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

June 30, 2023 and 2022

With Independent Auditor's Reports

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, 2023 and 2022

Table of Contents

BerryDunn

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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, 2023 and 2022, and the related notes to the financial statements, which collectively comprise CCSNH's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely-presented component unit of CCSNH as of June 30, 2023 and 2022, and the representative changes in financial position, and where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

We did not audit the financial statements of the discretely-presented component unit, which statements reflect 3 percent of assets, 14 percent and 17 percent of net position, respectively, as of June 30, 2023 and 2022 and 2 percent of 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. The financial statements of the discretely-presented component unit were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audits in accordance with U.S. generally accepted auditing standards (U.S. GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of CCSNH and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Changes in Accounting Principle

As discussed in Note 2 to the basic financial statements, CCSNH adopted Governmental Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* during the year ended June 30, 2023. Our opinion is not modified with respect to those matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

U.S. GAAP require that Management's Discussion and Analysis on pages 4 through 21 and the required supplementary information on pages 62 through 70 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by GASB, 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. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2023 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 21, 2023

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, 2023, 2022 and 2021. 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 statewide 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

CCSNH's purpose is to provide residents with affordable, accessible, high-quality 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 businesses; and a strong New Hampshire economy.

To ensure CCSNH's ability to meet its mission, it must remain nimble to address community workforce needs and improve accessibility and affordability to best serve a diverse group of students. CCSNH will facilitate this mission through a new three-year strategic plan that has been developed through a collaborative process across the seven colleges, the Board of Trustees, The Foundation for the New Hampshire Community Colleges, and external advisors. Through this process, pillars were established each with associated goals, objectives, tactics, and metrics to allow for guidance and to evaluate progress. Each pillar has a symbiotic relationship with the others, and progress on each necessitates an integrated process through working groups and ongoing collaboration. CCSNH colleges shall work to align individual college plans with the goals outlined herein. We anticipate there will be an intensive review at that halfway point of the plan's implementation to analyze progress and recommend modifications for continued relevance.

Demographics & Student Success

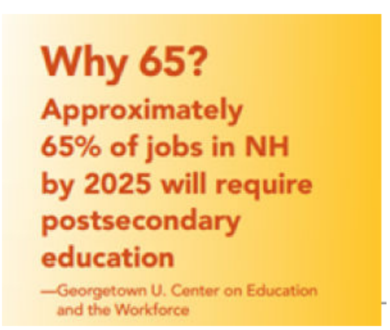
Student success that drives the State's success is at the core of our mission. Today's students attend community college for a myriad of reasons that are connected to current and future academic, personal, and professional goals. Indicators of student success must reflect the diversity of needs and purposes characteristic of our students, including the attainment of degrees, certificates, badges, and creating pathways to employment and transfer options to four-year institutions. Facilitating student success requires us to break down barriers so students are fully engaged and actively encouraged to leverage new, innovative opportunities and experiences to achieve their goals.

CCSNH Strategic Plan – Pillar I

Part of the CCSNH Strategic Plan is to reduce barriers to increase access to affordable educational opportunities that result in the attainment of some form of a credential. FY23 was the first, post-pandemic year, that witnessed CCSNH return to business as usual. During FY23, CCSNH Colleges were able to stabilize the recent trend of enrollment losses, as overall student head count, across all pathways, saw a 3.3% increase over FY22 and 2.75% increase over FY21 enrollment figures. Student demographics for FY23 include: 54% of students 16-19, 20% 20-24, 29% 25 and older; approximately 56% male and 44% female. A portion of this success is predicated on the resurgence of the Early College Program to high school students, that provides access to college level courses on high school and college campuses and via online modalities at affordable rates. The program has rebounded and grew by approximately 15.8% from FY22 to FY23 and is approximately 9% above FY19's, pre-pandemic, enrollment numbers.

Further clarity around ethnicity confirms, CCSNH is serving students at nearly the same proportionality when compared to the 2022 U.S. Census figures for the state of New Hampshire. The student body has seen significant shifts in three populations since FY19: American Indian or Alaska Native +44%, Asian +22.7%, and Hispanic +27.6%, respectively. These changes speak to the efforts being made to reduce barriers to entry, across the State, by admissions teams.

In FY23, CCSNH conferred more than 1,800 degrees and certificates to our students. This number is down approximately 10% from the number of credentials earned in FY22, however students adjusted their course loads during the pandemic to address priorities outside of their educational journey. CCSNH is actively working to help students through a variety of programs, including leveraging funding provided by Governor and the Legislature for the CCSNH Promise Program to help cover tuition costs to students that qualify.



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.

<u>Curriculum with Economic and Transfer Value</u>

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
- Transfer to baccalaureate programs
- Proposed student outcomes
- Semester-by-semester listing of courses students should take
- Similarities to other programs at CCSNH and potential enrollment impact

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.

A significant takeaway from the pandemic was that increasing our ability to meet students where they are at helped to drive success. Continuing to leverage this strategy means the continuation of delivering flexible schedules, using new modalities, and revisiting our approach to program delivery to support new work-life balance concerns of today's students. Being able to remain flexible add intrinsic value to a CCSNH credential by reducing opportunity costs for students and their families in the post-pandemic world.

Furthermore, CCSNH takes pride in putting students in a position to succeed, not only in the classroom, but in their careers after graduating. As part of the State's economic engine, CCSNH aligns resources and talent toward fields of study that are critical to the long-term growth and sustainability of our graduates and the New Hampshire economy. Examples of this are: CCSNH has awarded over 2,300 credentials in health care related fields and more than 700 in education related fields over the last five years. Being able to quickly flex toward high demand fields/careers allows CCSNH to meet the needs of the State, in an entrepreneurial manner, while focusing on our student's success.

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, 2023 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 AND CORRECTION OF ERROR

As disclosed in Note 2 to the basic financial statements, CCSNH adopted new accounting guidance, GASB Statement No. 87, *Leases* during the year ended June 30, 2022. The adoption of the standard at July, 1, 2020, required recognition of $36,867 of short-term lease receivables, $438,201 of long-term lease receivables, $475,068 in deferred inflows of resources, $1,008,278 in short-term lease liabilities, $6,194,326 of long-term lease liabilities, and $7,202,604 in right-of-use assets. At June 30, 2021, those balances related to leases in which CCSNH was the lessor were short-term lease receivables of $137,912, long-term lease receivables of $301,212, and deferred inflows of resources net of accumulated amortization of $437,766. At June 30, 2021, those balances related to leases in which CCSNH was the lessee were short-term lease liabilities of $730,445, long-term lease liabilities of $5,567,206, and right to use assets net of accumulated amortization of $6,244,884. The impact of the adoption of the standard for the year ended June 30, 2021 was a reduction in net position of $51,409.

During 2023, CCSNH adopted GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The adoption of GASB Statements No. 94 did not have a material impact on the basic financial statements of CCSNH.

