BerryDunn

COMMUNITY COLLEGE
system of New Hampshire

(A Component Unit of the State of New Hampshire)

FINANCIAL STATEMENTS

and

REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Years Ended June 30, 2021 and 2020

With Independent Auditor's Report

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
(A Component Unit of the State of New Hampshire)

Reports on Audits of Financial Statements and Supplementary Information

June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Community College System of New Hampshire
(A Component Unit of the State of New Hampshire)

We have audited the accompanying financial statements of the business-type activities and the discretely-presented component unit of the Community College System of New Hampshire (a Component Unit of the State of New Hampshire) (CCSNH) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise CCSNH's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the discretely-presented component unit, which statements reflect total assets constituting 3 percent and 2 percent, respectively of consolidated total assets at June 30, 2021 and 2020, and total revenues constitution 2 percent and 1 percent, respectively, of consolidated total revenues for the years then ended. Those statements were audited by another auditor whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for the discretely-presented component unit, is based solely on the report of the other auditor. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely-presented component unit were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, based on our audits and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely-presented component unit of CCSNH as of June 30, 2021 and 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Change in Accounting Principle

As discussed in Note 1 to the financial statements, CCSNH adopted Governmental Accounting Standards Board, Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Our opinion is not modified with respect to this matter.

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis on pages 3 through 20 and the required supplementary information on pages 57 through 65 be presented to supplement the basic financial statements. Such information, although not 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 24, 2021 on our consideration of CCSNH's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of CCSNH'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 CCSNH's internal control over financial reporting and compliance.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
November 24, 2021

INTRODUCTION

The following Management's Discussion and Analysis (MD&A) includes the strategic vision and economic outlook, as well as an analysis of the financial position and operations for the Community College System of New Hampshire (CCSNH) for the fiscal years ended June 30, 2021, 2020 and 2019. This discussion is provided by the management of CCSNH and should be read in conjunction with the financial statements and notes.

The New Hampshire State Legislature, through the passage of Chapter 361, Laws of 2007, established CCSNH as a body politic and corporate for the purpose of providing a well-coordinated system of public community college education. Governance of CCSNH was placed with a single Board of Trustees which serves as its policy-making and operating authority.

CCSNH is a state-wide system of seven independently accredited institutions including White Mountains Community College (WMCC), Lakes Region Community College (LRCC), River Valley Community College (RVCC), NHTI – Concord's Community College, Manchester Community College (MCC), Nashua Community College (NCC) and Great Bay Community College (GBCC), as well as five academic centers in Keene, Littleton, Rochester, North Conway and Lebanon, New Hampshire.

The financial statements include the activity of the Community Colleges of New Hampshire Foundation (the Foundation), which is a separate legal entity established as a 501(c)(3) corporation and is a discretely-presented non-major component unit of CCSNH. The Foundation's mission is to provide greater access to educational opportunities through financial assistance for student scholarships, program development, and enhancements to college facilities. The MD&A includes information only for CCSNH, not its component unit. Complete financial statements of the Foundation can be obtained from CCSNH's system office.

STRATEGIC VISION AND ECONOMIC OUTLOOK

CCSNH Mission, Vision and Goals

Fiscal year 2021 saw the continuation of COVID-19 and its disruptive impact across a multitude of industry sectors, including higher education. In an effort to minimize this impact, CCSNH has implemented an approach, that has been used over the last decade, whereby we make continual adjustments and flex with variations in demand, focus our operational practices on financial sustainability and shared services within the organization, and invest in areas of need and growth. Our focus is to meet needs in the most cost-effective ways and be nimble in responding to the elasticity of enrollment, student demand, and workforce opportunities. We take this approach to ensure we have the necessary resources available to support our student body and achieve positive student outcomes. This is critical in part because approximately 93% of our student population are in-state residents and the vast majority remain in the New Hampshire bolstering the workforce and our communities.

CCSNH's mission is to provide affordable, accessible education, and training that aligns with the needs of New Hampshire's businesses and communities, delivered through an innovative, efficient, and collaborative system of colleges. CCSNH is dedicated to the educational, professional, and personal success of its students; a skilled workforce for our state's business; and a strong New Hampshire economy. CCSNH explicitly dedicates itself to supporting educational access and success, contributing to the State's communities, and to its economic and social vitality.

Why 65?

Approximately 65% of jobs in NH by 2025 will require postsecondary education

—Georgetown U. Center on Education and the Workforce

To maintain New Hampshire's positive historical economic indicators, including low unemployment and high per capita income, the State of New Hampshire (the State) will need 65% of adults with education beyond high school. CCSNH is committed to achieving this vision by 2025. CCSNH acts as an engine for the State's economy, graduating students with certificates and degrees of economic value to New Hampshire. The more students who attend, particularly from the existing workforce, the more quickly our State moves towards educational attainment rates required to meet new labor and economic needs.

Our Colleges are poised to meet these workforce challenges. By launching careers, facilitating job mobility and promotions, and building seamless transfer to continued education at the baccalaureate level, CCSNH is in the business of making successful alumni. In order to maintain and grow our improved rates of student completion and achieve 65 by 25, we need to:

1. Assure clear pathways for students to credentials that lead to strong career prospects and continuing education, secured through partnerships with industry, four-year universities, and high schools; and,

2. Strategically meet postsecondary education needs for the state, including addressing the unique needs of our rural communities. Meeting the needs of rural communities requires CCSNH to close equity gaps between metro areas and less densely populated parts of the state, where educational attainment and income levels are not nearly as high.

CCSNH will enable student success and academic operations in support of the above goals through strong financial operations and conscientious stewardship of our assets and resources. We will accomplish this by:

1. Maintaining strong internal financial and facility controls and sustainability through sound budget, accounting, investment and procurement operations;

2. Establishing CCSNH as an employer of choice; and,

3. Using data and technology to support our attainment goals.

Curriculum with Economic and Transfer Value

CCSNH continues to work diligently to better understand the needs of a labor market that is in a perpetual state of change as a result of COVID-19. These shifts in demand have been the catalyst to altering the pre-pandemic needs of New Hampshire's workforce and has highlighted CCSNH's efforts to remain nimble, and to flex with the market, by providing local opportunities for learners that meet their needs through traditional degree programs, customized training programs for employers, professional certificates, micro-credentials, and high school pathways through dual enrollment programs. Responsive programming and delivery strategies will allow CCSNH to navigate a sea of uncertainty by providing career and technical programs in high demand fields including healthcare, STEM, education, advanced manufacturing, social services, and information technology.

Teaching and learning are the bedrock of CCSNH's success, and students being employed with living wages or better in their area of study indicates whether we succeed here, as does transfer to baccalaureate at junior standing. In order to meet these goals, CCSNH must strive to keep its curriculum fresh and relevant through constant updates based on four-year university, employer and industry input. This demands an unprecedented rate of collaboration with the New Hampshire Department of Employment Security to ensure we stay abreast of weekly labor market fluctuations. All program descriptions, modifications, eliminations and introductions must consider the following attributes for ultimate approval:

- Career opportunities associated with program
- Data quantifying need for program change, elimination or introduction, including from labor economics sources such as NH Employment Security, EMSI (Labor Market Statistics), Bureau of Labor Statistics
- Job openings and wage information
- Proposed career steps upon workforce entry
- Evidence of early employer partnership
- List of job titles associated with program
- Evidence of early four-year partnership
- Narrative of community impact / need
- Baccalaureate institutions to which a program transfers
- Proposed student outcomes
- Semester-by-semester listing of courses students should take
- Similarities to other programs at CCSNH and potential enrollment impact

As a result of this work, CCSNH has the leading graduation rate in the community college sector throughout the New England region. High graduation rates lead to further positive outcomes as our associate degree alumni have the lowest unemployment rates in the region and the highest median earnings in New England for community colleges graduates. These factors have positioned CCSNH to provide greater upward economic mobility for New Hampshire residents in that CCSNH has the highest share of students who moved up two or more economic quintiles, among all institutions in New Hampshire, from their parents' quintile by age 30.

Our students also must be ready across multiple majors to transfer majority or all credits to nearby destinations. Our transfer strategy to four-year institutions builds on partnership with the University System, though not at the expense of other popular destinations for our students, including Southern New Hampshire University, Colby-Sawyer College, Rivier University, New England College, and St. Anselm College.

To promote transfer to four-year institutions, CCSNH will continue to make strides in four areas in particular:

- **Pathways and articulation:** We will create clear, 8-semester, 2+2 maps to every program for which it makes sense at each four-year institution. Course equivalency and bolstering general education transfer across all degree types complements this effort.
- **Transfer support:** We will mitigate transfer shock for students moving from associate to baccalaureate level by creating connections between student services and faculty across CCSNH and USNH.
- **Data exchange:** CCSNH will facilitate information sharing at the transcript level to better understand student readiness for baccalaureate and to bolster reverse transfer of credit efforts.
- **Transfer mindset:** Staff across all programs will promote transfer fairs, campus tours, classroom visits, transfer advising, and related activity to increase awareness and attainment of baccalaureate success.

By accomplishing these four complementary aims, alongside continuing to strengthen vocationally oriented programs, CCSNH alumni will be successful in work and life.

Student Success Performance

CCSNH graduated 2,373 students throughout the most recent academic year, compared to 2,454 in 2020 (a -3% change), despite a downward trend in enrollment that was exacerbated by a full year of pandemic related uncertainty. While the total number of graduates was nearly the same as the prior year, we can attribute a portion of the 2,373 graduates in 2020 to students that persisted through the initial impact of COVID-19 (spring 2019 semester) and graduated during 2021 academic year. This speaks volumes not only about our students that struggled with juggling the negative economic impact of job losses, childcare issues, and food insecurities on top of the pressures of going to college, but it also highlights the dedication of our faculty and staff that proved how nimble and resourceful they are in times of crisis. The 2021 year was the first full year of the pandemic’s impact to CCSNH’s overall operations as on campus-based course offerings were limited in scope, students and faculty alike were still acclimating to new fully remote or hybrid modalities. These factors caused our retention rate to decline by approximately -10% relative to the previous fall. Overall year-over-year enrollment figures are down in both head count and credits sold, -8% and -12.5% respectively. These figures position CCSNH slightly below the national average of -9% based on newly published data from the National Student Clearinghouse in terms of enrollment head counts.

CCSNH has been the recipient of three (3) federal stimulus packages, totaling nearly $44 million, to be used in two distinct buckets: student aid and institutional support. These federal stimulus packages were expended in FY20 and FY21 with funds available to expend in FY22. The latest round, the American Rescue Plan (ARP), is the most generous package ($24.1 million total) to date and contains four (4) specific spending criteria that we must follow:

1. Student support: direct emergency aid or student grants
2. Institutional support including personal protective equipment (PPE), training, technology, and lost revenue
3. Implement best practices aimed at mitigating the spread of COVID-19
4. Direct outreach to students around possible changes in their financial aid packages

This unprecedented level of federal funding positioned CCSNH to provide the necessary resources to our students in need, through direct student aid awards, allowed our seven Colleges to invest in the necessary technological infrastructure needed to continue the shift to online (synchronous and asynchronous) and hybrid modalities, and to procure appropriate safeguards to protect the faculty and staff that were essential for campus operations (PPE, signage, cleaning materials). Each aspect of the institutional investments, was in fact, an investment into our students' success as it allowed for in-person technical courses to be taught in a safe and secure environment, while providing an opportunity for the vast majority of our students to continue their educations remotely.

FINANCIAL STATEMENTS

CCSNH reports its activity as a business-type activity using the full accrual basis of accounting. The accrual basis of accounting ensures that all amounts owed to CCSNH and all pending obligations are accounted for in the appropriate period.

The three financial statements presented are the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position are also presented for June 30, 2021 by individual campus. The assets and liabilities and net position as well as the revenues and expenses of the Chancellor's office are allocated to the individual campuses based on each campus' relative percentage of student full-time equivalents (FTEs).

CHANGE IN ACCOUNTING PRINCIPLE

As disclosed in Note 1 to the basic financial statements, in 2021 CCSNH adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. There were no significant changes made to the basic financial statements to comply with the new accounting standard.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of CCSNH at the end of the fiscal year. Net position is a residual amount equal to assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is presented in four categories. The first category, “invested in capital assets, net of related debt,” consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. The next category is “restricted net position,” which consists of restricted assets reduced by liabilities related to those assets. Restricted net position balances are further classified as nonexpendable or expendable. Nonexpendable balances consist of loan funds and permanent endowments (available for investment purposes only). Expendable balances are available for expenditure by CCSNH, but must be spent for purposes determined by external entities. Unrestricted net position balances are not subject to externally imposed restrictions and may be designated for specific purposes by management of CCSNH.

A summarized Statement of Net Position is as follows:

	June 30,		
	2021	2020	2019
Assets			
Current	**$ 54,162,797**	$ 43,873,176	$ 33,505,700
Capital assets, net	**104,568,144**	108,215,937	113,133,660
Other noncurrent assets	**31,104,572**	24,218,091	22,140,496
Total assets	**189,835,513**	176,307,204	168,779,856
Deferred outflows of resources	**34,485,617**	10,343,620	13,199,651
Liabilities			
Current	**12,813,169**	12,068,083	13,527,551
Noncurrent	**194,253,686**	160,450,547	170,481,332
Total liabilities	**207,066,855**	172,518,630	184,008,883
Deferred inflows of resources	**34,641,276**	48,224,767	50,972,404
Net position (deficit)			
Invested in capital assets, net of related debt	**92,606,092**	94,624,683	97,117,593
Restricted nonexpendable	**18,722,735**	18,060,888	16,338,300
Restricted expendable	**10,652,266**	4,287,899	4,137,334
Unrestricted	**(139,368,094)**	(151,066,043)	(170,595,007)
Total net position (deficit)	**$ (17,387,001)**	$ (34,092,573)	$ (53,001,780)

Current assets

Current assets consist of $36.86 million in cash, cash equivalents, and short-term investments; $15.27 million in accounts, notes, and contracts receivable; $113 thousand due from the State; and $1.92 million in other current assets.

The $10.29 million increase in current assets was primarily attributable to an $8.83 million increase in grants and contracts receivable. The increase in grants and contracts receivable was due to an increase in federal accounts receivable of $9.96 million, net of decreases in federal student financial aid and non-federal grants receivable of $394 thousand and $728 thousand, respectively. The increase in federal accounts receivable was due to claims made through the Higher Education Emergency Relief Funds (HEERF) for emergency student aid, revenue lost, and other qualifying expenses incurred as a result of the COVID-19 pandemic.

Increases in student accounts receivable of $1.17 million accounted for another portion of the increase in current assets. The remaining increase in current assets was due to smaller increases in other current assets net of a decrease in funds due from the State for capital assets projects.

In 2020, current assets increased by $10.37 million from 2019 and was primarily attributable to a $9.63 million increase in cash, cash equivalents and short-term investments along with net increases in grant and student receivables of $740 thousand.

Capital assets, net of accumulated depreciation

The overall decrease in net capital assets of $3.65 million for 2021 was due to net additions of $3.96 million, net of depreciation expense of $7.61 million. General equipment and building and land improvement additions amounted to $1.53 million and $2.43 million, respectively.

