LANDER UNIVERSITY
A Component Unit of the State of South Carolina

FINANCIAL STATEMENTS
For the year ended June 30, 2018

LANDER UNIVERSITY
GREENWOOD, SOUTH CAROLINA
June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Lander University
Greenwood, South Carolina

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Lander University (the University), a component unit of the State of South Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Lander Foundation, a discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the University's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

<u>Opinions</u>

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University as of June 30, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America.

<u>Other Matters</u>

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the University adopted the provisions of Government Accounting Standards Board Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Our opinions have not been modified with respect to this matter.

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 University's Proportionate Share of the Net Pension Liability, the Schedule of the University's Contributions – Pension Plan, the Schedule of Changes in the University's Net OPEB Liability and Related Ratios, and the Schedule of University Contributions – OPEB Plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the University's basic financial statements. The supplementary schedules are presented for purposes of additional analysis as required by the Office of the South Carolina Comptroller General and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("*Uniform Guidance*"), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2018 on our consideration of the University'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 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 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 University's internal control over financial reporting and compliance.

Clark Eustace Wagner, PA

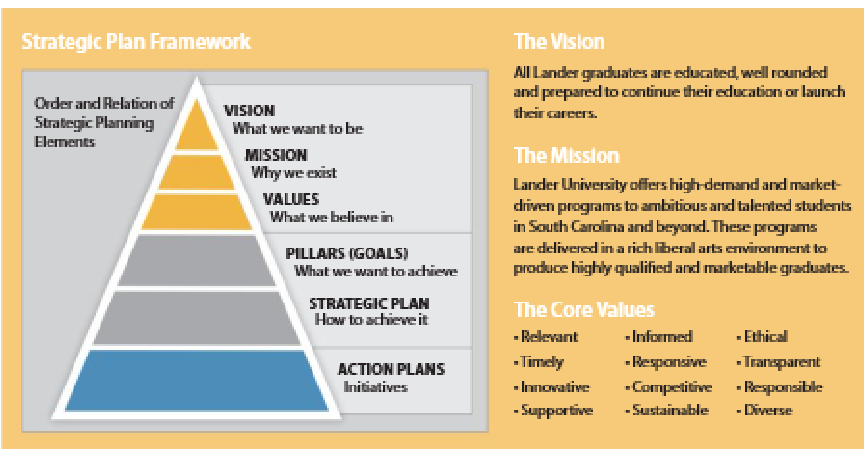
Greenwood, South Carolina
September 26, 2018

Introduction

Lander University was founded in 1872 and on July 1, 1973, became a state-supported higher education institution incorporated by an act of the South Carolina General Assembly and signed into law by then Governor John C. West.

Lander College building, 1904-05

Lander offers high-demand and market-driven programs to ambitions and talented students in, around and out-side of South Carolina. These programs are delivered in a rich liberal arts environment to produce highly qualified and marketable graduates. This is accomplished by creating graduates who are well rounded and prepared to continue their education or launch their careers.



Lander University offers baccalaureate, master's and professional degrees around 14 key signature programs of study; Biology, Criminal Justice and Criminology, Cybersecurity, Exercise Science, Financial Services, Government Administration, Health Care Management, Homeland Security and Emergency Management, Management/Marketing, Mass Communications, Nursing, Pre-Professional Studies, Psychology and Teaching (K-12). A comparison of faculty and student numbers follows:

	Faculty (Headcount)	Student (Headcount)	Student (FTE)
Fiscal Year 2018	144	2,850	2,757
Fiscal Year 2017	137	2,772	2,635
Fiscal Year 2016	140	2,701	2,545

Overview of the Financial Statement and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2018. The financial statement presentation for the University has been prepared to meet the requirements of Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The University also complies with the requirements of GASB Statements 36, 37, 38 and 61 that were issued to amend Statements 34 and 35 in addition to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. In fiscal year 2018, the University adopted GASB Statement No. 75, *Accounting and Financial Reporting for postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

The emphasis of discussions about these statements will be on current year data. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. This discussion and analysis of the Institution's financial statements provides an overview of financial activities for the year. Comparative data is provided for fiscal year 2018 and fiscal year 2017.

Statement of Net Position

The Statement of Net Position is a financial condition snapshot as of June 30, 2018 and includes all assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both current and noncurrent. The differences between current and non-current assets are discussed in the Notes to the Financial Statements. The Statement of Net Position is prepared under the accrual basis of accounting which requires revenue and asset recognition when the service is provided, and expense and liability recognition when goods or services are received despite when cash is actually exchanged.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the Institution and how much the Institution owes its vendors. The difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources (net position) is one indicator of the Institution's overall financial health. Increases or decreases in net position provide an indicator of the improvement or decline of the Institution's financial health when considered in conjunction with other non-financial conditions, such as facilities and enrollment.

In addition, the financial statements, herein, contain a statement of Net Position and statement of activities for The Lander Foundation, a discretely presented component unit. The Foundation's separately issued financial statements are audited by independent auditors retained by the Foundation.

Net Position is divided into three major categories. The first category, net investment in capital assets, provides the Institution's equity in property, plant and equipment owned by the Institution.

The next asset category is expendable restricted Net Position. Expendable restricted Net Position is available for expenditure by the institution but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets.

The final category is unrestricted Net Position. Unrestricted assets are available to the institution for any lawful purpose of the institution. Although unrestricted Net Position is not subject to externally imposed stipulations, substantially all of the University's unrestricted Net Position has been designated for various academic programs and initiatives.

The University's overall unrestricted net position is negative due to the adoption of GASB 68, the recognition of the University's proportionate share of the net pension liabilities for the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) and also the newly implemented GASB 75, the recognition of the University's proportionate share of Other Postemployment Benefits (OPEB) such as retiree healthcare benefits (medical, dental, vision, hearing or other health-related benefits). For additional information, see the accompanying notes to the financial statements.

As of June 30, 2018, University assets were $80,854,418. Total Assets of the University experienced a decrease compared with the previous fiscal year of 4%. Capital Assets, Net of Accumulated Depreciation, decreased by $2,644,500, which was primarily a result of depreciation and amortization expense in the amount of $3,975,504, asset additions of $2,758,166 offset by a reduction of Construction in-progress of $1,409,024, and removing an asset for a loss of $18,138. Deferred Outflow of Resources increased by $1,662,578, due to the actuarial determination for GASB 68 and adoption of GASB 75.

As earlier stated, in fiscal year 2018, GASB 75, accounting and fiscal reporting for postemployment benefits other than pensions, was implemented. As with GASB 68, the Liability expense and contributions subsequent to the measurement date are reported in Deferred Outflow of Resources. The University's outflow was $8,500,268 as of June 30, 2018. This Outflow of Resources will be amortized in subsequent periods.

The University liabilities were $105,534,855 as of June 30, 2018. The total liabilities of the University experienced an increase over the previous fiscal year by 51.4%. This increase is due to the recognition of the non-current portion GASB 75. In addition, the University's proportionate share of the pension liability amount related to its defined benefit plans is provided by the South Carolina Public Employee Benefit Authority's (PEBA's) consulting actuary, and reported in accordance with the requirements of GASB 68. Deferred Inflow of Resources also increased by $3,188,230, due to GASB 68 and GASB 75. This amount is the amount reported by PEBA's consulting actuary as the investment and liability experience not included in the current liability portions of GASB 68 and GASB 75 and is reported as Deferred Inflow of Resources. The Inflow of Resources will be amortized in subsequent periods.

Overall, due to the new GASB statement, the University's Net Position decreased by $36,565,311, of which $35,843,607 was from a restatement.

Statement of Net Position, Condensed

Assets:	**2018**	**2017, as restated**
Current assets	14,786,683	15,387,162
Capital assets, net	64,544,252	67,188,751
Other assets	1,523,483	1,715,245
Total Assets	80,854,418	84,291,158
Deferred Outflow of Resources	8,500,268	6,837,690
Liabilities:		
Current Liabilities	6,111,563	5,317,135
Noncurrent Liabilities	99,423,292	101,288,564
Total Liabilities	105,534,855	106,605,699
Deferred Inflows of Resources	3,442,429	254,199
Net Position:		
Invested in capital assets, net of debt	42,513,254	43,887,407
Restricted-expendable	2,224,188	1,818,174
Unrestricted	(64,360,040)	(61,436,631)
Total Net Position	(19,622,598)	(15,731,050)

Impact of GASB 68 and GASB 75

GASB 68 and the newly implemented GASB 75 standards create an accounting liability rather than a legal liability. Pursuant to accounting standards, the University must report its proportionate share of the state's pension and OPEB liabilities of the defined benefit plans. The University has no legal requirement to fund or pay out that share of the liability. Internally, the University's management must continue to ensure that the University's financial position is sound. In fiscal year 2018, with the GASB 68 and 75 impact, the University unrestricted net position had a slight decreased of $428,000.

Following is the University's net position with the GASB 68 and 75 impact reported discretely.

Net Position	2018	2017, as restated
Invested in capital assets, net of debt	42,513,254	43,887,407
Restricted-expendable	2,224,188	1,818,174
Unrestricted (exclusive GASB 68)	6,323,076	6,751,132
Unrestricted (GASB 75 portion)	(36,565,311)	(35,843,607)
Unrestricted (GASB 68 portion)	(34,117,805)	(32,344,156)
Total Net Assets	(19,622,598)	(15,731,050)

Restatement of Net Position

As a result of the implementation of GASB 75 the University was required to restate its Net Position at the beginning of the fiscal year to properly reflect the net OPEB liability and deferred outflows at June 30, 2017.

Restatement of Net Position

	June 30, 2017
Net Position, June 30, 2017, as previously stated	20,112,557
Effect of Implementing GASB 75 – net OPEB liability	(36,907,817)
Effect of implementing GASB 75 – deferred outflows	1,064,210
Net Position, June 30, 2017, as restated	(15,731,050)

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statement of Net Position are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position. The purpose of the statement is to present the revenues received by the University, both operating and non-operating, and the expenses paid by the University, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the University. Generally, operating revenues are received for providing goods and services to the various customers and constituencies of the University. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the University. Non-operating revenues are revenues received for which goods and services are not provided. State appropriations are non-operating because they are provided by the General Assembly to the University without the General Assembly directly receiving any goods and services for those revenues.

The Statement of Revenues, Expenses and Changes in Net Position clearly reflect the impact of GASB 75. Despite the implementation of this standard, total revenues increased over the prior year. Some highlights of the information presented on this statement are as follows:

Statement of Revenues, Expenses and Changes in Net Position, Condensed

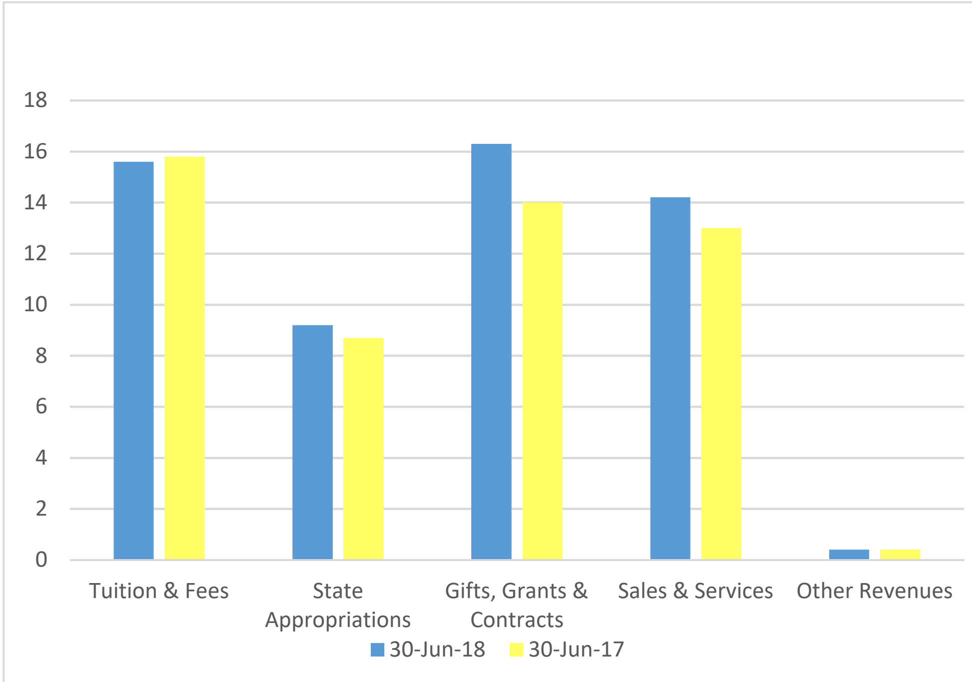
	June 30, 2018	June 30, 2017
Operating Revenues	39,127,340	36,772,563
Operating Expenses	58,813,438	53,186,224
Operating Income/(Loss)	(19,686,098)	(16,413,661)
Non-operating Revenues	16,603,832	15,324,508
Non-operating Expenses	(809,282)	(1,003,820)
Income before Other Revenues, Expenses, Gains, or Losses	(3,891,548)	(2,092,973)
Other Revenues, Expenses, Gains, Losses and Special Items	-	-
Change in Net Position	(3,891,548)	(2,092,973)
Net Position at Beginning of Year	20,112,557	22,205,530
Restatement of Net Position	(35,843,607)	-
Net Position at Beginning of Year, as restated	(15,731,050)	-
Net Position at End of Year	(19,622,598)	20,112,557