As disclosed in Note 2 to the basic financial statements, CCSNH adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* during the year ended June 30, 2023. The adoption of the standard at July, 1, 2021, required recognition of $1,439,126 of long-term subscription assets, $746,552 of short-term subscription liabilities, and $673,757 of subscription liabilities. At June 30, 2022, those balances related to subscription leases amounted to $3,232,555 of long-term subscription assets, $1,266,228 in short-term subscription liabilities, and $1,202,888 of long-term subscription liabilities. The impact of the adoption of the standard as of July 1, 2021 was an increase in net position of $18,817.

As disclosed in Note 3 to the basic financial statements, CCSNH adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections* during the year ended June 30, 2022. The adoption of the standard was directly resulting from CCSNH identifying a material error in the covered population which impacted the calculations related to the other postemployment benefits liability (OPEB liability). This error was identified by CCSNH's management subsequent to the issuance of the June 30, 2022 financial statements.

The correction of the error was corrected as of the measurement date of July 1, 2021 due to the availability of the actuarial valuation and data. The cumulative effect of the correction of error at July, 1, 2021 resulted in a prior period restatement of net position in the amount of $20,721,331. The impact of correction of error at July 1, 2021 is summarized below:

	Restated July 1, 2021	Original July 1, 2021	Difference
Deferred outflows	$ 15,890,083	$ 21,330,650	$ 5,440,567
OPEB liability	73,888,588	98,667,767	(24,779,179)
Deferred inflows	16,597,680	21,720,566	(5,122,886)
Beginning net position (deficit)	3,282,921	(17,438,410)	20,721,331

The correction of the error also resulted in a restatement of the change in net position for the year ended June 30, 2022. The impact of correction of error for the year ended June 30, 2022 is summarized below:

	Restated June 30, 2022	Original June 30, 2022	Difference
Employee compensation and benefits	$ 52,596,999	$ 56,337,166	$ (3,740,167)
Increase in net position	32,782,826	29,042,659	3,740,167

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,		
	2023	2022 Restated	2021 Restated
Assets			
Current	**$ 56,957,331**	$ 62,173,383	$ 54,300,709
Capital assets, net	**2,776,015**	3,232,555	104,568,144
Other noncurrent assets	**142,547,103**	134,512,301	37,650,668
Total assets	**202,280,449**	199,918,239	196,519,521
Deferred outflows of resources	**24,172,568**	28,098,327	34,485,617
Liabilities			
Current	**16,054,434**	17,304,984	13,543,614
Noncurrent	**133,916,661**	140,809,877	199,820,892
Total liabilities	**149,971,095**	158,114,861	213,364,506
Deferred inflows of resources	**25,933,475**	33,651,873	35,079,042
Net position (deficit)			
Invested in capital assets, net of related debt	**96,237,727**	89,117,701	92,606,092
Restricted nonexpendable	**21,616,929**	20,937,783	18,722,735
Restricted expendable	**7,057,947**	5,138,716	10,652,266
Unrestricted	**(74,364,156)**	(78,944,368)	(139,419,503)
Total net position (deficit)	**$ 50,548,447**	$ 36,249,832	$ (17,438,410)

Current assets

Current assets consist of $48.85 million in cash, cash equivalents, and short-term investments; $5.83 million in accounts, notes, leases, and contracts receivable; $1.01 million due from the State; and $1.26 million in other current assets.

The $5.22 million decrease in current assets was primarily attributable to a $3.01 million decrease in cash, cash equivalents, and short-term investments. The decrease was due to normal fluctuations associated with business activities and changes in market conditions. The remainder of the decrease in current assets was mostly due to a decrease in grants and contracts receivable of about $1.76 million. This decrease was mostly due to decreases in federal accounts receivable related to various pandemic related HEERF stimulus funds.

In 2022, current assets increased by $7.87 million from 2021 and was primarily attributable to an increase in cash of $15.03 million netted against a decrease in grants and contracts receivable of about $7.4 million.

Capital assets, net of accumulated depreciation

The overall increase in net capital assets of $6.14 million for 2023 was due to net additions of $13.82 million, net of depreciation expense of $7.68 million. General equipment decreased by approximately $700 thousand resulting from net additions of $620 thousand net of depreciation of $1.32 million. Buildings and improvements, including construction in progress, increased by about $6.84 million. The increase resulted from net additions of $13.45 million netted against depreciation of $6.61 million.

Gross general equipment purchases in fiscal year 2023 were in equipment related to classroom instruction of $281 thousand, vehicles of $73 thousand, major IT equipment of $102 thousand, and general other equipment of $208 thousand. The increase in building and land improvements was primarily due to the construction of a new diesel program facility in Littleton by WMCC of about $8.26 million along with critical maintenance and improvements at NHTI of $2.08 million, renovations and improvements at NCC of $1.47 million and critical maintenance at RVCC of $900 thousand. The remainder of the increase was due to smaller projects at LRCC, MCC and the system office.

The decrease in capital assets from 2021 to 2022 of $4.3 million was due to fixed asset purchases of $3.37 million, net of depreciation expense of $7.67 million.

Other noncurrent assets

Other noncurrent assets consist of $28.53 million in long-term investments; $5.96 million in right-of-use assets related to GASB 87; $2.78 million in SBITA assets related to GASB 96; $1.47 million in the long-term portion of a note receivable held on the property in Stratham, New Hampshire sold in fiscal year 2015; $85.56 thousand in noncurrent lease receivables and $94.52 thousand for the long-term portion of student loans receivable.

The increase in other noncurrent assets from the prior year of $7.58 million is mainly attributable to an increase in long-term investments of $2.59 million, net of decreases in right-of-use and subscription assets of $459 thousand and $457 thousand respectively. This investment account maintains 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 from the reinvested funds may be used for future use. The principal portion is held within the restricted nonexpendable portion of net position.

Other noncurrent assets decreased by $7.71 million from 2021 to 2022 due primarily to decreases in investments of $3.30 million and decreases in net capital assets of $4.31 million

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 2023, 2022 and 2021 include amounts for certain pension and other postemployment benefit changes.

Current liabilities

Current liabilities include accounts payable and accrued liabilities of $2.33 million, deferred revenue of $4.87 million, current portions of long-term debt of $1.01 million, current portion of the lease liability of $797 thousand, current portion of subscription liability of $1.27 million and accrued salaries and benefits of $5.78 million.

Current liabilities decreased by $1.25 million in 2023, primarily due to an increase in accrued salaries and benefits of $479 thousand netted against decreases in the current portion of long-term debt of $373 thousand and in deferred revenue of $1.35 million.

Current liabilities increased by $3.76 million from fiscal year 2021 to 2022. The increase was mainly due to an increase in subscription liability of $1.27 million due to the retrospective implementation of the standard in 2022 and to increases in accounts payable and accrued expenses of $1.05 million and in deferred revenue of $1.78 million netted against a decrease in accrued salaries and benefits of $593 thousand.

Noncurrent liabilities

Noncurrent liabilities include liabilities for unfunded pension obligations and unfunded other postemployment benefit (OPEB) obligations of $57.27 million and $57.85 million, respectively. Also included in noncurrent liabilities are noncurrent portions of long-term debt of $8.26 million, noncurrent portion of the lease liability of $5.37 million, non-current portion of subscription liability of $1.20 million, long-term employee benefits accruals of $3.86 million, refundable advances of $104 thousand, and funds due to the state of New Hampshire of $9 thousand.