The increase in general equipment was primarily attributable to purchases of equipment related to classroom instruction of $760 thousand, vehicles of $139 thousand, major IT equipment of $123 thousand, and general other equipment of $510 thousand. The increase in building and land improvements was primarily due to critical maintenance projects at MCC, GBCC and LRCC of $627 thousand; the purchase of a building by WMCC for $685 thousand; along with general renovation projects at MCC, WMCC, LRCC and GBCC of $1.12 million.

The decrease in capital assets from 2019 to 2020 of $4.92 million was due to fixed asset purchases of $2.15 million, net of depreciation expense of $7.07 million.

Other noncurrent assets

Other noncurrent assets consist of $29.24 million in long-term investments; $1.71 million in the long term portion of a note receivable held on the property in Stratham, New Hampshire sold in fiscal year 2015; and $151 thousand for the long-term portion of student loans receivable.

The increase in other noncurrent assets from the prior year of $6.89 million is mainly attributable to an increase in long-term investments of $7.01 million. This increase is attributable to invested excess cash received from the State under the UNIQUE scholarship program. Under this program, the State remits cash to CCSNH of which a portion is paid out to students, using a defined formula, for tuition expenses, and the remainder is reinvested for future use. Only the earnings on the reinvested funds may be used for future use. The principal portion is held within the restricted nonexpendable portion of net position.

The increase in other noncurrent assets from 2019 to 2020 of $2.08 million was primarily attributable to an increase in investments of $1.86 million, which was also due to net increases in cash received in 2020 from the State for the UNIQUE program as described above.

Deferred outflows of resources

The financial statement deferred outflows of resources category is used to report consumption of resources applicable to a future reporting period. The balance reported for fiscal years 2021, 2020 and 2019 include amounts for certain pension and other postemployment benefit changes.

Current liabilities

Current liabilities include accounts payable and accrued liabilities of $1.11 million, deferred revenue of $4.43 million, current portions of long-term debt of $1.38 million, and accrued salaries and benefits of $5.89 million.

Current liabilities increased by $745 thousand in 2021, primarily due to an increase in deferred revenue of $915 thousand, mostly brought on by an increase in prepaid tuition deposits of $983 thousand, net of $68 thousand in decreases in other deferred revenue accounts. The current portion of long-term debt payments decreased by $184 thousand due to the timing of principal payments due within the bond debt amortization schedules. The remainder of the change within current liabilities was due to net increases within accounts payable and accrued salaries and benefits of $14 thousand, mostly due to the timing of payments relative to the prior year.

Current liabilities decreased by $1.46 million during fiscal year 2020. The decrease was primarily attributable to a decrease in accrued salaries and benefits of $1.11 million and a decrease in the current portion of long-term debt of $531 thousand.

Noncurrent liabilities

Noncurrent liabilities include liabilities for unfunded pension obligations and unfunded other postemployment benefit (OPEB) obligations of $68.38 million and $111.46 million, respectively. Also included in noncurrent liabilities are noncurrent portions of long-term debt of $10.34 million, long-term employee benefits accruals of $3.79 million, and refundable advances of $285 thousand.

Noncurrent liabilities increased by $33.8 million in 2021. The increase was primarily due to increases in CCSNH unfunded liabilities for pensions and OPEB of $15.42 million and $20.04 million, respectively. Additionally, overall long-term debt declined by $1.43 million due to normal amortization of the debt.

Noncurrent liabilities decreased by $10.03 million during fiscal year 2020. The decrease was primarily due to decreases in CCSNH unfunded liabilities for pensions and OPEB of $882 thousand and $7.48 million, respectively. Additionally, overall long-term debt declined by $1.45 million due to normal amortization of the bond debt.

Deferred inflows of resources

Deferred inflows of resources are used to report acquisition of resources applicable to a future reporting period. The balance in fiscal year 2021, 2020, and 2019 reflects certain amounts related to OPEB, pensions, and refunding of bond debt.

Net position

Overall net position increased by $16.71 million during the fiscal year. The increase is primarily due to net operating and nonoperating income over expenses of $13.225 million and other changes in net position of $3.48 million.

CCSNH's net investment in capital assets decreased by $2.02 million during the current fiscal year. The decrease was attributable to an overall decline in net capital assets of $3.65 million netted against a decrease in capital asset related debt of $1.61 million, a decrease in deferred gains on bond refundings of $54 thousand, and an increase in payables on capital assets of $37 thousand.

Statements of Net Position - 2021

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Assets								
Current assets								
Cash and cash equivalents	$ 27,610,518	$ 5,057,824	$ 6,617,715	$ 1,503,294	$ 3,788,501	$ 3,002,983	$ 1,240,433	$ 6,399,768
Student accounts receivable, net	2,979,467	255,577	273,840	980,908	106,224	622,775	295,944	444,199
Other current assets	1,921,274	158,753	109,295	587,836	130,070	444,074	239,826	251,420
Current portion of note and contributions receivable	113,238	7,424	7,947	32,998	7,056	25,492	15,352	16,969
Grants and contracts receivable	12,179,244	1,055,538	419,981	4,416,529	887,850	1,929,662	1,799,722	1,669,962
Operating investments	9,245,589	606,191	648,791	2,694,212	576,103	2,081,383	1,253,453	1,385,456
Due from State of NH for capital appropriations	113,467	951	1,018	12,152	58,186	32,728	6,258	2,174
Total current assets	54,162,797	7,142,258	8,078,587	10,227,929	5,553,990	8,139,097	4,850,988	10,169,948
Noncurrent assets								
Student loans receivable, net	150,895	-	17,109	2,750	6,464	101,670	17,007	5,895
Note and contributions receivable, net	1,709,770	112,102	119,980	498,236	106,538	384,905	231,799	256,210
Investments	29,243,907	1,917,388	2,052,132	8,521,825	1,822,221	6,583,441	3,964,687	4,382,213
Capital assets, net	104,568,144	4,737,592	8,070,715	19,998,290	14,224,789	27,346,269	16,157,751	14,032,738
Total noncurrent assets	135,672,716	6,767,082	10,259,936	29,021,101	16,160,012	34,416,285	20,371,244	18,677,056
Total assets	$ 189,835,513	$ 13,909,340	$ 18,338,523	$ 39,249,030	$ 21,714,002	$ 42,555,382	$ 25,222,232	$ 28,847,004
Deferred outflows of resources								
Pension	$ 17,985,947	$ 1,179,256	$ 1,262,128	$ 5,241,198	$ 1,120,725	$ 4,049,028	$ 2,438,410	$ 2,695,202
Other postemployment benefits	16,499,670	1,081,808	1,157,831	4,808,089	1,028,113	3,714,435	2,236,911	2,472,483
Total deferred outflows of resources	$ 34,485,617	$ 2,261,064	$ 2,419,959	$ 10,049,287	$ 2,148,838	$ 7,763,463	$ 4,675,321	$ 5,167,685

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
(A Component Unit of the State of New Hampshire)

Management's Discussion and Analysis (Unaudited)

June 30, 2021 and 2020

Statements of Net Position - 2021 (Concluded)

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	$ 1,060,027	$ 92,116	$ 126,703	$ 274,545	$ 102,847	$ 212,645	$ 102,048	$ 149,123
Accounts payable for capital assets	51,573	-	-	1,777	-	49,796	-	-
Accrued salaries and benefits	5,891,807	389,048	429,630	1,783,219	395,297	1,247,539	768,244	878,830
Unearned revenue and deposits	4,432,332	397,994	352,255	1,299,559	269,682	925,917	518,492	668,433
Current portion of bonds payable	1,329,918	40,348	-	165,473	-	329,583	204,036	590,478
Current portion of other long-term liabilities	47,512	-	22,404	11,355	13,753	-	-	-
Total current liabilities	12,813,169	919,506	930,992	3,535,928	781,579	2,765,480	1,592,820	2,286,864
Noncurrent liabilities								
Accrued salaries and benefits	3,790,454	222,808	213,511	1,187,763	260,154	832,742	510,529	562,947
Refundable advances	285,529	-	20,725	105,920	13,916	87,571	27,700	29,697
Net pension liability	68,376,494	4,483,132	4,798,183	19,925,263	4,260,617	15,393,038	9,270,012	10,246,249
Bonds payable	8,842,104	273,360	-	1,013,472	-	2,254,265	1,158,953	4,142,054
Other postemployment benefits	111,458,152	7,454,973	5,971,763	35,515,037	7,130,565	23,863,531	14,880,538	16,641,745
Other long-term liabilities	1,500,953	-	1,461,903	24,491	14,559	-	-	-
Total noncurrent liabilities	194,253,686	12,434,273	12,466,085	57,771,946	11,679,811	42,431,147	25,847,732	31,622,692
Total liabilities	$ 207,066,855	$ 13,353,779	$ 13,397,077	$ 61,307,874	$ 12,461,390	$ 45,196,627	$ 27,440,552	$ 33,909,556
Deferred inflows of resources								
Pension	$ 5,902,034	$ 386,969	$ 414,164	$ 1,719,883	$ 367,762	$ 1,328,676	$ 800,157	$ 884,423
Other postemployment benefits	28,549,249	1,871,843	2,003,385	8,319,399	1,778,936	6,427,058	3,870,510	4,278,118
Deferred gain from advance bond refunding	189,993	6,331	-	87,288	-	1,413	94,695	266
Total deferred inflows of resources	$ 34,641,276	$ 2,265,143	$ 2,417,549	$ 10,126,570	$ 2,146,698	$ 7,757,147	$ 4,765,362	$ 5,162,807
Net position (deficit)								
Invested in capital assets, net of related liabilities	$ 92,606,092	$ 4,417,551	$ 6,586,410	$ 18,694,434	$ 14,196,477	$ 24,711,212	$ 14,700,068	$ 9,299,940
Restricted nonexpendable	18,722,735	1,224,770	1,352,553	5,444,377	1,163,980	4,205,305	2,532,523	2,799,227
Restricted expendable	10,652,266	697,658	746,687	3,100,743	663,032	2,395,444	1,442,587	1,606,115
Unrestricted	(139,368,094)	(5,788,497)	(3,741,794)	(49,375,681)	(6,768,737)	(33,946,890)	(20,983,539)	(18,762,956)
Total net position (deficit)	$ (17,387,001)	$ 551,482	$ 4,943,856	$ (22,136,127)	$ 9,254,752	$ (2,634,929)	$ (2,308,361)	$ (5,057,674)

STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The purpose of the Statement of Revenues, Expenses and Changes in Net Position is to present operating and nonoperating revenues received by the institution, operating and nonoperating expenses incurred, and any other revenues, expenses, gains and losses. Changes in 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.

A summarized statement of Revenues, Expenses and Changes in Net Position follows:

	Years Ended June 30,		
	2021	2020	2019
Operating revenues			
Net tuition and fees	**$ 28,691,160**	$ 39,157,918	$ 46,035,884
Other operating revenues	**20,353,584**	26,209,018	29,080,883
Total operating revenues	**49,044,744**	65,366,936	75,116,767
Operating expenses			
Employee compensation and benefits	**86,503,583**	81,714,133	76,277,455
Other operating expenses	**35,605,318**	32,074,649	33,559,003
Total operating expenses	**122,108,901**	113,788,782	109,836,458
Operating loss	**(73,064,157)**	(48,421,846)	(34,719,691)
Nonoperating revenues (expenses) and other changes			
State appropriations - operating	**55,360,000**	57,255,000	47,075,000
State appropriations - capital	**1,940,544**	2,063,720	5,273,026
Capital grants and contracts	**885,666**	176,133	194,813
COVID-19 funding	**24,256,194**	5,435,377	-
Investment return used for operations	**824,199**	1,133,885	1,175,423
Investment return net of amount used for operations	**6,364,366**	150,565	253,549
Nonexpendable contributions	**653,374**	1,715,005	1,905,543
Interest expense on capital debt	**(514,614)**	(598,632)	(696,700)
Nonoperating revenues and other changes, net	**89,769,729**	67,331,053	55,180,654
Increase in net position	**16,705,572**	18,909,207	20,460,963
Net position (deficit), beginning of year	**(34,092,573)**	(53,001,780)	(73,462,743)
Net position (deficit), end of year	**$ (17,387,001)**	$ (34,092,573)	$ (53,001,780)

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
(A Component Unit of the State of New Hampshire)

Management's Discussion and Analysis (Unaudited)

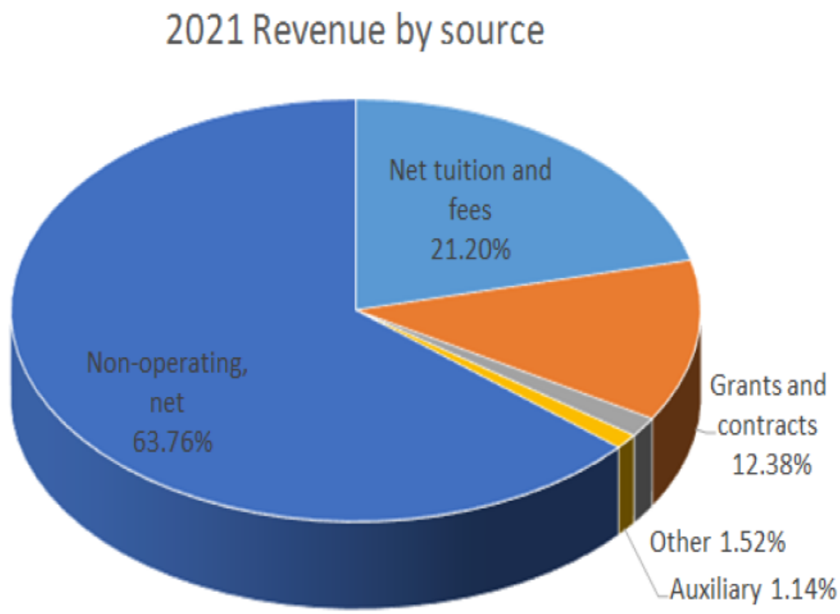
June 30, 2021 and 2020

Statements of Revenues, Expenses and Changes in Net Position - 2021

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Operating revenues								
Tuition and fees	$ 54,764,389	$ 3,884,751	$ 3,924,482	$ 15,413,776	$ 3,478,373	$ 11,947,436	$ 7,324,431	$ 8,791,140
Less scholarships	(26,073,229)	(2,306,044)	(2,192,685)	(6,457,459)	(1,767,451)	(6,381,968)	(3,595,062)	(3,372,560)
Net tuition and fees	28,691,160	1,578,707	1,731,797	8,956,317	1,710,922	5,565,468	3,729,369	5,418,580
Grants and contracts	16,750,221	2,068,586	1,008,866	4,168,463	1,396,237	3,474,222	2,200,030	2,433,817
Other auxiliary enterprises	1,544,707	53,657	-	1,094,952	395,298	800	-	-
Other operating revenue	2,058,656	205,048	129,782	737,599	224,229	343,198	182,255	236,545
Total operating revenues	49,044,744	3,905,998	2,870,445	14,957,331	3,726,686	9,383,688	6,111,654	8,088,942
Operating expenses								
Employee compensation and benefits	86,503,583	7,081,587	7,701,974	23,374,214	7,179,475	16,976,768	11,775,813	12,413,752
Other operating expenses	25,349,227	2,486,235	1,988,098	6,665,612	2,840,345	4,127,795	3,133,326	4,107,816
Utilities	2,646,734	192,090	209,147	709,751	318,977	502,438	385,488	328,843
Depreciation	7,609,357	498,910	533,971	2,217,406	474,148	1,713,032	1,031,624	1,140,266
Total operating expenses	122,108,901	10,258,822	10,433,190	32,966,983	10,812,945	23,320,033	16,326,251	17,990,677
Operating loss	(73,064,157)	(6,352,824)	(7,562,745)	(18,009,652)	(7,086,259)	(13,936,345)	(10,214,597)	(9,901,735)

