -	$ -	$ 4,600,469

The lease for office space has been renewed for 10 years from November 1, 2023, to October 31, 2033. The Authority entered into long-term subscription-based IT arrangements (SBITAs) that expires in various dates from 2029 through to 2032. The lease payments are included below.

Future minimum annual lease payments under noncancelable leases with remaining terms in excess of one year are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 371,986	$ 131,528	$ 503,514
2028	389,635	116,138	505,773
2029	421,208	99,778	520,986
2030	454,465	82,108	536,573
2031	489,569	63,058	552,627
2032-2035	1,288,354	64,700	1,353,054
Total Leases with External Entities	$ 3,415,217	$ 557,310	$ 3,972,527

NOTE 4 CAPITAL ASSETS (CONTINUED)

Future minimum annual SBITAs with remaining terms in excess of one year are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 86,809	$ 26,069	$ 112,878
2028	94,749	21,517	116,266
2029	103,203	16,551	119,754
2030	112,204	11,143	123,347
2031	119,156	5,265	124,421
Total SBITAs	$ 516,121	$ 80,545	$ 596,666

NOTE 5 CHANGES IN LONG-TERM LIABILITIES

Long-term liabilities activity for the fiscal year ended June 30, 2026, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Bond Payable:	$ 1,524,415,000	$ 650,000,000	$ (107,435,000)	$ 2,066,980,000	$ 26,430,000
Unamortized Premiums	76,533,740	37,360,825	(4,733,021)	109,161,544	4,733,024
Total Bonds Payable	1,600,948,740	687,360,825	(112,168,021)	2,176,141,544	31,163,024
Net Pension Liability	15,282,740	818,607	(1,804,948)	14,296,399	-
Net OPEB Liability	12,887,769	-	(618,843)	12,268,926	-
*Accrued Compensated Absences	2,612,142	133,797	-	2,745,939	1,207,277
Leases and Subscription Payable	4,353,213	86,609	(508,484)	3,931,338	458,795
Total Other Long-Term Liabilities	35,135,864	1,039,013	(2,932,275)	33,242,602	1,666,072
Total Long-Term Liabilities	$ 1,636,084,604	$ 688,399,838	$ (115,100,296)	$ 2,209,384,146	$ 32,829,096

*Activity is shown net, as allowable under GASB 101.

The following is a summary of lease liability of the Authority for the year ended June 30, 2026:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Total Equipment Lease Liability	$ 3,757,806	$ -	$ (342,589)	$ 3,415,217	$ 371,986

The following is a summary of subscription liability of the Authority for the year ended June 30, 2026:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Total Subscription Liability	$ 595,407	$ 86,609	$ (165,895)	$ 516,121	$ 86,809

NOTE 6 BONDS PAYABLE

At June 30, 2026, bonds payable, including unamortized premiums, consisted of the following:

	Date Issued	Issue Amount	Outstanding Balance
Mortgage Revenue Bonds:			
2016B (1.25% to 4.00%) due 2022-2043	08/02/16	$ 67,000,000	$ 15,365,000
2017B (1.25% to 4.00%) due 2022-2047	09/07/17	55,000,000	15,680,000
2018A (1.90% to 4.50%) due 2022-2049	08/14/18	70,000,000	14,225,000
2019A (1.50% to 4.00%) due 2022-2050	07/02/19	74,000,000	27,150,000
2019B (1.25% to 3.75%) due 2022-2050	11/14/19	111,800,000	61,615,000
2020A (1.20% to 4.00%) due 2022-2050	04/30/20	115,000,000	65,210,000
2020B (0.25% to 3.25%) due 2022-2052	10/08/20	123,280,000	86,770,000
2021A (0.10% to 5.00%) due 2022-2052	09/09/21	166,000,000	124,495,000
2022A (1.15% to 5.00%) due 2022-2052	04/26/22	84,000,000	61,610,000
2022B (2.40% to 5.00%) due 2023-2052	08/23/22	160,000,000	137,050,000
2023A (3.35% to 5.75%) due 2023-2054	06/29/23	106,190,000	94,940,000
2023B (3.45% to 6.00%) due 2023-2054	09/21/23	100,000,000	89,955,000
2024A (3.65% to 6.25%) due 2023-2054	02/14/24	150,000,000	137,815,000
2024B (3.75% to 6.00%) due 2025-2055	08/22/24	150,000,000	141,270,000
2025A (3.875% to 6.50%) due 2026-2056	01/30/25	172,000,000	167,435,000
2025B (4.25% to 6.50%) due 2026-2056	06/12/25	178,000,000	176,395,000
2025C (3.70% to 6.20%) due 2027-2037	10/29/25	195,000,000	195,000,000
2026A (3.25% to 6.00%) due 2027-2038	03/12/26	205,000,000	205,000,000
2026B (3.55% to 6.50%) due 2027-2038	06/30/26	250,000,000	250,000,000
Plus: Unamortized Premium			109,161,544
Total			2,176,141,544
Total Bonds Payable, Including Unamortized Premiums			$ 2,176,141,544

NOTE 6 BONDS PAYABLE (CONTINUED)

Amounts, including interest, required to complete payment of the bond obligations as of June 30, 2026, are as follows:

Year Ending June 30,	Principal	Interest	Total
2027	$ 26,430,000	$ 80,980,256	$ 107,410,256
2028	40,675,000	105,547,081	146,222,081
2029	42,525,000	95,179,549	137,704,549
2030	43,765,000	93,196,724	136,961,724
2031	46,315,000	91,178,254	137,493,254
2032-2036	272,245,000	422,394,448	694,639,448
2037-2041	326,825,000	359,896,670	686,721,670
2042-2046	400,320,000	280,155,658	680,475,658
2047-2051	451,075,000	178,072,945	629,147,945
2052-2056	401,735,000	58,825,653	460,560,653
2057-2060	15,070,000	566,279	15,636,279
Total	$ 2,066,980,000	$ 1,765,993,517	$ 3,832,973,517