Revenue by Source
For the Years Ended June 30, 2018 and June 30, 2017

Operating Revenues	June 30, 2018	June 30, 2017
Tuition and Fees	15,554,684	15,822,858
Grants and Contracts	9,016,254	7,547,154
Sales and Services	14,302,004	12,972,275
Other Operating Revenues	264,398	430,276
Total Operating Revenues	39,127,340	36,772,563
Non-operating Revenues		
State Appropriations	9,240,604	8,667,621
Federal Grants and Contracts	6,422,571	5,708,463
Gifts	925,345	876,645
Investment Income	15,312	71,779
Other Non-operating Revenues	-	-
Total Non-operating Revenues	16,603,832	15,324,508
Total Revenues	55,731,172	52,097,071

Revenue by Source

(In Millions)



Operating revenues increased by $2,354,777 in fiscal year 2018, which included a $1,329,729 net increase in sales and services primarily in services provided by the Auxiliary Units of residential housing and food services. Freshmen are now required to live in on-campus housing their first year and all non-resident commuter students purchase a non-resident commuter meal plan which consists solely of a declining balance dollar value for use at all food venues throughout campus. There was a $1,469,100 increase in operating grants and contracts, which are grants that exchange payment for products or services. This increase was, impart, due to a special allocation directed by the General Assembly to create a PTSD-Equine Therapy program and expansion of the University's existing therapeutic riding program.

Non-operating revenues increased by $1,279,324 for the year due to a $572,983 increase in state appropriations and $714,108 in non-operating Federal grants and contracts offset by realizing lower investment income over the prior year.

Expenditures by Source
For the Years Ended June 30, 2018 and June 30, 2017

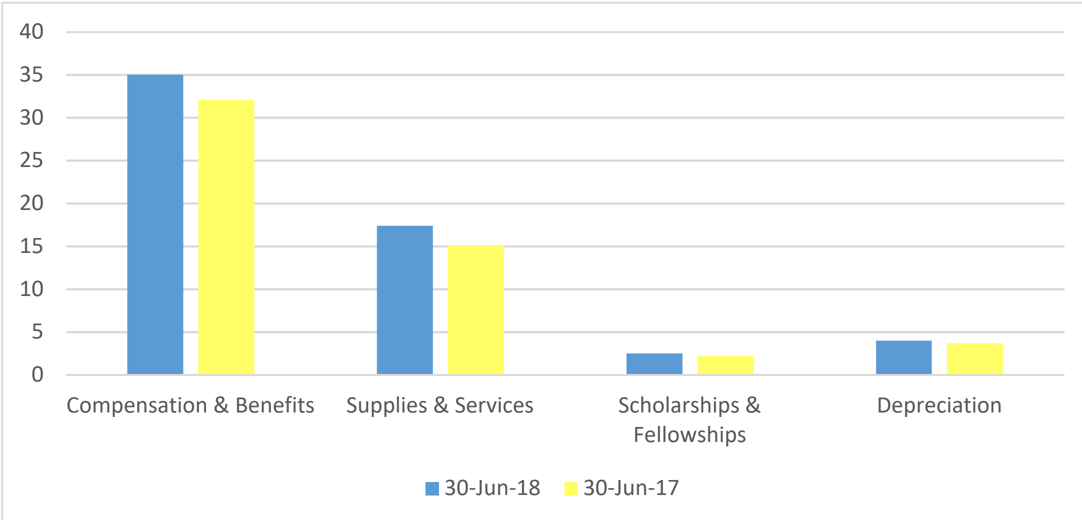
Operating Expenditures	**June 30, 2018**	**June 30, 2017**
Compensation and Benefits	32,240,925	30,940,463
Pension Expense	1,773,648	1,172,115
OPEB Expense	924,793	-
Supplies & Services	17,444,352	15,117,357
Scholarships & Fellowships	2,454,216	2,227,574
Depreciation	3,975,504	3,728,715
Total Operating Expenditures	58,813,438	53,194,224
Non-operating Expenditures		
Interest Expense	791,144	995,760
(Gain)/Loss on Disposal of Assets	18,138	8,060
Total Non-operating Expenditures	809,282	1,003,820
Total Expenditures	59,622,720	54,190,044

Total operating expenses increased by $5,619,214, which included a $1,300,462 increase in employee compensation and benefits reflecting the hiring of new faculty and increased cost of retirement contributions and health insurance. An additional $924,793 was included as the University's current portion of the state's OPEB expense and $601,533 for pension expense.

Supplies and Other Services increased by $2,326,995 during the past year, which was associated with an increase of $893,942 in repairs, maintenance and up fits with an increase of $1,433,053 in contracts for goods and services. Expenses are described above by functional classification. The illustration below is a comparison of the Institution's operating expenses by natural classification for the years ended June 30, 2018 and June 30, 2018.

Operating Expenses by Natural Classification

(In Millions)



Statement of Cash Flows

The final statement presented by the Institution is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the Institution during the year. Cash flow information can be used to evaluate the financial viability of the Institution's ability to meet financial obligations as they mature. The statement is divided into five parts. The first part deals with operating cash flows and shows the net cash used by the operating activities of the Institution. The second section reflects cash flows from non-capital financing activities. This section reflects the cash received and spent for non-operating, non-investing, and non-capital financing purposes. The third section deals with cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reflects the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position.

Cash Flows for the Years Ended June 30, 2018 and 2017, Condensed

Cash Provided (Used) by:	**June 30, 2018**	**June 30, 2017**
Operating Activities	(13,453,878)	(10,915,280)
Non-Capital Financing Activities	16,588,520	15,188,733
Capital and Related Financing Activities	(3,624,148)	(4,215,455)
Investing Activities	25,950	73,765
Net Change in Cash	(463,556)	131,763
Cash and Cash Equivalents, Beginning of Year	12,595,284	12,463,522
Cash and Cash Equivalents, End of Year	12,131,728	12,595,285

Capital Assets

During the early part of fiscal year 2018 the University finalized and completed extensive renovations and replaced stairwells in various buildings of a University residence housing complex and renovated a food service dining facility. The University also retrofitted a previously occupied office venue to create a student lounge which provides space for both study and recreation. The new lounge, designed by gathering student input, hosts a pool table, TV areas, study tables, a kitchenette, laptop and cell phone charging stations and a performance stage.

The University continues in its efforts to update and modernize sidewalks, security cameras and parking areas as the safety and security of students, faculty and staff continue to remain a high priority focus for the University. These initiatives totaled $893,942 with additional investments planned for fiscal year 2019.

The second and third floors of the Carnell Learning Center were refurbished by installing new carpeting throughout and classrooms were updated with modern and the most current, state of the art, technology available. Several classrooms in the Physical Education and Exercise Studies building were also remodeled and upgraded. The University is committed to a refurbishment schedule to include the remaining campus classrooms and common areas before the Fall of 2019. These renovations were made possible by a legislative proviso allowing Lander to repurpose $1,750,000 earmarked for a National Center for Montessori Education.

Additional detail and information regarding capital assets can be found in the notes to the financial statements.

Economic Outlook

The economic position of the University is closely tied to that of the State of South Carolina, Greenwood, and surrounding areas. The South Carolina economy continued to strengthen during 2018.

Beginning in fiscal year 2017, the Board of Trustees for Lander University made a commitment to freeze in state and out-of-state tuition for both graduate and undergraduate populations for up to four years. Further, beginning in fiscal year 2019, the Board of Trustees will freeze residential rates thus making the cost of attending Lander University even more affordable and appealing.

Fall of 2018, full-time graduate and undergraduate freshmen enrollment increased 2.8% over the prior year. This is due to a dedicated focus on extensive recruiting efforts the department of enrollment services. The freshmen class for fiscal year 2109 is expected to be the largest freshmen class in the history of the University. With this positive impact of enrollment growth, the University is seeking additional faculty and staff positions to accommodate the increased demand placed on existing human resources.

Because of the steady growth of students, there has been identified a need for additional facilities space for classrooms, laboratories, and clinical experiences. In fiscal year 2018, the University began by renovating additional meeting and social areas for our students and organizations in the Grier Student Center.

With the intense student recruiting efforts coupled strenuous spending policies, Lander is well positioned to make smart choices and maintain its ability to react to unknown internal and external issues.

The University has dipped into surplus funds, accumulated from previous years, resulting in a planned unrestricted loss to net position. These funds were used to refurbish classrooms, common areas, sidewalks, parking lots, landscaping along with the resident halls and food service renovations in an effort to revitalize the campus and attract new students. The positive trend in enrollment is a signal that these investments are realizing net gains and achieving their intended purpose.

More information

This financial report is designed to provide a general overview of Lander University's finances and demonstrate the institution's accountability for the money it receives. Any questions about this report or requests for information may be addressed to the Controller, Lander University, 320 Stanley Avenue, Greenwood, South Carolina 29649.

LANDER UNIVERSITY
STATEMENT OF NET POSITION
As of June 30, 2018

	Note		
ASSETS			
Current assets			
Cash and cash equivalents	2	$	8,389,533
Cash and cash equivalents, restricted	2		3,477,638
Accounts receivable, net of allowance for doubtful accounts of $131,304	3		1,931,238
Due from component unit			84,461
Interest receivable			151,032
Inventories			509,981
Prepaid items			242,800
Total current assets			14,786,683
Non-Current assets			
Restricted assets			
Cash and cash equivalents	2		264,557
Student loans receivable	3		1,258,926
Capital assets, not being depreciated	4		3,515,822
Capital assets, net of accumulated depreciation	4		61,028,430
Total non-current assets			66,067,735
TOTAL ASSETS			80,854,418
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	6		7,245,047
Deferred outflows - OPEB	7		1,255,221
TOTAL DEFERRED OUTFLOWS OF RESOURCES			8,500,268
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		$	89,354,686

(Continued)

See independent auditor's report and notes to financial statements which are an integral part of this statement.

LANDER UNIVERSITY
STATEMENT OF NET POSITION - CONTINUED
As of June 30, 2018

LIABILITIES

	Note	
Current liabilities		
Accounts payable		$ 1,094,115
Retainage payable		12,939
Accrued payroll and related liabilities		709,800
Accrued compensated absences and related liabilities - current portion	13	604,384
Accrued interest payable		176,376
General obligation bonds payable - current portion	11	1,536,525
Obligations under capital leases payable - current portion	12	165,504
Other deposits		61,920
Unearned revenue - current portion	13	1,750,000
Total current liabilities		6,111,563
Non-current liabilities		
Accrued compensated absences, net of current portion	13	707,529
Unearned revenue, net of current portion	13	1,054,956
General obligation bonds payable, net of current portion	11	19,942,521
Capital lease payable, net of current portion	12	409,974
Net pension liability	6	41,187,323
Net OPEB liability	7	34,553,632
Non-current liabilities payable from restricted non-current assets		
Perkins Loan Program - federal liability		1,567,357
Total non-current liabilities		99,423,292
TOTAL LIABILITIES		105,534,855

DEFERRED INFLOWS OF RESOURCES

	Note	
Deferred inflows - pension	6	175,529
Deferred inflows - OPEB	7	3,266,900
TOTAL DEFERRED INFLOWS OF RESOURCES		3,442,429

NET POSITION

Net investment in capital assets	42,513,254
Restricted for Expendable:	
Grants and contracts	86,409
Loans	109,363
Capital projects	663,815
Debt service	1,364,601
Unrestricted	(64,360,040)
TOTAL NET POSITION	(19,622,598)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 89,354,686

See independent auditor's report and notes to financial statements which are an integral part of this statement.