Statements of Revenues, Expenses and Changes in Net Position - 2021 (Concluded)

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Nonoperating revenues (expenses)								
State appropriations - operating	55,360,000	6,174,213	6,896,129	11,578,214	6,961,329	8,747,592	7,671,730	7,330,793
COVID-19 Funding	24,256,194	2,091,006	1,458,562	6,410,729	1,777,447	5,439,152	3,740,402	3,338,896
Investment return used for operations	824,199	50,606	41,234	258,581	55,167	174,149	110,595	133,867
Investment return excluding amount used for operations	6,364,366	417,282	446,607	1,854,609	396,571	1,432,757	862,837	953,703
Interest expense on capital debt	(514,614)	(12,811)	(54,233)	(41,199)	(3,369)	(114,255)	(46,541)	(242,206)
Nonoperating revenues, net	86,290,145	8,720,296	8,788,299	20,060,934	9,187,145	15,679,395	12,339,023	11,515,053
Income before other changes in net position	13,225,988	2,367,472	1,225,554	2,051,282	2,100,886	1,743,050	2,124,426	1,613,318
Other changes in net position								
State appropriations - capital	1,940,544	400,135	101,132	244,437	275,839	724,677	98,789	95,535
Capital grants and contracts	885,666	8,674	3,173	249,492	213,221	146,030	93,062	172,014
Nonexpendable contributions	653,374	42,839	45,849	190,397	40,713	147,089	88,580	97,907
Total other changes in net position	3,479,584	451,648	150,154	684,326	529,773	1,017,796	280,431	365,456
Increase in net position	16,705,572	2,819,120	1,375,708	2,735,608	2,630,659	2,760,846	2,404,857	1,978,774
Net position (deficit) beginning of year	(34,092,573)	(2,267,638)	3,568,148	(24,871,735)	6,624,093	(5,395,775)	(4,713,218)	(7,036,448)
Net position (deficit) end of year	$ (17,387,001)	$ 551,482	$ 4,943,856	$ (22,136,127)	$ 9,254,752	$ (2,634,929)	$ (2,308,361)	$ (5,057,674)



Operating revenues

Overall operating revenue declined by $16.32 million in fiscal year 2021 relative to fiscal year 2020.

Fiscal year 2021 net tuition and fees decreased by $10.47 million relative to fiscal year 2020. Gross tuition decreased in fiscal year 2021 by approximately $6.03 million (11.75%) relative to fiscal year 2020, while student fees declined by about $746 thousand (7.27%) for the same time frame. The decrease is attributable to a decline in credits sold in FY 2021 relative to FY 2020 of 14%. Lastly, fiscal year 2021 saw an increase in scholarship expenses of about $3.7 million (16.5%) relative to fiscal year 2019.

With regard to tuition and fees, most of the decline was due to the continuing COVID-19 pandemic. The summer term showed an 8% increase in credits sold in FY 2021, while the Fall and Spring terms saw credits sold decline by 14.2% and 14.7% respectively.

Fiscal year 2021 also saw a decline in other operating revenue of $5.86 million (22.3%) relative to fiscal year 2020. Auxiliary revenue, mostly in the areas of student housing and board plans, saw a decrease of $1.51 million due to the continuing pandemic. Additional declines were seen in federal and grant revenue of $3.57 million. Most of these declines were related to reduced financial aid due to lower student enrollment.

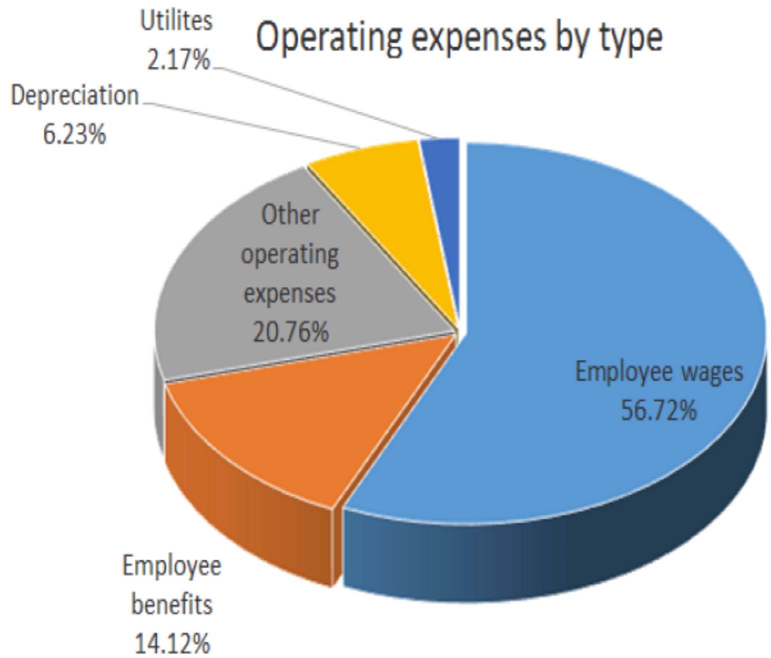
Operating revenues decreased by $9.75 million between 2019 and 2020. This was primarily due to decreases in net tuition and auxiliary revenue in 2020 compared to 2019.

Nonoperating revenues and other changes

Total nonoperating revenues and other changes in net position increased by $22.44 million in fiscal year 2021 relative to fiscal year 2020. Net nonoperating revenue increased by $22.91 million, while other changes in net position decreased by $475 thousand.

The primary reasons for the increase in net nonoperating revenue in fiscal year 2021 relative to fiscal year 2020 were an increase in investment returns not used for operations of $6.21 million and pandemic related grant monies received from the federal government of $18.82 million. A smaller decrease in net non-operating revenue was seen in operating appropriations from the State of $1.9 million. The decrease in other changes in net position during fiscal year 2021 of $475 thousand was primarily driven by a decline in non-expendable contributions of $1.06 million, net of an increase in capital appropriations from the State of $710 thousand.

The increase in net nonoperating revenues and other changes in net position from 2019 to 2020 of $12.15 million was primarily due to an increase in operating appropriations from the State of $10.18 million, and an increase in stimulus funding from the federal government under the Coronavirus Aid, Relief and Economic Security Act of $5.44 million, netted against a decrease in capital appropriations from the State of $3.21 million.



Operating expenses

Fiscal year 2021 operating expenses increased by $8.32 million from 2020. While salaries decreased slightly by about $986 thousand, employee benefits cost increased by $5.78 million. The primary driver of the increase in employee benefits was the adjustment to increase the liabilities for Pension and OPEB in fiscal year 2021 of $6.06 million.

Other operating expenses increased by $3.53 million in 2021. The primary factors for the increase were seen in increases in current expenses of $2.46 million, information technology (IT) expenses of $1.39 million and consulting expenses of $1.17 million, netted against declines in rental expenses of $1.08 million and food costs of $587 thousand.

Much of the increases in current expenses were due to additional supplies and small equipment expenses that were necessary due to the pandemic. The increase in IT expenses was the result of normal increases coupled with additional software license agreements. The increase in consulting expenses was mainly due to the pandemic for health screeners and remote counseling of $450 thousand, along with increases for a classification and compensation study of $131 thousand, and finally various costs associated with hiring and retaining executive positions of $200 thousand. The decline in rental expenses was due to the absence in FY 2021 of costs associated with the COVID-19 alternative care site, while the decline in food expenses was also pandemic related in that less students were on the campuses during the year.

Operating expenses increased by $3.95 million in 2020 from 2019. Salaries decreased slightly by about $657 thousand while benefits increased by $6.09 million. Additionally, other operating expenses decreased by $1.48 million in 2020 relative to 2019.

Other operating expenses decreased by $1.48 million in 2020. The primary factors for this decline were seen in decreases in consultant expenses of $801 thousand, food costs of $333 thousand, utilities costs of $353 thousand, depreciation of $757 thousand, and bad debt expense of $221 thousand, netted against increases in marketing expenses of $336 thousand and rental expenses of $822 thousand.

STATEMENTS OF CASH FLOWS

The statements of cash flows summarize transactions involving cash and cash equivalents during each fiscal year. The statements provide an additional tool to assess the financial health of the institution and its ability to generate future cash flows to meet its obligations.

	Years Ended June 30,		
	2021	2020	2019
Net cash used - operating activities	**$ (66,173,630)**	$ (50,357,761)	$ (43,912,208)
Net cash provided - noncapital financing activities	**68,905,792**	63,152,900	48,980,543
Net cash used - capital and related financing activities	**(3,106,216)**	(2,581,748)	(145,605)
Net cash used - investing activities	**297,200**	(769,455)	(964,724)
Net (decrease) increase in cash and cash equivalents	**(76,854)**	9,443,936	3,958,006
Cash and cash equivalents, beginning of year	**27,687,372**	18,243,436	14,285,430
Cash and cash equivalents, end of year	**$ 27,610,518**	$ 27,687,372	$ 18,243,436

CCSNH maintains the cash position necessary to meet its obligations. The amount of cash on hand fluctuates during the year due to the timing of tuition receipts and federal financial aid payments.

Cash and cash equivalents decreased by $77 thousand during 2021, increased by $9.4 million during 2020, and increased by $4.0 million during 2019, primarily due to fluctuations in the appropriations from the State and federal funding received through COVID-related relief funds.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
(A Component Unit of the State of New Hampshire)

Statements of Net Position

June 30, 2021 and 2020

	Community College System of New Hampshire		Community Colleges of New Hampshire Foundation	
	2021	2020	**2021**	2020
Assets				
Current assets				
Cash and cash equivalents	**$ 27,610,518**	$ 27,687,372	**$ 134,398**	$ 9,899
Student accounts receivable, net	**2,979,467**	1,806,586	**-**	-
Other current assets	**1,921,274**	1,369,388	**-**	-
Current portion of note and contributions receivable	**113,238**	109,895	**4,000**	16,552
Grants and contracts receivable	**12,179,244**	3,351,445	**-**	-
Operating investments	**9,245,589**	9,211,469	**-**	-
Due from State of New Hampshire for capital appropriations	**113,467**	337,021	**-**	-
Total current assets	**54,162,797**	43,873,176	**138,398**	26,451
Noncurrent assets				
Student loans receivable, net	**150,895**	168,917	**-**	-
Note and contributions receivable, net	**1,709,770**	1,823,008	**-**	4,000
Investments	**29,243,907**	22,226,166	**5,872,520**	4,393,906
Capital assets, net	**104,568,144**	108,215,937	**-**	-
Total noncurrent assets	**135,672,716**	132,434,028	**5,872,520**	4,397,906
Total assets	**189,835,513**	176,307,204	**6,010,918**	4,424,357
Deferred outflows of resources				
Pension	**17,985,947**	7,138,478	-	-
Other postemployment benefits	**16,499,670**	3,205,142	-	-
Total deferred outflows of resources	**34,485,617**	10,343,620	-	-
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	**1,060,027**	1,388,821	**2,153**	1,767
Accounts payable for capital assets	**51,573**	14,836	**-**	-
Accrued salaries and benefits	**5,891,807**	5,585,259	**-**	-
Unearned revenue and deposits	**4,432,332**	3,517,597	**-**	-
Current portion of bonds payable	**1,329,918**	1,451,074	**-**	-
Current portion of other long-term liabilities	**47,512**	110,496	**-**	-
Total current liabilities	**12,813,169**	12,068,083	**2,153**	1,767
Noncurrent liabilities				
Accrued salaries and benefits	**3,790,454**	3,897,175	**-**	-
Refundable advances	**285,529**	414,611	**-**	-
Net pension liability	**68,376,494**	52,954,607	**-**	-
Bonds payable	**8,842,104**	10,172,022	**-**	-
Other postemployment benefits	**111,458,152**	91,413,667	**-**	-
Other long-term liabilities	**1,500,953**	1,598,465	**-**	-
Total noncurrent liabilities	**194,253,686**	160,450,547	**-**	-
Total liabilities	**207,066,855**	172,518,630	**2,153**	1,767
Deferred inflows of resources				
Pension	**5,902,034**	9,379,156	**-**	-
Other postemployment benefits	**28,549,249**	38,601,250	**-**	-
Deferred gain from advance bond refunding	**189,993**	244,361	**-**	-
Total deferred inflows of resources	**34,641,276**	48,224,767	**-**	-
Net position (deficit)				
Invested in capital assets, net of related liabilities	**92,606,092**	94,624,683	**-**	-
Restricted nonexpendable	**18,722,735**	18,060,888	**1,902,451**	1,722,584
Restricted expendable	**10,652,266**	4,287,899	**3,302,751**	2,223,298
Unrestricted	**(139,368,094)**	(151,066,043)	**803,563**	476,708
Total net position (deficit)	**$ (17,387,001)**	$ (34,092,573)	**$ 6,008,765**	$ 4,422,590

The accompanying notes are an integral part of these financial statements.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
(A Component Unit of the State of New Hampshire)

Statements of Revenues, Expenses and Changes in Net Position

Years Ended June 30, 2021 and 2020

	Community College System of New Hampshire		Community Colleges of New Hampshire Foundation	
	2021	2020	**2021**	2020
Operating revenues				
Tuition and fees	**$ 54,764,389**	$ 61,535,846	**$ -**	$ -
Less scholarships	**(26,073,229)**	(22,377,928)	**-**	-
Net tuition and fees	**28,691,160**	39,157,918	**-**	-
Grants and contracts	**16,750,221**	20,321,085	**-**	-
Contributions	**-**	-	**1,071,014**	981,333
Auxiliary enterprises	**1,544,707**	3,053,064	**-**	-
Other operating revenue	**2,058,656**	2,834,869	**-**	-
Total operating revenues	**49,044,744**	65,366,936	**1,071,014**	981,333
Operating expenses				
Employee compensation and benefits	**86,503,583**	81,714,133	**-**	-
Other operating expenses	**25,349,227**	22,174,985	**1,067,598**	1,049,347
Utilities	**2,646,734**	2,834,636	**-**	-
Depreciation	**7,609,357**	7,065,028	**-**	-
Total operating expenses	**122,108,901**	113,788,782	**1,067,598**	1,049,347
Operating (loss) income	**(73,064,157)**	(48,421,846)	**3,416**	(68,014)
Nonoperating revenues (expenses)				
State of New Hampshire appropriations	**55,360,000**	57,255,000	**-**	-
COVID funding	**24,256,194**	5,435,377	**-**	-
Investment return used for operations	**824,199**	1,133,885	**150,381**	130,360
Investment return excluding amount used for operations	**6,364,366**	150,565	**1,259,399**	(37,992)
Interest expense on capital debt	**(514,614)**	(598,632)	**-**	-
Nonoperating revenues, net	**86,290,145**	63,376,195	**1,409,780**	92,368
Income before other changes in net position	**13,225,988**	14,954,349	**1,413,196**	24,354
Other changes in net position				
State of New Hampshire capital appropriation	**1,940,544**	2,063,720	**-**	-
Capital grants and contracts	**885,666**	176,133	**-**	-
Nonexpendable contributions	**653,374**	1,715,005	**172,979**	162,213
Total other changes in net position	**3,479,584**	3,954,858	**172,979**	162,213
Increase in net position	**16,705,572**	18,909,207	**1,586,175**	186,567
Net position (deficit), beginning of year	**(34,092,573)**	(53,001,780)	**4,422,590**	4,236,023
Net position (deficit), end of year	**$ (17,387,001)**	$ (34,092,573)	**$ 6,008,765**	$ 4,422,590

