LANDER UNIVERSITY
A Component Unit of the State of South Carolina

FINANCIAL STATEMENTS
For the year ended June 30, 2022

LANDER UNIVERSITY
GREENWOOD, SOUTH CAROLINA
June 30, 2022

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FINANCIAL SECTION

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, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements as listed in the table of contents.

In our opinion, 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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management's for the Financial Statements

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

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

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Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management’s Discussion and Analysis, the Schedule of the 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

Management is responsible for the other information included in the annual report. The other information comprises the Schedule Reconciling State Appropriations per the Financial Statements to State Appropriations Recorded in State Accounting Records and the Schedule of Tuition and Fees are presented for purposes of additional analysis as required by the State of South Carolina Office of the Comptroller General but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2022 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 the effectiveness of the University's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

Eustace Accountancy Group, PA

Greenwood, South Carolina
September 30, 2022

Lander University

Management's Discussion and Analysis

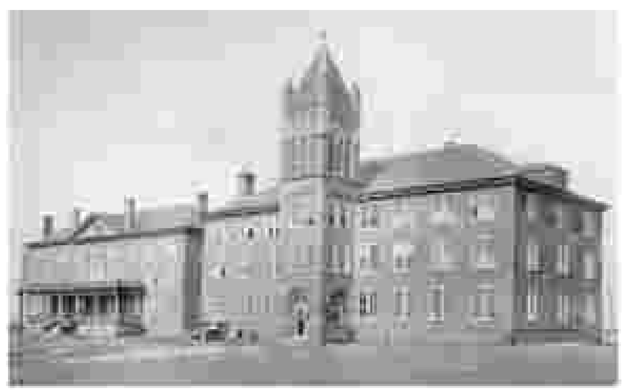
Management's Discussion and Analysis provides an overview and analysis of Lander University's financial activities for the fiscal year ended June 30, 2022, with comparative information for the fiscal year ended June 30, 2021. Management has prepared the discussion and analysis to be read in conjunction with the financial statements and accompanying notes to the financial statements. The financial reporting entity for the financial statements is comprised of the University and its component units. The emphasis of discussions about these statements will be on current year data and will not include the discretely presented component units. The University's financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB), which establishes standards for external financial reporting for public colleges and universities. These statements are presented on a consolidated basis to focus on the University as a whole. The full scope of the University's activities is a single business-type activity and accordingly, is reported within a single column in the basic financial statements. The University's financial report includes five financial statements and related notes:

1. The Statement of Net Position for Lander University
2. The Statement of Revenues, Expenses and Changes in Net Position for Lander University
3. The Statement of Cash Flows for Lander University
4. The Consolidated Statement of Financial Position for the Nongovernmental Component Units
5. The Consolidated Statement of Activities for the Nongovernmental Component Units

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 Bell Tower 2020



Lander College building, 1904-05

Lander offers high-demand and market-driven programs to ambitious and talented students in and around 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 with more than 80 areas of study. Some key signature programs of study are; 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 2022	179	3839	3531
Fiscal Year 2021	160	3511	3356
Fiscal Year 2020	139	3227	3079

Overview of the Financial Statement and Financial Analysis

The University is pleased to present its financial statements for fiscal year 2022. The emphasis of discussions about these statements will be on current year data. There are three University specific financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows.

In addition, the financial statements contain a Statement of Financial 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 and retained by the Foundation.

This discussion and analysis of the University's financial statements provides an overview of its financial activities for the year. Comparative data is provided for fiscal year 2022 and fiscal year 2021.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the University as of the end of the fiscal year. The purpose of the Statement of Net Position is to present a fiscal snapshot of Lander University. It provides data that identifies the assets available to continue the operations of the University, as well as how much the University owes vendors and lending institutions. The Statement of Net Position presents end-of-year data concerning assets (property owned by the University and debts owed by others to the University), liabilities (debts owed to others and funds collected from others prior to the University providing service/goods), and net position (assets minus liabilities) and their availability for expenditure by the institution. It is prepared under the accrual basis of accounting, whereby revenues and assets are recognized when the service is provided and expenses and liabilities are recognized when others provide the service to the University, regardless of when cash is exchanged.

Net position is divided into three major categories. The first category, invested in capital assets, net of debt, 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 are 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. Unrestricted net position is negative because of the adoption of GASB 68 and GASB 75. For additional information, see Notes 7 and 8 in the accompanying notes to the financial statements.

Statement of Net Position, Condensed

Assets:	2022	2021	Increase/ Decrease	Percent Change
Current assets	26,112,131	18,806,704	7,305,427	38.84%
Capital assets, net	54,172,129	57,898,580	-3,726,451	-6.44%
Right to use leased assets, net	13,611,963	0	13,611,963	
Other assets	27,370	937,659	-910,289	-97.08%
Total Assets	93,923,593	77,641,943	16,281,650	20.97%
Deferred Outflow of Resources	29,064,950	23,649,070	5,415,880	22.90%
Liabilities:				
Current Liabilities	18,742,914	6,913,614	11,829,300	171.10%
Noncurrent Liabilities	128,764,669	117,561,549	11,203,120	9.53%
Total Liabilities	147,507,583	124,475,163	23,032,420	18.50%
Deferred Inflows of Resources	9,687,021	3,549,831	6,137,190	172.89%
Net Position:				
Invested in capital assets, net of debt	41,865,722	41,162,114	703,608	1.71%
Restricted-expendable	6,215,672	4,458,315	1,757,357	39.42%
Unrestricted	-82,287,455	-72,354,410	-9,933,045	13.73%
Total Net Position, As Restated	-34,206,061	-26,563,404	-7,642,657	28.77%

Statement of Net Position, Continued

As of June 30, 2022, University assets were $93,923,593. Total assets of the University increased by 21% over the prior year. Current assets had a major increase of 39%, most notably from the unspent State Supplemental Appropriations H4100, $10,139,471. The State Supplemental Appropriations includes $5,000,000 for a new Nursing building, with the remaining $5,139,471 to maintenance, renovation, & replacement of educational and general projects across campus. The University was also awarded $6,000,000 in Capital Reserve Funds under Article 95, R117, H4101. A majority of these funds have been approved to replace the original chiller in the Science Building, as well as several roofing projects. Other assets fell by 97%, from the return of excess funds to the federal government from the now "Sunset" Perkins Loan Program. This program has now ended and all remaining funds will be distributed by the end of FY23. Capital Assets, Net of Accumulated Depreciation, and Right to Use Leased Assets, Net, increased a total of 17.07%. a key factor of the increase was the implementation of GASB 87, which added over $12 million in Right of Use Lease Assets to the Statement of Net Position. Depreciation and amortization expense was $5,163,613, an increase of $1,011,164 over prior year.

Deferred Outflows of Resources had a significant increase due to the actuarial determinations for GASB 68 and GASB 75. The liability expense and contributions subsequent to the measurement date for the University's Net Pension Liability and OPEB Liability are reported in Deferred Outflows of Resources. The University's outflows were $29,064,950 as of June 30, 2022. These Outflows of Resources will be amortized in subsequent periods. Please see Note 7 and 8 for more information

Total University liabilities were $147,507,583 as of June 30, 2022. The University experienced an increase in liabilities over the prior fiscal year by 18%. Current liabilities increased over prior year by 171%, mainly due to deferred revenues at an approximate $10.4 million increase. The increase in total liabilities was also attributable to the implementation of GASB 87, where short-term lease liabilities were $618,582 and long-term lease liabilities were $10,659,969. These increases were offset by a decrease in accrued payroll and accrued compensated absences. Noncurrent liabilities had an increase of 10%. Driving factors for the rise of noncurrent liabilities include net pension and OPEB liabilities, coupled with the decrease in bonds payable and the Perkins liability.

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 Inflows of Resources increased by $6.1 million due to actuarially determined changes in 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 Inflows of Resources. These Inflows will be amortized in subsequent periods.

Impacts of GASB 68 and GASB 75

The GASB 68 and GASB 75 standards create an accounting liability rather than a legal liability. Pursuant to the 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 2022, without the GASB 68 and 75 impact, the University's unrestricted net position had a decrease of $5.7 million. Following is the University's net position with the GASB 68 and 75 impact reported discretely.

Statement of Net Position, Continued

Impacts of GASB 68 and GASB 75, Continued

Net Position	2022	2021	Change
Invested in capital assets, net of debt	41,865,722	41,162,114	703,608
Restricted-expendable	6,215,672	4,458,315	1,757,357
Unrestricted (exclusive GASB 68/75)	2,527,335	8,309,144	-5,781,809
Unrestricted (GASB 75 portion)	(43,700,111)	(40,814,087)	-2,886,024
Unrestricted (GASB 68 portion)	(41,114,679)	(39,849,467)	-1,265,212
Total Net Position	(34,206,061)	(26,563,404)	-7,642,657

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.

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

	2022	2021
Operating Revenues	$ 46,958,514	$ 44,845,576
Operating Expenses	85,456,558	74,574,536
Operating Income/(Loss)	(38,498,044)	(29,728,960)
Non-operating Revenues	31,535,219	25,943,640
Non-operating Expenses	(679,832)	(741,924)
Income before Other Revenues, Expenses, Gains, or Loss	(7,642,657)	(4,527,244)
Change in Net Position	(7,642,657)	(4,527,244)
Net Position at Beginning of Year	(26,563,404)	(22,206,737)
Restatement Adjustment GASB 87 implementation	-	170,577
Net Position at End of Year	$ (34,206,061)	$ (26,563,404)

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

Revenue by Source
For the Years Ended June 30, 2022 and June 30, 2021

Operating Revenues	**2022**	**2021**
Tuition and Fees	$ 14,486,846	$ 14,859,010
Grants and Contracts	12,521,765	11,645,288
Sales and Services	19,463,412	17,890,354
Other Operating Revenues	486,491	450,924
Total Operating Revenues	46,958,514	44,845,576
Non-operating Revenues		
State Appropriations	11,788,503	12,535,984
Federal Grants and Contracts	18,690,013	12,319,035
Gifts	1,042,153	1,088,620
Investment Income		
Other Non-operating Revenues	14,550	-
Total Non-operating Revenues	31,535,219	25,842,708
Total Revenues	$ 78,493,733	$ 70,688,284

Operating Revenues

Operating revenues represent resources generated by the University in fulfilling its instruction, research, and public service missions.