Noncurrent liabilities decreased by $6.89 million in 2023. The overall decrease was primarily due to a decrease in CCSNH unfunded OPEB liabilities of $16.06 million netted against an increase in unfunded pension liabilities of $10.64 million. These unfunded liabilities, calculated by an independent actuary, fluctuate based on several variables, including, but not limited to, financial markets, employee demographics and life expectancies. Additional decreases were seen in the non-current portions of long-term debt of $700 thousand, subscription liability of $576 thousand and in lease liability of $215 thousand.

Noncurrent liabilities decreased by $60.79 million from fiscal year 2021 to 2022. The decrease was primarily due to decreases in CCSNH unfunded liabilities for pensions and OPEB of $21.75 million and $37.57 million, respectively.

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 2023, 2022, and 2021 reflects certain amounts related to OPEB, pensions, leases receivable, and deferred gain from advance bond refunding.

Net position

Overall net position increased by $14.30 million during the fiscal year. The increase is due to net operating and nonoperating income over expenses of $14.30 million.

CCSNH’s net investment in capital assets increased by $7.12 million during the current fiscal year. The increase was attributable to an overall increase in net capital assets of $6.14 million netted against a decrease in capital asset related debt of $1.09 million, an increase in deferred gain from advance bond refunding of $35 thousand, and an increase in payables on capital assets of $71 thousand.

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

Management's Discussion and Analysis (Unaudited)

June 30, 2023 and 2022

Statements of Net Position - 2023

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Assets								
Current assets								
Cash and cash equivalents	$ 24,568,376	$ 1,369,779	$ 6,791,932	$ 979,589	$ 3,759,881	$ 1,573,348	$ 3,800,012	$ 6,293,835
Student accounts receivable, net	2,613,537	360,664	312,463	804,203	96,047	339,543	268,513	432,104
Current portion of leases receivable	87,125	87,125	-	-	-	-	-	-
Other current assets	1,260,196	370,414	31,005	260,982	32,734	243,651	248,069	73,341
Current portion of note and contributions receivable	120,231	7,885	8,476	34,594	8,177	26,407	16,273	18,419
Grants and contracts receivable	3,013,238	235,943	811,165	652,252	216,122	455,514	325,700	316,542
Operating investments	24,285,777	1,592,815	1,712,172	6,987,312	1,651,730	5,334,057	3,287,104	3,720,587
Due from State of NH for capital appropriations	1,008,851	158,169	214,211	26,165	1,964	62,273	524,072	21,997
Total current assets	56,957,331	4,182,794	9,881,424	9,745,097	5,766,655	8,034,793	8,469,743	10,876,825
Noncurrent assets								
Student loans receivable, net	94,516	-	14,230	(1,588)	(1,430)	87,640	(2,846)	(1,490)
Leases receivable, net of current portion	85,559	85,559	-	-	-	-	-	-
Note and contributions receivable, net	1,472,857	96,599	103,838	423,759	100,172	323,494	199,353	225,642
Investments	28,530,135	1,871,186	2,011,403	8,208,466	1,940,399	6,266,276	3,861,581	4,370,824
Right-of-use-assets	5,962,127	23,016	14,602	61,927	512,067	40,168	8,392	5,301,955
Subscription assets	2,776,015	182,069	195,712	798,693	188,803	609,716	375,736	425,286
Capital assets, net	106,401,909	12,736,978	7,682,706	19,176,477	14,201,229	24,670,981	16,237,003	11,696,535
Total noncurrent assets	145,323,118	14,995,407	10,022,491	28,667,734	16,941,240	31,998,275	20,679,219	22,018,752
Total assets	$ 202,280,449	$ 19,178,201	$ 19,903,915	$ 38,412,831	$ 22,707,895	$ 40,033,068	$ 29,148,962	$ 32,895,577
Deferred outflows of resources								
Pension	$ 12,447,823	$ 816,407	$ 877,584	$ 3,581,389	$ 846,605	$ 2,734,003	$ 1,684,825	$ 1,907,010
Other postemployment benefits	11,724,745	768,983	826,606	3,373,351	797,426	2,575,189	1,586,956	1,796,234
Total deferred outflows of resources	$ 24,172,568	$ 1,585,390	$ 1,704,190	$ 6,954,740	$ 1,644,031	$ 5,309,192	$ 3,271,781	$ 3,703,244

Statements of Net Position - 2023 (Concluded)

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	$ 1,344,943	$ 107,385	$ 117,630	$ 365,611	$ 119,789	$ 248,687	$ 186,405	$ 199,436
Accounts payable for capital assets	987,116	544,630	35,500	-	4,916	-	402,070	-
Accrued salaries and benefits	5,777,522	408,804	415,483	1,679,158	414,582	1,225,225	749,597	884,673
Unearned revenue and deposits	4,877,551	371,587	215,810	724,287	174,008	822,415	2,137,637	431,807
Current portion of lease liability	796,775	20,648	14,488	37,155	296,469	31,961	7,556	388,498
Current portion of bonds payable	964,990	32,491	-	209,871	-	65,007	213,296	444,325
Current portion of subscription liability	1,268,899	83,222	89,459	365,077	86,301	278,697	171,747	194,396
Current portion of notes payable	36,638	-	24,086	12,552	-	-	-	-
Total current liabilities	16,054,434	1,568,767	912,456	3,393,711	1,096,065	2,671,992	3,868,308	2,543,135
Noncurrent liabilities								
Due to State of New Hampshire	9,087	-	-	-	6,037	3,050	-	-
Accrued salaries and benefits	3,861,486	247,963	239,621	1,164,678	234,900	827,044	564,082	583,198
Refundable advances	104,013	-	17,535	428	(1,224)	81,965	7,013	(1,704)
Net pension liability	57,266,361	2,755,889	3,037,336	18,476,226	2,894,816	13,577,816	7,751,057	8,773,221
Lease liability, net of current portion	5,372,105	1,955	1,426	35,499	223,093	16,102	6,030	5,088,000
Bonds payable, net of current portion	6,840,433	277,278	-	617,249	-	1,800,246	925,452	3,220,208
Other postemployment benefits	57,845,701	2,793,886	3,078,180	18,642,910	2,934,217	13,705,061	7,829,471	8,861,976
Subscription liabilities, net of current portion	1,202,888	78,893	84,805	346,085	81,811	264,199	162,812	184,283
Notes payable, net of current portion	1,414,587	-	1,414,587	-	-	-	-	-
Total noncurrent liabilities	133,916,661	6,155,864	7,873,490	39,283,075	6,373,650	30,275,483	17,245,917	26,709,182
Total liabilities	$ 149,971,095	$ 7,724,631	$ 8,785,946	$ 42,676,786	$ 7,469,715	$ 32,947,475	$ 21,114,225	$ 29,252,317
Deferred inflows of resources								
Pension	$ 3,654,355	$ 239,676	$ 257,636	$ 1,051,402	$ 248,541	$ 802,632	$ 494,620	$ 559,848
Other postemployment benefits	21,934,749	1,438,619	1,546,422	6,310,894	1,491,832	4,817,684	2,968,889	3,360,409
Deferred gain from advance bond refunding	176,280	3,303	-	45,723	-	77,825	49,257	172
Lease receivables	168,091	168,091	-	-	-	-	-	-
Total deferred inflows of resources	$ 25,933,475	$ 1,849,689	$ 1,804,058	$ 7,408,019	$ 1,740,373	$ 5,698,141	$ 3,512,766	$ 3,920,429
Net position (deficit), restated								
Invested in capital assets, net of related liabilities	$ 96,237,727	$ 12,018,730	$ 6,244,033	$ 18,291,081	$ 14,200,229	$ 22,727,904	$ 14,723,919	$ 8,031,831
Restricted nonexpendable	21,616,929	1,414,085	1,576,298	6,203,269	1,466,391	4,735,525	2,918,259	3,303,102
Restricted expendable	7,057,947	462,143	496,774	2,027,317	479,238	1,547,638	953,729	1,091,108
Unrestricted	(74,364,156)	(2,705,687)	2,700,996	(31,238,901)	(1,004,020)	(22,314,423)	(10,802,155)	(8,999,966)
Total net position (deficit)	$ 50,548,447	$ 11,189,271	$ 11,018,101	$ (4,717,234)	$ 15,141,838	$ 6,696,644	$ 7,793,752	$ 3,426,075