The accompanying notes are an integral part of these financial statements.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
(A Component Unit of the State of New Hampshire)

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	Community College System of New Hampshire	
	2021	2020
Cash flows from operating activities		
Receipts from tuition and fees	**$ 28,638,118**	$ 39,953,697
Receipts from grants and contracts	**18,970,034**	20,395,458
Receipts from auxiliary enterprises	**1,544,707**	3,053,064
Payments to suppliers	**(28,324,755)**	(25,186,007)
Payments to employees	**(88,508,504)**	(91,120,978)
Other cash receipts	**1,506,770**	2,547,005
Net cash used for operating activities	**(66,173,630)**	(50,357,761)
Cash flows from noncapital financing activities		
State of New Hampshire appropriations	**55,360,000**	57,255,000
COVID funding received	**12,892,418**	4,182,895
Contributions for long-term purposes	**653,374**	1,715,005
Net cash provided by noncapital financing activities	**68,905,792**	63,152,900
Cash flows from capital and related financing activities		
Appropriations from the State of New Hampshire for capital expenditures	**2,164,098**	2,228,874
Capital grants and contracts received	**885,666**	176,133
Purchase of capital assets	**(4,085,323)**	(2,533,743)
Payments received on note receivable	**109,895**	184,568
Principal on bonds payable and other long-term liabilities	**(1,611,570)**	(2,065,796)
Interest on bonds payable and other long-term liabilities	**(568,982)**	(653,438)
Net cash used for capital and related financing activities	**(3,106,216)**	(2,663,402)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	**3,954,021**	5,324,462
Purchase of investments	**(3,795,791)**	(6,543,245)
Interest and dividends received	**138,970**	530,982
Net cash provided by (used for) investing activities	**297,200**	(687,801)
Net (decrease) increase in cash and cash equivalents	**(76,854)**	9,443,936
Cash and cash equivalents, beginning of year	**27,687,372**	18,243,436
Cash and cash equivalents, end of year	**$ 27,610,518**	$ 27,687,372

The accompanying notes are an integral part of these financial statements.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
(A Component Unit of the State of New Hampshire)

Statements of Cash Flows (Concluded)

Years Ended June 30, 2021 and 2020

	Community College System of New Hampshire	
	2021	2020
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	**$ (73,064,157)**	$ (48,421,846)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	**7,609,357**	7,065,028
Adjustment to the allowance on the note receivable	**-**	(519,543)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources		
Student accounts receivable	**(1,172,881)**	723,563
Other current assets	**(551,886)**	(265,364)
Student loans receivable	**18,022**	197,623
Grants and contracts receivable	**2,535,977**	(180,749)
Deferred outflows of resources - pension	**(10,847,469)**	2,265,049
Deferred outflows of resources - OPEB	**(13,294,528)**	590,982
Accounts payable and accrued expenses	**(328,794)**	343,157
Accrued salaries and benefits	**199,827**	(1,206,691)
Unearned revenue and deposits	**914,735**	147,463
Other postemployment benefits	**20,044,485**	(7,480,923)
Net pension liability	**15,421,887**	(882,431)
Refundable advances	**(129,082)**	(40,248)
Deferred inflows of resources - pension	**(3,477,122)**	(3,279,539)
Deferred inflows of resources - OPEB	**(10,052,001)**	586,708
Net cash used for operating activities	**$ (66,173,630)**	$ (50,357,761)
Reconciliation of noncash activity		
Acquisition of capital assets	**$ 3,961,564**	$ 2,147,305
Less: Acquisition of capital assets included in accounts payable at year-end	**(51,573)**	(14,836)
Add: Acquisition of capital assets included in accounts payable at prior year-end	**14,836**	319,620
Add: Payments on long-term liabilities used to finance the acquisitions of capital assets	**160,496**	81,654
Payments for the acquisition of capital assets	**$ 4,085,323**	$ 2,533,743

The accompanying notes are an integral part of these financial statements.

Nature of Business

The Community College System of New Hampshire (CCSNH or the System) is comprised of the following colleges:

NHTI - Concord's Community College (NHTI);
Manchester Community College (MCC);
Nashua Community College (NCC);
Great Bay Community College (GBCC);
Lakes Region Community College (LRCC);
White Mountains Community College (WMCC); and
River Valley Community College (RVCC).

CCSNH's main purpose is to provide a well-coordinated system of public community college education. CCSNH is governed by a single board of trustees with 22 voting members appointed by the Governor and Executive Council and two voting members who are full time students enrolled within CCSNH and are elected by the student body. CCSNH funds its operations through tuition, room and board, fees, grants, legacies and gifts, and State of New Hampshire (State) appropriations.

Community Colleges of New Hampshire Foundation (the Foundation) is a separate legal entity established as a 501(c)(3) corporation. The Foundation is structured to seek and secure private funds and/or grants in order to supplement the traditional revenue sources of CCSNH. The Foundation’s mission is to support CCSNH and make higher education more accessible by providing student scholarship assistance, facility and staff support programs, and improved education facilities. These assets and all activity of the Foundation are included in the financial statements of CCSNH as a discretely-presented component unit.

1. Summary of Significant Accounting Policies

Recently Adopted Accounting Pronouncement

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*, to improve guidance regarding the identification of fiduciary activities to accounting and financial reporting purposes and how those activities should be reported. The adoption of the statement and related guidance during the year ended June 30, 2021 did not have a material impact of the financial statements of CCSNH.

Basis of Presentation

The accompanying financial statements have been prepared using the economic resources focus and the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP), as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

CCSNH has determined that it functions as a business-type activity, as defined by GASB. The effect of interfund activity has been eliminated from these financial statements.

CCSNH's policy is to define operating activities in the statement of revenues, expenses and changes in net position as those that generally result from exchange transactions, such as charges for services provided to students and for the purchase of goods and services. Certain other transactions are reported as nonoperating revenues (expenses). These nonoperating revenues (expenses) include CCSNH's operating appropriations from the State, COVID funding, contributions for long-term purposes, net investment income (loss), and interest expense. The other changes in net position include capital appropriations from the State, grant and contract revenue used for capital, gifts received by the Foundation restricted for long-term purposes, and contributions received related to the UNIQUE scholarship program restricted for long-term purposes.

Cash and Cash Equivalents

Cash and cash equivalents in the statement of cash flows include unrestricted cash which is either held in demand deposit or short-term money market accounts, and highly-liquid savings deposits and investments with original maturities of three months or less when purchased.

Student Accounts and Loans Receivable

The Federal Perkins Student Loan Program has provisions for deferment, forbearance, and cancellation of the individual loans. Principal payments, interest, and losses due to cancellation are shared by the College and the U.S. Government in proportion to their share of funds provided. Amounts advanced by the federal government under this program are ultimately refundable and are classified as refundable advances.

Both student accounts receivable and student loans receivable are stated at their unpaid principal balances adjusted for charge-offs and the allowance for loan losses. Fees and interest income on these receivables are recorded when received. For both student accounts and student loans receivable, CCSNH provides for probable uncollectible amounts through a charge to expense and a credit to the allowance account based on its assessment of the current status of individual accounts. Student accounts receivables that are still outstanding after the College has used reasonable collection efforts are written off through a charge to the allowance for bad debts and a credit to student accounts receivable. There was no allowance for bad debts for student accounts receivable at June 30, 2021. Student accounts receivable at June 30, 2020 are reported net of an allowance for bad debts of $677,749. Student loan receivables that are still outstanding after the College has used reasonable collection efforts are written off through a charge to the allowance for loan losses and a credit to student loans receivable. Student loans receivable at June 30, 2021 and 2020 are reported net of an allowance for loan losses of $294,184 and $316,848, respectively.

Collections of the student loans receivable may not be used to pay current liabilities. Accordingly, the student loans receivable are recorded in the accompanying statements of net position as noncurrent assets.

Investments

CCSNH and the Foundation carry investments at their fair value. Fair value is estimated using the methods described in Note 9. Purchased and gifted securities are recorded at fair value on the date of the acquisition or gift, net of any brokerage fees. Realized and unrealized gains and losses in the investment portfolio are allocated on a specific-identification basis.

Capital Assets

Capital assets are recorded at cost when purchased or constructed and at fair value at the date of donation. In accordance with CCSNH's capitalization policy, only equipment (including equipment acquired under capital leases), capital projects and internally-generated intangibles with a projected cost of $5,000 or more are capitalized. Costs for maintenance, repairs and minor renewals and replacements are expensed as incurred. The costs of library materials are expensed as incurred.

Depreciation and amortization of assets acquired are recorded on a straight-line basis over the estimated useful lives of the related assets, principally as follows:

Buildings	40 years
Building and land improvements	20 years
Equipment and vehicles	5 years

When capital assets are retired or otherwise disposed of, the asset and accumulated depreciation accounts are adjusted and any resulting gain or loss is reflected in the statement of revenues, expenses and changes in net position.

Note Receivable

During the year ended June 30, 2015, GBCC sold its former Stratham, New Hampshire Campus for $2,750,000. The buyer paid cash of $250,000 at closing and signed a note receivable to CCSNH for $2,500,000. The note receivable is expected to be paid in monthly installments of $13,865, including interest at 3%, through September 14, 2024. All remaining outstanding principal and interest is expected to be repaid on October 14, 2024, which is expected to amount to approximately $1,500,000. The note receivable balance as of June 30, 2021 and 2020 was $1,823,008 and $1,932,903, respectively. Management determined a reserve was not required at June 30, 2021 and 2020.

Unearned Revenue and Deposits

Unearned revenue and deposits consist primarily of deposits and advance payments received for tuition and fees related to certain summer programs and tuition received for the following academic year. Revenue from summer programs is recognized ratably over the applicable academic periods.

Compensated Absences

Employees earn the right to be compensated during certain absences. The accompanying statements of net position reflect an accrual for the amounts earned, including related benefits ultimately payable for such benefit. A portion of this liability is classified as current and represents CCSNH's estimate of vacation time that will be paid during the next fiscal year to employees.

Refundable Advances

CCSNH participates in the Federal Perkins Loan Program, which is funded through a combination of federal and institutional resources. The portion of this program that has been funded with federal funds is ultimately refundable to the U.S. Government upon termination of CCSNH's participation in the program. The portion that would be refundable if the programs were terminated as of June 30, 2021 and 2020 has been included in the accompanying statements of net position as a noncurrent liability. The portion of this program that has been funded with institutional funds has been classified as restricted - nonexpendable since these funds can only be used for loans during the time CCSNH participates in the Federal Perkins Loan Program. CCSNH is no longer issuing new loans and the funds are not available for general operations.

Net Pension Liability

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the New Hampshire Retirement System (NHRS), and additions to/deductions from the NHRS's fiduciary net position has been determined on the same basis as it is reported by the NHRS. Detailed information about the Pension Plan's fiduciary net position is available in the separately issued NHRS annual report available from the NHRS website at https://www.nhrs.org. NHRS's financial statements are prepared using the accrual basis of accounting. Both plan member and employer contributions are recognized in the period in which contributions are legally due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Investments in both domestic and non-U.S. securities are valued at current market prices and expressed in U.S. dollars. NHRS uses a trade-date accounting basis for these investments. Investments in non-registered commingled funds are valued at net asset value as a practical expedient to estimate fair value.

Other Postemployment Benefits

For the purposes of measuring the net liability, deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (OPEB), and OPEB expense, information about the fiduciary net position of the NHRS OPEB Plan and the State of New Hampshire OPEB Plan (the State OPEB Plan) (collectively, the OPEB Plans) has been determined on the same basis as it is reported by NHRS and the State OPEB Plan.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Net Position

GASB requires that resources be classified for accounting purposes into the following four net position categories:

Invested in capital assets, net of related debt: Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction, repair or improvement of those assets, and increased or reduced by deferred inflows and deferred outflows related to those assets.

Restricted - nonexpendable: Net assets subject to externally-imposed conditions that CCSNH must maintain them in perpetuity.

Restricted - expendable: Net assets whose use is subject to externally-imposed conditions that can be fulfilled by the actions of CCSNH or by the passage of time.

Unrestricted: All other categories of net position. Unrestricted net position may be designated by actions of the CCSNH's Board of Trustees.

CCSNH has adopted a policy of generally utilizing restricted, expendable resources, when available, prior to unrestricted resources.

Net Student Fees

Student tuition, dining, residence, and other fees are presented net of scholarships applied to students' accounts.

Contributions

Contributions are recorded at their fair value at the date of gift. Promises to donate to CCSNH are recorded as receivables and revenues when the CCSNH has met all applicable eligibility and time requirements. Contributions to be used for endowment purposes are categorized as restricted nonexpendable. Other gifts are categorized as unrestricted. Because of uncertainties with regard to their realizability and valuation, bequests and other intentions to give and conditional promises are not recognized as assets until the specified conditions are met.

Operating Revenues and Expenses

Operating revenues consist of tuition and fees; federal, state and other grants and contracts; sales and services of education activities; and auxiliary enterprises revenues. Operating expenses include instruction, public service, academic support, student services, institutional support, operations and maintenance, student aid, auxiliary enterprises, and residential life and depreciation and amortization. Capital items represent all other changes in long-term plant and endowment net assets. Revenues are recognized when earned and expenses are recognized when incurred. Restricted grant revenue is recognized only to the extent expended for expenditure driven grants or, in the case of fixed-price contracts, when the contract terms are met or completed.

Income Taxes

The Internal Revenue Service has determined that CCSNH is a wholly-owned instrumentality of the State of New Hampshire and, as such, is generally exempt from federal income tax. The Foundation is exempt from income taxes because it is a 501(c)(3) organization.

If an exempt organization regularly carries on a trade or business not substantially related to its exempt purpose, except that it provides funds to carry out that purpose, the organization is subject to tax on its income from that unrelated trade or business. The System has evaluated the positions taken on its business activities and has concluded no unrelated business income tax exists at June 30, 2021 and 2020.

Use of Estimates in Financial Statement Preparation

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents

Custodial credit risk is the risk that, in the event of bank failure, CCSNH’s deposits may not be returned. Deposits are considered uninsured and uncollateralized if they are not covered by depository insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution’s trust department or agent but not in CCSNH’s name.

As of June 30, 2021 and 2020, CCSNH's uncollateralized uninsured cash and cash equivalents were approximately $27,200,000 and $20,640,000, respectively. Deposits held in noninterest-bearing transaction accounts are aggregated with any interest-bearing deposits, and the combined total amounts are insured up to the first $250,000 per financial institution.