LANDER UNIVERSITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
For the year ended June 30, 2018

OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of $18,331,107	$	15,554,684
Federal grants and contracts		321,523
State grants and contracts		8,389,436
Non-governmental grants and contracts		305,295
Sales and services of education and other activities		727,032
Sales and services of auxiliary enterprises, pledged for debt service		13,564,972
Other revenues		264,398
Total operating revenues		39,127,340
OPERATING EXPENSES		
Compensation		23,418,463
Employee benefits		11,520,903
Supplies and services		17,444,352
Scholarships and fellowships		2,454,216
Depreciation and amortization		3,975,504
Total operating expenses		58,813,438
Net operating income (loss)		(19,686,098)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations		9,240,604
Federal grants and contracts		6,422,571
Private gifts		925,345
Investment gain (loss)		15,312
Net gain (loss) on disposal of capital assets		(18,138)
Interest and amortization expense on capital assets and related debt		(791,144)
Total non-operating revenues (expenses)		15,794,550
Change in net position		(3,891,548)
NET POSITION - BEGINNING, as restated		(15,731,050)
NET POSITION - ENDING	$	(19,622,598)

See independent auditor's report and notes to financial statements which are an integral part of this statement.

LANDER UNIVERSITY
STATEMENT OF CASH FLOWS
For the year ended June 30, 2018

Cash flows from operating activities		
Student tuition and fees	$	13,119,663
Grants and contracts		8,112,626
Sales and services of educational and other activities		727,032
Sales and services of auxiliary enterprises		13,564,972
Other operating cash receipts		150,229
Payments to suppliers		(16,988,932)
Payments to employees and for benefits		(32,130,443)
Collections on loans to students		(9,025)
Net cash used for operating activities		(13,453,878)
Cash flows from non-capital financing activities		
State appropriations		9,240,604
Federal grants and contracts		6,422,571
Private gifts		925,345
Net cash provided by non-capital financing activities		16,588,520
Cash flows from capital and related financing activities		
Proceeds from capital debt		124,274
Purchases of capital assets		(1,376,376)
Payments on bonds and redemption of premiums		(1,429,360)
Payments on capital lease obligation		(151,542)
Interest paid		(791,144)
Net cash used for capital and related financing activities		(3,624,148)
Cash flows from investing activities		
Interest on investments		25,950
Net cash provided by investing activities		25,950
Net change in cash and cash equivalents		(463,556)
Cash and cash equivalents - beginning		12,595,284
Cash and cash equivalents - ending	$	12,131,728
Reconciliation to Statement of Net Position		
Cash and cash equivalents, current portion	$	8,389,533
Restricted cash and cash equivalents, current portion		3,477,638
Restricted cash and cash equivalents, non-current portion		264,557
Total cash and cash equivalents per Statement of Net Position	$	12,131,728

(Continued)

LANDER UNIVERSITY
STATEMENT OF CASH FLOWS - CONTINUED
For the year ended June 30, 2018

Reconciliation of net operating loss to net cash used for operating activities		
Net operating loss	$	(19,686,098)
Adjustments to reconcile net operating loss to net cash used for operating activities		
Depreciation		3,975,504
Amortization of pension liability		1,773,648
Amortization of OPEB liability		721,704
(Increase)/decrease in accounts receivable		(38,195)
(Increase)/decrease in inventory		266,085
(Increase)/decrease in prepaid items		(152,265)
(Increase)/decrease in student loans receivable		196,011
Increase/(decrease) in accounts payable and other liabilities		571,347
Increase/(decrease) in unearned revenues		(1,169,422)
Increase/(decrease) in deposits		13,003
Increase/(decrease) in Perkins Loan		(9,025)
Increase/(decrease) in compensated absences		83,825
Net cash used for operating activities	$	(13,453,878)
Non-cash transactions		
Amortization of bond premium	$	114,360

See independent auditor's report and notes to financial statements which are an integral part of this statement.

LANDER FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As of June 30, 2018

ASSETS	
Current assets	
Cash and cash equivalents	$ 1,352,316
Accounts receivable	36,810
Prepaid expenses	3,702
Net unconditional promises to give	1,532
Total current assets	1,394,360
Non-Current assets	
Cash and cash equivalents, restricted	202,123
Investments	12,058,359
Investments, restricted	2,013,427
Investments related to split-interest agreements	536,403
Investments in real estate	516,171
Net investment in sales-type and direct financing leases	615,261
Other investments	2,000
Debit issuance costs, net	154,589
Interest rate swap asset	27,930
Cash surrender value of life insurance	12,953
Land, buildings, and equipment, net	18,211,275
Total non-current assets	34,350,491
TOTAL ASSETS	$ 35,744,851
LIABILITIES	
Current liabilities	
Accounts payable	$ 89,096
Funds held for others	5,240
Revenue bonds payable - current portion	600,000
Notes payable - current portion	258,620
Total current liabilities	952,956
Non-current liabilities	
Revenue bonds payable , net of current portion	9,125,000
Notes payable, net of current portion	1,434,328
Actuarial liability of annuities payable	77,122
Total non-current liabilities	10,636,450
TOTAL LIABILITIES	11,589,406
NET ASSETS	
Unrestricted	7,443,392
Temporarily restricted	11,840,219
Permanently restricted	4,871,834
TOTAL NET ASSETS	24,155,445
TOTAL LIABILITIES AND NET ASSETS	$ 35,744,851

See independent auditor's report and notes to financial statements which are an integral part of this statement.

LANDER FOUNDATION
NON-GOVERNMENTAL DISCRETELY PRESENTED COMPONENT UNIT
CONSOLIDATED STATEMENT OF ACTIVITIES
For the year ended June 30, 2018

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUE, SUPPORT, AND RECLASSIFICATIONS				
Contributions	$ 43,795	$ 814,007	$ 257,464	$ 1,115,266
In-kind contributions - related party	614,627			614,627
Rental income - related party	867,772	-	-	867,772
Rental income - other	125,000	-	-	125,000
Investment income - net	22,053	217,199	-	239,252
Investment income from capital leases	76,933	-	-	76,933
Interest income from capital leases	91,815	-	-	91,815
Change in actuarial liability of annuities payable	-	68,652	-	68,652
Realized and unrealized gains (losses) on investments	15,088	808,360	-	823,448
Gain on interest rate swap	188,730	-	-	188,730
Net assets released from restrictions	1,656,574	(1,656,574)	-	-
Total revenue, support, and reclassifications	3,702,387	251,644	257,464	4,211,495
PROGRAM EXPENSES				
Scholarships	607,754	-	-	607,754
Grants and other approved programs	1,695,567	-	-	1,695,567
Total program expenses	2,303,321	-	-	2,303,321
SUPPORTING SERVICES				
Fundraising	80,390	-	-	80,390
Administrative and general	579,826	-	-	579,826
Total supporting services	660,216	-	-	660,216
Total program expenses and supporting services	2,963,537	-	-	2,963,537
Change in net assets	738,850	251,644	257,464	1,247,958
NET ASSETS - BEGINNING	6,704,542	11,588,575	4,614,370	22,907,487
NET ASSETS - ENDING	$ 7,443,392	$ 11,840,219	$ 4,871,834	$ 24,155,445

See independent auditor's report and notes to financial statements which are an integral part of this statement.

1. Summary of Significant Accounting Policies

a. Nature of Business

Lander University (the "University") is a state-supported institution of higher learning. The University is granted an annual appropriation for operating purposes as authorized by the South Carolina General Assembly. The appropriation as enacted becomes the legal operating budget for the University. The Appropriation Act authorizes expenditures from funds appropriated from the General Fund of the State and authorizes expenditures of total operating funds. The laws of the State and the policies and procedures specified by the State for State agencies and institutions are applicable to the activities of the University. The University was established as an institution of higher education by Section 59-119-20 of the Code of Laws of South Carolina.

The University's commitment to extending educational opportunities to an array of varying constituencies reflects its belief that citizens of a free society have a right to the enriching benefits of a higher education. The University is a component unit of the State of South Carolina and its financial statements are included in the Comprehensive Annual Financial Report (CAFR) of the State.

A seventeen-member Board of Trustees governs the University. The Board of Trustees consists of the following:

1) The Governor of the State or his or her designee, who is an ex-officio member,
2) fifteen members that are elected by the South Carolina General Assembly (at least one member must be from each Congressional district), and
3) one member that is appointed by the Governor.

b. Reporting Entity

The accompanying basic financial statements present the statement of net position, statement of revenues, expenses, and changes in net position, and the statement of cash flows of the University. The financial statements also include all funds and accounts of the University and all component units.

As defined by Generally Accepted Accounting Principles (GAAP) established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government and its component unit. Component units are legally separate organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationships with the primary government are such that exclusion would cause the financial statements to be misleading or incomplete. Accordingly, the financial statements include the accounts of the University, as the primary government, and the accounts of its non-governmental discretely presented component unit, the Lander Foundation and Subsidiaries (the "Foundation").

The Foundation is a legally separate, tax-exempt entity which acts primarily as a fund-raising organization to supplement the resources that are available to the University in support of its programs. The Board of Directors of the Foundation is self-perpetuating and consists of graduates and friends of the University. Although the University does not control the timing or amount of receipts from the Foundation, the majority of resources, or incomes thereon, the funds that the Foundation holds and invests are restricted to the activities of the University by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the University, the Foundation is considered a non-governmental component unit of the University and is discretely presented in the University's financial statements.

1. Summary of Significant Accounting Policies, Continued

b. Reporting Entity, Continued

The University's inclusion of the Foundation as a component unit is done for the purpose of communicating information about its component unit as required by GAAP, and the entity's relationship with the University. It is not intended to create the perception that the University and these entities are one legal entity. The University does not have legal or financial responsibility for the Foundation.

A complete copy of the component unit's financial statements can be obtained from:

Lander University
Attn: Foundation Office
320 Stanley Avenue
Greenwood, SC 29649

c. Basis of Accounting

For financial reporting purposes, the University is considered a special-purpose government engaged only in business-type activities. Accordingly, the University's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. Student tuition and auxiliary enterprise fees are presented net of scholarships and fellowships applied to student accounts, while stipends and other payments made directly are presented as scholarship and fellowship expenses. All significant intra-entity transactions have been eliminated.

The Foundation is a private non-profit organization that reports under Financial Accounting Standards Board's Accounting Standards Codification. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the University's financial reporting entity for these differences.

The financial statement presentation for the University meets requirements of GASB Codification Sections 2100- 2900, *Financial Reporting Entity*, and *C05, Colleges and Universities*. The financial statement presentation provides a comprehensive, entity—wide perspective of the University's assets, deferred outflows, liabilities, deferred inflows, net position, revenues, expenses and changes in net position and cash flows.

In accordance with Section 75.2 of the South Carolina General Appropriations Bill, the Comptroller General's Office (CGO) determines and issues policies that apply to entities within the State's primary government submitting financial statements for incorporation into the statewide Comprehensive Annual Financial Report (CAFR). These policies also apply to component units that meet the GASB 14 (as amended by GASB 39 and GASB 61) criteria for blending.

1. Summary of Significant Accounting Policies, Continued

d. Cash and Cash Equivalents

For purposes of the statement of cash flows, the University, as well as the Foundation, considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested through the State of South Carolina State Treasurer's Office are also considered cash equivalents.

e. Investments

Investments of the Foundation are carried at fair value. Gains or losses that result from market fluctuations are reported in the current period.

f. Receivables and Allowance for Doubtful Accounts

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also includes amounts due from the federal government, state and local governments or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

Student loans receivable consist of amounts due from the Federal Perkins Loan Program and from other loans administered by the University. Interest and income receivable consists of amounts due from the State Treasurer relating to holdings in the State's internal cash management pool and cash invested in various short-term investments by that agency.

g. Inventories

Inventories, which consists of bookstore inventories for resale, are carried at the lower of cost or market. The cost of textbooks is reported on a weighted average basis while the cost of merchandise is reported on a first-in, first-out basis.

h. Prepaid Items

Expenditures for insurance and similar services paid for in the current or prior fiscal years and benefiting more than one accounting period are allocated among accounting periods. For the University, amounts reported in this asset account consist primarily of advance payments for equipment maintenance and service contracts and prepaid postage.

i. Capital Assets

Capital assets are recorded at cost at the date of acquisition or fair market value at the date of donation in the case of gifts. The University follows capitalization guidelines established by the State of South Carolina. All assets with a useful life in excess of two years are capitalized. All land is capitalized, regardless of cost. Qualifying improvements that rest in or on the land itself are recorded as depreciable land improvements. Major additions and renovations and other improvements costing $100,000 or more that add to the usable space, prepare existing buildings for new uses, or extend the useful life of an existing building are capitalized. The University capitalizes movable personal property with a unit value in excess of $5,000. Routine repairs and maintenance and library materials, except individual items costing in excess of $5,000, are charged to operating expenses in the year in which the expense was incurred.