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:

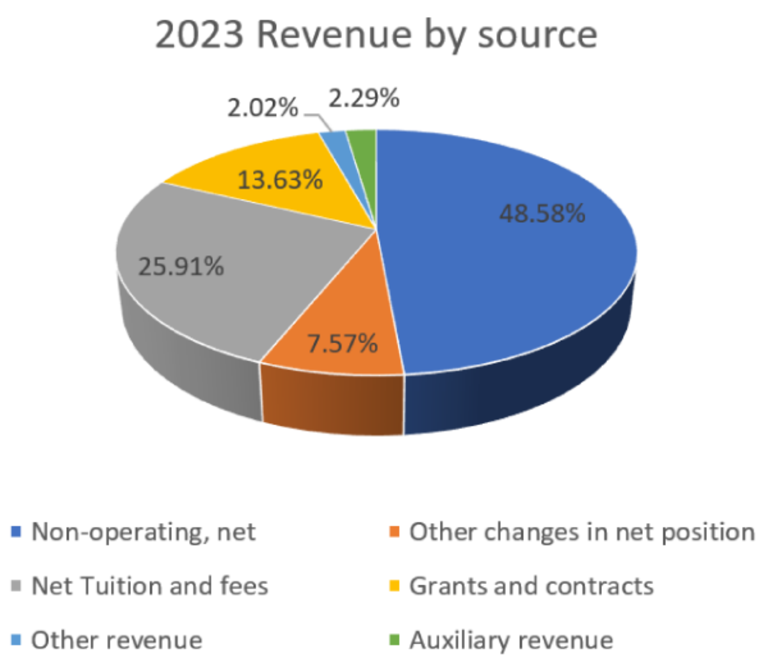
	Years Ended June 30,		
	2023	2022 Restated	2021 Restated
Operating revenues			
Net tuition and fees	**$ 33,693,835**	$ 21,179,583	$ 28,691,160
Other operating revenues	**23,321,069**	23,032,891	20,316,717
Total operating revenues	**57,014,904**	44,212,474	49,007,877
Operating expenses			
Employee compensation and benefits	**78,893,326**	52,596,999	86,503,583
Other operating expenses	**36,853,522**	35,811,272	35,554,760
Total operating expenses	**115,746,848**	88,408,271	122,058,343
Operating loss	**(58,731,944)**	(44,195,797)	(73,050,466)
Nonoperating revenues (expenses) and other changes			
State appropriations - operating	**56,000,000**	56,000,000	55,360,000
State appropriations - capital	**8,431,950**	2,290,942	1,940,544
Capital grants and contracts	**744,617**	524,093	885,666
Lease revenue	**129,761**	145,488	38,225
COVID funding	**1,922,533**	23,102,359	24,256,194
(Loss) investment return used for operations	**3,668,024**	(1,014,369)	824,199
(Loss) investment return net of amount used for operations	**1,919,231**	(5,513,550)	6,364,366
Nonexpendable contributions	**671,562**	2,208,985	653,374
Interest expense on subscriptions	**(40,289)**	(4,221)	-
Interest expense on leases	**(127,780)**	(125,284)	(103,325)
Interest expense on capital debt	**(289,050)**	(451,735)	(514,614)
Nonoperating revenues and other changes, net	**73,030,559**	77,162,708	89,704,629
Increase in net position	**14,298,615**	32,966,911	16,654,163
Net position (deficit), beginning of year, as previously stated	**36,249,832**	(17,438,410)	(34,092,573)
Cumulative effect of correction of an error	**-**	20,721,331	-
Net position (deficit), beginning of year, restated	**36,249,832**	3,282,921	(34,092,573)
Net position (deficit), end of year	**$ 50,548,447**	$ 36,249,832	$ (17,438,410)

Statements of Revenues, Expenses and Changes in Net Position - 2023

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Operating revenues								
Tuition and fees	$ 52,137,532	$ 3,644,037	$ 3,942,557	$ 14,128,827	$ 3,740,150	$ 11,398,487	$ 6,910,808	$ 8,372,666
Less scholarships	(18,443,697)	(1,645,913)	(1,811,055)	(4,995,623)	(1,396,433)	(4,037,454)	(2,076,159)	(2,481,060)
Net tuition and fees	33,693,835	1,998,124	2,131,502	9,133,204	2,343,717	7,361,033	4,834,649	5,891,606
Grants and contracts	17,719,996	1,545,273	1,966,154	4,959,307	1,309,606	4,065,772	1,445,832	2,428,052
Auxiliary enterprises	2,979,100	44,778	-	2,267,601	589,363	77,358	-	-
Other operating revenue	2,621,973	322,574	117,903	658,836	208,334	797,220	252,167	264,939
Total operating revenues	57,014,904	3,910,749	4,215,559	17,018,948	4,451,020	12,301,383	6,532,648	8,584,597
Operating expenses								
Employee compensation and benefits	78,893,326	7,072,823	6,973,846	19,934,247	6,990,388	15,985,128	10,540,655	11,396,239
Other operating expenses	23,351,173	1,802,250	2,229,975	6,578,793	2,354,524	4,428,433	2,908,069	3,049,129
Utilities	3,325,352	301,724	217,399	847,501	413,580	613,751	488,120	443,277
Depreciation	10,176,997	734,567	767,362	2,673,314	901,997	2,041,845	1,259,355	1,798,557
Total operating expenses	115,746,848	9,911,364	10,188,582	30,033,855	10,660,489	23,069,157	15,196,199	16,687,202
Operating loss	(58,731,944)	(6,000,615)	(5,973,023)	(13,014,907)	(6,209,469)	(10,767,774)	(8,663,551)	(8,102,605)

Statements of Revenues, Expenses and Changes in Net Position - 2023 (Concluded)