3. Capital Assets

Capital asset activity for the year ended June 30, 2021 is summarized below:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Land	**$ 915,187**	**$ -**	**$ -**	**$ -**	**$ 915,187**
Construction-in-process	**461,509**	**1,734,671**	**-**	**(1,829,219)**	**366,961**
Total non-depreciable assets	**1,376,696**	**1,734,671**	**-**	**(1,829,219)**	**1,282,148**
Land improvements	**7,149,771**	**-**	**-**	**-**	**7,149,771**
Buildings and improvements	**197,479,208**	**700,362**	**-**	**1,829,219**	**200,008,789**
Equipment and vehicles	**19,759,525**	**1,536,359**	**(685,460)**	**-**	**20,610,424**
Total depreciable assets	**224,388,504**	**2,236,721**	**(685,460)**	**1,829,219**	**227,768,984**
Accumulated depreciation	**(117,549,263)**	**(7,609,357)**	**675,632**	**-**	**(124,482,988)**
Capital assets, net	**$ 108,215,937**	**$ (3,637,965)**	**$ (9,828)**	**$ -**	**$ 104,568,144**

Capital asset activity for the year ended June 30, 2020 is summarized below:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Land	$ 924,340	$ -	$ (9,153)	$ -	$ 915,187
Construction-in-process	1,179,043	1,362,979	-	(2,080,513)	461,509
Total non-depreciable assets	2,103,383	1,362,979	(9,153)	(2,080,513)	1,376,696
Land improvements	7,061,587	-	-	88,184	7,149,771
Buildings and improvements	195,486,879	-	-	1,992,329	197,479,208
Equipment and vehicles	19,116,528	797,953	(154,956)	-	19,759,525
Total depreciable assets	221,664,994	797,953	(154,956)	2,080,513	224,388,504
Accumulated depreciation	(110,634,717)	(7,065,028)	150,482	-	(117,549,263)
Capital assets, net	$ 113,133,660	$ (4,904,096)	$ (13,627)	$ -	$ 108,215,937

4. Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued salaries and benefits	**$ 9,482,434**	**$ 199,827**	**$ -**	**$ 9,682,261**	**$ 5,891,807**
Refundable advances	**414,611**	**-**	**(129,082)**	**285,529**	**-**
Net pension liability	**52,954,607**	**15,421,887**	**-**	**68,376,494**	**-**
Bonds payable	**11,623,096**	**-**	**(1,451,074)**	**10,172,022**	**1,329,918**
OPEB	**91,413,667**	**20,044,485**	**-**	**111,458,152**	**-**
Other long-term liabilities	**1,708,961**	**59,844**	**(220,340)**	**1,548,465**	**47,512**
Long-term liabilities	**$167,597,376**	**$ 35,726,043**	**$ (1,800,496)**	**$201,522,923**	**$ 7,269,237**

Changes in long-term liabilities during the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued salaries and benefits	$ 10,689,725	$ -	$ (1,207,291)	$ 9,482,434	$ 5,585,259
Refundable advances	454,859	-	(40,248)	414,611	-
Net pension liability	53,837,038	-	(882,431)	52,954,607	-
Bonds payable	13,607,238	-	(1,984,142)	11,623,096	1,451,074
OPEB	98,894,590	-	(7,480,923)	91,413,667	-
Other long-term liabilities	1,790,615	59,844	(141,498)	1,708,961	110,496
Long-term liabilities	$179,274,065	$ 59,844	$ (11,736,533)	$167,597,376	$ 7,146,829

Other Long-Term Liabilities

Future minimum payments under other long-term liabilities, which include capital leases and a note payable to U.S. Department of Agriculture (USDA), as of June 30 are as follows:

Year ending June 30,	Principal	Interest	Total
2022	$ 47,512	$ 58,564	$ 106,076
2023	49,728	55,357	105,085
2024	36,638	52,400	89,038
2025	24,973	50,867	75,840
2026	25,894	49,946	75,840
2027 - 2031	144,509	234,691	379,200
2032 - 2036	173,178	206,022	379,200
2037 - 2041	207,534	171,666	379,200
2042 - 2046	248,706	130,494	379,200
2047 - 2051	298,046	81,154	379,200
2052 - 2056	280,477	22,883	303,360
2057 - 2060	11,270	49	11,319
	$ 1,548,465	$ 1,114,093	$ 2,662,558

During 2016, RVCC entered into an agreement with USDA in the amount of $1,600,000 to finance the purchase a building in Lebanon, New Hampshire. The note payable is to be repaid over 40 years at a fixed interest rate of 3.625%. As of June 30, 2021 and 2020 the balance due to USDA was $1,484,306 and $1,505,914, respectively.

5. Bonds Payable

Bonds payable consisted of the following at June 30:

	2021	2020
2009 Series A General Obligation Bonds (original principal of $5,000,000) Serial bonds maturing through 2029 with annual principal payments from $200,000 to $300,000 and interest rates from 4.00% to 5.50%.	**$ 1,700,000**	$ 2,000,000
2010 Series A General Obligation Bonds (original principal of $1,996,995) Serial bonds maturing through 2025 with annual principal payments from $0 to $666,111 and coupon interest rates from 2.00% to 5.00%.	**293,361**	485,348
2012 Series B General Obligation Bonds (original principal of $6,000,000) Serial bonds maturing through 2032 with annual principal payments from $160,000 to $240,000 and interest rates from 2.64% to 4.15%. A portion of these bonds were refunded as part of the issuance of the 2017 Series A General Obligation bonds.	**1,835,337**	2,074,799

2013 Series B General Obligation Bonds (original principal of $2,000,000) Serial bonds maturing through 2033 with annual principal payments from $79,763 to $133,446 and interest rates from 4.00% to 4.68%. A portion of these bonds were refunded as part of the issuance of the 2017 Series A General Obligation bonds.	**906,181**	1,039,457
2014 Series A General Obligation Refunding Bonds (original principal of $2,762,813) maturing through 2028 with annual principal payments ranging from $34,564 to $102,325 and interest rates from 1.50% to 5.00%.	**2,278,303**	2,404,270
2016 Series A General Obligation Refunding Bonds (original principal of $921,602) maturing through 2028 with annual principal payments ranging from $36,734 to $192,626 and interest rates from 1.88% to 2.50%.	**214,793**	407,419
2017 Series A General Obligation Bonds (original principal of $4,015,070) maturing through 2036 with annual principal payments ranging from $160,464 to $267,756 and interest rates from 2.25% to 4.80%.	**2,944,047**	3,211,803
	$ 10,172,022	$ 11,623,096

During the year ended June 30, 2015, CCSNH advance refunded selected bonds. The difference between the reacquisition price and the net carrying amount of the old debt of approximately $523,000 was recorded as a deferred inflow of resources and will be recognized in the statement of revenues, expenses and changes in net position on an annual basis through the year 2028 using the effective-interest method. At June 30, 2021 and 2020 the unamortized deferred gain from advance refunding of the bonds was $189,993 and $244,361, respectively.

Principal and interest payments on bonds payable for the next five years and in subsequent five-year periods are as follows at June 30:

Year ending June 30,	Principal	Interest	Total
2022	$ 1,329,918	$ 443,573	$ 1,773,491
2023	1,337,952	374,508	1,712,460
2024	901,434	315,342	1,216,776
2025	1,078,481	268,296	1,346,777
2026	1,109,823	221,226	1,331,049
2027 - 2031	3,133,119	505,582	3,638,701
2032 - 2036	1,281,295	96,580	1,377,875
	$ 10,172,022	$ 2,225,107	$ 12,397,129

Interest expense related to the bonds for the years ended June 30, 2021 and 2020 was $450,050 and $532,286, respectively.

6. Defined Benefit Pension Plan

CCSNH participates in the NHRS, which, as governed by Revised Statutes Annotated (RSA) 100-A, is a public employee retirement system that administers a cost-sharing, multiple-employer pension plan (Pension Plan). NHRS is qualified as a tax-exempt organization under Sections 401(a) and 501(a) of the Internal Revenue Code. Substantially all full-time state employees, public school teachers and administrators, permanent firefighters and permanent police officers within the State are eligible and required to participate in the NHRS. The pension plan is divided into two membership groups; State and local employees and teachers belong to Group I and police and firefighters belong to Group II. All of CCSNH's employees are part of Group I. The provisions of the Pension Plan can be amended only by legislative action taken by the New Hampshire State Legislature, pursuant to the authority granted it under the New Hampshire State Constitution.

The NHRS pension plan and trust was established in 1967 by RSA 100-A:2. The Pension Plan is a contributory, defined benefit plan providing service, disability, death, and vested retirement benefits to members and their beneficiaries. Although benefits are funded by member contributions, employer contributions and trust fund assets, NHRS computes benefits on the basis of members' Average Final Compensation (AFC) and years of creditable service. Unlike a defined contribution plan, NHRS benefits provided to members are not dependent upon the amount of contributions paid into the NHRS or the investment return on trust assets.

To qualify for a normal service retirement, Group I members must have attained 60 years of age. However, a member who commenced service on or after July 1, 2011 shall not receive a service retirement allowance until attaining 65 years of age. The member may receive a reduced allowance after age 60 if the member has at least 30 years of creditable service. The allowance shall be reduced for each month by which the date on which benefits commence precedes the month after which the member attains 65 years of age, by ¼ of one percent.

For members retiring prior to the age of 65, the yearly pension amount is 1.67% of AFC multiplied by years of creditable service. For members retiring at 65 or older, the yearly pension amount is 1.52% of AFC multiplied by years of creditable service. For members vested prior to January 1, 2012, AFC is based on the highest three years of creditable service. For members not vested prior to January 1, 2012, or hired on or after July 1, 2011, AFC is based on a member's highest five years of creditable service. At age 65, the yearly pension amount is recalculated with an appropriate graduated reduction based on years and months of creditable service that the member has at the time of retirement.

Contributions Required and Made

The Pension Plan is financed by contributions from the members and participating employers and investment earnings. Contributions required to cover that amount of cost not met by the members' contributions are determined by a biennial actuarial valuation by the Pension Plan's actuary. By statute, the Board of Trustees of NHRS is responsible for the certification of employer contribution rates, which are determined through the preparation of biennial valuations of NHRS's assets by NHRS's actuary using the entry-age normal cost method.

Commencing July 1, 2011, all Group I employees are responsible to accrue contributions at 7.00% of covered payroll.

In terms of the employer share of contributions made to the Retirement Plan, the pension contribution rate for Group I employees was 10.88% for the two-year period ended June 30, 2021. Effective July 1, 2021, the employer share was increased to 13.75% and will remain fixed through June 30, 2023.

For the years ended June 30, 2021 and 2020, CCSNH contributions to the Pension Plan were $5,146,499 and $4,945,695, respectively.

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

At June 30, 2021 and 2020, respectively, CCSNH reported a liability of $68,376,494 and $52,954,607 for its proportionate share of the net pension liability. The 2021 net pension liability is based on an actuarial valuation performed as of June 30, 2019 and a measurement date of June 30, 2020. The net pension liability was rolled forward from June 30, 2019 to June 30, 2020. CCSNH's proportion of the net pension liability was based on a projection of CCSNH's long-term share of contributions to the Pension Plan relative to the projected contributions of all participating employers, as actuarially determined. At June 30, 2021 and 2020, CCSNH's proportion of the net pension liability was 1.0690% and 1.1005%, respectively.

During the years ended June 30, 2021 and 2020, CCSNH recognized pension expense of $6,243,795 and $3,048,774, respectively.

At June 30, 2021, CCSNH reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	**$ 1,846,496**	**$ 734,168**
Changes in assumptions	**6,763,792**	**-**
Net difference between projected and actual investment earnings on pension plan investments	**4,229,160**	**-**
Changes in proportion and differences between employer contributions and share of contributions	**-**	**5,167,866**
Contributions subsequent to the measurement date	**5,146,499**	**-**
Balances as of June 30, 2021	**$ 17,985,947**	**$ 5,902,034**

Amounts reported as deferred outflows related to pensions resulting from CCSNH contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. 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 ending June 30,	
2022	$ (453,996)
2023	1,521,907
2024	2,985,230
2025	2,884,273
	$ 6,937,414

At June 30, 2020, CCSNH reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 292,793	$ 1,138,675
Changes in assumptions	1,899,990	-
Net difference between projected and actual investment earnings on pension plan investments	-	432,563
Changes in proportion and differences between employer contributions and share of contributions	-	7,807,918
Contributions subsequent to the measurement date	4,945,695	-
Balances as of June 30, 2020	$ 7,138,478	$ 9,379,156

Actuarial Assumptions

The total pension liability was determined by a roll-forward of the actuarial valuations as of June 30, 2020 using the following actuarial assumptions, which, accordingly, apply to 2019 and 2020 measurements:

Actuarial cost method	Entry age normal
Inflation	2.00% per year per June 30, 2020 measurement; 2.50% per June 30, 2019 valuation
Salary increases	5.60% average, including inflation per June 30, 2020 measurement and June 30, 2019 valuation
Wage inflation	2.75% per year (2.25% for Teachers) per June 30, 2020 measurement; 3.25% (3.00 for Teachers) per June 30, 2019 valuation
Investment rate of return	6.75%, net of investment expense, including inflation, per June 30, 2020 measurement; 7.25, net of investment expense, including inflation, per June 30, 2020 valuation

Mortality rates used in the June 30, 2020 measurement were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019, based on the results of the most recent actuarial experience study, which was for the period of July 1, 2016 – June 30, 2019.

Mortality rates used in the June 30, 2019 valuation were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study at the time, which was for the period of July 1, 2010 – June 30, 2015.

The actuarial assumptions used in the June 30, 2019 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2016 to June 30, 2019.

Long-Term Rates of Return

The long-term expected rate of return on pension plan investments was selected from a best-estimate range determined using the building-block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

The following table presents target allocations and the geometric real rates of return for 2020 and 2019:

Asset Class	Target Allocation		Weighted Average Long-Term Expected Real Rate of Return	
	2020	2019	2020	2019
Large cap equities	22.50 %	22.50 %	3.71 %	4.25 %
Small/mid cap equities	7.50	7.50	4.15	4.50
Total domestic equity	30.00	30.00		
International equities (unhedged)	13.00	13.00	3.96	4.50
Emerging international equities	7.00	7.00	6.20	6.00
Total international equities	20.00	20.00		
Core bonds	9.00	9.00	0.42	1.12
Global multi-sector fixed income	10.00	10.00	1.66	2.46
Absolute return fixed income	6.00	6.00	0.92	1.50
Total fixed income	25.00	25.00		
Private equity	10.00	10.00	7.71	7.90
Private debt	5.00	5.00	4.81	4.86
Total alternative investments	15.00	15.00		
Real estate	10.00	10.00	2.95	3.00
Total	100.00 %	100.00 %		

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2021 and 2020 was 6.75% and 7.25%, respectively. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. For purposes of the projection, member contributions and employer service cost contributions are projected based on the expected payroll of current members only. Employer contributions are determined based on the pension plan's actuarial funding policy and as required by RSA 100-A:16. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments to 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 CCSNH's proportionate share of the net pension liability calculated using the discount rate of 6.75%, as well as what CCSNH's proportionate share of the pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
CCSNH's proportionate share of the net pension liability	$ 88,519,732	$ 68,376,494	$ 51,916,801

7. Other Postemployment Benefits

Plan Description - NHRS OPEB

In addition to providing pension benefits, NHRS administers a cost-sharing multiple-employer defined benefit postemployment medical subsidy healthcare plan designated in statute (RSA 100-A:52, RSA 100-A:52a and RSA 100-A:52-b) by membership type. The membership types are Group I Teachers, Group I Political Subdivision Employees, Group I State Employees, and Group II Police Officer and Firefighters. All CCSNH employees are Group I participants. The NHRS OPEB Plan provides a medical insurance subsidy to qualified retired members. The medical subsidy is a payment made by NHRS to the former employer or their insurance administrator toward the cost of health insurance for a qualified retiree, his/her qualified spouse, and his/her certifiably dependent children with a disability who are living in the household and being cared for by the retiree. Under specific conditions, the qualified beneficiaries of members who die while in service may also be eligible for the medical subsidy. For qualified retirees not eligible for Medicare the subsidy amounts are $375.56 for a single-person plan and $751.12 for a two-person plan. For those qualified retirees eligible for Medicare, the amounts are $236.84 for a single-person plan and $473.68 for a two-person plan. There have been no increases in the monthly maximum subsidy amounts since July 1, 2007. The plan is closed to new entrants.