1. Summary of Significant Accounting Policies, Continued

i. Capital Assets, Continued

According to the State of South Carolina Office of the Comptroller General Audited Financial Statements Manual, the cost of capital assets constructed by enterprise funds must include any associated interest expense incurred during the construction period (except for interest paid on State Capital Improvement Bonds). This associated interest expense is called construction period interest. Funding for constructed assets came from State Capital Improvement Bond issuances, and as a result, interest cost is not capitalized. The State's policy is to apply the capitalization thresholds to individual items rather than to groups. This means that if several items are purchased of the same type at one time (for example, 5 computer workstations, 25 library books, or 15 pieces of modular furniture (cubicles)), the cost of each individual item must be examined to determine if it should be capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as outlined by the State of South Carolina Office of the Comptroller General Audited Financial Statements Manual. Lives are generally 5 to 40 years for buildings and improvements and land improvements and 3 to 20 years for machinery, equipment, and vehicles. For assets capitalized prior to fiscal year 2012, a full year of depreciation was taken during the year the asset was placed in service, and no depreciation was taken in the year of disposition. Beginning in fiscal year 2012, capital assets are depreciated based on the number of months the asset is in service during the fiscal year. The change in depreciation method was required by the State of South Carolina.

j. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The University has two items that meet this criterion – pension and OPEB-related deferrals. In addition to liabilities, the statement of net position can also report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The University has two items that meet this criterion – pension and OPEB-related deferrals.

k. Federal Perkins Loans Receivable and Related Liability

The restricted student loans receivable on the Statement of Net Position are due to the University under the Federal Perkins Loan program. This program is funded primarily by the federal government with the University providing a required match. The amount reported as federal loan liability is the amount of cumulative federal contributions and a pro-rata share of net earnings on the loans under this program which would have to be repaid to the federal government if the University ceased to participate in the program.

l. Capital Leases Payable

Leases that substantially transfer all of the risks and benefits of ownership are accounted for as capital leases. Capital leases are included in capital assets and, where appropriate, are amortized over their estimated economic life. The related capital lease obligations are included in long-term liabilities.

1. Summary of Significant Accounting Policies, Continued

m. Long-term Obligations

For advanced refundings resulting in defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized over the shorter of the remaining life of the old debt or the life of the new debt and are recognized as deferred outflows or inflows of resources. The University reports bonds payable net of the applicable bond premium.

n. Compensated Absences

Employee vacation pay expense is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statement of Net Position, and as a component of compensation and benefit expense in the Statement of Revenues, Expenses, and Changes in Net Position. Generally, all permanent full-time employees and certain part-time employees scheduled to work at least one-half of the University's workweek are entitled to accrue and carry forward at calendar year-end a maximum of 180 days of sick leave and of 45 days of annual vacation leave, with the exception of faculty members who do not accrue annual leave.

Upon termination of employment, employees are entitled to be paid for accumulated unused annual vacation leave up to the maximum, but are not entitled to any payment for unused sick leave. The compensated absences liability includes accrued annual leave and salary-related employee benefits.

o. Non-current Liabilities

Non-current liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; and (3) other liabilities that, although payable within one year, are to be paid from funds that are classified as non-current assets.

p. Unearned Revenues and Deposits

Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year and relate to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

q. Net Pension Liability

For purposes of measuring 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) and the South Carolina Police Officers Retirement System (PORS) and additions to/deductions from SCRS's and PORS's fiduciary net position have been determined on the same basis as they are reported by SCRS or PORS. 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.

1. Summary of Significant Accounting Policies, Continued

r. Net Position

The University's net position is classified as follows:

1) Net Investment in Capital Assets
Represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred, but not yet expended for capital assets, such amounts are not included as a component of net investment in capital assets.

2) Restricted Net Position - Expendable
Includes resources in which the University is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

3) Unrestricted
Represent resources derived from student tuition and fees, appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

s. Income Taxes

The University, as a political subdivision of the State of South Carolina, is exempt from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundation is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code, as amended.

t. Revenues and Expenses

1) Classification

The University has classified its revenues and expenses as either operating or non-operating revenues according to the following criteria:

Operating revenues and expenses - generally result from exchange transactions to provide goods or services related to the University's principal ongoing operations. These revenues include (1) student tuition and fees received in exchange for providing educational services, housing, and other related services to students; (2) fees received from organizations and individuals in exchange for miscellaneous goods and services provided by the University; (3) receipts for scholarships; and (4) grants and contracts that are essentially the same as contracts for services that finance programs the University would not otherwise undertake. Operating expenses include all expense transactions incurred other than those related to investing, capital or non-capital financing activities.

1. Summary of Significant Accounting Policies, Continued

t. Revenues and Expenses, Continued

1) Classification

Non-operating revenues and expenses - include activities that have the characteristics of non-exchange transactions. These revenues include gifts and contributions, appropriations, investment income, and any grants and contracts that are not classified as operating revenue or restricted by the grantor to be used exclusively for capital purposes. Non-operating expenses include interest paid on capital asset related debt, losses on the disposal of capital assets, and refunds to grantors.

2) Sales and Services of Educational and Other Activities

Revenues from sales and services of educational and other activities generally consist of amounts received from instructional, laboratory, research, and public service activities that incidentally create goods and services which may be sold to students, faculty, staff, and the general public. The University receives such revenues primarily from tournaments, student-related activities and workshops.

3) Sales and Services of Auxiliary Enterprises and Internal Service Activities

Auxiliary enterprise revenues primarily represent revenues generated by housing, food service and bookstore. Revenues of internal service and auxiliary enterprise activities and the related expenditures of the University's departments have been eliminated.

4) Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf.

Certain governmental grants, such as Pell grants, and other Federal, state or non-governmental programs are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

u. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses and affect disclosure of contingent assets and liabilities at the date of the financial statements. Significant estimates include separation of accrued compensated absences between current and non-current and depreciation expense. Actual results could differ from those estimates.

2. Deposits and Investments

Cash consists of petty cash and deposits and investments of the University that are under control of the State Treasurer, who by law, has sole authority for investing State funds. At year end, the carrying amount of the University's cash was $12,131,728 and the bank balance was $12,385,147.

The following schedule reconciles the University's deposits and investments per the notes to the statement of net position amounts:

Cash and cash equivalents – current	$	8,389,533
Restricted cash and cash equivalents – current		3,477,638
Restricted cash and cash equivalents – non-current		264,557
Total cash and cash equivalents	$	12,131,728
Notes to the financial statements:		
Cash on hand	$	5,276,576
Deposits held by State Treasurer		6,855,152
	$	12,131,728

Current restricted cash and cash equivalents represent funds restricted for capital expenditures. Non-current restricted cash and cash equivalents represent funds associated with the Perkins Loan Program.

The University participates in the State's internal 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 pool includes some long-term investments, such as obligations of the United States and certain agencies of the United States, obligations of the State of South Carolina and certain of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds.

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the State. The University records and reports its deposits in the general deposit account at cost. Investments held by the pool are recorded at fair value. Interest earnings are allocated based on the percentage of the University's accumulated daily income receivable to the total income receivable of the pool. Reported interest income includes interest earnings at the stated rate, realized gains/losses, and unrealized gains/losses arising from changes in the fair value of investments held by the pool. Realized gains and losses are allocated daily and are included in the accumulated income receivable. Unrealized gains and losses are allocated at year end based on the percentage of ownership in the pool.

Custodial credit risk for deposits is the risk that, in the event of a bank failure, the University's deposits may not be returned to the University. For deposits held by the State Treasurer, state law requires full collateralization of all State Treasurer bank balances. The State Treasurer must correct any deficiencies in collateral within seven days. With respect to investments in the State's internal cash management pool, all of the State Treasurer's investments are insured or registered or are investments for which the securities are held by the State or its agents in the State's name. Information pertaining to the reported amounts, fair values, credit risk, concentration risk, and interest rate risk, of the State Treasurer's deposits and investments is disclosed in the Comprehensive Annual Financial Report of the State of South Carolina.

2. Deposits and Investments, Continued

The University does not invest funds outside of the accounts it maintains with the State Treasurer.

The University's other deposits were entirely covered by federal deposit insurance at year end. Other deposits had a carrying value of $33,430 and a bank balance of $49,252 at June 30, 2018.

3. Accounts Receivable

Accounts receivable as of June 30, 2018 are summarized as follows:

Description	Current	Non-current	Total
Student accounts	$ 732,760	$ -	$ 732,760
Direct lending	89,346	-	89,346
Grants and contracts			
Federal	137,909	-	137,909
Non-governmental	966,787	-	966,787
Other	135,740	-	135,740
Student loans receivable	-	1,258,926	1,258,926
Less: Allowance for doubtful accounts	(131,304)	-	(131,304)
Accounts Receivable, net	$ 1,931,238	$ 1,258,926	$ 3,190,164

Allowances for losses for student accounts receivable are established based upon actual losses experienced in prior years and evaluations of the current account portfolio.

Student loans made through the Federal Perkins Loan Program comprise all of the loans receivable as of June 30, 2018. The Perkins Loan program provides various repayment options; students have the right to repay the loans over periods up to 10 years depending on the amount of the loan and loan cancellation privileges the student may exercise. As the University determines that loans are uncollectible, the loans are written off and assigned to the United States Department of Education.

4. Capital Assets

Capital assets consist of the following:

	Balance Beginning	Additions	Removals	Reclassifications	Balance Ending
Capital assets not being depreciated					
Land and improvements	$ 2,688,224	$ -	$ -	$ -	$ 2,688,224
Land and improvements - capital leases	413,588	-	-	-	413,588
Art and historical collections	84,946	-	-	-	84,946
Construction in progress	1,231,459	506,629	-	(1,409,024)	329,064
Total capital assets not being depreciated	4,418,217	506,629	-	(1,409,024)	3,515,822
Capital assets being depreciated					
Land improvements	8,230,165	-	-	-	8,230,165
Buildings and improvements	99,949,405	439,781	-	1,409,024	101,798,210
Buildings and improvements - capital leases	4,588,419	124,274	-	-	4,712,693
Machinery, equipment, and other	4,154,588	192,456	(217,415)	-	4,129,629
Motor vehicles	875,780	86,004	-	-	961,784
Total capital assets being depreciated	117,798,357	842,515	(217,415)	1,409,024	119,832,481
Accumulated depreciation	(55,027,823)	(3,975,504)	199,276	-	(58,804,051)
Total capital assets being depreciated , net	62,770,534	(3,132,989)	(18,139)	1,409,024	61,028,430
Intangible assets, historical costs					
Intangibles	1,556,557	-	-	-	1,556,557
Total intangible assets, historical costs	1,556,557	-	-	-	1,556,557
Accumulated amortization	(1,556,557)	-	-	-	(1,556,557)
Total intangible assets, net	-	-	-	-	-
Total capital assets, net	$ 67,188,751	$ (2,626,360)	$ (18,139)	$ -	$ 64,544,252

Loss on the disposal of capital assets totaled $18,139. There were no proceeds from capital asset sales.

5. Unearned Revenue

Unearned revenue for the year ended June 30, 2018 consists of student fees of $690,923 and grants and contracts of $2,114,033.