The Authority has the option to redeem most of its bonds prior to maturity as specified under each bond issue. These early redemptions are funded by mortgage pre-payments and other income. The mortgage pre-payment rate varies from year to year and determines the amount of funds available to call bonds prior to maturity. Below is a listing of the Mortgage Revenue bonds redeemed prior to their maturity during the fiscal year ended June 30, 2026:

Mortgage Revenue Bonds:	
Series 2015A	$ 2,345,000
Series 2016A	1,380,000
Series 2016B	3,140,000
Series 2017A	665,000
Series 2017B	2,670,000
Series 2018A	3,835,000
Series 2019A	3,705,000
Series 2019B	6,205,000
Series 2020A	7,885,000
Series 2020B	5,820,000
Series 2021A	7,355,000
Series 2022A	4,640,000
Series 2022B	9,065,000
Series 2023A	5,770,000
Series 2023B	4,880,000
Series 2024A	7,595,000
Series 2024B	7,215,000
Series 2025A	3,690,000
Series 2025B	1,605,000
Subtotal	89,465,000
Total	$ 89,465,000

NOTE 6 BONDS PAYABLE (CONTINUED)

During the reporting period, the Authority issued $650,000,000 in Mortgage Revenue Bonds Series 2025C, 2026A, and 2026B, with fixed interest rates ranging from 3.25% to 6.50%. The proceeds of 2025C, 2026A, and 2026B will purchase first-time homeowner mortgages. The Bonds were issued at premiums of $12,107,812, $13,585,976, and $11,667,037, respectively, with underwriters' fees of $1,293,882, $1,364,201, and $1,672,280, respectively.

Bond Series	Issue Date	Issued Amount	From	To	Premium	Underwriters Fees
2025C	10/29/25	$ 195,000,000	3.70%	6.25%	$ 12,107,812	$ 1,293,882
2026A	03/12/26	205,000,000	3.25%	6.00%	13,585,976	1,364,201
2026B	06/30/26	250,000,000	3.55%	6.50%	11,667,037	1,672,280
Total		$ 650,000,000			$ 37,360,825	$ 4,330,363

Bond premium amortized for the fiscal year ended June 30, 2026, and attributable to the Single Family Finance Programs Fund bonds totaled $4,733,021 and was reported as interest expense in the fund.

Amortization of net deferred gains on refundings of debt of $1,377,588 for the fiscal year ended June 30, 2026, was attributable to the Single Family Finance Programs Fund bonds and was included in interest expense in the fund.

All bonds are secured by all mortgage loans, the documents evidencing and securing such mortgage loans, the mortgage purchase agreements and servicing agreements, and any other assets acquired with the bond proceeds. Terms of the Authority's bond resolutions include certain events of default, which upon occurrence, could result in the bonds becoming immediately due and payable. Such events include (but are not limited to) failure to pay any principal or interest installment, or failure to perform or observe any other covenant, agreement, or condition contained in the bond resolutions.

NOTE 7 TRANSACTIONS WITH STATE AGENCIES

These financial statements include the following related party transactions between the Authority and the state of South Carolina and various state agencies:

- The South Carolina Department of Revenue collects documentary stamp taxes and remits $0.20 of every $1.30 collected to the State Treasurer's Office, the Trustee. The Authority administers the Housing Trust Fund for the State Treasurer's Office.
- The employee insurance plans and retirement plan are administered by PEBA. PEBA was created July 1, 2012, by the South Carolina General Assembly as a state agency responsible for the administration and management of the state's employee insurance programs and retirement systems.

NOTE 7 TRANSACTIONS WITH STATE AGENCIES (CONTINUED)

- Services received at no cost from state agencies include maintenance of certain accounting records and payroll and disbursement processing from the Comptroller General; check preparation, banking and investment functions from the State Treasurer; and legal services from the Attorney General.
- The Authority receives services from both the Department of Administration and the State Fiscal Accountability Authority (SFAA) to include grant services, personnel management, review, and approval of certain budget amendments, procurement services, and other centralized functions. The Authority accrued $186,522 for the Statewide Cost Allocation Plan during the fiscal year ended June 30, 2026.
- Financial transactions include payments to the Department of Administration and the SFAA for vehicle rental, insurance coverage, office supplies, printing, and telephone. Payments were also made for the workers' compensation insurance coverage and unemployment compensation. The amounts for such items applicable to fiscal year 2026 expenditures were not readily available.

NOTE 8 FUND TRANSFERS AND INTERFUND BALANCES

Fund transfers to and from other funds, which are legally allowable and in accordance with the terms of the respective bond indentures, as applicable, during the fiscal year ended June 30, 2026, are as follows:

- $9,114,683 from the Single Family Fund to the General Operating Fund to transfer servicing release fees to be amortized.

NOTE 9 RISK MANAGEMENT

The Authority is exposed to various risks of loss and maintains state or commercial insurance coverage for such risks except business interruption insurance. The Authority has arranged for backup facilities for its information technology needs. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Settled claims have not exceeded this coverage in any of the past three years. The Authority pays insurance premiums to certain other State agencies and commercial insurers to cover risks that may occur in normal operations. The insurers promise to pay to or on behalf of the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits except for deductibles.