For CCSNH (Group) I members, substantially all employees who were hired on or before June 30, 2003 and have 10 years of service may become eligible for these benefits if they reach normal retirement age while working for the State and receive their pensions on a periodic basis rather than a lump sum. During fiscal year 2004, legislation was passed that requires State Group I employees hired on or after July 1, 2003 to have 20 years of State service in order to qualify for health coverage benefits. These and similar benefits for active employees are authorized by state law and administered through the Employee and Retiree Benefit Risk Management Fund, which is the State's self-insurance fund, implemented in October 2003, for active State employees and retirees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Contributions Required and Made

The State Legislature has indicated it plans to only partially fund (on a pay-as-you-go basis) the annual required contribution (ARC), an actuarially determined rate.

Plan members are not required to contribute to the OPEB Plans. CCSNH makes annual contributions to the OPEB Plans equal to the amount required by RSA 100-a: 52. For all Group I employees, effective July 1, 2019 the annual contribution rate was decreased from 1.07% to 1.05% and remained fixed through June 30, 2021. Effective July 1, 2021, the contribution rate decreased to 0.78% and will remain fixed through June 30, 2023. For Group II employees, effective July 1, 2019 the annual contribution rate was decreased from 4.10% to 3.66% and remained fixed through June 30, 2021. Effective July 1, 2021, the contribution rate decreased to 3.21% and will remain fixed through June 30, 2023. CCSNH's contributions for the NHRS OPEB Plan for the years ended June 30, 2021 and 2020 were $460,247 and $464,227, respectively, which were equal to its ARC.

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

At June 30, 2021, CCSNH reported a liability of $4,322,066 for its proportionate share of the net NHRS OPEB liability. The net NHRS OPEB liability as of June 30, 2021 is based on an actuarial valuation performed as of June 30, 2019 and a measurement date of June 30, 2020. The net OPEB liability was rolled forward from June 30, 2019 to June 30, 2020.

At June 30, 2020, CCSNH reported a liability of $4,443,341 for its proportionate share of the net NHRS OPEB liability. The net NHRS OPEB liability as of June 30, 2020 is based on an actuarial valuation performed as of June 30, 2018 and a measurement date of June 30, 2019. The net NHRS OPEB liability was rolled forward from June 30, 2018 to June 30, 2019.

CCSNH's proportion of the net NHRS OPEB liability was based on a projection of the CCSNH's long-term share of contributions to NHRS relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2021 and 2020, CCSNH's proportion of the net NHRS OPEB liability was 0.9874% and 1.01351%, respectively.

For the years ended June 30, 2021 and 2020, CCSNH recognized OPEB expense of $298,263 and $57,745, respectively, related to the NHRS OPEB Plan.

At June 30, 2021, CCSNH reported deferred outflows of resources and deferred inflows of resources related to NHRS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	**$ 27,790**	**$ -**
Differences between expected and actual experience	**-**	**12,523**
Net difference between projected and actual investment earnings on NHRS OPEB plan investments	**16,171**	**14,232**
Contributions subsequent to the measurement date	**460,247**	**-**
Balances as of June 30, 2021	**$ 504,208**	**$ 26,755**

Amounts reported as deferred outflows related to pensions resulting from CCSNH contributions subsequent to the measurement date will be recognized as a reduction of the net NHRS OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to NHRS OPEB will be recognized in NHRS OPEB expense as follows:

Year ending June 30,	
2022	$ 2,259
2023	4,787
2024	5,707
2025	4,453
	$ 17,206

At June 30, 2020, CCSNH reported deferred outflows of resources and deferred inflows of resources related to NHRS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 7,730
Net difference between projected and actual investment earnings on NHRS OPEB plan investments	-	4,993
Changes in proportion	-	8,870
Contributions subsequent to the measurement date	464,227	-
Balances as of June 30, 2019	$ 464,227	$ 21,593

Actuarial Assumptions

The collective total NHRS OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions, which apply to the 2019 and 2020 measurements:

Actuarial cost method	Entry-age normal
Amortization method	Level percentage-of-payroll, closed
Remaining amortization period	Not applicable, under statutory funding
Investment rate of return	6.75% net of investment expenses, including inflation per June 30, 2020 measurement; 7.25% net of investment expenses, including inflation per June 30, 2019 valuation
Salary rate increase	5.60% average, including inflation per June 30, 2020 measurement and the June 30, 2019 valuation
Price inflation	2.00% per year per June 30, 2020 measurement; 2.50% per June 30, 2019 valuation
Wage inflation	2.75% per year (2.25% for Teachers) per June 30, 2020 measurement; 3.25% average, including inflation per June 30, 2019 valuation
Healthcare cost trend rates	Not applicable, given the benefits are fixed stipends
Aging factors	Not applicable, given the benefits are fixed stipends

Mortality rates used in the June 30, 2020 measurement were based on the Pub-2010 Healthy Retiree Mortality Tables with credibility adjustments for each group (Police and Fire combined) and projected fully generational mortality improvements using Scale MP-2019, based on the results of the most recent actuarial experience study, which was for the period of July 1, 2016– June 30, 2019.

Mortality rates used in the June 30, 2019 valuation were based on the RP-2014 healthy annuitant employee generational mortality tables for males and females with credibility adjustments, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2018 measurement were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 – June 30, 2015.

Long-Term Rates of Return

The long-term expected rate of return on NHRS OPEB plan investments was selected from a best estimate range determined using the building block approach. Under this method, an expected future real return range is calculated separately for each asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return net of investment expenses by the target asset allocation percentage and by adding expected inflation.

Following is a table presenting target allocations and the geometric real rates of return for each asset class:

Asset Class	Target Allocation		Weighted Average Long-Term Expected Real Rate of Return	
	2020	2019	2020	2019
Large cap equities	22.50 %	22.50 %	3.71 %	4.25 %
Small/mid cap equities	7.50	7.50	4.15	4.50
Total domestic equity	30.00	30.00		
International equities (unhedged)	13.00	13.00	3.96	4.50
Emerging international equities	7.00	7.00	6.20	6.00
Total international equities	20.00	20.00		
Core bonds	9.00	9.00	0.42	1.12
Global multi-sector fixed income	10.00	10.00	1.66	2.46
Absolute return fixed income	6.00	6.00	0.92	1.50
Total fixed income	25.00	25.00		
Private equity	10.00	10.00	7.71	7.90
Private debt	5.00	5.00	4.81	4.86
Total alternative investments	15.00	15.00		
Real estate	10.00	10.00	2.95	3.00
Total	100.00 %	100.00 %		

Discount Rate

The discount rate used to measure the total NHRS OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made under the current statute by RSA 100-A:16. Based on those assumptions, the NHRS OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on NHRS OPEB plan investments was applied to all periods of projected benefit payments to determine the collective total NHRS OPEB liability.

Sensitivity Analysis

The following presents CCSNH's proportionate share of the net NHRS OPEB liability calculated using the discount rate of 6.75%, as well as what CCSNH's proportionate share of the NHRS OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
CCSNH's proportionate share of the net OPEB liability	$ 4,693,313	$ 4,322,066	$ 3,999,751

NHRS OPEB Plan Fiduciary Net Position

Detailed information about the NHRS OPEB Plans' fiduciary net position is available in the separately issued NHRS annual report available from NHRS' website at https://www.nhrs.org.

The NHRS OPEB plan's fiduciary net position has been determined on the same basis used by NHRS. NHRS's financial statements are prepared using the accrual basis of accounting. Both plan member and employer contributions are recognized in the period in which contributions are legally due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. Investments in both domestic and non-U.S. securities are valued at current market prices and expressed in U.S. dollars. NHRS uses a trade-date accounting basis for these investments. Investments in non-registered commingled funds are valued at net asset value as a practical expedient to estimate fair value.

Plan Description - State OPEB Plan

RSA 21-I:30 specifies that the State provide certain health care benefits for retired employees and their spouses through a single-employer (primary government and component units) defined benefit plan. These benefits include group hospitalization, hospital medical care, surgical care, and other medical care. Substantially all of the State's employees who were hired on or before June 30, 2003 and have 10 years of service may become eligible for these benefits if they reach normal retirement age while working for the State and receive their pensions on a periodic basis rather than in a lump sum. During fiscal year 2004, legislation was passed that requires State Group I employees hired on or after July 1, 2003 to have 20 years of state service in order to qualify for retiree health benefits. All CCSNH employees fall into the Group I category. Additionally, during fiscal year 2012, legislation was passed requiring Group I employees hired after July 1, 2011 to have 25 years of State service and increased the normal retirement age for Group I employees hired after July 1, 2011.

These and similar benefits for active employees and retirees are authorized by RSA 21-I:30 and provided through the Employee and Retiree Benefit Risk Management Fund which is the state's self-insurance internal service fund. The State OPEB Plan funds the cost of medical and prescription drug claims by charging actuarially developed working rates to State agencies for participating employees, retirees, and eligible spouses. An additional major source of funding for retiree benefits is from the NHRS medical subsidy payment described previously in this footnote. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The State administers the plan. It does not issue a separate stand-alone financial report.

Contributions Required and Made

The State Legislature has indicated it currently plans to continue to require contributions on a pay-as-you-go basis to fund benefits paid. CCSNH's contributions to the State for the years ended June 30, 2021 and 2020 were $1,441,057 and $1,562,687, respectively.

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

At June 30, 2021, CCSNH reported a liability of $107,136,086 for its proportionate share of the State OPEB Plan liability. The State OPEB Plan liability at June 30, 2021 was determined by an actuarial valuation as of December 31, 2018 adjusted forward to a measurement date of June 30, 2020. The State OPEB Plan liability was rolled forward from December 31, 2018 to June 30, 2020.

At June 30, 2020, CCSNH reported a liability of $86,970,326 for its proportionate share of the State OPEB Plan liability. The State OPEB Plan liability at June 30, 2020 was determined by an actuarial valuation as of December 31, 2018 adjusted forward to a measurement date of June 30, 2019. The State OPEB Plan liability was rolled forward from December 31, 2018 to June 30, 2019.

CCSNH's proportion of the State OPEB Plan liability was based on a projection of CCSNH's long-term share of contributions to the State relative to the projected contributions of all participating employers as actuarially determined. At June 30, 2020 and 2020, CCSNH's proportion of the State OPEB Plan's liability was 4.813% and 4.844%, respectively.

For the years ended June 30, 2021 and 2020, CCSNH recognized OPEB income of $1,705,893 and $4,333,048, respectively, related to the State OPEB Plan.

At June 30, 2021, CCSNH reported deferred outflows of resources and deferred inflows of resources related to State OPEB Plan from the following sources:

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Changes in assumptions	**$ 13,796,519**	**$ 23,369,606**
Differences between expected and actual experience	**-**	**1,415,070**
Changes in proportion	**387,943**	**2,506,143**
Unamortized difference between proportionate share contributions and contributions paid	**-**	**1,231,675**
Proportionate share of contributions subsequent to the measurement date	**1,811,000**	**-**
Balances as of June 30, 2021	**$ 15,995,462**	**$ 28,522,494**

Amounts reported as deferred outflows related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total State OPEB liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to State OPEB Plan will be recognized in State OPEB Plan expense as follows:

Year ending June 30,	
2022	$ (7,831,831)
2023	(7,831,831)
2024	(1,671,096)
2025	2,996,726
	$ (14,338,032)

At June 30, 2020, CCSNH reported deferred outflows of resources and deferred inflows of resources related to State OPEB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 34,083,819
Differences between expected and actual experience	-	1,398,023
Changes in proportion	581,915	1,851,188
Unamortized difference between employer contributions and proportionate share of contributions	-	1,246,627
Proportionate contributions subsequent to the measurement date	2,159,000	-
Balances as of June 30, 2020	$ 2,740,915	$ 38,579,657

Actuarial Assumptions

The collective total State OPEB Plan liability was determined by a roll forward of the actuarial valuation as of December 31, 2018, using the following actuarial assumptions, which apply to the 2019 and 2020 measurements:

Actuarial cost method	Entry age normal
Amortization method	Level percent of pay, open
Remaining amortization period	30 years
Investment rate of return	Not applicable as there are no invested assets
Salary rate increase - Group I	14.75% decreasing over 12 years to an ultimate level of 3.25%, including inflation for the June 30, 2020 valuation; 13.25% decreasing over 9 years to an ultimate level of 3.75% for the June 30, 2019 valuation
Discount rate	2.21% as of June 30, 2020 and 3.50% as of June 30, 2019
Price inflation	3.25% per year
Wage inflation	2.75% per year for the June 30, 2020 valuation; 3.25% for the June 30, 2019 valuation

Contributions:

Retiree contributions are expected to increase with a blended medical and prescription drug trend.

Mortality rates were based on the following:

- Pre-retirement – PubG-2010 Headcount-Weighted Employee General Mortality Tables for Group 1 for the 2020 valuation; RP-2014 mortality tables for the 2019 valuation.

Postretirement mortality rates:

- Healthy: PubG-2010 Headcount-Weighted Healthy Retiree General Mortality Tables for Group I for the 2020 valuation; RP-2014 mortality tables for the 2019 valuation.
- Disabled: PubNS-2010 Headcount-Weighted Non-Safety Disabled Retiree Mortality Tables for Group I for the 2020 valuation; RP-2014 mortality tables for the 2019 valuation.

The following scale factors for each member classification are applied to all mortality tables:

	2020	2019
Scale - Male	101 %	116 %
Scale - Female	109 %	124 %

As of January 1, 2019, the State implemented a Medicare Advantage plan which contributed to the reduction in the overall plan liability in the year of implementation.

Healthcare trend rates are based on the following:

Medical:

- Non-Medicare: For 2020, (17.05%) for one year, 17.20% for one year then 5.50% decreasing by 0.25% each year to an ultimate level of 4.5% per year. For 2019, 6.0% decreasing by 0.25% per year to 4.5% per year.
- Medicare: For 2020, (12.2%) for one year then 4.5% per year. For 2019, (12.2) for one year then 4.5% per year.