6. Pension Plans

Plan Description

The South Carolina Public Employee Benefit Authority (PEBA), which was created July 1, 2012, administers the various retirement systems and retirement programs managed by its Retirement Division. PEBA has an 11-member Board of Directors, appointed by the Governor and General Assembly leadership, which serves as co-trustee and co-fiduciary of the systems and the trust funds. By law, the Budget and Control Board, which consists of five elected officials, also reviews certain PEBA Board decisions regarding the funding of the Systems and serves as a co-trustee of the Systems in conducting that review. PEBA issues a Comprehensive Annual Financial Report (CAFR) containing financial statements and required supplementary information for the South Carolina Retirement Systems' Pension Trust Funds.

6. Pension Plans, Continued

Plan Description, Continued

The CAFR is publicly available on the Retirement Benefits' link on PEBA's website at www.retirement.sc.gov, or a copy may be obtained by submitting a request to South Carolina Public Employee Benefit Authority, Retirement Systems Finance, Post Office Box 11960, Columbia, South Carolina 29211-1960.

The University is a member of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS) which are cost-sharing multiple-employer defined benefit pension plans. These plans are two of five defined benefit retirement systems maintained by the South Carolina Public Employee Benefit Authority (PEBA). Each system publishes its own component unit financial statement. Furthermore, the PEBA and the five pension plans are included in the comprehensive annual financial report (CAFR) of the State of South Carolina. The systems provide retirement, death, and disability benefits to state employees, public school employees, and employees of counties, municipalities, and certain other State political subdivisions. Each system is independent. Assets may not be transferred from one system to another or used for any purpose other than to benefit each system's participants.

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

A CAFR containing financial statements and required supplementary information for the systems is issued and publicly available by visiting www.peba.sc.gov or by writing the South Carolina Public Employee Benefit Authority, Attn: Retirement Benefit, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

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. An employee member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.
- PORS – to be eligible for PORS membership, an employee must be required by the terms of their employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; or to serve as a peace officer employed by certain agencies. 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 employees have the option to participate in the State Optional Retirement Program (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 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

6. Pension Plans, Continued

Benefits Provided

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 5 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 8 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 age and the member creditable service equals at least 90 years. Both Class Two and Class Three members are eligible to receive a reduced deferred annuity at age 60 if they satisfy the 5 or 8 year earned service requirement, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program.

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

- PORS - A Class Two member who has separated from service with at least 5 or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least 8 or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with 5 or 8 years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

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

Contributions

Contributions are prescribed in Title 9 of the South Carolina Code of Laws. The PEBA Board may increase the percentage rate in SCRS and PORS employer and employee contribution rates on the basis of the actuarial valuations. If the scheduled employee and employer contributions provided in statute or the rates last adopted by the PEBA Board are insufficient to maintain a thirty year amortization schedule of the unfunded liabilities of the plans, the PEBA Board shall increase the contribution rates in equal percentage amounts for the employer and employee as necessary to maintain the thirty-year amortization period.

6. Pension Plans, Continued

Contributions, Continued

If the most recent annual actuarial valuation of the systems for funding purposes shows a ratio of the actuarial value of system assets to the actuarial accrued liability of the system (the funded ratio) that is equal to or greater than eighty-five percent, then the PEBA Board, effective on the following July first, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than eighty-five percent. If contribution rates are decreased pursuant to this provision, and the most recent annual actuarial valuation of the system shows a funded ratio of less than eighty-five percent, then effective on the following July first, and annually thereafter as necessary, the PEBA Board shall increase the then current contribution rates until a subsequent annual actuarial valuation of the system shows a funded ratio that is equal to or greater than eighty-five percent.

The Retirement System Funding and Administration Act increased employer contribution rates effective July 1, 2017. It established a ceiling on employee contribution rates at 9 percent and 9.75 percent for SCRS and PORS, respectively. The employer contribution rates will continue to increase annually by 1 percent through July 1, 2022. The legislation's ultimate scheduled employer rate is 18.56 percent for SCRS and 21.24 percent for PORS. The amortization period is scheduled to be reduced one year for each of the next ten years to a twenty-year amortization schedule.

The rates below are based on the employee's earnable compensation as defined in Title 9 of the South Carolina Code of Laws. Required contribution rates for the fiscal year ended June 30, 2018 are as follows:

Required employee contribution rates for the fiscal year ended June 30, 2018 are as follows:

SCRS (Class II and III)	9.00%	of earnable compensation
ORP	9.00%	of earnable compensation
PORS (Class II and III)	9.75%	of earnable compensation

Required employer contributions for the fiscal year ended June 30, 2018 are as follows:

SCRS (Class II and III)	13.41%	of earnable compensation
SCRS Incidental Death Benefit	0.15%	of earnable compensation
ORP	13.41%	of earnable compensation
ORP Incidental Death Benefit	0.15%	of earnable compensation
PORS (Class II and III)	15.84%	of earnable compensation
PORS Incidental Death Benefit	0.20%	of earnable compensation
PORS Accidental Death Program	0.20%	of earnable compensation

Amounts due to the SCRS and PORS were $264,397 and $11,957 at June 30, 2018, respectively. The amounts were due by July 31, 2018 for legally required contributions per the preceding table for the month of June 2018.

6. Pension Plans, Continued

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. State statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued as of July 1, 2015.

The June 30, 2017, total pension liability, net pension liability, and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company (GRS), and are based on an actuarial valuation performed as of July 1, 2016. The total pension liability was rolled-forward from the valuation date to June 30, 2017 using generally accepted actuarial principles. The Retirement System Funding and Administration Act of 2017 was signed into law April 25, 2017 and included a provision to reduce the assumed rate of return from 7.50% to 7.25% effective July 1, 2017. As a result of this legislation, GRS made an adjustment to the calculation of the roll-forward total pension liability for this assumption change as of the measurement date of June 30, 2017.

The following table provides a summary of the actuarial assumptions and methods used to calculate the total pension liability as of June 30, 2017.

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Actuarial assumptions:		
Investment rate of return	7.25%	7.25%
Projected salary increases	3.0% to 12.5% (varies by service)	3.5% to 9.5% (varies by service)
Includes inflation at	2.25%	2.25%
Benefit adjustments	lesser of 1% or $500 annually	lesser of 1% or $500 annually

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2016 Public Retirees of South Carolina Mortality table (2016 PRSC), was developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using published Scale AA projected from the year 2016.

Former Job Class	Males	Females
Educators and Judges	2016 PRSC Males multiplied by 92%	2016 PRSC Females multiplied by 98%
General Employees and Members of the General Assembly	2016 PRSC Males multiplied by 100%	2016 PRSC Females multiplied by 111%
Public Safety and Firefighters	2016 PRSC Males multiplied by 125%	2016 PRSC Females multiplied by 111%

6. Pension Plans, Continued

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB No. 67 less that system's fiduciary net position. Net pension liability totals as of June 30, 2017 for SCRS and PORS are presented below:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension
SCRS	$ 48,244,437,494	$ 25,732,829,268	$ 22,511,608,226	53.3%
PORS	$ 7,013,684,001	$ 4,274,123,178	$ 2,739,560,823	60.9%

The total pension liability is calculated by the systems' actuary, and each plan fiduciary net position is reported in the systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB 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 Nos. 67 and 68 are not applicable for other purposes, such as determining the plans' funding requirements.

At June 30, 2018, the University reported a net pension liability of $40,051,528 for SCRS and $1,135,795 for PORS for its proportionate share of the systems' net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016. The University's proportion of the net pension liability was based on a projection of the University's long-term share of contributions to the pension plan relative to the projected contributions of all participating Organizations' actuarially determined. The University's proportions for the years ended June 30, 2017 and June 30, 2016 are presented in the following table:

System	2017	2016
SCRS	0.17792%	0.17229%
PORS	0.04146%	0.04192%

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

For the year ended June 30, 2018, the University recognized pension expense of $4,269,411 for SCRS and $128,552 for PORS. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

6. Pension Plans, Continued

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

	SCRS		PORS	
	Deferred outflows of resources	Deferred inflows of resources	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	$ 178,550	$ 22,199	$ 10,128	$ -
Assumption changes	2,344,587	-	107,797	-
Net difference between projected and actual earnings on pension plan investments	1,118,050	-	40,474	-
Proportionate share of contributions	822,105	125,715	-	27,615
Organization contributions subsequent to the measurement date	2,532,831	-	90,525	-
Total	$ 6,996,123	$ 147,914	$ 248,924	$ 27,615

Deferred outflows of resources related to pensions resulting from University contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. These contribution amounts are $2,532,831 for SCRS and $90,525 for PORS. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	SCRS	PORS
2019	$ 1,305,083	$ 34,794
2020	1,901,799	54,234
2021	1,398,481	39,841
2022	(289,985)	1,915
	$ 4,315,378	$ 130,784

Long-term Expected Rate of Return

The long-term expected rate of return on pension plan investments for actuarial purposes is based upon 30-year capital market assumptions. The actuarial long-term expected rates of return, net of investment fees, represent best estimates of arithmetic real rates of return for each major asset class and were developed in coordination with the investment consultant for the Retirement System Investment Commission (RSIC) using a building block approach, reflecting observable inflation and interest rate information available in the fixed income markets as well as consensus economic forecasts. The actuarial long-term assumptions for other asset classes are based on historical results, current market characteristics, and professional judgment.

The RSIC has exclusive authority to invest and manage the systems' trust fund assets. As co-fiduciary of the systems, statutory provisions and governance policies allow the RSIC to operate in a manner consistent with a long-term investment time horizon.

The expected real rates of return, along with the expected inflation rate, form the basis for the target asset allocation adopted annually by the RSIC. For actuarial purposes, the long-term expected rate of return is calculated by weighting the expected future real rates of return by the target allocation percentage and then adding the actuarial expected inflation which is summarized in the actuarial assumptions table above. For actuarial purposes, the 7.25% assumed annual investment rate of return used in the calculation of the total pension liability includes a 5.00% real rate of return and a 2.25% inflation component.

6. Pension Plans, Continued

Long-term Expected Rate of Return, Continued

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global equity			
Global public equity	31%	6.72%	2.08%
Private equity	9%	9.60%	0.86%
Equity options strategies	5%	5.91%	0.30%
Real assets			
Real estate (private)	5%	4.32%	0.22%
Real estate (REIT)	2%	6.33%	0.13%
Infrastructure	1%	6.26%	0.06%
Opportunistic			
Global tactical asset allocation	10%	4.16%	0.42%
Hedge funds (low beta)	4%	3.82%	0.15%
Other opportunistic strategies	3%	4.16%	0.12%
Diversified credit			
Mixed credit	6%	3.92%	0.23%
Emerging markets debt	5%	5.01%	0.25%
Private debt	7%	4.37%	0.31%
Conservative fixed income			
Core fixed income	10%	1.60%	0.16%
Cash and short duration	2%	0.92%	0.02%
Total	100.0%		5.31%
Inflation for actuarial purposes			2.25%
Total expected nominal return			7.56%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in SCRS and PORS will be made based on the actuarially determined rates based on provisions in the South Carolina State Code of Laws. Based on those assumptions, each system's fiduciary net position was projected to be available to make all 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.

6. Pension Plans, Continued

Sensitivity Analysis

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the University's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percent lower or one percent higher than the current rate:

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

System	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
SCRS	$ 51,620,918	$ 40,051,528	$ 33,031,627
PORS	$ 1,533,539	$ 1,135,795	$ 822,497

Pension Plan Fiduciary Net Position

Detailed information about the pension plans' fiduciary net positions is available in the Plans' separately issued financial report.

7. Post-Employment Benefits Other Than Pensions

Plan Description

In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State of South Carolina ("the State") provides health, dental, and long-term disability benefits ("OPEB Plan") to retired employees and their covered dependents. The University contributes to the South Carolina Retiree Health Insurance Trust Fund ("SCRHITF") and the South Carolina Long-Term Disability Insurance Trust Fund ("SCLTDITF"), cost-sharing multiple employer defined benefit postemployment healthcare and long-term disability plans administered by the Employee Insurance Program ("EIP") of the South Carolina Public Employee Benefit Authority ("PEBA").

Effective May 1, 2008, the State established two trust funds through Act 195 for the purpose of funding and accounting for the employer costs of retiree health and dental insurance benefits and long-term disability insurance benefits. The SCRHITF is primarily funded through the payroll surcharge. Other sources of funding include additional State appropriated dollars, accumulated EIP reserves, and income generated from investments. The SCLTDITF is primarily funded through investment income and employer contributions. A copy of the separately issued financial statements for the benefit plans and the trust funds may be obtained by writing to the South Carolina Public Employee Benefit Authority, Attn: Retirement Benefit - Insurance Benefits Division, 202 Arbor Lake Drive, Columbia, South Carolina 29223.