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Nonoperating revenues (expenses)								
State appropriations - operating	56,000,000	6,282,940	6,340,579	11,204,367	7,392,822	9,014,874	8,102,311	7,662,107
COVID funding	1,922,533	215,605	552,839	176,095	43,594	138,512	696,836	99,052
Lease revenue	129,761	129,761	-	-	-	-	-	-
Investment return used for operations	3,668,024	229,496	241,432	1,038,714	251,881	820,735	498,839	586,927
Investment return excluding amount used for operations	1,919,231	125,875	135,308	552,186	130,531	421,534	259,770	294,027
Interest expense on subscriptions	(40,289)	(2,642)	(2,840)	(11,593)	(2,740)	(8,849)	(5,453)	(6,172)
Interest expense on leases	(127,780)	(437)	(389)	(496)	(17,271)	(469)	(141)	(108,577)
Interest expense on capital debt	(289,050)	15,384	(52,611)	(24,000)	(436)	(65,551)	22,253	(184,089)
Nonoperating revenues, net	63,182,430	6,995,982	7,214,318	12,935,273	7,798,381	10,320,786	9,574,415	8,343,275
Income (loss) before other changes in net position	4,450,486	995,367	1,241,295	(79,634)	1,588,912	(446,988)	910,864	240,670
Other changes in net position								
State capital appropriations	8,431,950	4,271,055	881,355	2,106,638	70,350	75,877	989,779	36,896
Capital grants and contracts	744,617	32,417	22,736	98,116	24,313	10,551	521,178	35,306
Nonexpendable contributions	671,562	44,045	47,346	193,217	45,674	147,500	90,897	102,883
Total other changes in net position	9,848,129	4,347,517	951,437	2,397,971	140,337	233,928	1,601,854	175,085
Increase (decrease) in net position	14,298,615	5,342,884	2,192,732	2,318,337	1,729,249	(213,060)	2,512,718	415,755
Net position (deficit), beginning of year, restated	36,249,832	5,846,387	8,825,369	(7,035,571)	13,412,589	6,909,704	5,281,034	3,010,320
Net position (deficit), end of year	$ 50,548,447	$ 11,189,271	$ 11,018,101	$ (4,717,234)	$ 15,141,838	$ 6,696,644	$ 7,793,752	$ 3,426,075



Operating revenues

Overall operating revenue increased by $12.80 million in fiscal year 2023 relative to fiscal year 2022.

Fiscal year 2023 gross tuition and fees remained relatively flat, declining by only $376 thousand. There was a decrease in scholarships netted against gross tuition and fees of about $12.89 million in FY23. This decrease was mainly caused by reductions in HEERF pandemic related scholarship funds from FY22 to FY23 of $13.35 million netted against increases in other scholarship programs of $451 thousand. The reduction in scholarships of $12.9 million netted against the decline in gross tuition and fees of $376 thousand resulted in an overall increase in net tuition and fees of $12.52 million.

Regarding tuition and fees, CCSNH continues to see a slowing rate of enrollment declines whereby in FY23, tuition fell by 0.71% relative to FY22. The decline in 2022 relative to 2021 was 5.43% which was significantly lower than the decline in 2021 relative to 2020 of 11.75%.

Fiscal year 2023 saw an increase in other operating revenue of $288 thousand (1.25%) relative to fiscal year 2022. Increases in grants and contracts revenue and auxiliary revenue of about $750 thousand and $336 thousand respectively netted against a decrease in other operating revenue of $798 thousand were the driving factors for the increase in other operating revenue. Regarding grants and contract revenue, most colleges were somewhat stable, but MCC and RVCC saw increases of $1.07 million and $1.53 million respectively. These increases were spread out among multiple grants at each of these colleges. The decrease in other operating revenue was the due to the fact that CCSNH received $877 thousand in private local revenue through the Foundation for the CCSNH for the Class of 2021 scholarship. This was a one-time gift, so no such monies were received in FY23.

Between 2022 and 2021 other operating revenue increased by about $2.72 million. This increase was primarily the result of the private local revenue received from the Foundation for CCSNH for the Class of 2021 scholarship in the amount of $877 thousand, along with increases in auxiliary revenue of $999 thousand and a gain on the sale of property at WMCC in the amount of $222 thousand. The remainder of the increases was due to smaller increases across multiple lines.

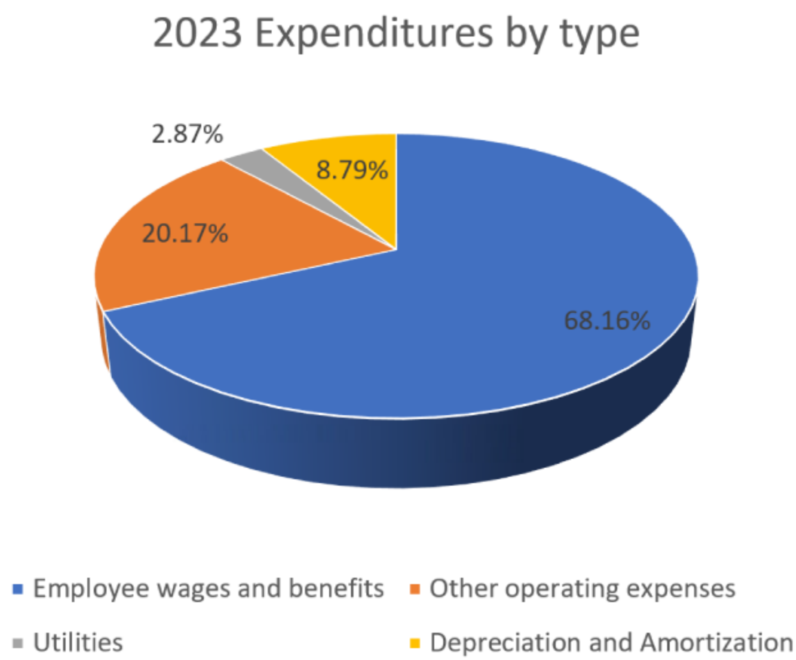
Nonoperating revenues and other changes

Total nonoperating revenues and other changes in net position decreased by $4.13 million in fiscal year 2023 relative to fiscal year 2022. Net nonoperating revenue decreased by $8.96 million, while other changes in net position increased by $5.02 million.

The primary reasons for the decrease in net nonoperating revenue in fiscal year 2022 relative to fiscal year 2023 were decreases in COVID 19 stimulus funding of $21.18 million and in non-expendable contributions of $1.54 million netted against increase in investment gains (both realized and unrealized) and dividends of $4.68 million on CCSNH investments.

The increase in other changes to net position in 2023 of $5.02 million was primarily due to an increase in state capital appropriations of $6.14 million and increases in gains and dividends on UNIQUE program investments of $7.14 million.

The decrease in net nonoperating revenues and other changes in net position from 2021 to 2022 of $12.56 million was primarily due to a decrease in investment returns of $13.69 million offset partially by an increase in state appropriations of $640 thousand.



Operating expenses

In fiscal year 2023, operating expenses increased by $27.34 million from 2022 of which the salary and benefits accounted for $26.30 million. Regarding salaries and benefits, salaries alone in FY23 increased by about $1.16 million over FY22. Employee benefits costs increased by $25.14 million. The primary driver of the increase in employee benefits were the adjustments to decrease the unfunded liabilities for Pension and OPEB in fiscal year 2023 beyond what these same adjustments were in 2022. In 2023, the pension and OPEB adjustments were net of $1.26 million while in 2022 they were considerably more at net of $24.68 million. Employee benefits other than pension and OPEB adjustments increased by $453 thousand.