Student tuition and fees (net) for fiscal year 2022 decreased 2.5% over the prior year. Although the University reported an increase in total enrollment, student tuition and fees are reported net of scholarship discounts, which totaled $28.5 million for fiscal year 2022 and $25.6 million for the prior year. Tuition rates for fiscal year 2022 did not increase.

Grants and contract revenues increased 7.53% in fiscal year 2022 due to the increase in total enrollment of 9.3%, causing our state supported grants (Need Based Grants, Palmetto Fellows, Life, Hope) to increase as well.

Sales and services revenues increased 8.79% or $1.5 million in fiscal year 2022, it includes the revenues of campus auxiliary and educational operations (housing, food service, athletics, and other general revenue). Housing rates increase just over 4% and Food Service rates increased a mere 3%.

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

Non-operating Revenues

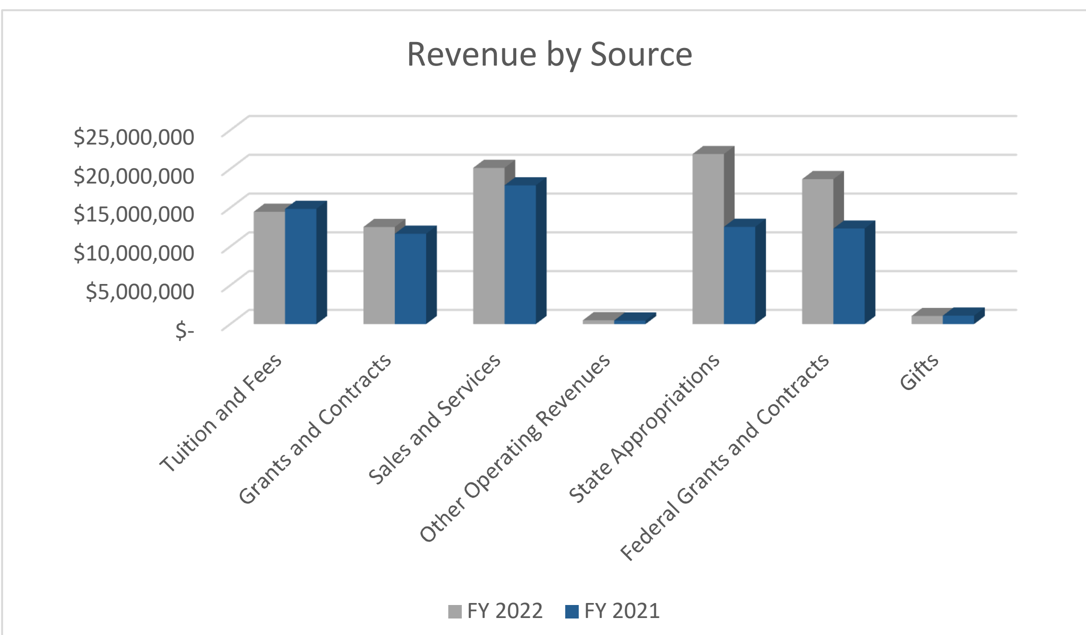
GASB requires state appropriations, gifts, and federal grants and contracts to be treated as nonoperating revenues. This income is considered nonoperating because they are not generated by the University's ongoing operations.

State appropriations are provided from the State of South Carolina annually to help fund education and general expenditures. State appropriations revenue totaled $11.8 million for fiscal year 2022. Supplemental appropriations of $10.1 million are not included in the state appropriations total, but rather shown as unearned revenue since they are designated for capital projects that have not yet begun. The supplemental appropriations are earmarked for a new Nursing building, along with several roofing projects on campus.

Federal grants and contracts include Pell, SEOG, Federal Work Study, and American Rescue Plan (ARP) Student, Institution and Strengthen Institution shares. The Higher Education Emergency Relief Fund III (HEERF III) was authorized by the American Rescue Plan (ARP), Public Law 117-2, signed into law on March 11, 2021, providing $39.6 billion in support to institutions of higher education to serve students and ensure learning continues during the COVID-19 pandemic. ARP funds are in addition to funds authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA), Public Law 116-260 and the Coronavirus Aid, Recovery, and Economic Security (CARES) Act, Public Law 116-136. Emergency funds available to institutions and their students under all emergency funds total $76.2 billion. Lander University received a total of $10,168,323 of the funds authorized.

Gifts and other non-operating revenues had a decrease nearly 4% over prior year.

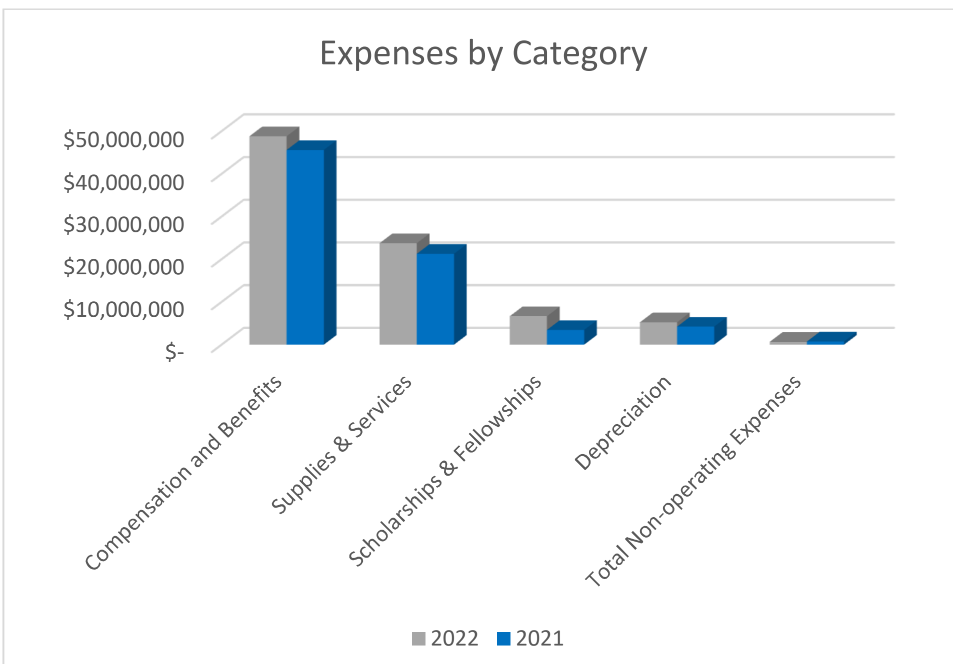
The chart below shows total revenues by source (operating and nonoperating).



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

Expenditures by Source
For the Years Ended June 30, 2022 and June 30, 2021

Operating Expenditures	**2022**	**2021**
Compensation and Benefits	$ 48,817,173	$ 45,609,132
Supplies & Services	24,735,200	21,280,248
Scholarships & Fellowships	6,662,709	3,454,844
Depreciation	5,241,476	4,230,312
Total Operating Expenditures	85,456,558	74,574,536
Non-operating Expenditures		
Interest Expense	624,247	424,067
Investment Expense	55,585	100,931
(Gain)/Loss on Disposal of Assets	-	216,926
Total Non-operating Expenditures	679,832	741,924
Total Expenditures	$ 86,136,390	$ 75,316,460



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

Operating Expenditures

Total operating expenditures increased by $9 million, or a 13% increase over prior year. Compensation and benefits increased 7% over prior year, the majority of the increase is due to increases in the Pension and OPEB expense lines. Supplies and services had an increase of 12% partially due to the intense focus to keep the campus safe, disinfected and operational due to COVID protocols. With the world opening back up after the pandemic, faculty, staff, and students are traveling for sports, conferences and training, contributing to the increase in supplies and services. The University is always making a conscious effort to keeping spending constant.

The new ARP federal funds allowed the University to award additional scholarships in the amount of $4.8 million, coupling that with the increase in enrollment, scholarships and fellowships paid increased $3.2 million over prior year.

Non-operating Expenditures

Total non-operating expenditures decreased 8% due to the lack of disposal of assets with remaining book value in FY 2022. Investment expense decrease by $45,346 but this decrease was offset by an increase in interest expense of $200,180.

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, 2022 and 2021, Condensed

Cash Provided (Used) by:	2022	2021
Operating Activities	$ (31,099,855)	$ (18,881,247)
Non-Capital Financing Activities	41,674,690	25,726,712
Capital and Related Financing Activities	(5,910,162)	(5,630,704)
Investing Activities	(55,586)	(100,931)
Net Change in Cash	4,609,087	1,113,830
Cash and Cash Equivalents, Beginning of Year	14,763,858	13,650,028
Cash and Cash Equivalents, End of Year	$ 19,372,945	$ 14,763,858

Capital Assets

The state legislature appropriated $10,214,471 in new funding for the University in FY 2022, which included $5,000,000 for a brand new, state-of-the-art nursing building. Nursing is Lander's largest academic major, accounting for nearly a quarter of the school's total student body. The legislature's funding for a new nursing building comes at a time when the state's need for nurses in the health care industry has been heightened by the pressures of the COVID-19 pandemic. It has been reported that South Carolina is estimated to lack around 10,000 nurses needed to meet the growth of the state, a trend that may lead to one of the most severe nursing shortages in the country within the next decade. Lander has already begun working on that shortage.

During the Fall semester, Lander opened the William Preston Turner School of Nursing’s simulation laboratory. The expansive facility promotes appropriate social distancing and will feature an array of the most current clinical equipment and technologies, providing Lander’s student nurses with a safe, dynamic and realistic environment for hands-on clinical instruction. With the new simulation laboratory, an exciting new scholarship program was announced between, Self Regional Healthcare and Lander University. The Self Regional Scholars Program honors rising juniors, is offered annually to the highest-performing nursing students who demonstrate exceptional academic performance, community involvement and career potential, among other characteristics.

Capital Assets, Continued

Other projects the state supplemental appropriations will fund include:

- Re-purpose and upgrade existing academic building space- Due to the increase in student enrollment and the intense focus on social distancing, the University has decided to re-purpose low utilized areas into additional classrooms, locker rooms and offices.
- Elevator repair, replacement and upgrades- To ensure efficiency and safety, funds have been earmarked to replace or repair seven E & G building elevators on campus. Some of these elevators are original to the buildings and have out of date controls. This project will ensure our elevators are up to date and effective.
- Science Building laboratory ventilation repair and upgrades- The existing system is designed as a critical safety component in the biology and chemistry laboratories when dealing with chemical fumes. The system controls have failed and are no longer supported by the manufacturers. The system is currently always running as 'fully open' for the safety of the faculty, staff and students in that building. This project will repair and upgrade ventilation system.
- Detention pond and stormwater drain maintenance- The detention pond is required by SC DHEC, it has accumulated a considerable volume of organic matter that needs to be dredged out to restore the permitted holding capacity. The stormwater drainage in several areas of campus have become problematic, this project will re-route the outfall to a deeper catch basin resulting in less pooling water on sidewalks and at entrance and exit doors.
- Campus asphalt paving- many parking lots across campus have begun to deteriorate over time. These funds will help repave and repair the most needed parking lots.