Benefits Provided

A two-tier eligibility standard is required for the State of South Carolina to be obligated to provide medical/prescription and dental other postemployment benefits.

7. Post-Employment Benefits Other Than Pensions, Continued

Benefits Provided, Continued

First, employees must be eligible for monthly retirement benefits under the vesting, disability, and early or normal retirement provisions of any one of the four respective defined benefit retirement systems. Furthermore, if participating in the Optional Retirement Plan ("ORP"), employees must satisfy the same eligibility requirements for vesting, disability, early or normal retirement under the retirement system. The various benefit eligibility requirements for the retirement systems are described in detail in the July 1, 2016 annual actuarial valuations performed by Gabriel, Roeder, Smith and Company.

EIP enforces other eligibility requirements before retired employees may be considered eligible to benefit from State-obligated other postemployment benefits. Almost all employees receiving pension benefits from one of the State-administered retirement systems are eligible to benefit from the implicit rate subsidy and most are eligible to benefit from the State-funded subsidy.

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 through 24 years of service for 50% employer funding. Basic Long-Term Disability ("BLTD") benefits are provided to active participating local government employees approved for disability.

Plan Contributions

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires these post-employment and long-term disability benefits be funded through annual appropriations by the General Assembly for active employees to the EIP and participating retirees to the PEBA, except for the portion funded through the pension surcharge and provided from the other applicable sources of the EIP, for its active employees who are not funded by State General Fund appropriations. Employers participating in the retiree medical plan are mandated by State statute to contribute at a rate assessed each year by the Office of the State Budget, 5.33% of annual covered payroll for 2018 and 2017. The EIP sets the employer contribution rate based on a pay-as-you-go basis. The University paid approximately $1,207,217 and $1,146,507 applicable to the surcharge included with the employer contribution for retirement benefits for the fiscal years ended June 30, 2018 and 2017, respectively. The State funded contributions to the plan for the year ended June 30, 2017 and the University's proportionate share was $202,295.

BLTD benefits are funded through employee premiums charged. The monthly premium per active employee paid to EIP was $3.22 for the fiscal years ended June 30, 2018 and 2017. The University recorded employer contributions expenses applicable to these insurance benefits for active employees in the amount of approximately $14,368 and $14,368 for the years ended June 30, 2018 and 2017, respectively. The State funded contributions to the plan for the year ended June 30, 2017 and the University's proportionate share was $794.

7. Post-Employment Benefits Other Than Pensions, Continued

a. South Carolina Retiree Health Insurance Trust Fund (SCRHITF)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The University's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The University's proportion of the net OPEB liability was based on the University's total surcharge contributions relative to the contributions of all participating employers. At June 30, 2017, the University's proportion was .2551%.

There were no changes to benefit terms during the year.

Actuarial assumptions and methods

The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Investment Rate of Return	4.00%, net of OPEB plan investment expense, including inflation
Single Discount Rate	3.56% as of June 30, 2017
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Mortality Assumptions	RP-2000 Mortality projected using Scale AA from Year 2000. Male rates multiplied by 100%. Female rates multiplied by 90%.
Health Care Trend Rates	Initial trend starting at 7.00% and gradually decreasing to an ultimate trend rate of 4.15% over a period of 15 years
Participation Assumptions	100% participation for all eligible retirees
Aging factors	Based on plan specific experience
Expenses	The investment return assumption is net of the investment expenses; Administrative expenses related to the health care benefits are included in the age-adjusted claims costs

Actuarial valuations 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 during the valuation process are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Roll-forward Disclosure

The actuarial valuation was performed as of June 30, 2016. Update procedures were used to roll forward the total OPEB liability to June 30, 2017.

7. Post-Employment Benefits Other Than Pensions, Continued

a. South Carolina Retiree Health Insurance Trust Fund (SCRHITF), Continued

Discount rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 4.00%; the municipal bond rate is 3.56% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting single discount rate is 3.56%.

The accounting policy for this plan is to set the single discount rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

The asset allocation used to develop the discount rate is as follows:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
US domestic fixed income	80%	2.09%	1.67%
Cash and short duration	20%	0.84%	0.17%
Total	100.0%		1.84%
Inflation for actuarial purposes			2.25%
Total expected nominal return			4.09%
Investment return assumption			4.00%

Sensitivity of the University's net OPEB liability to changes in the discount rate

The following presents the University's net OPEB liability calculated using the discount rate of 3.56%, as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Sensitivity of the Net OPEB Liability to Changes in the Discount Rate		
System	1% Decrease (2.56%)	Current Discount Rate (3.56%)	1% Increase (4.56%)
Health	$ 40,690,173	$ 34,550,033	$ 29,599,577

7. Post-Employment Benefits Other Than Pensions, Continued

a. South Carolina Retiree Health Insurance Trust Fund (SCRHITF), Continued

Sensitivity of the University's net OPEB liability to changes in healthcare cost trend rates

The following presents the University's net OPEB liability, as well as what the University's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost		
System	**1% Decrease**	**Current Discount Rate**	**1% Increase**
Health	$ 42,600,297	$ 34,550,033	$ 28,332,459

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the University recognized OPEB expense of $2,102,848. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources.

	Health Plan	
	Deferred outflows of resources	**Deferred inflows of resources**
Differences between actual and expected experience	$ -	$ 14,995
Assumption changes	-	3,250,997
Net difference between projected and actual earnings on pension plan investments	59,367	-
Proportionate share of contributions	-	492
Organization contributions subsequent to the measurement date - (including implicit subsidy)	1,179,752	-
Total	$ 1,239,119	$ 3,266,484

Of the total amount reported as deferred outflows of resources related to OPEB, $1,179,752 (including implicit rate subsidy) resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2019.

7. Post-Employment Benefits Other Than Pensions, Continued

a. South Carolina Retiree Health Insurance Trust Fund (SCRHITF), Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

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

Year Ended June 30:	Deferred Outflows (Inflows)	
2019	$	(508,131)
2020		(508,131)
2021		(508,131)
2022		(508,131)
2023		(522,972)
Thereafter		(651,621)
	$	(3,207,117)

b. South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF)

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

The University's net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017. The University's proportion of the net OPEB liability was based on the University's total surcharge contributions relative to the contributions of all participating employers. At June 30, 2017, the University's proportion was .1985%.

There were no changes to benefit terms during the year.

Actuarial assumptions and methods

The total OPEB liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Investment Rate of Return	4.00%, net of OPEB plan investment expense, including inflation
Single Discount Rate	3.87% as of June 30, 2017
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2015
Disability Incidence	The disability incidence rates used in the LTD valuation are based on the rates developed for the pension plans.
Disability Recovery	For participants in payment, 1987CGDT group disability for active employees, 60% were assumed to recover after the first year and 92% were assumed to recover after the first two years.
Offsets	40% are assumed to be eligible for Social Security benefits. Assumed percentage who will be eligible for a pension plan offset varies based on employee group.
Expenses	The investment return assumption is net of the investment expenses; Third party administrative expenses are included in the benefit projections.

7. Post-Employment Benefits Other Than Pensions, Continued

b. South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), Continued

Actuarial assumptions and methods, Continued

Actuarial valuations 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 during the valuation process are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future.

Roll-forward Disclosure

The actuarial valuation was performed as of June 30, 2016. Update procedures were used to roll forward the total OPEB liability to June 30, 2017.

Discount rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on OPEB plan investments is 4.00%; the municipal bond rate is 3.56% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting single discount rate is 3.87%.

The accounting policy for this plan is to set the single discount rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

The asset allocation used to develop the discount rate is as follows:

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
US domestic fixed income	80%	2.09%	1.67%
Cash and short duration	20%	0.84%	0.17%
Total	100.0%		1.84%
Inflation for actuarial purposes			2.25%
Total expected nominal return			4.09%
Investment return assumption			4.00%

7. Post-Employment Benefits Other Than Pensions, Continued

b. South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), Continued

Sensitivity of the University's net OPEB liability to changes in the discount rate

The following presents the University's net OPEB liability calculated using the discount rate of 3.87%, as well as what the University's net OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current rate:

	Sensitivity of the Net OPEB Liability to Changes in the Discount Rate		
System	**1% Decrease (2.87%)**	**Current Discount Rate (3.87%)**	**1% Increase (4.87%)**
LTD	$ 6,402	$ 3,599	$ 847

OPEB plan fiduciary net position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued financial report.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the University recognized OPEB expense of $16,064. At June 30, 2018, the University reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	LTD	
	Deferred outflows of resources	**Deferred inflows of resources**
Assumption changes	$ -	$ 327
Net difference between projected and actual earnings on pension plan investments	1,734	-
Proportionate share of contributions	-	89
Organization contributions subsequent to the measurement date	14,368	-
Total	$ 16,102	$ 416

Of the total amount reported as deferred outflows of resources related to OPEB, $14,368 resulting from University contributions subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the net OPEB liability in the year ended June 30, 2019.

7. Post-Employment Benefits Other Than Pensions, Continued

b. South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), Continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, Continued

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

Year Ended June 30:	Deferred Outflows (Inflows)	
2019	$	387
2020		387
2021		387
2022		387
2023		(46)
Thereafter		(184)
	$	1,318

Payable to the OPEB Plan

At June 30, 2018, the University reported a payable of $312,205 for the outstanding amount of contributions to the plans for the year ended June 30, 2018.

8. Deferred Compensation Plans

Several optional deferred compensation plans are available to State employees and employers of its political subdivisions. All University employees may participate in the deferred compensation plans, except those in student employment positions. Certain employees of the University have elected to participate. The multiple-employer plans, created under Internal Revenue Code Sections 457, 401(k), and 403(b), are administered by third parties and are not included in the Comprehensive Annual Financial Report of the State of South Carolina. Compensation deferred under the Section 401(k), 457 and 403(b) plans is placed in trust for the contributing employee. The State has no liability for losses under the plans. Employees may withdraw the current value of their contributions when they terminate employment if permitted by the plan. Eligibility rules and penalties may apply. Employees may also withdraw contributions prior to termination if they meet requirements specified by the applicable plan. In accordance with IRS regulations effective January 1, 2009, the University adopted a 403b plan document. Under the plan, loans and financial hardship distributions are permitted. Fifteen years of service catch-up contributions are not permitted.

9. Commitments and Contingencies

The University receives a substantial amount of its support from the United States Department of Education, from State of South Carolina appropriations, and from the South Carolina Commission on Higher Education. While it is anticipated that funding will continue in the future, a significant reduction in the level of this support, if it were to occur, could have an adverse effect on the University's programs and activities.

The University participates in certain Federal grant programs. These programs are subject to financial and compliance audits by the grantor or its representative. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Management believes disallowances, if any, will not be material to the financial position of the University.

The Tax Cuts and Jobs Act (TCJA) of 2017 was passed during the fiscal year ended June 30, 2018. This legislation featured several changes that could ultimately impact both public and private higher education institutions, their benefactors, and employees. As of June 30, 2018, the Internal Revenue Service had yet to provide guidance in the form of proposed regulations and/or notices, or amended tax forms regarding the implementation of the TCJA by exempt organizations. Consequently, the University has not accrued a liability for any changes referenced in the TCJA. It is our opinion, that had any liabilities been recorded, they would not have been material to the University's financial statements.

The University entered into a ten-year contract with ARAMARK for campus food service in May 2013. The contract requires ARAMARK to pay the University $2,500,000 to fund certain capital projects. The contract amount is treated as unearned revenue and is amortized over the life of the contract. Qualifying capital projects are funded by ARAMARK as they are completed. In the case of early termination of the contract, any amount reimbursed to the University in excess of the unamortized portion will be required to be repaid to ARAMARK. At June 30, 2018, the unamortized portion of the contract was $1,250,000. $250,000 is recorded as current unearned revenue and the remaining $1,000,000 is recorded as non-current unearned revenue. The amount expended in excess of the unamortized contract amount was $737,641 and is a contingent liability contingent upon the University maintaining its relationship with ARAMARK for sufficient years to earn the amount reimbursed.

At June 30, 2018, the University had completed certain capital projects. There was retainage payable of $12,939 at year end.

The University is a party to various litigations as a defendant arising from its normal operations. Management does not anticipate material losses in connection with these claims.