NOTE 9 RISK MANAGEMENT (CONTINUED)

Several state funds accumulate assets and the state assumes substantially all risks for the following:

1. Claims of state employees for unemployment compensation benefits (South Carolina Department of Employment and Workforce).
2. Claims of covered employees for workers' compensation benefits for job-related illnesses or injuries (State Accident Fund).
3. Claims of covered public employees for health and dental insurance benefits (Public Employee Benefit Authority Insurance Benefits).
4. Claims of covered public employees for long-term disability and group-life insurance benefits (Public Employee Benefit Authority Insurance Benefits).

Employees elect health coverage through the state's self-insured plan. All other coverage listed above is through the applicable state self-insured plan except that dependent and optional life premiums are remitted to commercial carriers.

The Authority 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. Theft of, damage to, or destruction of assets
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 property and equipment. IRF rates are determined actuarially.

The Authority obtains coverage through a commercial insurer for employee fidelity bond insurance for potential losses arising from theft or misappropriation by employees.

The Authority obtains coverage through a commercial insurer for cyber insurance for potential losses arising from a breach of the Authority's electronic data.

The Authority records expenses for insurance premiums in the general and administrative expense category of the General Operating Fund.

NOTE 10 CONDUIT DEBT

The Authority has issued bonds to provide financing for multifamily housing. These bonds are special limited obligations of the Authority, payable solely from and secured by mortgages to be received from mortgage loans with various mortgagees. The bonds do not constitute a debt or pledge of the faith and credit of the Authority or the state of South Carolina, and accordingly, have not been reported in the accompanying financial statements.

NOTE 10 CONDUIT DEBT (CONTINUED)

Issue Date	Bond/Note Title	Original Issue Amount	Amount Outstanding
	Fiscal Year 2015 (14/15):		
	Multifamily Rental Housing Revenue Bonds:		
11/14	Ashley Arms Apartments	$ 6,600,000	$ 6,005,000
11/14	Palmilla Apartments	14,385,000	10,595,000
05/15	Village at River's Edge	11,000,000	9,383,233
	Fiscal Year 2016 (15/16):		
	Multifamily Rental Housing Revenue Bonds:		
12/15	Columbia Gardens	15,000,000	11,804,000
12/15	Willow Run	15,000,000	11,640,000
	Fiscal Year 2017 (16/17):		
	Multifamily Rental Housing Revenue Bonds:		
07/16	Waters at St James	$ 31,597,000	$ 27,907,108
08/16	The Colony	7,900,000	7,024,454
	Fiscal Year 2019 (18/19):		
	Multifamily Rental Housing Revenue Bonds:		
03/19	Killian Terrace	23,398,000	21,058,000
06/19	Belle Meade	10,950,000	8,875,000
	Fiscal Year 2020 (19/20):		
	Multifamily Rental Housing Revenue Bonds:		
05/20	Northside Apartments	8,600,000	4,778,505
	Fiscal Year 2021 (20/21):		
	Multifamily Rental Housing Revenue Bonds:		
11/20	Robert Smalls Apartments	28,000,000	21,684,577
12/20	Assembly II SC, LLC	13,500,000	11,946,016
12/20	Broad River Village	21,850,000	16,820,000
12/20	Clinton Manor	4,200,000	3,789,463
12/20	Friendship Court	6,800,000	5,674,964
12/20	Newberry Arms	4,000,000	3,609,013
12/20	Bridgeview	65,900,000	62,646,118
12/20	Palmetto Towers	8,133,000	7,443,228
12/20	John G. Felder	2,118,000	1,938,369
12/20	Redemption Towers	12,150,000	11,119,540

NOTE 10 CONDUIT DEBT (CONTINUED)

Issue Date	Bond/Note Title	Original Issue Amount	Amount Outstanding
	Fiscal Year 2022 (21/22):		
	Multifamily Rental Housing Revenue Bonds:		
08/21	James Lewis Jr. Eastside	$ 13,969,000	$ 4,800,000
08/21	The Sullivan	22,000,000	13,805,000
12/21	Villages at Congaree Pointe	27,865,000	17,716,681
12/21	Garden Oaks Apartments	33,000,000	25,740,000
	Fiscal Year 2023 (22/23):		
	Multifamily Rental Housing Revenue Bonds:		
10/22	Shannon Park Apartments	16,700,000	16,319,442
04/23	Dillon Graded Schools	10,635,000	-
05/23	Dunbar Place Apartments	17,750,000	9,748,279
05/23	Dunean Creek	16,000,000	8,900,575
	Fiscal Year 2024 (23/24):		
	Multifamily Rental Housing Revenue Bonds:		
12/23	Magnolia Branch Apartments	28,928,000	28,928,000
12/23	Edgewood Place Apartments	30,839,000	30,839,000
	Fiscal Year 2025 (24/25):		
	Multifamily Rental Housing Revenue Bonds:		
9/24	573 Meeting Street	17,000,000	17,000,000
12/24	Avery Landing	24,910,341	16,377,798
3/25	Talford Greene	7,947,217	7,947,217
3/25	Settlement Manor	16,999,639	16,999,639
3/25	Poplar Square	9,797,082	9,455,000
	Fiscal Year 2026 (25/26):		
	Multifamily Rental Housing Revenue Bonds:		
10/25	Pinehaven Villas	14,500,000	14,500,000
11/25	Seneca Mill Lofts	30,000,000	30,000,000
12/25	Willowbrook	17,000,000	17,000,000
12/25	Oak Grove	17,000,000	17,000,000
12/25	A.C.T.S	7,700,000	7,700,000
12/25	Livewell	20,220,000	20,220,000
12/25	Oakfield	29,691,000	29,691,000
12/25	North Pointe	28,500,000	28,500,000
12/25	Edgewood School	13,200,000	13,200,000
12/25	Lowline	15,500,000	15,500,000
3/26	Long Branch Apartments	24,238,000	24,238,000
4/26	Pickens Gardens	8,697,000	8,697,000
5/26	Riverside Apartments	8,968,059	8,968,059
6/26	Fairview Gardens	25,700,000	25,700,000
	Total	$ 866,335,338	$ 751,232,278