In addition to the Supplemental Appropriations, the legislature awarded Lander University with $6,000,000 in Capital Reserve Funds (CRF) earmarked for maintenance, renovation, and replacement. These funds have been approved for the following projects:

- Field House II Re-roof
- Nursing Simulation Lab Re-roof
- Human Resources Building exterior maintenance
- Chipley Hall Dormitory fire lane entrance
- Laura Lander Bell Tower renovation
- Science Building chiller replacement

Lander's allocations in this year's budget are the best in school history, which will allow the University to bring all of its existing facilities up to date and expand its footprint with the addition of the new nursing building.

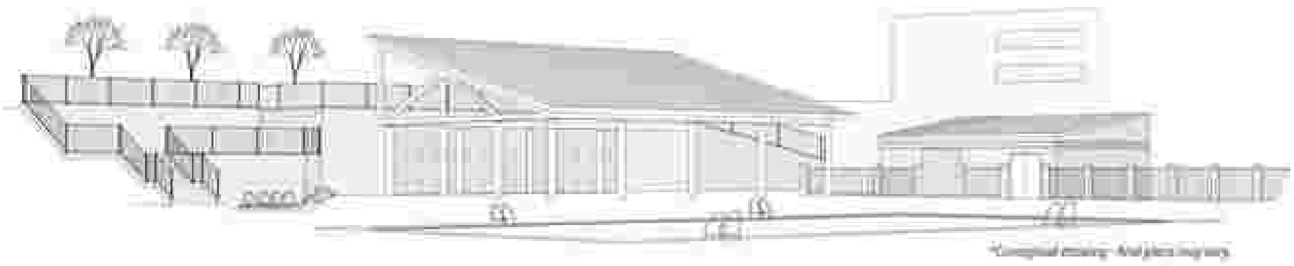
Capital Assets, Continued

Lander University has expanded its already robust academic catalog through the creation of the College of Graduate and Online Studies, which opened its doors in the fall. Lander's lineup of online degree programs has grown quickly, with a variety of degrees currently offered. Lander is excited to move the College of Graduate and Online Studies to the former Bank of America building in Uptown Greenwood. The new home of the College of Graduate and Online Studies will also add more than 18,100 square feet of versatile, multipurpose space for our University community.

Renovation of the 2nd and 3rd floors will be completed first, with the ground floor following in the second phase. Funding for this project is pending state approvals. Such approvals are expected to be delivered in the fall of 2022. Along with increasing Lander's visibility and presence in the Uptown area, the new building will also free up space on our main campus to allow for more social distancing in classrooms, offices and meeting areas.

Lander University also broke ground on an outdoor, multipurpose space for students' recreational academic use. The new facility, which replaces the Sproles Recreation Center built in 1952, is designed to enhance the student experience at the university. It will include an outdoor pool, surrounded by palm trees, and seating near the water. Auxiliary funds are earmarked to complete this project by the end of fiscal year 2023.

Capital Assets, Continued



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 unanimous vote by the Board of Trustees marks six consecutive years that Lander's tuition has remained a steady $5,350 per semester ($10,700 annually) for full-time, in-state undergraduate students, after it was reduced and frozen in 2016. General fees, set in 2017 at $500 per semester ($1,000 annually), also remain unchanged.

More students now call Lander University home than at any other time in the institution's 150-year history. Lander's total enrollment for the Fall 2022 is 4,107 up 7% over prior year. Along with a record number of new degree seeking students, the Fall 2022 figures include a record number of online and graduate students.

Over the last six years, Lander's enrollment has grown an impressive 42.1 percent, with an increase of 1,138 students since the fall of 2015. While the pandemic has had devastating impacts on many colleges and universities, Lander has remained a highly sought-after choice for students and their families.

Several new things are on the horizon for Lander University. Beginning in the Fall 2022, Lander is excited to announce a new franchise, Freshens will be joining the campus, opening in September 2022.

For the second year in a row, legislators included over $17 million in new funding for the University. A portion of the funding will be for construction of a new information commons building that will take the place of the current Jackson Library. Another portion will allow the existing library to be renovated into classroom and laboratory space upon completion of the information commons, affording the University the opportunity to admit additional on-campus students. Also included in the $17 million state appropriations awarded to Lander University is a recurring $400,000 to fund the South Carolina Institute on the Prevention of Sexual Violence on College Campuses. Lander will host a conference once a semester to inform students, faculty, and staff about the prevention and signs of sexual violence on college campuses.

With more students living on campus than ever before, it is critically important that our residence halls receive regular attention and maintenance so that they remain top-quality, safe and comfortable living spaces. The University we will be evaluating renovation projects at Bearcat Village, Brookside, Centennial, Chipley, Lide, Thomason and Williamston residence halls, with a focus on cosmetic and functional updates, including new roofing, flooring and decking; bathroom updates; new windows and blinds; interior and exterior painting; and HVAC, water heater and drainage upgrades.

As Lander University continues to grow with the Greenwood community, a team of educators from Lander University and Piedmont Technical College has been selected to be part of the inaugural cohort of the Transfer Student Success and Equity Incentive, sponsored by the Aspen Institute and the American Association of State Colleges and Universities (AASCU). Lander is establishing a series of articulation agreements with Orangburg-Calhoun Technical College (OCtech) as well. These agreements will enhance the transfer of students from OCtech to Lander for specified majors.

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

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, 2022

	Note	
ASSETS		
Current assets		
Cash and cash equivalents	2	$ 5,356,039
Cash and cash equivalents, restricted	2	13,998,425
Accounts receivable, net of allowance for doubtful accounts of $286,199	3	6,079,206
Due from component unit		233,953
Interest receivable		31,437
Inventories		68,887
Prepaid items		344,184
Total current assets		26,112,131
Non-Current assets		
Restricted assets		
Cash and cash equivalents	2	18,481
Student loans receivable	3	8,889
Right to use leased assets, not being amortized	4	413,588
Right to use leased assets, net of amortization	4	13,198,375
Capital assets, not being depreciated	5	4,058,867
Capital assets, net of accumulated depreciation	5	50,113,262
Total non-current assets		67,811,462
TOTAL ASSETS		93,923,593
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	7	10,303,640
Deferred outflows - OPEB	8	18,761,310
TOTAL DEFERRED OUTFLOWS OF RESOURCES		29,064,950
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		$ 122,988,543

(Continued)

	Note	
LIABILITIES		
Current liabilities		
Accounts payable		$ 1,365,717
Accrued payroll and related liabilities		2,559,560
Accrued compensated absences and related liabilities - current portion	13	628,683
Accrued interest payable		384,760
General obligation bonds payable - current portion	12	1,894,162
Lease liability - current portion	9	618,582
Other deposits		75,693
Unearned revenue	6, 13	11,215,757
Total current liabilities		18,742,914
Non-current liabilities		
Accrued compensated absences, net of current portion	13	1,138,037
General obligation bonds payable, net of current portion	12	12,745,658
Lease liability, net of current portion	9	10,659,969
Net pension liability	7, 13	44,748,507
Net OPEB liability	8, 13	59,444,212
Non-current liabilities payable from restricted non-current assets		
Perkins Loan Program - federal liability	13	28,286
Total non-current liabilities		128,764,669
TOTAL LIABILITIES		147,507,583
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	7	6,669,812
Deferred inflows - OPEB	8	3,017,209
TOTAL DEFERRED INFLOWS OF RESOURCES		9,687,021
NET POSITION		
Net investment in capital assets		41,865,721
Restricted for Expendable:		
Grants and contracts		3,394,303
Loans		213
Capital projects		643,209
Debt service		2,177,948
Unrestricted		(82,287,455)
TOTAL NET POSITION		(34,206,061)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION		$ 122,988,543

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, 2022

OPERATING REVENUES		
Student tuition and fees, net of scholarship allowances of $28,532,926	$	14,486,846
Federal grants and contracts		289,185
State grants and contracts		12,229,680
Non-governmental grants and contracts		2,900
Sales and services of education and other activities		923,286
Sales and services of auxiliary enterprises, pledged for debt service		18,540,126
Other revenues		486,491
Total operating revenues		46,958,514
OPERATING EXPENSES		
Compensation		32,196,353
Employee benefits		16,620,821
Supplies and services		24,735,200
Scholarships and fellowships		6,662,709
Depreciation and amortization		5,241,475
Total operating expenses		85,456,558
Net operating income (loss)		(38,498,044)
NON-OPERATING REVENUES (EXPENSES)		
State appropriations		11,788,503
Federal grants and contracts		18,690,013
Private gifts		1,042,153
Investment gain (loss)		(55,585)
Net gain (loss) on disposal of capital assets		14,550
Interest expense on capital assets and related debt		(624,247)
Total non-operating revenues (expenses)		30,855,387
Change in net position		(7,642,657)
NET POSITION - BEGINNING - As Restated		(26,563,404)
NET POSITION - ENDING	$	(34,206,061)

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, 2022

Cash flows from operating activities		
Student tuition and fees	$	7,890,869
Grants and contracts		10,626,123
Sales and services of educational and other activities		923,286
Sales and services of auxiliary enterprises		18,540,125
Other operating cash receipts		534,572
Payments to suppliers		(24,083,205)
Payments to employees and for benefits		(44,691,847)
Collections on loans to students		(839,778)
Net cash used for operating activities		(31,099,855)
Cash flows from non-capital financing activities		
State appropriations		21,927,974
Federal grants and contracts		18,690,013
Private gifts		14,550
Other miscellaneous		1,042,153
Net cash provided by non-capital financing activities		41,674,690
Cash flows from capital and related financing activities		
Purchases of capital assets		(3,580,415)
Payments on bonds and redemption of premiums		(1,580,000)
Payments on lease obligation		(125,500)
Interest paid		(624,247)
Net cash used for capital and related financing activities		(5,910,162)
Cash flows from investing activities		
Interest on investments		(55,586)
Net cash used for investing activities		(55,586)
Net change in cash and cash equivalents		4,609,087
Cash and cash equivalents - beginning		14,763,858
Cash and cash equivalents - ending	$	19,372,945
Reconciliation to Statement of Net Position		
Cash and cash equivalents, current portion	$	5,356,039
Restricted cash and cash equivalents, current portion		13,998,425
Restricted cash and cash equivalents, non-current portion		18,481
Total cash and cash equivalents per Statement of Net Position	$	19,372,945