Other operating expenses were relatively stable in 2023 relative to 2022, increasing by only $1.04 million (2.91%). The primary causes of the increase were increases in depreciation and amortization of $1.00 million mainly due to the implementation of GASB 96 along with increases in utilities of $328 thousand netted against a decrease in current operating expenses of $287 thousand. The decrease in current operating expenses consisted of multiple increase and decreases across a wide swath of expenses.

Operating expenses decreased by $33.46 million in 2022 from 2021. The primary reason for this decrease were the adjustments to decrease the unfunded liabilities for pensions and OPEB of $31.76 million and a general decrease in salaries of $1.95 million. Other operating expenses and depreciation and amortization stayed relatively stable in FY22 compared to FY21, increasing by only $381 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,		
	2023	2022 Restated	2021 Restated
Net cash used - operating activities	**$ (52,642,219)**	$ (47,491,526)	$ (65,202,219)
Net cash provided - noncapital financing activities	**54,720,548**	69,947,568	68,905,792
Net cash used - capital and related financing activities	**(7,094,795)**	(4,386,471)	(4,077,627)
Net cash (used) provided - investing activities	**(9,301,179)**	(6,794,068)	297,200
Net (decrease) increase in cash and cash equivalents	**(14,317,645)**	11,275,503	(76,854)
Cash and cash equivalents, beginning of year	**38,886,021**	27,610,518	27,687,372
Cash and cash equivalents, end of year	**$ 24,568,376**	$ 38,886,021	$ 27,610,518

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 $14.32 million during 2023, increased by $11.28 million during 2022, and decreased by $77 thousand during 2021, 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, 2023 and 2022

	Community College System of New Hampshire		Community Colleges of New Hampshire Foundation	
	2023	2022 Restated	**2023**	2022
Assets				
Current assets				
Cash and cash equivalents	**$ 24,568,376**	$ 38,886,021	**$ 317,957**	$ 476,957
Student accounts receivable, net	**2,613,537**	2,230,517	**-**	-
Current portion of leases receivable	**87,125**	128,747	**-**	-
Other current assets	**1,260,196**	1,908,230	**-**	-
Current portion of note and contributions receivable	**120,231**	116,682	**-**	-
Grants and contracts receivable	**3,013,238**	4,773,215	**-**	-
Operating investments	**24,285,777**	13,005,193	**-**	-
Due from State of New Hampshire for capital appropriations	**1,008,851**	1,124,778	**-**	-
Total current assets	**56,957,331**	62,173,383	**317,957**	476,957
Noncurrent assets				
Student loans receivable, net	**94,516**	123,633	**-**	-
Leases receivable, net of current portion	**85,559**	172,464	**-**	-
Note and contributions receivable, net of current portion	**1,472,857**	1,593,088	**-**	-
Investments	**28,530,135**	25,939,342	**6,708,317**	5,621,820
Right-of-use asset, net	**5,962,127**	6,421,153	**-**	-
Subscription assets, net	**2,776,015**	3,232,555	**-**	-
Capital assets, net	**106,401,909**	100,262,621	**-**	-
Total noncurrent assets	**145,323,118**	137,744,856	**6,708,317**	5,621,820
Total assets	**202,280,449**	199,918,239	**7,026,274**	6,098,777
Deferred outflows of resources				
Pension	**12,447,823**	12,208,244	**-**	-
Other postemployment benefits	**11,724,745**	15,890,083	**-**	-
Total deferred outflows of resources	**24,172,568**	28,098,327	**-**	-
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	**1,344,943**	1,410,113	**3,847**	6,157
Accounts payable for capital assets	**987,116**	755,103	**-**	-
Current portion of accrued salaries and benefits	**5,777,522**	5,298,557	**-**	-
Unearned revenue and deposits	**4,877,551**	6,217,011	**-**	-
Current portion of lease liability	**796,775**	970,293	**-**	-
Current portion of bonds payable	**964,990**	1,337,952	**-**	-
Current portion of notes payable	**36,638**	49,727	**-**	-
Current portion of subscription liability	**1,268,899**	1,266,228	**-**	-
Total current liabilities	**16,054,434**	17,304,984	**3,847**	6,157
Noncurrent liabilities				
Due to the State of New Hampshire	**9,087**	20,560	**-**	-
Accrued salaries and benefits, net of current portion	**3,861,486**	3,723,214	**-**	-
Refundable advances	**104,013**	231,655	**-**	-
Net pension liability	**57,266,361**	46,623,713	**-**	-
Lease liability, net of current portion	**5,372,105**	5,587,645	**-**	-
Bonds payable, net of current portion	**6,840,433**	7,504,153	**-**	-
Other postemployment benefits	**57,845,701**	73,888,588	**-**	-
Notes payable, net of current portion	**1,414,587**	1,451,225	**-**	-
Subscription liability, net of current portion	**1,202,888**	1,779,124	**-**	-
Total noncurrent liabilities	**133,916,661**	140,809,877	**-**	-
Total liabilities	**149,971,095**	158,114,861	**3,847**	6,157
Deferred inflows of resources				
Pension	**3,654,355**	16,616,836	**-**	-
Other postemployment benefits	**21,934,749**	16,597,680	**-**	-
Deferred gain from advance bond refunding	**176,280**	141,615	**-**	-
Lease receivables	**168,091**	295,742	**-**	-
Total deferred inflows of resources	**25,933,475**	33,651,873	**-**	-
Net position (deficit), as restated				
Invested in capital assets, net of related liabilities	**96,237,727**	89,117,701	**-**	-
Restricted nonexpendable	**21,616,929**	20,937,783	**3,203,729**	3,033,694
Restricted expendable	**7,057,947**	5,138,716	**2,475,204**	2,334,195
Unrestricted	**(74,364,156)**	(78,944,368)	**1,343,494**	724,731
Total net position	**$ 50,548,447**	$ 36,249,832	**$ 7,022,427**	$ 6,092,620