NOTE 11 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 retirement systems and benefit programs of the state of South Carolina, including the State Optional Retirement Program and the S.C. Deferred Compensation Program, as well as the state's employee insurance programs. As such, PEBA is responsible for administering the South Carolina Retirement Systems' five defined benefit pension plans. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as custodian, co-trustee and co-fiduciary of the Systems and the assets of the retirement trust funds. The Retirement System Investment Commission (Commission as the governing body, RSIC as the agency), created by the General Assembly in 2005, has exclusive authority to invest and manage the retirement trust funds' assets.

The Commission, an eight-member board, serves as co-trustee and co-fiduciary for the assets of the retirement trust funds. By law, the State Fiscal Accountability Authority (SFAA), which consists of five elected officials, also reviews certain PEBA Board decisions regarding the actuary of the Systems.

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

PEBA issues an Annual Comprehensive Financial Report (ACFR) containing financial statements and required supplementary information for the Systems' Pension Trust Funds. The ACFR is publicly available through the Retirement Benefits' link on 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 considered a division of the primary government of the state of South Carolina and, therefore, retirement trust fund financial information is also included in the Annual Comprehensive Financial Report of the State of South Carolina.

A. Plan Descriptions

The South Carolina Retirement System (SCRS), a cost-sharing, multiemployer defined benefit pension plan, was established effective July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for employees of the state of South Carolina, its public school districts, and political subdivisions.

The State Optional Retirement Program (State ORP) is a defined contribution plan that is offered as an alternative to certain newly hired state, public school, and higher education employees. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers.

NOTE 11 PENSION PLAN (CONTINUED)

B. 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, 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 and individuals newly elected to the South Carolina General Assembly beginning with the November 2012 general election have the option to participate in the State ORP, which is a defined contribution plan. State ORP participants direct the investment of their funds into a plan administered by one of four investment providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the investment providers. For this reason, State ORP programs are not part of the retirement systems' trust funds for financial statement purposes. Employee and Employer contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employers to the member's account with investment providers for the employee contribution and a portion of the employer contribution (5%). 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.

C. 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. 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.

NOTE 11 PENSION PLAN (CONTINUED)

C. Benefits (Continued)

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 1% or $500 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.

D. Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9% for SCRS and 9.75% for PORS. The legislation also increased employer contribution rates beginning July 1, 2017, for both SCRS and PORS until reaching 18.56% for SCRS and 21.24 percent for PORS. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

Pension reform legislation modified statute such that the employer contribution rates for SCRS and PORS to be further increased, not to exceed one-half of one percent in any one year, if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of SCRS and PORS to the maximum amortization period of 20 years from 30 years over a 10-year schedule, as determined by the annual actuarial valuations of the plan. Finally, under the revised statute, the contribution rates for SCRS and PORS may not be decreased until the plans are at least 85% funded.

NOTE 11 PENSION PLAN (CONTINUED)

D. Contributions (Continued)

The Retirement System Funding and Administration Act establishes a ceiling on employee contribution rates at 9% and 9.75% for SCRS and PORS respectively. The employer contribution rates will continue to increase annually by 1% through July 1, 2023. The legislation's ultimate scheduled employer rate is 18.56% for SCRS and 21.24% for PORS. The amortization period is scheduled to be reduced one year for each of the next 10 years to a 20-year amortization period.

	Fiscal Year	
	2026	2025
SCRS:		
Employee Class Two	9.00 %	9.00 %
Employee Class Three	9.00	9.00
State ORP:		
Employee	9.00	9.00

Required employer contribution rates[1] are as follows:

	Fiscal Year	
	2026	2025
SCRS:		
Employer Class Two	18.56 %	18.56 %
Employer Class Three	18.56	18.56
State ORP:		
Employer Contributions[2]	18.56	18.56

[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 vendor to be allocated to the member's account with the remainder of the employer contribution remitted to the SCRS.

The Authority has contributed $1,988,059 to the retirement and incidental death benefit programs, during the year ended June 30, 2026.

NOTE 11 PENSION PLAN (CONTINUED)

E. 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 total pension liability as of June 30, 2025.

	SCRS
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return[1]	7.00%
Projected Salary Increases[1]	3.0% to 11.25% (Varies by Service)
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.

NOTE 11 PENSION PLAN (CONTINUED)

E. Actuarial Assumptions and Methods (Continued)

Assumptions used in the determination of the June 30, 2025, total pension liability are as follows.

Former Job Class	Males	Females
Educators	2020 PRSC Multiplied by 95%	2020 PRSC Multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Multiplied by 97%	2020 PRSC Multiplied by 107%
Public Safety and Firefighters	2020 PRSC Multiplied by 127%	2020 PRSC Multiplied by 107%

F. Net Pension Liability

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67 less that System's fiduciary net position. The net pension liability amounts for SCRS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
SCRS	$ 63,956,318,760	$ 42,347,352,061	$ 21,608,966,699	66.2%

The total pension liability is calculated by the Systems' actuary, and each plan's fiduciary net position is reported in the Systems' financial statements. The net pension liability is disclosed in accordance with the requirements of GASB Statement No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Statement Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

The Authority's proportionate share of the net pension liability was calculated on the basis of historical employer contributions. Although GASB Statement No. 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, 2026, the Authority's percentage of the SCRS net pension liability was 0.066160%, an increase of 0.000989% from the prior year's percentage of 0.065171%. The Authority'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 Authority's recognizing a change in its proportionate share of the SCRS net pension liability at related deferred outflows and inflows of resources.