(Continued)

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

LANDER UNIVERSITY
STATEMENT OF CASH FLOWS - CONTINUED
For the year ended June 30, 2022

Reconciliation of net operating loss to net cash used for operating activities		
Net operating loss	$	(38,498,044)
Adjustments to reconcile net operating loss to net cash used for operating activities		
Depreciation		5,241,475
(Increase)/decrease in accounts receivable		(2,918,704)
(Increase)/decrease in inventory		(13,995)
(Increase)/decrease in prepaid items		47,328
(Increase)/decrease in student loans receivable		832,499
Increase/(decrease) in accounts payable and other liabilities		588,417
Increase/(decrease) in unearned revenues		296,623
Increase/(decrease) in deposits		8,753
Increase/(decrease) in deferred outflows		(5,538,759)
Increase/(decrease) in deferred inflows		6,260,069
Increase/(decrease) in pension liability		(6,506,103)
Increase/(decrease) in OPEB liability		9,936,028
Increase/(decrease) in Perkins Loan		(852,122)
Increase/(decrease) in compensated absences		16,680
Net cash used for operating activities	$	(31,099,855)
Non-cash transactions		
Amortization of bond premium	$	329,119

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, 2022

ASSETS	
Current assets	
Cash and cash equivalents	$ 2,769,964
Accounts receivable	1
Prepaid expenses	14,140
Net unconditional promises to give	2,809,569
Total current assets	5,593,674
Non-Current assets	
Cash and cash equivalents, restricted	2,542
Investments	18,893,492
Investments related to split-interest agreements	446,147
Investments in real estate	486,185
Net investment in sales-type and direct financing leases	336,909
Other investments	2,000
Debit issuance costs, net	93,453
Cash surrender value of life insurance	17,619
Land, buildings, and equipment, net	17,950,928
Total non-current assets	38,229,275
TOTAL ASSETS	$ 43,822,949
LIABILITIES	
Current liabilities	
Accounts payable	$ 240,417
Revenue bonds payable - current portion	475,778
Notes payable - current portion	141,895
Total current liabilities	858,090
Non-current liabilities	
Revenue bonds payable , net of current portion	8,295,000
Notes payable, net of current portion	668,753
Actuarial liability of annuities payable	26,821
Total non-current liabilities	8,990,574
TOTAL LIABILITIES	9,848,664
NET ASSETS	
Without donor restrictions	9,423,115
With donor restrictions	24,551,170
TOTAL NET ASSETS	33,974,285
TOTAL LIABILITIES AND NET ASSETS	$ 43,822,949

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, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS, AND OTHER SUPPORT			
Contributions	$ 372,017	$ 3,759,397	$ 4,131,414
General Revenue	1,925	-	1,925
In-kind contributions - related party	1,143,612	-	1,143,612
Rental income - related party	870,448	-	870,448
Investment income - net	-	(88,976)	(88,976)
Investment income from capital leases	366,159	-	366,159
Interest income from capital leases	38,577	-	38,577
Change in actuarial liability of annuities payable	7,361	-	7,361
Realized and unrealized gains (losses) on investments	(49,072)	(3,336,258)	(3,385,330)
Gain on sale of real estate	5,700	-	5,700
Interest income	172	-	172
Net assets released from restrictions	1,466,283	(1,466,283)	-
Total revenue, support, and reclassifications	4,223,182	(1,132,120)	3,091,062
PROGRAM EXPENSES			
Scholarships	686,001	-	686,001
Awards	3,830	-	3,830
Grants and other approved programs	300,839	-	300,839
University Program Support	741,362	-	741,362
Interest Expense	256,029	-	256,029
Banking Fees	6,888	-	6,888
Depreciation Expense	378,863	-	378,863
Total program expenses	2,373,812	-	2,373,812
SUPPORTING SERVICES			
Fundraising	601,958	-	601,958
Administrative and general	433,122	-	433,122
Total supporting services	1,035,080	-	1,035,080
Total program expenses and supporting services	3,408,892	-	3,408,892
Change in net assets	814,290	(1,132,120)	(317,830)
NET ASSETS - BEGINNING	8,608,825	25,683,290	34,292,115
NET ASSETS - ENDING	$ 9,423,115	$ 24,551,170	$ 33,974,285

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 Operations

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 Annual Comprehensive Financial Report (ACFR) 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) sixteen 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 fundraising 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 97.2 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 Annual Comprehensive Financial Report (ACFR). 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

The State of South Carolina Office of the Comptroller General's Audited Financial Statements Manual establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. 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 15 to 40 years for buildings and improvements and land improvements and 5 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. Right to Use Leased Assets

In accordance with GASB Statement No. 87, *Leases*, Right to Use Leased Assets are measured as the sum of:

1. The amount of the initial measurement of the lease liability,
2. Lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term
3. Initial direct costs that are ancillary charges necessary to place the lease asset into service.

Lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset as provided in the estimated useful lives of the assets as outlined by the State of South Carolina Office of the Comptroller General Audited Financial Statements Manual. An exception is if a lease contains a purchase option that the lessee has determined is reasonably certain of being exercised. In this case, the lease asset is amortized over the useful life of the underlying asset. If the underlying asset is nondepreciable, such as land, the lease asset is not amortized.

The amortization of the lease assets is reported as amortization expense.

1. Summary of Significant Accounting Policies, Continued

k. 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.

l. 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.

m. Lease Liabilities

During the fiscal year ending June 30, 2022, the University adopted the provision of GASB Statement No. 87, *Leases*.

Under GASB Statement No. 87, a short-term lease is defined as a lease that, at the commencement of the lease term, has a maximum possible term under the lease contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. The University recognizes short-term lease payments as outflows of resources based on the payment provisions of the lease contract.

All other lease liabilities within the scope of the Standard are measured at the present value of payments expected to be made during the lease term for all leases that are not defined as short-term leases.

Payments included in the measurement of present value include:

1. Fixed payments,
2. Variable payments that depend on an index or a rate, initially measured using the index or rate as of the commencement of the lease term,
3. Variable payments that are fixed in substance,
4. Amounts that are reasonably certain of being required to be paid by the University under residual value guarantees,
5. The exercise price of a purchase option if it is reasonably certain that the University will exercise that option
6. Payments for penalties for terminating the lease, if the lease term reflects the University exercising (1) an option to terminate the lease or (2) a fiscal funding or cancellation clause,
7. Any lease incentives receivable from the lessor,
8. Any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

1. Summary of Significant Accounting Policies, Continued

m. Lease Liabilities, Continued

The lease term is defined as the period during which the University has a noncancelable right to use an underlying asset, plus the following periods, if applicable:

1. Periods covered by the University's option to extend the lease if it is reasonably certain, based on all relevant factors, that the University will exercise that option.
2. Periods covered by the University's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the University will not exercise that option.
3. Periods covered by a lessor's option to extend the lease if it is reasonably certain, based on all relevant factors, that the lessor will exercise that option.
4. Periods covered by a lessor's option to terminate the lease if it is reasonably certain, based on all relevant factors, that the lessor will not exercise that option.

n. Long-term Obligations

For advanced refunding 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.

o. 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.

p. 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.

1. Summary of Significant Accounting Policies, Continued

q. 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.

r. 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.

s. 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.

1. Summary of Significant Accounting Policies, Continued

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.

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.

1. Summary of Significant Accounting Policies, Continued

t. Revenues and Expenses, Continued

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

Auxiliary enterprise revenues primarily represent revenues generated by housing, food service, vending, 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, deferred inflows, deferred outflows, 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, depreciation expense, accounts receivable allowances, scholarship allowances, and functional expense classifications. Actual results could differ from those estimates.

v. Change in Accounting Principle

For the year ended June 30, 2022, the University implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. These changes were incorporated in the University's June 30, 2022, financial statements.

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.

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	$	5,356,039
Restricted cash and cash equivalents – current		13,998,425
Restricted cash and cash equivalents – non-current		18,481
Total cash and cash equivalents	$	19,372,945
Notes to the financial statements:		
Cash on hand	$	8,665
Deposits held by State Treasurer		19,364,280
	$	19,372,945

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 Annual Comprehensive 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.

3. Accounts Receivable

Accounts receivable as of June 30, 2022 are summarized as follows:

Description	Current	Non-current	Total
Student accounts	$ 1,757,673	$ -	$ 1,757,673
Direct lending	639,653	-	639,653
State capital appropriations	286,262	-	286,262
Grants and contracts			
Federal	3,258,675	-	3,258,675
State	200,782	-	200,782
Other	222,360	-	222,360
Student loans receivable	-	8,889	8,889
Less: Allowance for doubtful accounts	(286,199)	-	(286,199)
Accounts Receivable, net	$ 6,079,206	$ 8,889	$ 6,088,095

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, 2022. 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. This program is no longer making loans, the University is scheduled to repay the remaining total to the federal government in fiscal year 2023.

The American Rescue Plan Act (ARP) was signed into law on March 11, 2021, this law gave the US Department of Education additional funds to distribute to colleges and universities through the Higher Education Emergency Relief Fund (HEERF III). ARP funds are in addition to funds authorized by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSAA). Lander University received $10,168,323 funding for the Higher Education Emergency Relief Fund (HEERF III) under Section 2003 (a)(1) of the ARP, of which $2,865,470 is included in the Federal accounts receivable.