Prescription Drug:

- Non-Medicare: For 2020, (12.17%) for one year, 3.30% for one year then 7.50% decreasing by 0.25% each year to an ultimate level of 4.5% per year. For the 2019 valuation, 8% decreasing by 0.25% each year to 4.25% per year.
- Medicare: For 2020, 9.75% for one year, 6.20% for one year 6.50% decreasing by 0.25% each year to an ultimate level of 4.5% per year. For the 2019 valuation, 7.0%, decreasing by 0.25% per year to 4.5% per year.

-

The actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015.

Discount Rate

Because the State OPEB Plan is not funded, the discount rate is based on the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rate of AA/Aa or higher as shown in the Bond Buyer 20-Bond General Obligation Index.

Changes in Assumptions

The discount rate was decreased from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.The trend assumptions were revised to reflect known changes in claims experience. The demographic and salary increase assumptions were updated consistent with the NHRS 4-Year Experience Study, July 1, 2015 through June 30, 2019, completed by Gabriel Roeder Smith & Company dated April 20, 2020, with the exception of using the headcount-weighted mortality tables rather than the amount-weighted mortality tables. The projection of the excise tax on high cost health plans was removed as the tax was repealed effective December 20, 2019.

Sensitivity Analysis

The following presents CCSNH’s proportionate share of the total State OPEB liability calculated using the discount rate of 2.21%, as well as what CCSNH’s proportionate share of the State OPEB Plan liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
CCSNH's proportionate share of the total State OPEB liability	$ 128,409,222	$ 107,136,086	$ 90,499,028

The following presents CCSNH's proportionate share of the total State OPEB liability calculated using the current trend rates, as well as what CCSNH's proportionate share of the State OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rates:

	1% Decrease	Current Trend Rates	1% Increase
CCSNH's proportionate share of the total State OPEB liability	$ 87,958,518	$ 107,136,086	$ 132,430,147

8. Contingencies and Commitments

Operating Lease Obligations

CCSNH leases certain equipment and real estate under leases with terms exceeding one year. Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2021 are as follows:

Year ending June 30,	
2022	$ 640,000
2023	633,914
2024	532,764
2025	513,922
2026	340,218
2027 to 2031	898,590
2032 to 2036	897,692
2037 to 2041	897,692
2042 to 2046	897,692
2047 to 2051	897,692
2052 to 2056	897,692
2057 to 2060	134,654
	$ 8,182,522

Total expense related to operating leases (with initial or remaining lease terms in excess of one year) amounted to $945,038 and $1,412,592 for the years ended June 30, 2021 and 2020, respectively.

Union Contracts

Substantially all of CCSNH's employees are covered by a collective bargaining agreement, except for executive officers and confidential personnel. As of March 2017, CCSNH faculty were represented by the NH Higher Education Union (NHHEU), which is part of the International Brotherhood of Electrical Workers, 2320. The current contract expired June 30, 2019. CCSNH and the NHHEU are currently engaged in contract negotiations for the full-time faculty bargaining unit.

Certain adjunct faculty of CCSNH are covered by a collective bargaining agreement, separate from the agreement described in the previous paragraph, and are represented by the State Employees' Association of New Hampshire, Inc., which is part of the SEIU 1984, CTW, CLC. The current collective bargaining agreement has a period of October 25, 2017 through December 31, 2018. CCSNH and the SEIU are currently engaged in contract negotiations for the adjunct faculty bargaining unit.

CCSNH staff are covered by a collective bargaining agreement, separate from the agreement described previously, also currently represented by the State Employees' Association of New Hampshire, Inc., which is part of the Service Employees International Union Local 1984, CTW, CLC (SEIU). The current collective bargaining agreement for CCSNH staff has a period of February 7, 2020 through September 30, 2021. They are currently operating under the evergreen provisions with contract negotiations expected to begin later during fiscal year 2022.

Contingencies

CCSNH participates in various federally-funded programs. These programs are subject to financial and compliance audits and resolution of identified questioned costs. The amount, if any, of expenditures which may be disallowed by the granting agency cannot be determined at this time.

CCSNH is involved in various claims and legal actions arising in the ordinary course of business. The ultimate disposition of these matters is indeterminable but, in the opinion of management, the amount of ultimate liability would not have a significant impact on CCSNH's financial condition.

Commitments

CCSNH has entered into various construction contracts. The following commitments are ongoing projects at June 30, 2021:

	Expended through June 30, 2021	Committed Future Costs	Total Committed Costs of Project
NHTI	$ 213,673	$ 6,327	$ 220,000
NCC	6,000	322,350	328,350
RVCC	5,130	9,870	15,000
Total	$ 224,803	$ 338,547	$ 563,350

9. Investments

Fair Value Measurement

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes a fair value hierarchy for investments that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of the fair value hierarchy are as follows:

Level 1: Inputs are unadjusted, quoted prices in active markets for identical assets at the measurement date. The types of assets carried at Level 1 fair value generally are securities listed in active markets. The Foundation has valued its investments, listed on national exchanges, at the last sales price as of the day of the valuation.

Level 2: Inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets which are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the asset of liability. The fair values are therefore determined using model-based techniques that incorporate these inputs.

Level 3: Inputs are generally unobservable and typically reflect management's estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include discounted cash flow models and similar techniques.

The inputs or methodology used for valuing investments are not necessarily an indication of the risk associated with those investments.

CCSNH Investments

CCSNH operating investments consist of an investment in a short-term bond mutual fund. The fund targets a dollar-weighted average maturity of 0.75 years or less and invests in U.S dollar-denominated money market and high-quality, investment-grade debt securities, primarily in the financial service industry. The fund's investments in fixed-rate securities have a maximum maturity of two years and investments in floating-rate securities have a maximum maturity of three years.

Long-term investments include the UNIQUE endowment funds assets and other unrestricted investments. The State Uniform Prudent Management of Institutional Funds Act requires the preservation of the original gift (corpus value) of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The System classifies as permanently restricted net position: (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Subject to the intent of a donor expressed in the gift instrument, the System may appropriate for expenditure or accumulate so much of an endowment fund as the System determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% while growing the funds, if possible. Cumulative appreciation on these funds was $10,640,659 and $4,276,292 at June 30, 2021 and 2020, respectively and is reported in restricted expendable net position.

The System manages interest rate risk according to its investment policy by maintaining investments that are both liquid, as determined by a readily available market, and highly diversified, using institutional class mutual funds or exchange-traded funds.

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, CCSNH will not be able to recover the value of the investment or collateral securities that are in possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of CCSNH, and are held by either the counterparty or the counterparty's trust department or agency, but not in CCSNH's name. As of June 30, 2021 and 2020, CCSNH's investments included in the statements of net position were not exposed to custodial credit risk. The investments were held by the counterparty, in the name of CCSNH.

Investments held by CCSNH were comprised of the following at June 30, 2021:

	Level 1	**Level 2**	**Level 3**
Equity mutual funds	**$ 22,420,825**	**$ -**	**$ -**
Fixed-income mutual funds	**16,068,671**	**-**	**-**
Total	**$ 38,489,496**	**$ -**	**$ -**

Investments held by CCSNH were comprised of the following at June 29, 2020:

	Level 1	Level 2	Level 3
Equity mutual funds	$ 16,054,686	$ -	$ -
Fixed-income mutual funds	15,382,949	-	-
Total	$ 31,437,635	$ -	$ -

A summary of fixed-income mutual fund maturities as of June 30, 2021 and 2020 is as follows:

2021		2020	
Amount	**Maturities**	Amount	Maturities
$ 161,542	**2.7 years**	$ 132,670	2.7 years
9,245,589	**Less than a year**	9,211,469	Less than a year
6,661,540	**N/A**	6,038,810	N/A
$ 16,068,671		$ 15,382,949	

The maturities are the weighted averages of the debt securities in which the funds invest.

CCSNH has not defined a limit in its investment policies regarding the amount that can be placed with one issuer. However, the investment policy defines that the portfolio should be well diversified as to limit exposure to one issuer or security. As of June 30, 2021 individual investments representing more than 5% of the CCSNH's investments were as follows:

	Percentage of Investments
Strategic Advisors Large Cap Fund	32.3%
Strategic Advisors Emerging Markets	5.5%
Strategic Advisors Small-Mid Cap FD	5.6%
Strategic Advisors International Fund	13.0%
Strategic Advisors Core Income Fund	13.3%

Community Colleges of New Hampshire Foundation

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds, while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total real rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make an annual distribution of 4% while growing the funds, if possible. Actual returns may vary from this amount. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

Investments held by the Foundation were comprised of the following at June 30, 2021:

	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	**$ 146,433**	**$ -**	**$ -**
Equities	**4,682,580**	**-**	**-**
Fixed-income	**1,043,507**	**-**	**-**
Total	**$ 5,872,520**	**$ -**	**$ -**

Investments held by the Foundation were comprised of the following at June 30, 2020:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 136,303	$ -	$ -
Equities	3,427,230	-	-
Fixed-income	830,373	-	-
Total	$ 4,393,906	$ -	$ -

10. Risk Management

CCSNH is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and natural disaster for which CCSNH carried insurance.

CCSNH has insurance coverage that includes automotive, crime, employment practices, fire, general liability, pollution, theft, and workers' compensation. There have been no significant changes in insurance coverage during the past fiscal year. Settlements did not exceed coverage amounts during fiscal years 2021 and 2020.

11. COVID-19 Considerations

On March 11, 2020, the World Health Organization declared coronavirus disease (COVID-19) a global pandemic. Local, U.S., and world governments encouraged self-isolation to curtail the spread of COVID-19 by mandating the temporary shut-down of business in many sectors and imposing limitations on travel and the size and duration of group gatherings. Most sectors are experiencing disruption to business operations. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and additional government actions to mitigate them. Accordingly, while management expects this matter to impact operating results, the related financial impact and duration cannot be reasonably estimated.

The U.S. government has responded with relief legislation as a response to the COVID-19 outbreak. The U.S government has enacted three statues into law to address the economic impact of the COVID-19 outbreak; the first on March 27, 2020, called the Coronavirus Aid, Relief, and Economic Security Act (CARES Act); the second on December 27, 2020, called the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA); and the third on March 11, 2021 called the American Rescue Plan (ARP). The CARES Act, CRRSAA and ARP, among other things, 1) authorize emergency loans to distressed businesses by establishing, and providing funding for, forgivable bridge loans; 2) provide additional funding for grants and technical assistance; 3) delay due dates for employer payroll taxes and estimated tax payments for organizations; and 4) revise provisions of the Code, including those related to losses, charitable deductions, and business interest. Management has evaluated the impact of the CARES Act on CCSNH, including its potential benefits and limitations that may result from additional funding.

In April 2020, CCSNH was awarded approximately $6,000,000 of CARES Act Higher Education Emergency Relief Funds (HEERF I). Under the terms of the HEERF I grant agreement, 50% of the award is to be awarded to students as emergency financial aid for student expenses incurred related to COVID-19. The remaining 50% is to be used to cover certain costs CCSNH incurred as a result of the financial impact of COVID-19. During the year ended June 30, 2021 and 2020, CCSNH had expended $3,836,851 and $1,941,006. As of June 30, 2021, $447,986 was recorded in grants and contracts receivable.

In June 2020, the System was awarded a grant from the State of New Hampshire's Governor's Office for Emergency Relief and Recovery (GOFERR). CCSNH was awarded $11,000,000 total of which $6,000,000 was to be awarded to student for additional aid and $5,000,000 to cover certain expenses incurred through December 30, 2020 as a result of the pandemic. During the years ended June 30, 2021 and 2020, the System had expended $7,662,134 and $346,044, respectively, of the funding. The remaining $2,900,000 was sent back to the State. As of June 30, 2021, the full amount incurred had been recognized as revenue and received by CCSNH.

In April 2020, the NHTI campus was designated an alternative care site for COVID-19 patients. Funding is expected to be received from FEMA to reimburse costs with setting up the alternative care site. During the years ended June 30, 2021 and 2020, the System incurred $5,222 and $1,252,482, respectively, of expenses that included the costs to prepare the site for use and to store items previously used in the space. As of June 30, 2021, the amounts recognized as revenue are recorded as a receivable.

In January 2021, the University was award approximately $13,700,000 of CRRSAA Higher Education Emergency Relief Funds (HEERF II). Under the terms of the HEERF II grant agreement, at least the minimum student award from HEERF I was to be awarded to students as emergency financial aid for student expenses incurred and lost earnings related to COVID-19. The remaining amounts are to be used to cover certain costs CCSNH incurred as a result of the financial impact of COVID-19. At June 30, 2021, CCSNH had satisfied the terms and conditions of the grant agreement and recognized the revenue in the amount of $12,999,823. As of June 30, 2021, $8,601,862 was recorded in grants and contracts receivable. The remaining amount has not been earned or received by CCSNH and will be expended during fiscal 2022.

In March 2021, CCSNH was award approximately $24,100,000 of ARP Higher Education Emergency Relief Funds (HEERF III). Under the terms of the HEERF III grant agreement, 50% of the award is to be awarded to students as emergency financial aid for student expenses incurred and lost earnings related to COVID-19. The remaining 50% is to be used to cover certain costs CCSNH incurred as a result of the financial impact of COVID-19. At June 30, 2021, CCSNH had satisfied the terms and conditions of the grant agreement and recognized the revenue in the amount of $1,648,009. As of June 30, 2021, $1,056,224 was recorded in grants and contracts receivable. The remaining amount has not been earned or received by CCSNH and will be expended during fiscal 2022.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information (Unaudited)

June 30

Schedule of Collective Net Pension Liability *

	June 30, 2021	2020	2019	2018	2017	2016	2015
Employer proportion of the collective net pension liability	1.0690 %	1.1005 %	1.1181 %	1.2800 %	1.3580 %	1.5230 %	1.5521 %
Employer's proportionate share of the collective net pension liability	$ 68,376,494	$ 52,954,607	$ 53,837,038	$ 62,962,418	$ 72,213,216	$ 60,334,154	$ 58,259,797
Employer's covered-employee payroll	$ 45,456,756	$ 44,474,567	$ 45,853,123	$ 40,724,800	$ 40,875,944	$ 46,847,155	$ 35,091,551
Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered employee-payroll	150 %	119 %	117 %	155 %	177 %	129 %	166 %
Plan fiduciary net position as a percentage of the total pension liability	58.72 %	65.59 %	64.73 %	56.22 %	58.30 %	65.47 %	66.32 %

** Schedule is intended to show 10 years. Additional years will be added as they become available. Information above is presented as of the measurement date for the respective reporting periods.*

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
(A Component Unit of the State of New Hampshire)

Required Supplementary Information (Unaudited)

Years Ended June 30

Schedule of Employer Contributions (Pension Plan) *

	Years ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Required employer contribution**	$ 5,146,499	$ 4,945,695	$ 4,927,782	$ 5,080,526	$ 5,090,600	$ 5,109,493	$ 4,923,636	$ 3,688,122
Actual employer contribution**	$ 5,146,499	$ 4,945,695	$ 4,927,782	$ 5,080,526	$ 5,090,600	$ 5,109,493	$ 4,923,636	$ 3,688,122
Difference	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$47,302,381	$45,456,756	$44,474,567	$45,853,123	$40,724,800	$40,875,944	$46,847,155	$35,091,551
Employer contribution as a percentage of the employer's covered-employee payroll	10.88 %	10.88 %	11.08 %	11.08 %	12.50 %	12.50 %	10.51 %	10.51 %

** Schedule is intended to show 10 years. Additional years will be added as they become available.*
*** Contributions above are annual contributions subsequent to the measurement period.*
Information above is presented as of CCSNH's fiscal year end for the respective reporting periods.