NOTE 11 PENSION PLAN (CONTINUED)

F. Net Pension Liability (Continued)

The change in percentage resulted in the Authority's recognizing a change in its proportionate share of the SCRS net pension liability at related deferred outflows and inflows of resources.

G. Discount Rate

The discount rate used to measure the total pension liability was 7.00%. 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 total pension liability.

H. 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 rate of returns represents assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

NOTE 11 PENSION PLAN (CONTINUED)

H. Long-Term Expected Rate of Return (Continued)

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 below. For actuarial purposes, the 7.00% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.25% inflation component.

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	46.00 %	5.87 %	2.70 %
Bonds	26.00	3.20	0.83
Private Equity	9.00	8.50	0.77
Private Debt	7.00	7.40	0.52
Real Assets:			
Real Estate	9.00	5.00	0.45
Infrastructure	3.00	7.70	0.23
Total Expected Real Return	100.00 %		5.50
Inflation for Actuarial Purposes			2.25
Total Expected Nominal Return			7.75 %

I. Sensitivity Analysis

The following table presents the collective net pension liability of the participating employers calculated using the discount rate of 7.00%, as well as what the employers' net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate.

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
SCRS	$ 29,201,117,153	$ 21,608,966,699	$ 15,291,154,547
Authority's Proportionate Share	19,319,332	14,296,399	10,116,562

NOTE 11 PENSION PLAN (CONTINUED)

J. Additional Financial and Actuarial Information

Information contained in these Notes to the Schedules of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer (Schedules) was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2025, and the accounting valuation report as of June 30, 2025. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

K. Deferred Outflows (Inflows) of Resources

For the year ended June 30, 2026, the Authority recognized pension expense of $1,026,445. At June 30, 2026, the Authority reported deferred outflows (inflows) of resources related to pensions from the following sources and will be amortized to pension expense as noted in the following table:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions Subsequent to the Measurement Date	$ 1,988,059	$ -
Differences in Actual and Expected Plan Experience	670,755	-
Change in Proportionate Share and Differences Between the Authority's Contributions and Proportionate Share of Contributions	210,786	61,391
Change in Assumptions	168,964	-
Net Differences Between Projected and Actual Earnings on Plan Investments	-	917,882
Total	$ 3,038,564	$ 979,273

The average expected remaining service life used to recognize deferred pension amounts associated with the June 30, 2025 measurement was 3.431 years.

Measurement Period Ending June 30,	Fiscal Year Ending June 30,	SCRS
2026	2027	$ 579,131
2027	2028	(24,987)
2028	2029	(271,303)
2029	2030	(211,609)
	Total	$ 71,232

The Authority reported $1,988,059 as deferred outflows of resources related to contributions subsequent to the measurement date. This amount will be recognized as a reduction of the net pension liability in the year ended June 30, 2027.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. General Information

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 four 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).

B. Plan Descriptions

The 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 on 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 PEBA-Insurance Benefits and the state Treasurer is the custodian of the funds held in trust. The PEBA Board of Directors has been designated as the Trustee.

The OPEB Trusts are cost-sharing, multiemployer defined benefit OPEB plans. Article 5 of the South Carolina 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 postemployment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

C. 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.

The SCLTDITF is a long-term disability plan that covers employees of the state of South Carolina, including all agencies, public school districts, and all participating local governmental entities. The SCLTDITF provides disability payments to eligible employees that have been approved for disability.

Management of the Authority evaluated the net OPEB liability, OPEB expense, and related deferred outflows and inflows of resources associated with the SCLTDITF, and has concluded that these financial statement items are immaterial to the Authority's financial statements as of and for the fiscal year ended June 30, 2026. Accordingly, no adjustments were made to the Authority's financial statements pursuant to the provisions of GASB Statement No. 75 for the SCLTDITF.

D. Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these postemployment and long-term disability benefits to be funded through nonemployer and employer contributions for active employees and retirees to 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%. 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 include the implicit subsidy, or age-related subsidy inherent in the healthcare premium's structure. The implicit subsidy represents a portion of the healthcare expenditures paid on behalf of the employer's active employees. For purposes of GASB 75, the expenditure on behalf of the active employee is reclassified as a retiree healthcare expenditure so that the employer's contributions towards the plan reflect the underlying age- adjusted, retiree benefit costs. Nonemployer 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.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

D. Contributions and Funding Policies (Continued)

The allocation percentage of the PEBA 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. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2025 totaled $783,035,001. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of $277,923.

In accordance with part (b) of paragraph 69 of GASB Statement No. 75, participating employers should recognize revenue in an amount equal to the employer's proportionate share of the change in the collective net OPEB liability arising from contributions to the OPEB plan during the measurement period from nonemployer contribution entities for the purposes other than the separate financing of specific liabilities to the OPEB plan. Therefore, employers should classify this revenue the same manner as it classifies grants from other entities.

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.

Authority's contributions to the SCRHITF plan were $550,458 for the fiscal year ended June 30, 2026.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

E. Net OPEB Liability and OPEB Expense

At June 30, 2026, the Authority reported a liability of $12,268,926 for its proportionate shares of the SCRHITF's net OPEB liability, measured at June 30, 2025. The SCRHITF's net OPEB liability represents its total OPEB liability determined in accordance with GASB Statement No. 74, less its fiduciary net position. The net OPEB liability was determined based upon actuarial valuations performed on June 30, 2024 which were then rolled forward to the June 30, 2025 measurement date. This method is expected to be reflective of the Authority's long-term contribution effort, as well as be transparent to individual employers and their external auditors. At June 30, 2025, the Authority's proportionate share of the SCRHITF plan's net OPEB liability was 0.081153%, which represents an increase of 0.001213% from its proportionate share measured as of June 30, 2024.