4. Right to Use Leased Assets

Right to use leased assets consist of the following:

	Balance Beginning	Additions	Removals	Balance Ending
Right to use leased assets not being amortized				
Leased from discretely presented component units of the state				
Land	$ 413,588	$ -	$ -	$ 413,588
Total right to use leased assets not being amortized	413,588	-	-	413,588
Right to use leased assets being amortized				
Leased from discretely presented component units of the state				
Land improvements	9,074,306	-	-	9,074,306
Building	7,939,859	-	-	7,939,859
Leased from external parties				
Equipment	-	19,553	-	19,553
Vehicles	57,120	-	-	57,120
Total right to use leased assets being amortized	17,071,285	19,553	-	17,090,838
Less accumulated amortization				
Leased from discretely presented component units of the state				
Land improvements	524,533	443,836	-	968,369
Building	2,498,586	359,093	-	2,857,679
Leased from external parties				
Equipment		44,518	-	44,518
Vehicles	11,424	10,472	-	21,896
Total accumulated amortization	3,034,543	857,919	-	3,892,462
Total right to use leased assets, net	$ 14,450,330	$ (838,366)	$ -	$ 13,611,964

5. Capital Assets

Capital assets consist of the following:

	Balance Beginning	GASB 87 Restatement	Additions	Removals	Transfers	Balance Ending
Capital assets not being depreciated						
Land and improvements	$ 2,688,224	$ -	$ -	$ -	$ -	$ 2,688,224
Land improvements - capital leases	413,588	(413,588)	-	-	-	-
Art and historical collections	84,946	-	-	-	-	84,946
Construction in progress	1,009,242	-	2,969,679	-	(2,693,224)	1,285,697
Total capital assets not being depreciated	4,196,000	(413,588)	2,969,679	-	(2,693,224)	4,058,867
Capital assets being depreciated						
Land improvements	8,230,165	-	-	-	-	8,230,165
Buildings and improvements	104,057,574	-	-	(13,006)	2,693,224	106,737,792
Buildings and improvements-Capital Leases	4,712,693	(4,712,693)	-	-	-	-
Machinery, equipment, and other	5,411,326	-	434,627	-	-	5,845,953
Motor vehicles	1,314,164	-	123,322	(12,427)	-	1,425,059
Total capital assets being depreciated	123,725,922	(4,712,693)	557,949	(25,433)	2,693,224	122,238,969
Accumulated depreciation	(70,023,342)	2,181,813	(4,309,611)	25,433	-	(72,125,707)
Total capital assets being depreciated , net	53,702,580	(2,530,880)	(3,751,662)	-	2,693,224	50,113,262
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	$ 57,898,580	$ (2,944,468)	$ (781,983)	$ -	$ -	$ 54,172,129

6. Unearned Revenue

Unearned revenue for the year ended June 30, 2022 consists of student fees of $1,032,860 and grants and contracts of $10,182,897.

	Current	Non-Current	Total
Student Fees	$ 1,032,860	$ -	$ 1,032,860
Governmental Grants and Contracts	10,153,038	-	10,153,038
Nongovernmental grants and contracts	29,859	-	29,859
	$ 11,215,757	$ -	$ 11,215,757

7. Pension Plans

Description of the Entity

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

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

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

7. Pension Plans, Continued

Plan Descriptions

The University is a member of the South Carolina Retirement System (SCRS) and the South Carolina Police Officers Retirement System (PORS).

- The South Carolina Retirement System (SCRS), a cost-sharing multiple-employer defined benefit pension plan, was established July 1, 1945, pursuant to the provisions of Section 9-1-20 of the South Carolina Code of Laws for the purpose of providing retirement and other benefits for teachers and employees of the state and its political subdivisions. SCRS covers employees of state agencies, public school districts, higher education institutions, other participating local subdivisions of government and individuals newly elected to the South Carolina General Assembly at or after the 2012 general election.

- 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 of state agencies, institutions of higher education, public school districts and individuals first elected to the S.C. General Assembly at or after the general election in November 2012. State ORP participants direct the investment of their funds into an account administered by one of four third party service providers. PEBA assumes no liability for State ORP benefits. Rather, the benefits are the liability of the four third party service providers. For this reason, State ORP assets are not part of the retirement systems' trust funds for financial statement purposes.

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

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

7. Pension Plans, Continued

Membership

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

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

- State ORP - As an alternative to membership in SCRS, certain newly hired state, public school, and higher education employees and individuals first elected to the S.C. General Assembly at or after the November 2012 general election have the option to participate in the State ORP. Contributions to the State ORP are at the same rates as SCRS. A direct remittance is required from the employer to the member's account with the ORP service provider for the employee contribution and a portion of the employer contribution (5 percent). A direct remittance is also required to SCRS for the remaining portion of the employer contribution and an incidental death benefit contribution, if applicable, which is retained by SCRS.

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

7. Pension Plans, Continued

Benefits

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

- SCRS - A Class Two member who has separated from service with at least 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

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, SCRS and PORS contribution requirements must be sufficient to maintain and amortization period for the financing of the unfunded actuarial accrued liability (UAAL) over a period that does not exceed the number of years scheduled in state statute. Legislation in 2017 increased, but also established a ceiling for SCRS and PORS employee contribution rates. Effective July 1, 2017, employee rates were increased to a capped rate of 9.00 percent for SCRS and 9.75 percent for PORS.

7. Pension Plans, Continued

Contributions, Continued

The legislation also increased employer contribution rates beginning July 1, 2017 for both SCRS and PORS by two percentage points and further scheduled employer contribution rates to increase by a minimum of one percentage point each year in accordance with state statute. However, the General Assembly postponed the one percent increase in the SCRS and PORS employer contribution rates that was scheduled to go into effect beginning July 1, 2020. If the scheduled contributions are not sufficient to meet the funding periods set in state statute, the board shall increase the employer contribution rates as necessary to meet the funding periods set for the applicable year. The maximum funding period of SCRS and PORS is scheduled to be reduced over a ten-year schedule from 30 years beginning fiscal year 2018 to 20 years by fiscal year 2028.

Additionally, the Board is prohibited from decreasing the SCRS and PORS contribution rates until the funded ratio is at least eighty-five percent. 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 85 percent, then the board, effective on the following July 1, may decrease the then current contribution rates upon making a finding that the decrease will not result in a funded ratio of less than 85 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.

Required employee contribution rates for the fiscal year ended June 30, 2022 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, 2022 are as follows:

SCRS (Class II and III)	16.41% of earnable compensation
SCRS Incidental Death Benefit	0.15% of earnable compensation
ORP	16.41% of earnable compensation
ORP Incidental Death Benefit	0.15% of earnable compensation
PORS (Class II and III)	18.84% 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 $495,509 and $22,823 at June 30, 2022, respectively. The amounts were due by August 1, 2022 for legally required contributions per the preceding table for the month of June 2022.

7. 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. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019 for first use in the July 1, 2022 actuarial valuation.

The June 30, 2021, 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, 2020. The total pension liability was rolled-forward from the valuation date to the plans' fiscal year end, June 30, 2021, using generally accepted actuarial principles. In FY 2021 the Board adopted updated demographic assumptions. Also, the General Assembly permitted the investment return assumption at July 1, 2021 to decrease from 7.25% to 7.00% as provided by Section 9-16-335 in South Carolina State Code.

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

	SCRS	PORS
Actuarial cost method	Entry age normal	Entry age normal
Investment rate of return	7.00%	7.00%
Projected salary increases	3.0% to 11% (varies by service)	3.5% to 10.5% (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 2020 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 80% Scale UMP projected from the year 2020.

Assumptions used in the determination of the June 30, 2021 TPL are as follows:

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

7. 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, 2021 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	$ 55,131,579,363	$ 33,490,305,970	$ 21,641,273,393	60.7%
PORS	$ 8,684,586,488	$ 6,111,672,064	$ 2,572,914,424	70.4%

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, 2022, the University reported a net pension liability of $43,613,875 for SCRS and $1,134,584 for PORS for its proportionate share of the systems' net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. 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, 2021 and June 30, 2020 are presented in the following table:

System	2021	2020
SCRS	0.20153%	0.19480%
PORS	0.44097%	0.04460%

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

For the year ended June 30, 2022, the University recognized pension expense of $3,184,746 for SCRS and $138,364 for PORS. At June 30, 2022, the University reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

7. Pension Plans, 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	$ 742,913	$ 58,863	$ 38,598	$ 3,534
Assumption changes	2,387,283	-	80,924	-
Net difference between projected and actual earnings on pension plan investments	-	6,335,498	-	254,369
Proportionate share of contributions	2,653,399	-	33,340	17,548
Organization contributions subsequent to the measurement date	4,228,272	-	138,911	-
Total	$ 10,011,867	$ 6,394,361	$ 291,773	$ 275,451

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, 2023. These contribution amounts are $4,228,272 for SCRS and $138,911 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**
2023	$ 984,543	$ 6,299
2024	958,079	(12,242)
2025	(182,726)	(26,195)
2026	(2,370,662)	(90,451)
	$ (610,766)	$ (122,589)

Long-term Expected Rate of Return

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

7. Pension Plans, Continued

Long-term Expected Rate of Return, Continued

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2021 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the actuarial assumptions table below. For actuarial purposes, the 7% assumed annual investment rate of return used in the calculation of the total pension liability includes a 4.75% real rate of return and a 2.25% inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
Global equity			
Global public equity	46%	6.87%	3.16%
Private equity	9%	9.68%	0.87%
Bonds	26%	0.27%	0.07%
Real assets			
Real estate	9%	6.01%	0.54%
Infrastructure	3%	5.08%	0.15%
Credit			
Private debt	7%	5.47%	0.39%
Total	100.0%		5.18%
Inflation for actuarial purposes			2.25%
Total expected nominal return			7.43%

Discount Rate

The discount rate used to measure the total pension liability was 7%. 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.

Sensitivity Analysis

The following presents the University's proportionate share of the net pension liability calculated using the discount rate of 7%, 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 (6%) or one percent higher (8%) than the current rate:

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

System	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
SCRS	$ 57,128,810	$ 43,613,923	$ 32,280,258
PORS	$ 1,646,137	$ 1,134,584	$ 715,545
	$ 58,774,947	$ 44,748,507	$ 32,995,803

7. Pension Plans, Continued

Additional Financial and Actuarial Information

Pension plan information contained in these notes to financial statements was compiled from the Systems' audited financial statements for the fiscal year ended June 30, 2021, and the accounting valuation report as of June 30, 2021. Additional financial information supporting the preparation of the schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the Systems' ACFR.

8. Post-Employment Benefits Other Than Pensions

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

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

Plan Descriptions

The Other Post-Employment Benefits Trust Funds (OPEB Trusts), collectively refers to the South Carolina Retiree Health Insurance Trust Fund (SCRHITF) and the South Carolina Long-Term Disability Insurance Trust Fund (SCLTDITF), were established by the State of South Carolina as Act 195, which became effective in May 2008. The SCRHITF was created to fund and account for the employer costs of the State's retiree health and dental plans. The SCLTDITF was created to fund and account for the employer costs of the State's Basic Long-Term Disability Income Benefit Plan.

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

The OPEB Trusts are cost-sharing multiple-employer defined benefit OPEB plans. Article 5 of the State Code of Laws defines the two plans and authorizes the Trustee to at any time adjust the plans, including its benefits and contributions, as necessary to insure the fiscal stability of the plans. In accordance with the South Carolina Code of Laws and the annual Appropriations Act, the State provides post-employment health and dental and long-term disability benefits to retired State and school district employees and their covered dependents.