Unrelated business income can be subject to taxation. Management of the University and Foundation is not aware of any material uncertain tax positions and no liability has been recognized at June 30, 2018. The University and Foundation are subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for the years prior to June 30, 2015.

10. Operating Leases

Commitments for operating leases with external parties having remaining non-cancelable terms in excess of one year as of June 30, 2018 were as follows:

	Equipment	Real Property	Total
2019	$ 18,126	$ 867,772	$ 885,898
2020	4,431	867,772	872,203
2021	3,826	867,772	871,598
2022	-	867,772	867,772
2023	-	867,772	867,772
2024 - 2028	-	4,338,860	4,338,860
2029 - 2030	-	1,735,544	1,735,544
Total	$ 26,383	$ 10,413,264	$ 10,439,647

The University's non-cancelable operating equipment leases provide for renewal options for periods from one to three years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases and are generally payable on a monthly basis. Total rental payments for fiscal year 2018 were $18,126.

The University has entered into an operating lease with the related party, Lander RWS Properties, LLC, for the Jeff May Recreational, Wellness, and Sports Complex (RWS Property), a twenty-two-year lease with annual payments of $691,000. The University leases certain other properties from the Foundation for amounts totaling $1 for each property.

The University has also entered into an operating lease with the related party, Lander RWS Properties, LLC for the Field House Building, an eighteen-year lease with annual payments of $176,772.

The University has also entered an operating lease with an unrelated party to lease the Stuart property at 103 Felder Avenue. This lease was renewed on July 1, 2017 with monthly payments of $3,065.

The University entered into an operating lease with an unrelated party to lease an office suite for $700 per month through May 2019.

11. Bonds Payable

The University has issued debt to finance construction of facilities. At June 30, 2018, bonds payable consisted of the following:

$14,125,000 general obligation bonds issued December 2013 and due in annual installments ranging from $405,000 to $2,270,000 through 2028, with interest at 3.00 to 5.00 percent	$ 12,435,000
$8,550,000 general obligation state institution refunding bonds issued October 2016 and due in annual installments ranging from $425,000 to $1,150,000 through 2026, with interest at 2.00 to 5.00	7,065,000
Total	$ 19,500,000

11. Bonds Payable, Continued

The scheduled maturities of bonds payable are as follows for the years ending June 30:

	General Obligation Bonds		
	Principal	**Interest**	**Total**
2018	$ 1,375,000	$ 784,150	$ 2,159,150
2019	1,435,000	719,700	2,154,700
2020	1,505,000	652,300	2,157,300
2021	1,580,000	579,025	2,159,025
2022	1,660,000	499,150	2,159,150
2023 - 2027	9,675,000	1,433,600	11,108,600
2028 - 2029	2,270,000	45,400	2,315,400
Total	$ 19,500,000	$ 4,713,325	$ 24,213,325

At June 30, 2018, there was no arbitrage liability associated with bonds issued by the University.

12. Capital Leases

The following is an analysis of the leased property under capital leases by major class at June 30, 2018:

Land	$ 413,588
Buildings	4,712,693
Total leased property	5,126,281
Less: accumulated depreciation	(1,332,624)
Total leased property, net	$ 3,793,657

Future minimum lease payments under capital leases together with the present value of net minimum lease payments as of June 30, 2018 are as follows:

2019	$ 229,225
2020	229,225
2021	89,281
2022	89,281
2023	89,281
2024 - 2028	64,382
Net minimum lease payments	790,675
Less: amount representing interest	(215,197)
Present value of minimum lease payments	$ 575,478

Capital leases are reflected at the present value of estimated future cash flows using a borrowing rate of 3 percent.

13. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance Beginning	Additions	Reductions	Balance Ending	Current Portion
General obligation					
General obligation bonds	$ 20,815,000	$ -	$ 1,315,000	$ 19,500,000	$ 1,375,000
Unamortized premiums	2,093,406	-	114,360	1,979,046	161,525
Total general obligation	22,908,406	-	1,429,360	21,479,046	1,536,525
Capital leases	602,746	124,274	151,542	575,478	165,504
Total debt	23,511,152	124,274	1,580,902	22,054,524	1,702,029
Other liabilities					
Compensated absences	1,227,563	725,222	640,872	1,311,913	604,384
Unearned revenues	4,027,101	153,841	1,375,986	2,804,956	1,750,000
Net pension liability	37,863,438	3,323,885	-	41,187,323	-
Net OPEB Liability, as restated	36,907,817	-	2,354,185	34,553,632	-
Federal Perkins loan	1,576,382	-	9,025	1,567,357	-
Total other liabilities	81,602,301	4,202,948	4,380,068	81,425,181	2,354,384
Total long-term liabilities	$ 105,113,453	$ 4,327,222	$ 5,960,970	$ 103,479,705	$ 4,056,413

The University incurred $790,692 in charges for interest on its debt during the year ended June 30, 2018, all of which was expensed.

14. Related Parties

The Lander Alumni Association (the Alumni Association) is a separately chartered legal entity whose activities are related to those of the University and exists primarily to provide financial assistance and other support to the University and its educational programs. The Alumni Association, which has assets of less than $2,000,000 was established by alumni to promote academic improvements, to assist in scholarship programs, to further the interests of the University and to promote among its present and former students and friends good fellowship and loyalty. The Alumni Association's financial statements are not presented in these financial statements.

15. Component Unit

The Foundation is considered to be a component unit of Lander University. The Foundation paid $607,755 to the University for scholarships. The Foundation also paid $358,153 to the University for various other approved programs related to academics and administration. Accounts payable to the University as of June 30, 2018, was $84,463. Compensation and benefits for some University employees that provide administrative services for the Foundation are paid by the University and are not reimbursed by the Foundation. The Foundation has recorded a contribution for an estimate of the related compensation and benefits of $614,627. During the year ended June 30, 2018, the University contributed $53,792 to the Foundation to offset expenses paid by the Foundation.

15. Component Unit, Continued

A summary of the Foundation's investments at June 30, 2018 follows:

Pooled Investments		**Fair Market Value**
Temporarily restricted cash investments	$	995,929
Fixed income securities		3,377,248
Common stocks and publicly traded partnerships		9,698,609
Total pooled investments	$	14,071,786

The Foundation entered into a promissory note payable in the amount of $979,750 payable in fixed monthly payments of $11,638 at a 5.25 percent fixed rate, collateralized by certain unrestricted assets of the Foundation. The purpose of the note payable was to pay off an existing line of credit with a financial institution. Monthly payments include principal and interest with the final payment due July 15, 2020. There was $271,745 outstanding on the note payable at June 30, 2018.

During the year ended June 30, 2018, the Foundation refinanced the $1,950,000 promissory note that was secured to construct an Athletic Fieldhouse and other improvements to the RWS Complex. Monthly payments of $14,700 including interest at 4.5 percent are required through August 2027.

Maturities of the notes payable are as follows:

2019	$	258,620
2020		271,472
2021		151,703
2022		148,794
2023		155,590
Thereafter		706,769
	$	1,692,948

In connection with the notes payable, the Foundation is required to meet certain covenants including debt service coverage ratios. During the fiscal year ended June 30, 2018, the debt covenants were met by the Foundation.

At June 30, 2018, bonds payable consisted of the following:

South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds, Series 2009A for $14,000,000, dated November 25, 2009, interest due on the first business day of each month, floating interest rate of one month LIBOR plus 1.66 percent (2.32 percent as of June 30, 2018), principal due annually on November 1 through November 1, 2029, collateralized by certain pledged revenues and assets of the Foundation. The balance due at June 30, 2018 was $9,725,000.

15. Component Unit, Continued

On June 12, 2014, the Foundation entered into an interest rate swap agreement to change the Foundation's variable rate exposure on notional amounts of its bond to a fixed 3.89 percent rate. The interest rate swap agreement matures November 1, 2019. For the year ended June 30, 2018, the Foundation recognized $188,730 unrealized gain related to this interest rate swap agreement. The interest rate swap asset at June 30, 2018, was $27,930.

In connection with the bonds payable, the Foundation is required to meet certain covenants. During the year ended June 30, 2012, the bank and the Foundation amended the bond agreement. As part of the amendment, the Foundation pledged to pay the sum of $30,000 to its subsidiary, Lander RWS Properties, LLC, annually beginning November 1, 2011, created a separate compliance deposit account funded with a $200,000 contribution from the University, and changed the debt service coverage ratio requirements. In October 2014, the bank and the Foundation amended the bond agreement to exclude the principal payment of $300,000 due and payable on November 1, 2014, from the debt service coverage ratio calculation.

Maturities of bonds payable are as follows:

2019	$	600,000
2020		625,000
2021		650,000
2022		700,000
2023		725,000
Thereafter		6,425,000
	$	9,725,000

Interest expense on notes and bonds payable for the year ended June 30, 2018, totaled $483,453. There was no interest cost capitalized during the year ended June 30, 2018.

16. Risk Management

The University is exposed to various risks of loss and maintains State or commercial insurance coverage for each of those risks. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. There were no significant reductions in insurance coverage from coverage in the prior year. The costs of settled claims have not exceeded this coverage in any of the past three years. The University 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 accord with insurance policy and benefit program limits.

State management believes it is more economical to manage certain risks internally and set aside assets for claim settlement. Several State funds accumulate assets and the State itself 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 (South Carolina PEBA); and

4) **Risk Management, Continued**

5) Claims of covered public employees for long-term disability and group-life insurance benefits (South Carolina PEBA).

Employees elect health coverage through either a health maintenance organization or through the State's self-insured plan. All of the other coverages listed above are through the applicable State self-insured plan except dependent and optional life premiums are remitted to commercial carriers.

The University 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 University assets, activities, and/or events:

1) Theft of, damage to, or destruction of assets;
2) Real property, its contents, and other equipment;
3) Motor vehicles, aircraft, and watercraft (inland marine);
4) Torts;
5) Business interruptions;
6) Natural disasters; and
7) Medical malpractice claims against covered infirmaries and employees.

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, boiler and machinery, automobile liability, and medical professional liability insurance. Also, the IRF purchases reinsurance for catastrophic property and medical professional liability insurance. Reinsurance permits partial recovery of losses from reinsurers, but the IRF remains primarily liable. The IRF purchases insurance for aircraft and ocean marine coverage. The IRF's rates are determined actuarially.

State agencies and other entities are the primary participants in the State's Health and Disability Insurance Fund and in the IRF.

The University obtains coverage through a commercial insurer for employee fidelity bond insurance for losses arising from dishonest or fraudulent acts, limited to $100,000 for dishonesty, $50,000 for forgery or alteration, and $5,000 from theft, disappearance, and destruction. The University also obtains coverage through a commercial insurer for medical insurance covering student athletes.

The University has not transferred the portion of the risk of loss related to insurance policy deductibles, unreported claims, underinsurance, and co-insurance for any covered losses to a state or commercial insurer.

The University has not reported an estimated claims loss expenditure, and the related liability at June 30, 2018, based on the requirements of GASB Statement's No. 10 and No. 30, which state that a liability for claims must be reported only if information prior to issuance of the financial statements indicates that it is probable that an asset has been impaired or a liability has been incurred on or before June 30, 2018, and the amount of the loss is reasonably estimable.

In management's opinion, claims losses in excess of insurance coverage are unlikely and, if incurred, would be insignificant to the University's financial position. Furthermore, there is no evidence of asset impairment or other information to indicate that a loss expenditure and liability should be recorded at year-end. No loss accrual has been recorded.

16. Transactions with State Entities

The University received substantial funding from the Commission on Higher Education (the CHE) for scholarships on behalf of students that is accounted for as operating state grants and contracts. The following is a summary of amounts received from the CHE for scholarships, sponsored research and public service projects for the fiscal year ended June 30, 2018:

LIFE Scholarships	$ 5,029,000
Palmetto Fellows Scholarship	559,900
Need-Based Grants	842,492
Hope Scholarships	697,200
Assistance Program	64,125
SC Teaching Fellows	355,830
Other	15,209
Total received from the CHE	$ 7,563,756

Services received at no cost from State agencies include maintenance of certain accounting records by the Comptroller General; banking, bond trustee and investment services from the State Treasurer; legal services from the Attorney General; and grants services from the Governor's Office.

Other services received at no cost from various offices of the State Budget and Control Board include pension plan administration, insurance plans administration, audit services, personnel management, assistance in the preparation of the budget, review and approval of certain budget amendments, procurement services and other centralized functions.