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, 2023 and 2022

	Community College System of New Hampshire		Community Colleges of New Hampshire Foundation	
	2023	2022 Restated	**2023**	2022 Restated
Operating revenues				
Tuition and fees	**$ 52,137,532**	$ 52,513,733	**$ -**	$ -
Less scholarships	**(18,443,697)**	(31,334,150)	**-**	-
Net tuition and fees	**33,693,835**	21,179,583	**-**	-
Grants and contracts	**17,719,996**	16,969,565	**-**	-
Contributions	**-**	-	**1,658,529**	1,823,788
Auxiliary enterprises	**2,979,100**	2,643,492	**-**	-
Other operating revenue	**2,621,973**	3,419,834	**-**	-
Total operating revenues	**57,014,904**	44,212,474	**1,658,529**	1,823,788
Operating expenses				
Employee compensation and benefits	**78,893,326**	52,596,999	**-**	-
Other operating expenses	**23,351,173**	23,638,495	**1,512,398**	1,756,952
Utilities	**3,325,352**	2,997,477	**-**	-
Depreciation and amortization	**10,176,997**	9,175,300	**-**	-
Total operating expenses	**115,746,848**	88,408,271	**1,512,398**	1,756,952
Operating (loss) income	**(58,731,944)**	(44,195,797)	**146,131**	66,836
Nonoperating revenues (expenses)				
State of New Hampshire appropriations	**56,000,000**	56,000,000	**-**	-
Lease revenue	**129,761**	145,488	**-**	-
COVID funding	**1,922,533**	23,102,359	**-**	-
Investment return (loss) for operations	**3,668,024**	(1,014,369)	**189,195**	181,718
Investment return (loss) excluding amount for operations	**1,919,231**	(5,513,550)	**474,686**	(1,260,942)
Interest expense on leases	**(127,780)**	(125,284)	**-**	-
Interest expense on subscriptions	**(40,289)**	(4,221)	**-**	-
Interest expense on capital debt	**(289,050)**	(451,735)	**-**	-
Nonoperating revenues, net	**63,182,430**	72,138,688	**663,881**	(1,079,224)
Income (loss) before other changes in net position	**4,450,486**	27,942,891	**810,012**	(1,012,388)
Other changes in net position				
State of New Hampshire capital appropriation	**8,431,950**	2,290,942	**-**	-
Capital grants and contracts	**744,617**	524,093	**-**	-
Nonexpendable contributions	**671,562**	2,208,985	**119,795**	1,096,243
Total other changes in net position	**9,848,129**	5,024,020	**119,795**	1,096,243
Increase in net position	**14,298,615**	32,966,911	**929,807**	83,855
Net position, beginning of year, as previously stated	**36,249,832**	(17,438,410)	**6,092,620**	6,008,765
Cumulative effect of correction of an error	**-**	20,721,331	**-**	-
Net position, beginning of year, restated	**36,249,832**	3,282,921	**6,092,620**	6,008,765
Net position, end of year	**$ 50,548,447**	$ 36,249,832	**$ 7,022,427**	$ 6,092,620

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, 2023 and 2022

	Community College System of New Hampshire	
	2023	Restated 2022
Cash flows from operating activities		
Receipts from tuition and fees	**$ 32,848,093**	$ 20,951,207
Receipts from grants and contracts	**22,378,257**	38,474,763
Receipts from auxiliary enterprises	**2,979,100**	2,643,492
Payments to suppliers	**(26,741,695)**	(26,285,886)
Payments to employees	**(87,375,981)**	(86,707,980)
Other cash receipts	**3,270,007**	3,432,878
Net cash used for operating activities	**(52,642,219)**	(47,491,526)
Cash flows from noncapital financing activities		
State of New Hampshire appropriations	**56,000,000**	56,000,000
COVID funding received	**(1,951,014)**	11,738,583
Contributions for long-term purposes	**671,562**	2,208,985
Net cash provided by noncapital financing activities	**54,720,548**	69,947,568
Cash flows from capital and related financing activities		
Appropriations from the State of New Hampshire for capital expenditures	**8,547,877**	1,279,631
Change in accounts payable to the State of New Hampshire for capital assets	**(11,473)**	20,560
Capital grants and contracts received	**744,617**	524,093
Purchase of capital assets	**(13,878,480)**	(2,713,529)
Payments received on note receivable	**116,682**	113,238
Principal on bonds payable, other long-term liabilities, leases and subscriptions	**(2,191,564)**	(2,980,846)
Interest on bonds payable, other long-term liabilities, leases and subscriptions	**(422,454)**	(629,618)
Net cash used for capital and related financing activities	**(7,094,795)**	(4,386,471)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	**2,672,487**	896,337
Purchase of investments	**(11,973,666)**	(7,780,284)
Interest and dividends received	**-**	89,879
Net cash used for investing activities	**(9,301,179)**	(6,794,068)
Net (decrease) increase in cash and cash equivalents	**(14,317,645)**	11,275,503
Cash and cash equivalents, beginning of year	**38,886,021**	27,610,518
Cash and cash equivalents, end of year	**$ 24,568,376**	$ 38,886,021

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

Statements of Cash Flows (Concluded)

Years Ended June 30, 2023 and 2022

	Community College System of New Hampshire 2023	Community College System of New Hampshire Restated 2022
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	**$ (58,731,944)**	$ (44,195,797)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation and amortization	**10,176,997**	9,175,300
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources		
Student accounts receivable	**(383,020)**	748,950
Other current assets	**648,034**	13,044
Student loans receivable	**29,117**	27,262
Grants and contracts receivable	**5,633,524**	18,769,805
Deferred outflows of resources - pension	**(239,579)**	5,777,703
Deferred outflows of resources - OPEB	**4,165,338**	609,587
Accounts payable and accrued expenses	**(65,170)**	350,086
Accrued salaries and benefits	**617,237**	(660,490)
Unearned revenue and deposits	**(1,339,460)**	1,784,679
Other postemployment benefits	**(16,042,887)**	(37,569,564)
Net pension liability	**10,642,648**	(21,752,781)
Refundable advances	**(127,642)**	(53,874)
Deferred inflows of resources - pension	**(12,962,481)**	10,714,802
Deferred inflows of resources - OPEB	**5,337,069**	8,769,762
Net cash used for operating activities	**$ (52,642,219)**	$ (47,491,526)
Reconciliation of noncash activity		
Acquisition of capital assets	**$ 14,073,855**	$ 3,367,331
Less: Acquisition of capital assets included in accounts payable at year-end	**(987,116)**	(755,103)
Add: Acquisition of capital assets included in accounts payable at prior year-end	**755,103**	51,573
Add: Payments on long-term liabilities used to finance the acquisitions of capital assets	**36,638**	47,513
Payments for the acquisition of capital assets	**$ 13,878,480**	$ 2,711,314

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 (the 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

During the year ended June 30, 2022, CCSNH adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. The retrospective adjustments made to the basic financial statements to comply with the new accounting standards have been reported as an adjustment of prior periods, and the financial statements presented for the periods affected have been restated.

During the year ended June 30, 2022, CCSNH adopted new accounting guidance, GASB Statement No. 100, *Accounting Changes and Error Corrections*. The adoption of the statement and related guidance during the year ended June 30, 2022 did not have a material impact of the financial statements of CCSNH.

During the year ended June 30, 2023, CCSNH adopted new accounting guidance, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The adoption of the statement and related guidance during the year ended June 30, 2023 did not have a material impact of the financial statements of CCSNH.

During the year ended June 30, 2023, CCSNH adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The retrospective adjustments made to the basic financial statements to comply with the new accounting standards have been reported as an adjustment of prior periods, and the financial statements presented for the periods affected have been restated.

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 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 lease revenue, COVID funding, 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 CCSNH 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, 2023 and 2022. Student loan receivables that are still outstanding after CCSNH 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, 2023 and 2022 are reported net of an allowance for loan losses of $7,772 and $213,605, 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 12. 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 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.