8. Post-Employment Benefits Other Than Pensions, Continued

Benefits

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

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

Contributions and Funding Policies

Section 1-11-710 of the South Carolina Code of Laws of 1976, as amended, requires the postemployment and long-term disability benefits to be funded through non-employer and employer contributions for active employees and retirees to the PEBA – Insurance Benefits. Non-employer contributions consist of an annual appropriation by the General Assembly and the statutorily required transfer from PEBA – Insurance Benefits reserves.

The SCRHITF is funded through participating employers that are mandated by State statute to contribute at a rate assessed each year by the Department of Administration Executive Budget Office on active employee covered payroll. The covered payroll surcharge for the year ended June 30, 2022 was 6.25 percent. The South Carolina Retirement System collects the monthly covered payroll surcharge for all participating employers and remits it directly to the SCRHITF. Other sources of funding for the SCRHITF also include the implicit subsidy, or age-related subsidy inherent in the healthcare premiums structure. The implicit subsidy represents a portion of the health care expenditures paid on behalf of the employer's active employees. For purposes of GASB Statement No. 75, this expenditure on behalf of the active employee is reclassified as a retiree health care expenditure so that the employer's contributions towards the plan reflect the underlying age-adjusted, retiree benefit costs. Non-employer contributions include the mandatory transfer of accumulated PEBA – Insurance Benefits' reserves and the annual appropriation budgeted by the General Assembly. However, due to the COVID 19 pandemic and the impact it has had on the PEBA-Insurance Benefits reserves, the General Assembly has indefinitely suspended the statutory required transfer until further notice. It is also funded through investment income.

The SCLTDITF is funded through employer contributions for active employees that elect health insurance coverage. For this group of active employees, PEBA – Insurance Benefits bills and collects premiums charged to State agencies, public school districts and other participating local governments. The monthly premium per active employee was $3.22 for the fiscal year ended June 30, 2022. The SCLTDITF premium is billed monthly by PEBA – Insurance Benefits and transferred monthly to the SCLTDITF. It is also funded through investment income. The allocation percentage of the OPEB amounts are calculated differently for each OPEB Trust. For the SCRHITF, the allocation percentage is based on the covered payroll surcharge contribution for each employer. Please note that actual covered payroll contributions received from SCRS for the fiscal year 2021 totaled $585,482,183. However, the covered payroll contributions total includes prior year covered payroll contribution adjustments and true-ups that net to a total of $2,619,984.

8. Post-Employment Benefits Other Than Pensions, Continued

Contributions and Funding Policies, Continued

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

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

PEBA – Insurance Benefits issues audited financial statements and required supplementary information for the OPEB Trust Funds. This information is publicly available through the PEBA – Insurance Benefits' link on PEBA's website at www.peba.sc.gov or a copy may be obtained by submitting a request to PEBA – Insurance Benefits, 202 Arbor Lake Drive, Columbia, SC 29223. PEBA is considered a division of the primary government of the state of South Carolina and therefore, OPEB Trust fund financial information is also included in the Annual Comprehensive financial report of the state.

The University paid $1,835,288 and $1,663,713 applicable to the surcharge included with the employer contribution for retirement health benefits for the fiscal years ended June 30, 2022 and 2021, respectively. The University recorded employer contributions applicable to the long term disability insurance benefits for active employees totaling $16,548 and $16,161 for the years ended June 30, 2022 and 2021, respectively.

Actuarial assumptions and methods

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

Projections of benefits for financial reporting purposes are based on the substantive plans (as understood by the employer and plan participants) and include the types of benefits provided at the time the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial valuations were performed as of June 30, 2020.

8. Post-Employment Benefits Other Than Pensions, Continued

Actuarial assumptions and methods, Continued

Additional information as of the latest actuarial valuation for SCRHITF:

Valuation Date	June 30, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.25%
Investment Rate of Return	2.75%, net of OPEB plan investment expense, including inflation
Single Discount Rate	1.92% as of June 30, 2021
Demographic Assumptions	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Mortality Assumptions	For healthy retirees, the gender-distinct South Carolina Retirees 2020 Mortality Tables are used with fully generational mortality projections based on a fully generational basis by the 80% of Scale UMP to account for future mortality improvements and adjusted with multipliers based on plan experience.
Health Care Trend Rates	Initial trend starting at 6.00% and gradually decreasing to an ultimate trend rate of 4.00% over a period of 15 years
Participation Assumptions	79% participation for retirees eligible for Funded Premiums 59% participation for retirees eligible for Partial-funded Premiums 20% participation for retirees eligible for Non-Funded Premiums
Notes	The discount rate changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021; demographic and salary increases assumptions were updated to reflect the 2020 SCRS experience study and the health care trend rates were reset to better reflect the plan's anticipated experience.

Additional information as of the latest actuarial valuation for SCLTDITF:

Valuation Date	June 30, 2020
Actuarial Cost Method	Individual Entry Age Normal
Inflation	2.25%
Investment Rate of Return	3.00%, net of plan investment expense, including inflation
Single Discount Rate	2.48% as of June 30, 2021
Salary, Termination, and Retirement Rates	Based on the experience study performed for the South Carolina Retirement Systems for the 5-year period ending June 30, 2019
Disability Incidence	The disability incidence rates used in the valuation are 165% of the rates developed for the South Carolina Retirement Systems pension plans
Disability Recovery	For participants in payment, 1987 CGDT Group Disability for active employees, 60% were assumed to recover after the first year and 93% were assumed to recover after the first two years
Offsets	45% are assumed to be eligible for Social Security benefits; assumed percentage who will be eligible for a pension plan
Expenses	Third party administrative expenses were included in the benefit projections
Notes	The discount rate changed from 2.83% as of June 30, 2020 to 2.48% as of June 30, 2021. Additionally, the salary, termination, and retirement rates assumptions were updated to reflect the 2020 experience study for the South Carolina Retirement Systems' pension valuations, and the disability incidence, disability recovery, and administration fee and offset assumptions were updated to better reflect the plan's anticipated experience.

8. Post-Employment Benefits Other Than Pensions, Continued

Roll Forward Disclosures

The actuarial valuations were performed as of June 30, 2020. Update procedures were used to roll forward the total OPEB liabilities to June 30, 2021.

<u>Net OPEB Liability</u>

At June 30, 2022, the University reported liabilities of $59,437,271 and $6,941 for its proportionate share of the SCRHITF and SCLTDITF net OPEB liabilities, respectively. At June 30, 2022, the University's proportionate shares of the SCRHITF and SCLTDITF plans were 0.285438% and 0.218434% respectively. For the year ended June 30, 2022, the University recognized OPEB expense of $5,058,000 and $18,796 for the SCRHITF and SCLTDITF plans, respectively.

The Net OPEB Liability (NOL) is calculated separately for each OPEB Trust Fund and represents that particular Trust's Total OPEB Liability (TOL) determined in accordance with GASB No. 74 less that Trust's fiduciary net position. The allocation of each employer's proportionate share of the collective Net OPEB Liability and collective OPEB Expense was determined using the employer's payroll-related contributions over the measurement period. This method is expected to be reflective of the employer's long-term contribution effort as well as be transparent to individual employers and their external auditors. The following table represents the components of the net OPEB liability as of June 30, 2021.

OPEB Trust	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
SCRHITF	$ 22,506,597,989	$ 1,683,416,992	$ 20,823,180,997	7.48%
SCLTDITF	$ 44,378,931	$ 41,201,247	$ 3,177,684	92.84%

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

Single Discount Rate

The Single Discount Rate of 1.92% was used to measure the total OPEB liability for the SCRHITF. The accounting policy for this plan is to set the Single Discount Rate equal to the prevailing municipal bond rate. Due to the plan's investment and funding policies, the difference between a blended discount rate and the municipal bond rate would be less than several basis points (several hundredths of one percent).

A Single Discount Rate of 2.48% was used to measure the total OPEB liability for the SCLTDITF. This Single Discount Rate was based on an expected rate of return on plan investments of 3.00% and a municipal bond rate of 1.92%. The projection of cash flows to determine this Single Discount Rate assumed that employer contributions will remain at $38.64 per year for each covered active employee. Based on these assumptions, the plan's Fiduciary Net Position and future contributions were sufficient to finance the benefit payments through the year 2037. As a result, the long-term expected rate of return on plan investments was applied to project benefit payments through the year 2037, and the municipal bond rate was applied to all benefit payments after that date.

8. Post-Employment Benefits Other Than Pensions, Continued

Long Term Expected Rate of Return

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

South Carolina Retiree Health Insurance Trust Fund (SCRHITF)

Asset Class	Asset	Arithmetic Real	Portfolio Real Rate
US domestic fixed income	80%	0.60%	0.48%
Cash and short duration	20%	0.35%	0.07%
Total	100.0%		0.55%
Inflation for actuarial purposes			2.25%
Total expected nominal return			2.80%
Investment return assumption			2.75%

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

Asset Class	Target Asset Allocation	Expected Arithmetic Real Rate of Return	Long Term Expected Portfolio Real Rate of Return
US domestic fixed income	80%	0.95%	0.76%
Cash and short duration	20%	0.35%	0.07%
Total	100.0%		0.83%
Inflation for actuarial purposes			2.25%
Total expected nominal return			3.08%
Investment return assumption			3.00%

8. Post-Employment Benefits Other Than Pensions, Continued

Sensitivity Analysis

The following table presents the University's proportionate share of SCRHITF's net OPEB liability calculated using a Single Discount Rate of 1.92%, as well as what the University's proportionate share of net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

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

System	1% Decrease (.92%)	Current Discount Rate (1.92%)	1% Increase (2.92%)
Health	$ 71,636,613	$ 59,437,271	$ 49,819,593

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

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost

System	1% Decrease	Current Discount Rate	1% Increase
Health	$ 47,684,688	$ 59,437,271	$ 75,097,198

The following table presents the University's proportionate share of SCLTDITF's net OPEB liability calculated using a Single Discount Rate of 2.48%, as well as what the University's proportionate share of net OPEB liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

System	1% Decrease (1.48%)	Current Discount Rate (2.48%)	1% Increase (3.48%)
LTD	$ 10,097	$ 6,941	$ 3,760

The SCLTDITF's net OPEB liability is not affected by changes in the healthcare cost trend rates due to the method used to calculate benefit payments. Therefore, the sensitivity to changes in the healthcare cost trend rates have not been calculated.