For the year ended June 30, 2026, the Authority recognized OPEB expense of $623,487.

F. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2026, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 979,831	$ 1,452,030
Change in Assumptions	1,923,079	3,468,660
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	13,359
Changes in Proportion and Differences Between the Authority's Contributions and Proportionate Share of Contributions	451,241	294,519
Authority's Contributions Subsequent to the Measurement Date	550,458	-
Total	$ 3,904,609	$ 5,228,568

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

F. Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Of the total amount reported as deferred outflows of resources related to OPEB, $550,458 resulting from contributions made subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability during the fiscal year ending June 30, 2027.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Authority's OPEB expense as follows:

Year Ending June 30,	SCRHITF
2027	$ (323,665)
2028	(592,666)
2029	(812,807)
2030	(127,515)
2031	80,166
Thereafter	(97,930)
Total	$ (1,874,417)

G. 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 of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial valuations were performed as of June 30, 2024. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2025.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

G. Actuarial Assumptions and Methods (Continued)

Additional information as of the latest actuarial valuations for the SCRHITF Plan is as follows:

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 five-year period ending June 30, 2023
Mortality	For healthy retirees, the gender-distinct Pub-2010 General Headcount-Weighted Healthy Retiree mortality tables are used for SCRS members and the gender distinct Pub-2010 Safety Headcount-Weighted Healthy Retiree mortality tables are used for PORS members. The rates are projected on a fully generational basis using 80% of the ultimate rates of Scale MP-2021 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.
Participation Rates	75% participation 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 Single 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.

The long-term expected rate of returns 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.

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

G. Actuarial Assumptions and Methods (Continued)

This information is summarized in the following table:

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 and Equivalents	20.00	0.35	0.07
Total Expected Real Return	100.00 %		0.83
Expected Inflation			2.25
Total Return			3.08 %
Investment Return			2.75 %

H. 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 1%).

NOTE 12 POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

I. 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 1-percentage-point lower or 1-percentage-point higher. In addition, 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 it were calculated using a trend rate that is 1-percentage-point lower or 1-percentage-point higher.

System	1% Decrease (4.05%)	Current Discount Rate (5.05%)	1% Increase (6.05%)
SCRHITF Net OPEB Liability	$ 17,712,933,145	$ 15,118,265,980	$ 13,073,694,819
Authority's Proportionate Share	14,374,577	12,268,926	10,609,696

System	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
SCRHITF Net OPEB Liability	$ 12,656,735,128	$ 15,118,265,980	$ 18,318,711,440
Authority's Proportionate Share	10,271,320	12,268,926	14,866,184

Detailed information about the SCRHITF's fiduciary net position is available in the separately issued PEBA financial report, which 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.

NOTE 13 DEFERRED COMPENSATION PLANS

The South Carolina Deferred Compensation Program (Deferred Comp) provides participants with a supplemental retirement savings strategy through its 401(k) and 457(b) retirement savings plans. The minimum amount that can be contributed to each plan is $10 per pay period. Participants can change the amount they are deferring to Deferred Comp at any time. The Internal Revenue Service (IRS) sets annual contribution limits for both 401(k) and 457(b) Plans. Traditional contributions to the 401(k) and 457(b) plans are made on a before-tax basis and taxes are paid only when there is a distribution. Roth contributions are made with after-tax dollars, which means taxes have already been paid on the money before it enters any account(s). Deferred Comp offers valuable benefits to its participants. In an effort to maximize this value, the South Carolina Public Employee Benefit Authority (PEBA) has contracted with Empower Retirement to provide recordkeeping, administration, and communication services related to Deferred Comp. With a dedicated local Deferred Comp office in the Columbia area, Empower focuses on providing high-quality retirement plan services to employers and their employees. Empower is a leading services provider of employer-sponsored deferred compensation retirement programs, primarily for government, healthcare, and nonprofit entities. Employees who retire or separate from service have a variety of payment choices and can also choose to leave the account balance in Deferred Comp.

The State of South Carolina has no liability for losses under the Deferred Comp plans and does not allow employer matching.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Financial Award Commitments

As of June 30, 2026, the Authority has financial award commitments outstanding totaling $84,926,174 under the Housing Trust Fund programs.

The Authority receives significant federal grant and entitlement revenues. Compliance audits of federal programs may identify disallowed expenditures. Disallowances by federal program officials as a result of these audits may become liabilities of the Authority. The Authority records a liability for pending disallowances if settlement is probable and the settlement amount is reasonably estimable. Otherwise, the liability is recorded only when the Authority and the federal government agree on reimbursement terms.

Based on an analysis of historical data, the Authority believes that any such disallowances relating to the fiscal year ended June 30, 2026, or earlier years will not have a material impact on the Authority’s financial statements.

NOTE 15 SEGMENT FINANCIAL INFORMATION

Segment financial information, as required by the bond trustees for each indenture of the Authority's Single Family Finance Programs as of and for the fiscal year ended June 30, 2026, is presented on the following pages.