The University had financial transactions with various State agencies during the fiscal year. Significant payments were made to divisions of the State Budget and Control Board for pension and insurance plans employee and employer contribution, insurance coverage, office supplies, and interagency mail. Significant payments were also made for unemployment and workers’ compensation coverage for employees to the South Carolina Department of Employment and Workforce and State Accident Fund. The amounts of expenditures applicable to related transactions with state entities are not readily available.

17. Operating Expenses by Function

Operating expenses by functional classification for the year ended June 30, 2018 are summarized as follows:

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 14,781,780	$ 1,152,758	$ -	$ -	$ 15,934,538
Research	27,100	9,430	-	-	36,530
Public service	223,557	288,831	-	-	512,388
Academic support	1,632,059	1,575,896	-	-	3,207,955
Student services	6,751,837	1,970,092	-	-	8,721,929
Institutional support	5,426,550	834,426	-	-	6,260,976
Operation and maintenance of pl	4,801,201	3,775,422	-	-	8,576,623
Scholarships and fellowships	-	17,016	2,454,216	-	2,471,232
Auxiliary enterprises	1,295,282	7,820,481	-	-	9,115,763
Depreciation	-	-	-	3,975,504	3,975,504
Total operating expenses	$ 34,939,366	$ 17,444,352	$ 2,454,216	$ 3,975,504	$ 58,813,438

18. Restatement of Net Position

The University implemented GASB 75 during fiscal year June 30, 2018. Net position was restated as follows to properly reflect the net OPEB liability and deferred outflows at June 30, 2017:

Net Position, June 30, 2017, as previously stated	$ 20,112,557
Effect of Implementing GASB 75 – net OPEB liability	(36,907,817)
Effect of Implementing GASB 75 – deferred outflows	1,064,210
Net Position, June 30, 2017, as restated	($ 15,731,050)

19. Subsequent Events

The University has evaluated all subsequent events through September 26, 2018, the date the financial statements were available to be issued.

LANDER UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

SCRS	2018	2017	2016	2015
University's proportion of the net pension liability	0.17792%	0.17229%	0.17359%	0.17352%
University's proportionate share of the net pension liability	$ 40,051,528	$ 36,800,249	$ 32,922,370	$ 29,875,079
University's covered payroll	$ 14,033,582	$ 13,994,406	$ 13,106,120	$ 12,185,973
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	285.39776%	262.96399%	251.19845%	245.15957%
Plan fiduciary net position as a percentage of the total pension liability	53.30%	52.90%	57.00%	59.90%

PORS	2018	2017	2016	2015
University's proportion of the net pension liability	0.04146%	0.04192%	0.04259%	0.04406%
University's proportionate share of the net pension liability	$ 1,135,795	$ 1,063,189	$ 928,335	$ 843,405
University's covered payroll	$ 557,419	$ 558,323	$ 534,859	$ 529,483
University's proportionate share of the net pension liability as a percentage of its covered-employee payroll	203.75965%	190.42543%	173.56630%	159.28840%
Plan fiduciary net position as a percentage of the total pension liability	60.90%	60.40%	64.60%	67.55%

This schedule is intended to reflect information for ten years. Additional years will be added as they become available.

See independent auditor's report and accompanying pension plan supplementary information note.

LANDER UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS - PENSION PLAN

SCRS	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contribution	$ 2,532,831	$ 2,074,180	$ 1,845,796	$ 1,773,683	$ 1,669,891
Contributions in relation to the contractually required contribution	$ 2,532,831	$ 2,074,180	$ 1,845,796	$ 1,773,683	$ 1,669,891
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 14,033,582	$ 13,994,406	$ 13,106,120	$ 12,799,775	$ 12,185,973
Contributions as a percentage of covered-employee payroll	18.05%	14.82%	14.08%	13.86%	13.70%

PORS	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contribution	$ 90,525	$ 79,504	$ 73,489	$ 70,761	$ 68,036
Contributions in relation to the contractually required contribution	$ 90,525	$ 79,504	$ 73,489	$ 70,761	$ 68,036
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 557,419	$ 558,323	$ 534,859	$ 530,678	$ 529,483
Contributions as a percentage of covered-employee payroll	16.24%	14.24%	13.74%	13.33%	12.85%

This schedule is intended to reflect information for ten years. Additional years will be added as they become available.

See independent auditor's report and accompanying pension plan supplementary information note.

LANDER UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SUPPLEMENTARY INFORMATION NOTE
For the year ended June 30, 2018

NOTE 1 - CHANGE OF BENEFIT TERMS
No changes were made to the benefit terms during the fiscal year ended June 30, 2017 (the measurement year).

NOTE 2 - CHANGES OF ASSUMPTIONS
The investment return assumption is a prescribed assumption in Section 9-16-335 in South Carolina State Code. The Retirement System Funding and Administration Act of 2017 decreased the assumed rate of return from 7.50% to 7.25% for the July 1, 2017 actuarial valuation. There were no other assumption changes since the prior actuarial valuation.

NOTE 3 - COVERED PAYROLL
The State's actuary excludes ORP payroll when disclosing funding progress. As a result, the University has elected to follow the calculation performed by the State actuary and has excluded ORP salaries from covered payroll. ORP payroll amounts were as follows for the years ended June 30:

	2018	**2017**	**2016**
ORP Payroll	$ 7,358,393	$ 6,957,730	$ 6,541,879

LANDER UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S PROPORTIONATE
SHARE OF THE NET OPEB LIABILITY

Retiree Health Insurance		2018
University's proportion of the net OPEB liability		0.25508%
University's proportionate share of the net OPEB liability	$	34,550,033
Plan fiduciary net position as a percentage of the total OPEB liability		7.60%

Long-Term Disability Insurance		2018
University's proportion of the net OPEB liability		0.19849%
University's proportionate share of the net OPEB liability	$	3,599
Plan fiduciary net position as a percentage of the total OPEB liability		95.29%

This schedule is intended to reflect information for ten years. Additional years will be added as they become available.

See independent auditor's report and accompanying pension plan supplementary information note.

LANDER UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE UNIVERSITY'S CONTRIBUTIONS - OPEB PLANS

Retiree Health Insurance		**2018**
Statutorily required contribution	$	1,146,507
Contributions in relation to the Statutorily required contribution	$	1,146,507
Contribution deficiency (excess)	$	-

Long-Term Disability Insurance		**2018**
Statutorily required contribution	$	14,368
Contributions in relation to the Statutorily required contribution	$	14,368
Contribution deficiency (excess)	$	-

This schedule is intended to reflect information for ten years. Additional years will be added as they become available.

See independent auditor's report and accompanying pension plan supplementary information note.

LANDER UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
OPEB PLAN SUPPLEMENTARY INFORMATION NOTE
For the year ended June 30, 2018

NOTE 1 - CHANGE OF BENEFIT TERMS
No changes were made to the benefit terms during the fiscal year ended June 30, 2017 (the measurement year).

NOTE 2 - CHANGES OF ASSUMPTIONS
The discount rate changed from 2.92% as of June 30, 2016 to 3.56% as of June 30, 2017.

No other changes were made to the actuarial assumptions utilized during the fiscal year ended June 30, 2017 (the measurement year).

LANDER UNIVERSITY

SUPPLEMENTARY SCHEDULE REQUIRED BY THE OFFICE OF THE

SOUTH CAROLINA COMPTROLLER GENERAL

SCHEDULE RECONCILING STATE APPROPRIATIONS PER THE FINANCIAL STATEMENTS

TO STATE APPROPRIATIONS RECORDED IN STATE ACCOUNTING RECORDS

For the Year Ended June 30, 2018

The following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 16 of the 2016-2017 Appropriations Bill enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2018.

Appropriation per Annual Appropriations Act	$ 7,794,074
Lottery	259,785
SCRS and PORS 1% Rate Increase	60,660
Health and Dental Allocation	36,323
Nursing and STEM Equipment	89,762
Montessori - repairs	1,000,000
Total state appropriations	$ 9,240,604

See independent auditor's report.

LANDER UNIVERSITY

SUPPLEMENTARY SCHEDULE REQUIRED BY THE OFFICE OF THE

SOUTH CAROLINA COMPTROLLER GENERAL

SCHEDULE OF TUITION AND FEES

For the Year Ended June 30, 2018

South Carolina Code of Laws Section 59-107-90 requires that the maximum amount of annual debt service on state institution bonds for each institution shall not exceed 90 percent of the sums received from tuition and fees (as defined by code Section 59-107-30) for the preceding year.

The applicable amount for the year ended June 30, 2018 is as follows:

Amount of tuition and fees as defined by Code Section 59-107-30 for the year ended June 30, 2017	$	15,822,858
Legal annual debt service limit at June 30, 2018	$	14,240,572

See independent auditor’s report.

GOVERNMENT AUDITING STANDARDS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees
Lander University
Greenwood, South Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the business-type activities and discretely presented component unit of Lander University (the Organization), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Organization's basic financial statements, and have issued our report thereon dated September 26, 2018. The financial statements of the Lander Foundation were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Lander Foundation.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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

Compliance and Other Matters

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

The Organization's Response to Findings

The Organization's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Clark Eustace Wagner, PA

Greenwood, South Carolina
September 26, 2018

UNIFORM GUIDANCE - COMPLIANCE

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Lander University
Greenwood, South Carolina

Report on Compliance for Each Major Federal Program

We have audited Lander University's (the Organization) compliance with the types of compliance requirements described in the U.S Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2018. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).* Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Clark Eustace Wagner, PA

Greenwood, South Carolina
September 26, 2018

LANDER UNIVERSITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2018

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor's Number	Passed Through to Subrecipients	Federal Expenditures
Research and Development Cluster				
U.S. Department of Commerce				
Passed through Clemson University				
Sea Grant College Program Act	11.417	1847-223-2021188	$ -	$ 4,268
Passed through College of Charleston				
National Space Grant College and Fellowship Program	43.008	521179-CD-LN	-	3,131
Total Research and Development Cluster			-	7,399
Student Financial Assistance Cluster				
U.S. Department of Education				
Direct Programs				
Federal Supplemental Educational Opportunity Grant	84.007		-	96,952
Federal Direct Student Loans (Direct Loans)	84.268		-	17,282,196
Federal Work Study Program	84.033		-	161,375
Federal Pell Grant Program	84.063		-	6,202,897
Total Student Financial Assistance Cluster			-	23,743,420
TRIO Cluster				
U.S. Department of Education				
Direct Program				
Student Support Services	84.042A	P042A150562	-	217,954
Special Education Cluster				
Passed Through South Carolina Department of Education				
Project CREATE	84.027	H63010100915	-	106,341
Other Programs				
Passed Through South Carolina Department of Education				
Mathematics and Science Partnerships	84.366B	H63010008216	-	70,847
Total federal expenditures			$ -	$ 24,145,961

See accompanying notes to the Schedule of Expenditures of Federal Awards.

LANDER UNIVERSITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2018

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Pass-through entity identifying numbers are presented where available.

(3) Encumbrance accounting is not employed in governmental funds.

NOTE 3 – INDIRECT COST RATE

The University has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4 – FEDERAL STUDENT LOAN PROGRAMS

The federal student loan program listed below are administered directly by the University, and balances and transactions relating to these programs are included in the University's basic financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of loans outstanding at June 30, 2018 consists of:

CFDA Number	Program Name	Outstanding Balance
84.038	Perkins Loan Program	$1,258,924

LANDER UNIVERSITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2018

SECTION 1

Financial Statements	Summary of Auditor's Results
1. Type of auditor's report issued:	Unmodified
2. Internal controls over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
3. Noncompliance material to financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified not considered to be material weaknesses?	No
2. Type of auditor's report issued on compliance for major programs	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	No
4. Identification of major programs:	

CFDA Number	Name of Federal Program
84.007, 84.033, 84.038, 84.063, 84.268	Student Financial Assistance Cluster

5. Dollar threshold used to distinguish between programs?	$750,000
6. Auditee qualified as low-risk auditee?	Yes

SECTION 2

FINANCIAL STATEMENT FINDINGS

No new findings to report.

SECTION 3

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No new findings to report.

LANDER UNIVERSITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2018

FINANCIAL STATEMENT FINDINGS

No findings reported in the prior year

FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No findings reported in the prior year