8. Post-Employment Benefits Other Than Pensions, Continued

OPEB Expense

Components of the University's proportionate share of OPEB expense reported in the Schedule of OPEB Amounts by Employer for the fiscal year ended June 30, 2021 are presented below.

Description	SCRHITF	SCLTDITF
Service Cost	$ 2,168,534	$ 18,952
Interest on the Total OPEB Liability	1,385,068	2,648
Projected Earnings on Plan Investments	(130,768)	(2,748)
OPEB Plan Administrative Expenses	3,134	200
Recognition of Outflow (Inflow) of Resources due to Liabilities	1,616,362	-
Recognition of Outflow (Inflow) of Resources due to Assets	15,670	(256)
Total Aggregate OPEB Expense	$ 5,058,000	$ 18,796

Additional items included in Total Employer OPEB Expense are the current period amortized portions of deferred outflows and/or inflows of resources related to changes in employers' proportionate share of the collective NOL and differences between actual employer contributions and proportionate share of total plan employer contributions.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2022, 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	$ 1,202,824	$ 1,523,471
Assumption changes	15,679,832	1,467,297
Net difference between projected and actual earnings on pension plan investments	-	15,794
Organization contributions subsequent to the measurement date - (including implicit subsidy)	1,853,288	-
Total	$ 18,735,944	$ 3,006,562

8. Post-Employment Benefits Other Than Pensions, Continued

Deferred Outflows of Resources and Deferred Inflows of Resources, Continued

	LTD	
	Deferred outflows of resources	**Deferred inflows of resources**
Assumption changes	$ 5,731	$ 5,119
Net difference between projected and actual earnings on pension plan investments	2,844	278
Proportionate share of contributions	243	5,250
Organization contributions subsequent to the measurement date	16,548	
Total	$ 25,366	$ 10,647

Of the total amount reported as deferred outflows of resources related to OPEB, $16,548 (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, 2023.

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:

SCRHITF

Year Ended June 30:	**Deferred Outflows (Inflows)**
2023	$ 2,283,059
2024	2,256,741
2025	2,713,408
2026	2,854,863
2027	2,530,979
Thereafter	1,236,766
	$ 13,875,816

SCLTDITF

Year Ended June 30:	**Deferred Outflows (Inflows)**
2023	$ (775)
2024	(1,388)
2025	(719)
2026	585
2027	(39)
Thereafter	325
	$ (2,011)

8. Post-Employment Benefits Other Than Pensions, Continued

Deferred Outflows of Resources and Deferred Inflows of Resources, Continued

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

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

Additional Financial and Actuarial Information

Information contained in these Notes to the Financial Statements were compiled from the OPEB Trust Funds audited financial statements for the fiscal year ended June 30, 2021, and the accounting and financial reporting actuarial valuations as of June 30, 2021. Additional financial information supporting the preparation of the Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is available in the OPEB Trust Funds audited financial statements.

9. Lease Obligations

The University implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* on July 1, 2021, which had substantial accounting and financial reporting impacts on lease activity. Prior to implementation, the University was obligated under capital leases for building with the Lander Foundation. Upon implementation, the University reclassified the assets underlying its capital leases as capital leased assets. The table below shows the University's transition from capital lease accounting to lease accounting prescribed by GASB Statement No. 87 and the resulting reclassification of capital assets:

Description	Assets Held Under Capital Lease-June 30, 2021	GASB 87 Restatement	Leased Assets - July 1, 2021
Land and improvments-Capital Leases	$ 413,588	$ (413,588)	$ -
Building and Improvments-Capital Leases	2,530,880	(2,530,880)	-
Leased Vehicle-External Parties	-	45,696	45,696
Leased Land and Improvements- Component Unit	-	8,963,361	8,963,361
Leased Building and Improvements-Component Unit	-	5,441,273	5,441,273
	$ 2,944,468	$ 11,505,862	$ 14,450,330

9. Lease Obligations, Continued

Lessee Arrangements

The University has entered into agreements to lease certain equipment with external parties. The lease agreements qualify as other than short-term leases under GASB 87. The University has also entered into agreements to lease certain real property from the Lander Foundation, a component unit of the University. The leases also qualify as long-term leases under GASB 87. The leases expire at various dates through 2036 and some provide for renewal options ranging from one year to five years. In accordance with GASB Statement No. 87, the University records right of use assets and lease liabilities based on the present value of expected payments over the lease term of the respective leases. The expected payments are discounted using the interest rate charged on the lease, if available, or are otherwise discounted using an estimated incremental borrowing rate. The University used guidance from the State of South Carolina Comptroller General's Office in determining the interest rate by which expected payments should be discounted when it was not stated in the lease agreement. The University does not have any leases featuring payments tied to an index or market rate. The University also does not have any leases subject to a residual value guarantee. See Note 4 – Right to Use Lease Assets for information on leased assets and associated accumulated amortization. Future commitments for leases having remaining terms in excess of one year as of June 30, 2022 were as follows:

Description	Lease Obligations Payable	Interest
Years Ending June 30:		
2023	$ 1,027,483	$ 297,321
2024	984,687	279,131
2025	944,898	258,970
2026	966,483	242,927
2027	890,347	226,406
2028 through 2036	6,464,653	1,214,469
Total remaining lease commitments	$ 11,278,551	$ 2,519,224

Lease commitments consist of:

Description	Lease Obligations Payable
Agreements between the University and related parties for real estate space payable in monthly and annual installments ranging from $1,200 - $600,000, with fixed and implicit interest rates ranging from 1%-3%. The agreements expire in various fiscal years from 2023-2036, with some agreements that offer the option to extend through 2036.	$ 10,730,363
Agreements between the University and third-party vendors for various types of equipment and vehicles. Payable in monthly and annual installments ranging from $40 - $4,000, with fixed and implicit interest rates ranging from 1%-3%. The agreements expire in various fiscal years from 2023-2027, with some agreements that offer the option to extend through 2027.	$ 548,188
Present Value of minimum lease commitments	$ 11,278,551

10. 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 Annual Comprehensive 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 403(b) plan document. Under the plan, loans and financial hardship distributions are permitted. Fifteen years of service catch-up contributions are not permitted.

11. 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. The TCJA requires each unrelated trade or business to be reported separately and disallows netting of losses from one unrelated trade or business with profits from another. Historically the University has not engaged in more than one unrelated trade or business. As such, 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.

At June 30, 2022, the University had completed certain capital projects. There was no retainage payable 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, 2021. 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, 2017.

12. Bonds Payable

The University has issued debt to finance construction of facilities. At June 30, 2022, 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 2029, with interest at 3.00 to 5.00 percent	$ 10,490,000
$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	3,115,000
Total	$ 13,605,000

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

	General Obligation Bonds		
	Principal	**Interest**	**Total**
2023	$ 1,660,000	$ 499,150	$ 2,159,150
2024	1,725,000	437,725	2,162,725
2025	1,810,000	349,650	2,159,650
2026	1,865,000	291,925	2,156,925
2027	2,095,000	219,900	2,314,900
2028 - 2029	4,450,000	179,800	4,629,800
Total	$ 13,605,000	$ 1,978,150	$ 15,583,150

At June 30, 2022, there was no arbitrage liability associated with bonds issued by the University. Interest is expensed in the year it is incurred. The principal remaining on the bonds, $13,605,000, and the remaining unamortized discount, $1,034,820 comprise the total liability of $14,639,820 at year-end. Of that amount, $1,894,162 is the current portion of the total liability.

13. 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 $10,000 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.

14. Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Balance Beginning, as restated	Additions	Reductions	Balance Ending	Current Portion
General obligation					
General obligation bonds	$ 15,185,000	$ -	$ 1,580,000	$ 13,605,000	$ 1,660,000
Unamortized premiums	1,363,939	-	329,119	1,034,820	234,162
Total general obligation	16,548,939	-	1,909,119	14,639,820	1,894,162
Other liabilities					
Compensated absences	1,750,039	700,000	683,319	1,766,720	628,683
Net pension liability	51,254,610	-	6,506,103	44,748,507	-
Net OPEB Liability	49,508,184	9,936,028	-	59,444,212	-
Lease Liability					
Lease Liability Component Unit	10,730,363		252,713	10,477,650	603,899
Lease Liability External Parties	792,449	8,452		800,901	14,683
Total Lease Liability	11,522,812	8,452	252,713	11,278,551	618,582
Federal Perkins loan	880,408	-	852,122	28,286	-
Total other liabilities	114,916,053	10,644,480	8,294,257	117,266,276	1,247,265
Total long-term liabilities	$ 131,464,992	$ 10,644,480	$ 10,203,376	$ 131,906,096	$ 3,141,427

15. Component Unit

The Foundation is considered a component unit of Lander University. The Foundation paid $686,001 to the University for scholarships. The Foundation also paid $741,362 to the University for various other approved programs related to academics and administration. Accounts payable to the University as of June 30, 2022, was $233,953. 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 $1,143,612.

The University implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* on July 1, 2021, which had substantial accounting and financial reporting impacts on the component unit, the Lander Foundation. The Foundation will show a Lease Receivable to match the University's Lease Liability. The Foundation is not due to implement ASC 842 until July 1, 2022, therefore , the chart below shows the Foundation Lease Receivable per GASB 87:

	Balance Beginning, as restated	Additions	Reductions	Balance Ending	Current Portion
Lease Receivable					
Lease Receivable Component Unit	$ 10,730,363		$ 252,713	$ 10,477,650	$ 603,899
	$ 10,730,363	$ -	$ 252,713	$ 10,477,650	$ 618,582

15. Component Unit, Continued

A summary of the Foundation's investments at June 30, 2022 follows:

Pooled Investments	Fair Market Value
Fixed income securities	$ 5,015,522
Common stocks and publicly traded partnerships	14,324,117
Total pooled investments	$ 19,339,639

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. There was $810,648 outstanding on the note payable at June 30, 2022. 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, 2022, the debt covenants were met by the Foundation. Maturities of the notes payable are as follows:

Foundation
Maturities of notes payable

2023	$ 141,894
2024	148,413
2025	155,231
2026	162,362
2027	169,821
Therafter	32,927
	$ 810,648

In 2020, the Foundation refunded the South Carolina Jobs-Economic Development Authority Economic Development Revenue Bond, Series 2009 for a Series 2019A Bond for $9,330,000 and Series 2019B for $95,000, dated October 18, 2019. Interest is due semiannually on February 1 and August 1, at a base rate of 2.51% for Series A and 1.85% Series B. Principal is due annually on August 1 through August 1, 2034. The balance due at June 30, 2022 was $8,680,000 combined. Maturities of bonds payable are as follows:

Foundation
Maturities of bonds payable

2023	$ 385,000
2024	395,000
2025	405,000
2026	415,000
2027	425,000
Thereafter	6,655,000
	$ 8,680,000

Interest expense on notes and bonds payable for the year ended June 30, 2022, totaled $265,029. There was no interest cost capitalized during the year ended June 30, 2022.