	Single Family	Mortgage Revenue	Revenue Reserve	Total
ASSETS				
Current Assets:				
Restricted Assets:				
Cash and Cash Equivalents	$ 21,115,979	$ 371,994,846	$ 72,855,275	$ 465,966,100
Investments	-	17,092,194	-	17,092,194
Loans Receivable	47,355,332	144,433,246	4,559,672	196,348,250
Accrued Interest Receivable:				
Loans	241,938	9,109,871	20,969	9,372,778
Deposits and Investments	-	778,208	272,314	1,050,522
Due from Other Funds		4,063,271	(157,850)	3,905,421
Other Current Assets	-	43,721	-	43,721
Total Current Assets	68,713,249	547,515,357	77,550,380	693,778,986
Noncurrent Assets:				
Restricted Assets:				
Investments	-	30,360,790	-	30,360,790
Loans Receivable, Net of Current Portion	-	1,908,307,504	-	1,908,307,504
Allowance for Doubtful Loans	-	(45,546,141)	(115,000)	(45,661,141)
Total Noncurrent Assets	-	1,893,122,153	(115,000)	1,893,007,153
Total Assets	$ 68,713,249	$ 2,440,637,510	$ 77,435,380	$ 2,586,786,139

	Single Family	Mortgage Revenue	Revenue Reserve	Total
LIABILITIES				
Current Liabilities:				
Liabilities Payable from Restricted Assets:				
Bonds Payable, Net of Unamortized Premiums	$ -	$ 31,163,024	$ -	$ 31,163,024
Accrued Interest Payable on Bonds	-	40,338,333	-	40,338,333
Other Liabilities	2,620	574,685	1,945	579,250
Total Current Liabilities	2,620	72,076,042	1,945	72,080,607
Noncurrent Liabilities:				
Bonds Payable, Net of Current Portion and Unamortized Premiums	-	2,144,978,520	-	2,144,978,520
Total Noncurrent Liabilities	-	2,144,978,520	-	2,144,978,520
Total Liabilities	2,620	2,217,054,562	1,945	2,217,059,127
DEFERRED INFLOWS OF RESOURCES				
Deferred Gain on Refunding	-	663,208	-	663,208
Total Deferred Inflows of Resources	-	663,208	-	663,208
NET POSITION				
Restricted for:				
Debt Service	-	107,410,256	-	107,410,256
Bond Reserves	-	62,009,400	-	62,009,400
Housing Projects and Development	68,710,629	53,500,084	77,433,435	199,644,148
Total Net Position	$ 68,710,629	$ 222,919,740	$ 77,433,435	$ 369,063,804

NOTE 15 SEGMENT FINANCIAL INFORMATION (CONTINUED)

	Single Family	Mortgage Revenue	Revenue Reserve	Total
OPERATING REVENUES				
Interest and Other Charges on Loans	$ 2,481,050	$ 89,893,371	$ 191,491	$ 92,565,912
Recovery on Bad Debt	-	5,227,881	-	5,227,881
Administrative Fees and Other	-	5,753,085	279,048	6,032,133
Total Operating Revenues	2,481,050	100,874,337	470,539	103,825,926
OPERATING EXPENSES				
Program Services	360,616	11,013,361	165,140	11,539,117
Total Operating Expenses	360,616	11,013,361	165,140	11,539,117
OPERATING INCOME (LOSS)	2,120,434	89,860,976	305,399	92,286,809
NONCAPITAL SUBSIDIES				
Transfers Out, Net	(17,000,000)	(4,400,665)	12,285,982	(9,114,683)
Total Transfers	(17,000,000)	(4,400,665)	12,285,982	(9,114,683)
OPERATING INCOME (LOSS) AND NONCAPITAL SUBSIDIES	(14,879,566)	85,460,311	12,591,381	83,172,126
OTHER NONOPERATING REVENUES (EXPENSES)				
Income on Deposits and Investments	304,847	9,571,757	3,632,658	13,509,262
Net Increase (Decrease) in the Fair Value of Investments	(40,481)	(1,058,710)	661,850	(437,341)
Bond Interest	206,837	(69,514,158)	-	(69,307,321)
Bond Issuance Expense	-	(5,315,025)	-	(5,315,025)
Total Other Nonoperating Revenues (Expenses)	471,203	(66,316,136)	4,294,508	(61,550,425)
INCREASE (DECREASE) IN FUND NET POSITION	(14,408,363)	19,144,175	16,885,889	21,621,701
Net Position - Beginning of Year	83,118,992	203,775,565	60,547,546	347,442,103
NET POSITION - END OF YEAR	$ 68,710,629	$ 222,919,740	$ 77,433,435	$ 369,063,804

NOTE 15 SEGMENT FINANCIAL INFORMATION (CONTINUED)

	Single Family	Mortgage Revenue	Revenue Reserve	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipt of Loan Principal Payments	$ 6,337,681	$ 74,332,611	$ 18,380,169	$ 99,050,461
Purchases of New Loans	-	(617,606,100)		(617,606,100)
Administrative Fees and Other	2,889,559	90,371,939	4,627,099	97,888,597
Payments to Vendors	(624,981)	(6,454,489)	(4,459,647)	(11,539,117)
Net Cash Provided (Used) by Operating Activities	8,602,259	(459,356,039)	18,547,621	(432,206,159)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to Other Programs	(17,000,000)	(4,400,665)	12,285,982	(9,114,683)
Internal Cash Transfers Between Funds	28,228,872	(42,175,869)	13,946,997	-
Proceeds from the Sale of Bonds	-	650,000,000	-	650,000,000
Premium Received from the Sale of Bonds	-	37,360,825	-	37,360,825
Principal Payments on Bonds Payable	(5,375,000)	(102,060,000)	-	(107,435,000)
Interest Payments on Bonds Payable	-	(69,210,537)	-	(69,210,537)
Net Cash Provided (Used) by Noncapital Financing Activities	5,853,872	469,513,754	26,232,979	501,600,605
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of Investments	-	218,082,638	-	218,082,638
Purchase of Investments	-	(32,109,297)	-	(32,109,297)
Income (Loss) on Deposits and Investments	264,372	8,513,041	4,294,508	13,071,921
Net Cash Provided (Used) by Investing Activities	264,372	194,486,382	4,294,508	199,045,262
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	14,720,503	204,644,097	49,075,108	268,439,708
Cash and Cash Equivalents - Beginning of Year	6,395,476	167,350,749	23,780,167	197,526,392
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 21,115,979	$ 371,994,846	$ 72,855,275	$ 465,966,100