Notes to the Required Supplementary Information-Pension

Changes of assumptions:	The roll-forward of the total pension liability from June 30, 2019 to June 30, 2020 reflects expected service and interest costs reduced by actual benefit payments
	The roll-forward of the total pension liability from June 30, 2018 to June 30, 2019 reflects expected service and interest costs reduced by actual benefit payments.
	The roll-forward of the total pension liability from June 30, 2017 to June 30, 2018 reflects expected service and interest costs reduced by actual benefit payments.
	The roll-forward of the total pension liability from June 30, 2016 to June 30, 2017 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.
	The roll-forward of the total pension liability from June 30, 2015 to June 30, 2016 reflects expected service cost and interest reduced by actual benefit payments.
	Actuarially determined contribution rates for the 2010-2011 biennium were determined based on the June 30, 2009 actuarial valuation.
	Actuarially determined contribution rates for the 2012-2013 biennium were determined based on the June 30, 2011 actuarial valuation.
	Actuarially determined contribution rates for the 2014-2015 biennium were determined based on the June 30, 2013 actuarial valuation.
	Actuarially determined contribution rates for the 2016-2017 biennium were determined based on the June 30, 2015 actuarial valuation.
	Actuarially determined contribution rates for the 2018-2019 biennium were determined based on the June 30, 2017 actuarial valuation.
	Actuarially determined contribution rates for the 2020-2021 biennium were determined based on the June 30, 2019 actuarial valuation.

Schedule of Collective Net OPEB Liability (NHRS OPEB Plan)*

	June 30, 2021	2020	2019	2018	2017
Employer proportion of the collective net NHRS OPEB Plan liability	0.987 %	1.014 %	1.032 %	1.195 %	1.264 %
Employer's proportionate share of the collective net NHRS OPEB Plan liability	$ 4,322,066	$ 4,443,341	$ 4,723,754	$ 5,462,993	$ 6,118,030
Employer's covered-employee payroll	$ 44,212,095	$ 43,131,776	$ 45,010,854	$ 45,010,854	$ 44,776,463
Employer's proportionate share of the collective net NHRS OPEB Plan liability as a percentage of the employer's covered employee-payroll	9.78 %	10.30 %	10.49 %	12.14 %	13.66 %
Plan fiduciary net position as a percentage of the total NHRS OPEB Plan liability	7.74 %	7.75 %	7.53 %	7.91 %	5.21 %

** Schedule is intended to show 10 years. Additional years will be added as they become available.*
Information above is presented as of the measurement date for the respective reporting periods.

Schedule of Employer Contributions (NHRS OPEB Plan)*

	Years ended June 30,				
	2021	2020	2019	2018	2017
Required employer contributions**	$ 460,247	$ 464,227	$ 461,510	$ 465,916	$ 738,178
Actual employer contributions**	$ 460,247	$ 464,227	$ 461,510	$ 465,916	$ 738,178
Employer's covered-employee payroll	$ 48,019,810	$ 44,212,095	$ 43,131,776	$ 42,702,430	$ 45,010,854
Employer contribution as a percentage of the employer's covered-employee payroll	0.96 %	1.05 %	1.07 %	1.09 %	1.64 %

** Schedule is intended to show 10 years. Additional years will be added as they become available.*
*** Contributions above are annual contributions during the measurement period.*
Information above is presented as of CCSNH's fiscal year end for the respective reporting periods.

Notes to the Required Supplementary Information (NHRS OPEB Plan)

Changes of assumptions:	The roll-forward of the total OPEB liability from June 30, 2019 to June 30, 2020 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.
	The roll-forward of the total OPEB liability from June 30, 2018 to June 30, 2019 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.
	The roll-forward of the total OPEB liability from June 30, 2017 to June 30, 2018 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.
	The roll-forward of the total OPEB liability from June 30, 2016 to June 30, 2017 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

Required Supplementary Information (Unaudited)

June 30

Schedule of Changes in the Total OPEB Liability (State OPEB Plan)*

	Years ended June 30, 2021	2020	2019	2018
Total State OPEB Plan liability				
Service cost	$ 62,882,134	$ 63,316,502	$ 76,699,396	$ 111,333,637
Interest	64,136,527	75,264,960	81,507,353	84,314,931
Differences between expected and actual experience	(10,281,706)	(24,532,584)	(7,652,967)	(7,885,961)
Changes of assumptions	358,302,338	(177,242,643)	(235,526,750)	(784,281,319)
Changes in benefit terms	-	-	(182,835,031)	-
Benefits	(44,600,000)	(51,332,000)	(51,625,000)	(49,772,000)
Net change in total State OPEB Plan liability	430,439,293	(114,525,765)	(319,432,999)	(646,290,712)
Total State OPEB Plan liability, beginning of year	1,795,461,861	1,909,987,626	2,229,420,625	2,875,711,337
Total State OPEB Plan liability, end of year	$ 2,225,901,154	$ 1,795,461,861	$ 1,909,987,626	$ 2,229,420,625

Schedule of Collective Total OPEB Liability (State OPEB Plan)*

	June 30,				
	2021	2020	2019	2018	2017
Employer proportion of the collective total State OPEB Plan liability	4.8132 %	4.8440 %	4.9304 %	4.9660 %	4.9255 %
Employer's proportionate share of the collective total State OPEB Plan liability	$ 107,136,086	$ 86,970,326	$ 94,170,836	$ 110,713,469	$ 141,644,569
Employer's covered-employee payroll	$ 45,456,756	$ 44,474,567	$ 45,853,123	$ 40,724,800	$ 40,875,944
Employer's proportionate share of the collective total State OPEB Plan liability as a percentage of its covered employee payroll	236 %	196 %	205 %	272 %	347 %

** Schedule is intended to show 10 years. Additional years will be added as they become available.*
Information above is presented as of the measurement date for the respective reporting periods.

Notes to the Required Supplementary Information (State OPEB Plan)

There are no assets accumulated in a trust that meets the criteria in GASB 75 paragraph 4 to pay related benefits.

Changes of assumptions:	Changes in assumptions reflect trend assumption revisions to reflect current experience and future expectations.
	The discount rate decreased from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020.
	The discount rate decreased from 3.87% as of June 30, 2018 to 3.50% as of June 30, 2019.
	The discount rate increased from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.
	The discount rate increased from 2.85% as of June 30, 2016 to 3.58% as of June 30, 2017.
	The roll-forward of the total OPEB liability from December 31, 2018 to June 30, 2020 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.
	The roll-forward of the total OPEB liability from December 31, 2018 to June 30, 2019 reflects expected service and interest costs reduced by actual benefit payments, refunds, and administrative expenses for the plan year.

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

Board of Trustees
Community College System of New Hampshire
(A Component Unit of the State of New Hampshire)

We have audited, in accordance with U.S. generally accepted auditing standards 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 the discretely-presented component unit of the Community College System of New Hampshire (a Component Unit of the State of New Hampshire) (CCSNH), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise CCSNH's basic financial statements, and have issued our report thereon dated November 24, 2021. We did not audit the financial statements of the discretely-presented component unit. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the discretely-presented component unit, was based solely on the report of the other auditor. The financial statements of the discretely-presented component unit were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance associated with the discretely-presented component unit.

Internal Control over Financial Reporting

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CCSNH'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 CCSNH's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering CCSNH's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
November 24, 2021

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

Board of Trustees
Community College System of New Hampshire
(A Component Unit of the State of New Hampshire)

Report on Compliance for Each Major Federal Program

We have audited the Community College System of New Hampshire's (CCSNH) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CCSNH's major federal programs for the year ended June 30, 2021 CCSNH's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

We did not audit CCSNH's compliance with the billing, collections and due-diligence compliance requirements specified by the Federal Perkins Loan Program and described in the Uniform Guidance. These functions were performed by Heartland ECSI (ECSI). ECSI’s compliance with the billing, collections, and due-diligence compliance requirements was examined by other independent accountants, as described in the following paragraph. The report of those accountants has been furnished to us, and our opinion, expressed herein, insofar as it relates to CCSNH's compliance with those requirements, is based solely on the report of the other independent accountants.

ECSI's compliance with the requirements governing the functions that it performs for CCSNH was examined by other independent accountants whose report has been furnished to us. The report of the other independent accountants indicates that compliance with those requirements was examined in accordance with attestation standards established by the American Institute of Certified Public Accountants.

Based on our review of the service organization's independent accountants' report, we have determined that all of the compliance requirements included in the Uniform Guidance that are applicable to the major programs in which CCSNH participates are addressed in either our audit or the report of the service organization's accountants. Further, based on our review of the service organization's independent accountants' report, we have determined that it does not contain any findings of noncompliance that would have a direct and material effect on one or more of CCSNH's major federal programs' compliance with the requirements described in the first paragraph of this report.

We believe that our audit and the report of the other independent accountants provide a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of CCSNH's compliance.

Opinion on Each Major Federal Program

In our opinion, based on our audit and the report of the other independent accountants, CCSNH complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

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

We did not consider internal control over compliance with the billing, collections, and due-diligence compliance requirements specified by the Federal Perkins Loan Program and described in the Uniform Guidance. Internal control over these compliance requirements was considered by the other independent accountants referred to above, and our report, insofar as it relates to CCSNH's internal control over those compliance requirements, is based solely upon the report of the other independent accountants.

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

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

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

Report on Schedule of Expenditure of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the business-type activities and the discretely-presented component unit of CCSNH as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise CCSNH's basic financial statements. We issued our report thereon dated November 24, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
November 24, 2021

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
(A Component Unit of the State of New Hampshire)

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
United States Department of Agriculture			
Community Facilities Loans and Grants - Direct	10.766		$ 1,484,306
Rural Energy for America Program - Direct	10.868		47,634
Total United States Department of Agriculture			1,531,940
United States Department of Labor			
Workforce Investment Act Dislocated Worker National Reserve Demonstration Grants - Direct	17.280		56,576
Apprenticeship USA Grants - Direct	17.285		892,202
Total United States Department of Labor			1,005,354
Department of Treasury			
State of New Hampshire - Passed-Through			
Coronavirus Relief Fund	21.019	N/A	7,662,134
Research and Development Cluster			
National Science Foundation - Direct			
Education and Human Resources	47.076		47,255
Integrative Activities	47.083		39,588
Total National Science Foundation			86,843
United States Department of Education			
Student Financial Assistance Cluster - Direct			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		585,187
Federal Work-Study Program (FWS)	84.033		19,425
Federal Perkins Loan Program (Perkins)	84.038		489,765
Federal Pell Grant Program (Pell)	84.063		11,026,501
Federal Direct Student Loans (NDSL)	84.268		23,787,873
Total Student Financial Assistance Cluster			35,908,751

The accompanying notes are an integral part of these financial statements.

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
New Hampshire Department of Education - Passed-Through			
Career and Technical Education - Basic Grants to States			
	84.048	93141	20,922
	84.048	03142	8,696
	84.048	11036	59,976
	84.048	10795	1,005,651
	84.048	V048A170026	50,790
	84.048	n/a	51,475
Total CFDA number 84.048			1,197,510
HEERF Education Stabilization Funds - Direct			
COVID-19 - Education Stabilization Fund (Part A)	84.425E		4,085,439
COVID-19 - Education Stabilization Fund (Part B)	84.425.F		17,812,817
Total HEERF Education Stabilization Funds			21,898,256
Total U.S. Department of Education			59,004,517
Japan - U.S. Friendship Commission - Passed-Through			
Northern Border Regional Development	90.601		306,485
United States Department of Health and Human Services			
Direct			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		29,301
New Hampshire Department of Health and Human Services- Passed-Through			
Child Care and Development Block Grant	93.575	G1401NHCCDF	132,333
Mental and Behavioral Health Education and Training Grants - Passed-Through	93.732	M01HP31271	37,071
Trustees of Dartmouth College- Passed-Through			
Biomedical Research and Research Training	93.859	5P20GM103506 5P20GM103506-09	80,292
Total U.S. Department of Health and Human Services			278,997

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
(A Component Unit of the State of New Hampshire)

Schedule of Expenditures of Federal Awards (Concluded)

Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
United States Department of Homeland Security			
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Direct	97.036		1,200,184
Total Expenditures of Federal Awards			$ 71,076,454

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Community College System of New Hampshire (CCSNH) for the year ended June 30, 2021. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a portion of the operations of CCSNH, it is not intended to, and does not, present the financial position, changes in net position or cash flows of CCSNH.

2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Office of Management and Budget Circular A-21, Cost Principles for Educational Institutions, for federal agreements entered into before December 26, 2014, and the Uniform Guidance for federal agreements entered into on or after December 26, 2014, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

CCSNH has not elected to use the 10% de minimis indirect cost rate.

3. Federal Perkins Loan Program

The Federal Perkins loan program is administered directly by CCSNH and balances and transactions relating to the program are included in the System's financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of Perkins loans outstanding at June 30, 2021 was $439,500.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
(A Component Unit of the State of New Hampshire)

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified			
Internal control over financial reporting:				
Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Noncompliance material to financial statements noted?	____	Yes	X	No

Federal Awards

Internal control over major programs:				
Material weakness(es) identified?	____	Yes	X	No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	____	Yes	X	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	____	Yes	X	No

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
21.019	Coronavirus Relief Fund
84.007, 84.033, 84.038, 84.063, 84.268	U.S. Department of Education Student Financial Assistance Cluster
84.048	Career and Technical Education - Basic Grants to States: Carl D. Perkins Career and Technical Education Art of 2008
84.425E	U.S. Department of Education - COVID-19 - Education Stabilization Fund (Part A)
84.425F	U.S. Department of Education - COVID-19 - Education Stabilization Fund (Part B)
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between Type A and Type B programs:	$750,000			
Auditee qualified as low-risk auditee?	X	Yes	____	No

Schedule of Findings and Questioned Costs (Concluded)

Year Ended June 30, 2021

Section II. **Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards***

NONE

Section III. **Findings for Each Major Federal Program**

NONE

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2021

Section I. **Prior Year Findings Relating to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards***

NONE

Section II. **Prior Year Findings for Each Major Federal Program**

Finding Number

2020-001

Condition Found

During our audit, we noted that CCSNH did not submit timely status changes for one of the 25 students selected for testing.

Recommendation:

We recommended CCSNH review the system generated report to verify all students are included in addition to implementing a quality control review process to be completed monthly to ensure all student changes are reviewed in a timely manner to meet the 60 day reporting requirement.

Status

Partially resolved. As a result of the testing performed over enrollment reporting, BerryDunn did not note any students that were not reported in a timely manner to meeting the 60 day reporting requirement. It was noted that due to the timing of when the prior year audit was issued, the Corrective Action Plan, which includes revised processes for updating student enrollment status changes, could not be implemented across all colleges for the year ended June 30, 2021.