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) Claims of covered public employees for long-term disability and group-life insurance benefits (SCPEBA).

Employees elect health coverage through either a health maintenance organization or 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. In fiscal year 2020, the University purchased a Directors and Officers policy.

16. Risk Management, Continued

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, 2022, 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, 2022, 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.

17. 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, 2022:

LIFE Scholarships	$ 7,141,183
Palmetto Fellows Scholarship	993,085
Need-Based Grants	2,609,254
Hope Scholarships	920,430
Assistance Program	140,063
SC Teaching Fellows	331,645
Other	94,020
Total received from the CHE	$ 12,229,680

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 Department of Administration 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 Department of Administration 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.

18. Operating Expenses by Function

Operating expenses by functional classification for the year ended June 30, 2022 are summarized as follows:

	Compensation and Benefits	Supplies and Services	Scholarships and Fellowships	Depreciation	Total
Instruction	$ 19,794,087	$ 1,850,601	$ -	$ -	$ 21,644,688
Research	2,178	3,100	-	-	5,278
Public service	173,685	-	-	-	173,685
Academic support	2,513,076	1,438,927	-	-	3,952,003
Student services	8,671,136	3,748,097	-	-	12,419,233
Institutional support	11,043,375	2,797,210	-	-	13,840,585
Operation and maintenance of plant	5,372,999	4,422,699	-	-	9,795,698
Scholarships and fellowships	-	219,980	6,662,709	-	6,882,689
Auxiliary enterprises	1,246,638	10,254,586	-	-	11,501,224
Depreciation	-	-	-	5,241,475	5,241,475
Total operating expenses	$ 48,817,174	$ 24,735,200	$ 6,662,709	$ 5,241,475	$ 85,456,558

19. Restatement of Net Position

For FY2022, Lander University implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in Lander University's 2022 financial statements and had an effect on the beginning net position. The University recognized $11,505,862, in net book value for the intangible right of use and a lease liability of $11,335,285 for leased assets in June 2021.

The implementation of GASB Statement No. 87 had the following effect on net position as reported June 30, 2022:

	Governmental Activity
Net Position June 30, 2021	$ (26,733,981)
Adjustments:	
Net Book Value Leased Asset	$ 11,505,862
Lease Liability	$ (11,335,285)
Restated Net Position June 30, 2021	$ (26,563,404)

20. Subsequent Events

The University has evaluated all subsequent events through September 30, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

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

SCRS	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University's proportion of the net pension liability	0.20153%	0.19480%	0.18274%	0.18025%	0.17792%	0.17229%	0.17359%	0.17352%
University's proportionate share of the net pension liability	$ 43,613,923	$ 49,775,645	$ 41,726,270	$ 40,387,672	$ 40,051,528	$ 36,800,249	$ 32,922,370	$ 29,875,079
University's covered payroll	$ 18,003,052	$ 16,075,454	$ 15,588,851	$ 14,142,560	$ 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	242.25850%	309.63757%	267.66739%	285.57540%	285.39776%	262.96399%	251.19845%	245.15957%
Plan fiduciary net position as a percentage of the total pension liability	60.70%	50.70%	54.40%	54.10%	53.30%	52.90%	57.00%	59.90%

PORS	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**
University's proportion of the net pension liability	0.04410%	0.04460%	0.04489%	0.04027%	0.04146%	0.04192%	0.04259%	0.04406%
University's proportionate share of the net pension liability	$ 1,134,584	$ 1,478,965	$ 1,286,571	$ 1,141,113	$ 1,135,795	$ 1,063,189	$ 928,335	$ 843,405
University's covered payroll	$ 721,999	$ 663,087	$ 673,720	$ 651,136	$ 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	157.14482%	223.04238%	190.96524%	175.24956%	203.75965%	190.42543%	173.56630%	159.28840%
Plan fiduciary net position as a percentage of the total pension liability	70.40%	58.80%	62.70%	61.70%	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	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contribution	$ 4,106,497	$ 3,544,761	$ 3,377,938	$ 2,810,946	$ 2,532,831	$ 2,074,180	$ 1,845,796	$ 1,773,683	$ 1,669,891
Contributions in relation to the contractually required contribution	$ 4,106,497	$ 3,544,761	$ 3,377,938	$ 2,810,946	$ 2,532,831	$ 2,074,180	$ 1,845,796	$ 1,773,683	$ 1,669,891
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 18,003,052	$ 16,075,454	$ 15,588,851	$ 14,142,560	$ 14,033,582	$ 13,994,406	$ 13,106,120	$ 12,799,775	$ 12,185,973
Contributions as a percentage of covered-employee payroll	22.81%	22.05%	21.67%	19.88%	18.05%	14.82%	14.08%	13.86%	13.70%

PORS	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**	**2016**	**2015**	**2014**
Contractually required contribution	$ 184,036	$ 120,947	$ 122,886	$ 112,256	$ 90,525	$ 79,504	$ 73,489	$ 70,761	$ 68,036
Contributions in relation to the contractually required contribution	$ 184,036	$ 120,947	$ 122,886	$ 112,256	$ 90,525	$ 79,504	$ 73,489	$ 70,761	$ 68,036
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
University's covered-employee payroll	$ 721,999	$ 663,087	$ 673,720	$ 651,136	$ 557,419	$ 558,323	$ 534,859	$ 530,678	$ 529,483
Contributions as a percentage of covered-employee payroll	25.49%	18.24%	18.24%	17.24%	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.

LANDER UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
PENSION PLAN SUPPLEMENTARY INFORMATION NOTE
For the year ended June 30, 2022

NOTE 1 - CHANGE OF BENEFIT TERMS
No changes were made to the benefit terms during the fiscal year ended June 30, 2022 (the measurement year).

NOTE 2 - CHANGES OF ASSUMPTIONS
There were no 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:

	2022	2021	2020	2019	2018	2017
ORP Payroll	$ 10,786,908	$ 9,880,873	$9,018,111	$7,863,917	$ 7,358,393	$ 6,957,730

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

Retiree Health Insurance	2022	2021	2020	2019	2018
University's proportion of the net OPEB liability	0.285438%	0.274258%	0.259068%	0.254524%	0.255079%
University's proportionate share of the net OPEB liability	$ 59,437,271	$ 49,507,536	$ 39,175,031	$ 36,067,540	$ 34,550,033
Plan fiduciary net position as a percentage of the total OPEB liability	9.97%	9.15%	7.60%	7.91%	7.60%

Long-Term Disability Insurance	2022	2021	2020	2019	2018
University's proportion of the net OPEB liability	0.21843%	0.20742%	0.20742%	0.20399%	0.19849%
University's proportionate share of the net OPEB liability	$ 6,941	$ 648	$ 4,082	$ 6,245	$ 3,599
Plan fiduciary net position as a percentage of the total OPEB liability	99.78%	99.29%	95.29%	92.20%	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 OPEB plan supplementary information note.

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

Retiree Health Insurance	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Statutorily required contribution	$ 1,853,288	$ 1,663,714	$ 1,580,049	$ 1,370,786	$ 1,207,217	$ 1,146,507
Contributions in relation to the Statutorily required contribution	$ 1,853,288	$ 1,663,714	$ 1,580,049	$ 1,370,786	$ 1,207,217	$ 1,146,507
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -

Long-Term Disability Insurance	**2022**	**2021**	**2020**	**2019**	**2018**	**2017**
Statutorily required contribution	$ 16,548	$ 16,161	$ 15,285	$ 14,854	$ 14,368	$ 14,368
Contributions in relation to the Statutorily required contribution	$ 16,548	$ 16,161	$ 15,285	$ 14,854	$ 14,368	$ 14,368
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -

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

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

LANDER UNIVERSITY
REQUIRED SUPPLEMENTARY INFORMATION
OPEB PLAN SUPPLEMENTARY INFORMATION NOTE
For the year ended June 30, 2022

NOTE 1 - CHANGE OF BENEFIT TERMS
No changes were made to the benefit terms during the fiscal year ended June 30, 2021 (the measurement year).

NOTE 2 - CHANGES OF ASSUMPTIONS
The discount rate for SCRHITF changed from 2.45% as of June 30, 2020 to 1.92% as of June 30, 2021. The discount rate for SCLTDITF changed from 2.48% as of June 30, 2020 to 2.48% as of June 30, 2021.

No other changes were made to the actuarial assumptions utilized during the fiscal year ended June 30, 2020 (the measurement year).

LANDER UNIVERSITY
SUPPLEMENTARY SCHEDULE REQUIRED BY THE STATE OF SOUTH CAROLINA
OFFICE OF THE COMPTROLLER GENERAL

SCHEDULE RECONCILING STATE APPROPRIATIONS PER THE FINANCIAL STATEMENTS TO STATE APPROPRIATIONS RECORDED IN STATE ACCOUNTING RECORDS

For the Year Ended June 30, 2022

The following is a reconciliation of the original base budget amount presented in the General Funds Column of Section 1 of the 2021-2022 Appropriations Bill enacted by the South Carolina General Assembly to State Appropriations revenue reported in the financial statements for the year ended June 30, 2022.

Appropriation per Annual Appropriations Act	$11,476,379
SCRS & PORS 1% Rate Increase	86,819
Health and Dental Allocation	9,939
Employee Pay Plan & Employer Contribution	307,409
Nursing Building	75,000
Maintenance, Renovation and Replacement	(167,043)
Total state appropriations	$11,788,503

See independent auditor’s report.

SCHEDULE OF TUITION AND FEES

For the Year Ended June 30, 2022

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, 2022 is as follows:

Amount of tuition and fees as defined by Code Section 59-107-30 for the year ended June 30, 2021	$	14,859,010
Legal annual debt service limit at June 30, 2022	$	13,373,109

GOVERNMENT AUDITING STANDARDS

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 "University"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated September 30, 2022. The financial statements of the discretely presented component unit, 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.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University'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 University's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University'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 University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eustace Accountancy Group, PA

Greenwood, South Carolina
September 30, 2022