NOTE 15 SEGMENT FINANCIAL INFORMATION (CONTINUED)

	Single Family	Mortgage Revenue	Revenue Reserve	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Income	$ 2,120,434	$ 89,860,976	$ 305,399	$ 92,286,809
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Changes in Operating Assets and Liabilities:				
Loans Receivable	6,337,681	(543,273,490)	18,380,170	(518,555,639)
Accrued Interest Receivable - Loans	144,144	(2,244,508)	(137,948)	(2,238,312)
Due from Other Funds		(3,905,421)	-	(3,905,421)
Prepaids	-	206,404	-	206,404
Total Adjustments	6,481,825	(549,217,015)	18,242,222	(524,492,968)
Net Cash Provided (Used) by Operating Activities	$ 8,602,259	$ (459,356,039)	$ 18,547,621	$ (432,206,159)

REQUIRED SUPPLEMENTARY INFORMATION

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS

	SCRS									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net Pension Liability	0.066160 %	0.065171 %	0.065705 %	0.064645 %	0.062646 %	0.062704 %	0.063826 %	0.068320 %	0.070898 %	0.067562 %
Authority's Proportionate Share of the Net Pension Liability	$ 14,296,399	$ 15,282,740	$ 15,885,696	$ 15,671,451	$ 13,557,459	$ 16,021,889	$ 14,574,077	$ 15,308,300	$ 15,960,280	$ 14,431,143
Authority's Covered Payroll During the Measurement Period	$ 8,690,487	$ 8,015,738	$ 7,524,695	$ 6,965,567	$ 6,368,841	$ 6,307,929	$ 5,999,910	$ 5,863,935	$ 5,718,578	$ 5,169,442
Authority's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll During the Measurement Period	164.51 %	190.66 %	211.11 %	224.98 %	212.87 %	254.00 %	242.90 %	261.06 %	279.10 %	279.16 %
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: The amounts presented above were determined as of June 30, of the preceding year.

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
SCHEDULE OF THE EMPLOYER'S PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS

	SCRS									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 1,988,059	$ 1,857,441	$ 1,701,946	$ 1,526,009	$ 1,403,593	$ 1,109,122	$ 1,182,801	$ 972,451	$ 907,016	$ 791,248
Contributions in Relation to the Contractually Required Contribution	1,988,059	1,857,441	1,701,946	1,526,009	1,403,593	1,109,122	1,182,801	972,451	907,016	791,248
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 9,579,077	$ 8,690,487	$ 8,015,738	$ 7,524,695	$ 6,965,567	$ 6,368,841	$ 6,307,929	$ 5,999,910	$ 5,863,935	$ 5,718,578
Contributions as a Percentage of Covered Payroll	20.75 %	21.37 %	21.23 %	20.28 %	20.15 %	17.41 %	18.75 %	16.21 %	15.47 %	13.84 %

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
SCHEDULE OF THE EMPLOYER'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
LAST TEN FISCAL YEARS

	SCRHITF									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Authority's Proportion of the Net OPEB Liability	0.08115 %	0.07994 %	0.08200 %	0.08120 %	0.07869 %	0.07844 %	0.07953 %	0.08512 %	0.08762 %	0.08762 %
Authority's Proportionate Share of the Net OPEB Liability	$ 12,268,926	$ 12,887,769	$ 10,734,888	$ 12,351,711	$ 16,384,720	$ 14,159,555	$ 12,026,302	$ 12,061,720	$ 11,867,444	$ 12,676,836
Authority's Covered Payroll During the Measurement Period	$ 10,720,645	$ 8,567,630	$ 7,524,695	$ 6,965,567	$ 6,368,841	$ 6,307,929	$ 5,999,910	$ 5,863,935	$ 5,718,578	$ 5,169,442
Authority's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll During the Measurement Period	114.44 %	150.42 %	142.66 %	177.33 %	257.26 %	224.47 %	200.44 %	205.69 %	207.52 %	245.23 %
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 %	6.60 %

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

SOUTH CAROLINA STATE HOUSING FINANCE AND DEVELOPMENT AUTHORITY
SCHEDULE OF THE EMPLOYER'S OPEB CONTRIBUTIONS
LAST TEN FISCAL YEARS

	SCRHITF									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 550,458	$ 635,493	$ 573,123	$ 535,520	$ 529,738	$ 437,617	$ 475,097	$ 404,112	$ 342,999	$ 360,607
Contributions in Relation to the Contractually Required Contribution	550,458	635,493	573,123	535,520	529,738	437,617	475,097	404,112	342,999	360,607
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Authority's Covered Payroll	$ 9,579,077	$ 8,690,487	$ 8,567,630	$ 7,524,695	$ 6,965,567	$ 6,368,841	$ 6,307,929	$ 5,999,910	$ 5,863,935	$ 5,718,578
Contributions as a Percentage of Covered Payroll	5.75 %	7.31 %	6.69 %	7.12 %	7.61 %	6.87 %	7.53 %	6.74 %	5.85 %	6.31 %



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