Subscription-Based Information Technology Arrangements

CCSNH is party to 18 subscription-based information technology arrangements (SBITAs). CCSNH recognizes a subscription liability and an intangible right of use subscription asset (subscription asset) in the statement of net position. CCSNH reports SBITA current expenditures in the statement of revenues, expenditures, and changes in net position. CCSNH recognizes subscription liabilities with an initial term greater than twelve months. Remaining subscription terms range from 1 to 5 years with fixed payments due monthly, quarterly and annually. For SBITAs with a maximum possible term of twelve months or less at commencement, CCSNH recognizes expenses based on the provisions of the arrangement.

At the commencement of a SBITA, CCSNH initially measures the subscription liability at the present value of expected subscription payments to be made over the SBITA term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription asset is initially measured as the initial measurement of the subscription liability, adjusted for payments associated with the SBITA contract made to the vendor at the commencement of the subscription term, plus any capitalizable initial implementation costs, less any vendor incentives received at the commencement of the subscription term. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the useful life of the IT asset or subscription term.

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

CCSNH uses prime rate at the commencement date of the contract as the discount rate. The subscription term includes the noncancellable period during which CCSNH has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend if reasonably certain CCSNH or vendor will exercise that option or to terminate if it is reasonably certain that CCSNH or vendor will not exercise that option. Subscription payments included in the measurement of the subscription liability are composed of fixed payments only.

CCSNH monitors changes in circumstances that would require a remeasurement of a SBITA and will remeasure the subscription asset and subscription liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with noncurrent assets and subscription liabilities are reported with long term liabilities on the statement of 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, 2023 and 2022 was $1,593,088 and $1,709,770, respectively. Management determined a reserve was not required at June 30, 2023 and 2022.

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, 2023 and 2022 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 Deferred 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. 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, 2023 and 2022.

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. Changes in Accounting Principle

During the year ended June 30, 2022, CCSNH adopted new accounting guidance, GASB Statement No. 87, *Leases*. The retrospective adjustments made to the basic financial statements to comply with the new accounting standards have been reported as an adjustment of prior periods, and the financial statements presented for the periods affected have been restated.

The adoption of the standard at July, 1, 2020, required recognition of $36,867 of short-term lease receivables, $438,201 of long-term lease receivables, $475,068 in deferred inflows of resources, $1,008,278 in short-term lease liabilities, $6,194,326 of long-term lease liabilities, and $7,202,604 in right-of-use assets. At June 30, 2021, those balances related to leases in which CCSNH was the lessor were short-term lease receivables of $137,912, long-term lease receivables of $301,212, and deferred inflows of resources net of accumulated amortization of $437,766. At June 30, 2021, those balances related to leases in which CCSNH was the lessee were short-term lease liabilities of $730,445, long-term lease liabilities of $5,567,206, and right-of-use assets net of accumulated amortization of $6,244,884. The impact of the adoption of the standard for the year ended June 30, 2021 was a reduction in net position of $51,409.

During the year ended June 30, 2023, CCSNH adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The retrospective adjustments made to the basic financial statements to comply with the new accounting standards have been reported as an adjustment of prior periods and the financial statements presented for the period affected has been restated.

The adoption of the standard at July, 1, 2021, required recognition of $1,439,126 of long-term subscription assets, $746,552 of short-term subscription liabilities, and $673,757 of subscription liabilities. At June 30, 2022, those balances related to subscription leases amounted to $3,232,555 of long-term subscription assets, $1,266,228 in short-term subscription liabilities, and $1,202,888 of long-term subscription liabilities. The impact of the adoption of the standard for the year ended June 30, 2021 was an increase in net position of $18,817.

3. Correction of Error

CCSNH identified a material error in the covered population which impacted the calculations related to the amounts recorded for the OPEB liability. This error was identified by CCSNH's management subsequent to the issuance of the June 30, 2022 financial statements.

The correction of the error was corrected as of the measurement date of July 1, 2021 due to the availability of the actuarial valuation and data. The cumulative effect of the correction of error at July, 1, 2021 resulted in a prior period restatement of net position in the amount of $20,721,331. The impact of correction of error at July 1, 2022 is summarized below:

	Restated July 1, 2021	Original July 1, 2021	Difference
Deferred outflows	$ 15,890,083	$ 21,330,650	$ 5,440,567
OPEB liability	73,888,588	98,667,767	(24,779,179)
Deferred inflows	16,597,680	21,720,566	(5,122,886)
Beginning net position (deficit)	3,282,921	(17,438,410)	20,721,331

The correction of the error also resulted in a restatement of the change in net position for the year ended June 30, 2022. The impact of correction of error for the year ended June 30, 2022 is summarized below:

	Restated June 30, 2022	Original June 30, 2022	Difference
Employee compensation and benefits	$ 52,596,999	$ 56,337,166	$ (3,740,167)
Increase in net position	32,782,826	29,042,659	3,740,167

4. 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, 2023 and 2022, CCSNH's uncollateralized uninsured cash and cash equivalents were approximately $22,460,000 and $21,150,000, 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.

5. Capital Assets

Capital asset activity for the year ended June 30, 2023 is summarized below:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Land	$ 612,987	$ -	$ -	$ -	$ 612,987
Construction-in-process	2,164,839	13,420,793	-	(2,698,775)	12,886,857
Total non-depreciable assets	2,777,826	13,420,793	-	(2,698,775)	13,499,844
Land improvements	7,149,771	-	-	1,914,409	9,064,180
Buildings and improvements	200,325,545	27,926	-	784,366	201,137,837
Equipment and vehicles	21,635,306	622,036	(253,038)	-	22,004,304
Total depreciable assets	229,110,622	649,962	(253,038)	2,698,775	232,206,321
Accumulated depreciation	(131,625,827)	(7,934,567)	256,138	-	(139,304,256)
Capital assets, net	$ 100,262,621	$ 6,136,188	$ 3,100	$ -	$ 106,401,909

Capital asset activity for the year ended June 30, 2022 is summarized below:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Land	$ 915,187	$ -	$ (302,200)	$ -	$ 612,987
Construction-in-process	366,961	2,176,847	-	(378,969)	2,164,839
Total non-depreciable assets	1,282,148	2,176,847	(302,200)	(378,969)	2,777,826
Land improvements	7,149,771	-	-	-	7,149,771
Buildings and improvements	200,008,789	68,050	(130,263)	378,969	200,325,545
Equipment and vehicles	20,610,424	1,486,387	(461,505)	-	21,635,306
Total depreciable assets	227,768,984	1,554,437	(591,768)	378,969	229,110,622
Accumulated depreciation	(124,482,988)	(7,672,855)	530,016	-	(131,625,827)
Capital assets, net	$ 104,568,144	$ (3,941,571)	$ (363,952)	$ -	$ 100,262,621

6. Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued salaries and benefits	$ 9,021,771	$ -	$ 617,237	$ 9,639,008	$ 5,777,522
Due to the State	20,560	-	(11,473)	9,087	-
Refundable advances	231,655	-	(127,642)	104,013	-
Net pension liability	46,623,713	10,642,648	-	57,266,361	-
Bonds payable	8,842,105	390,348	(1,427,030)	7,805,423	964,990
OPEB	73,888,588	-	(16,042,887)	57,845,701	-
Lease liability	6,554,820	-	(385,940)	6,168,880	796,775
Notes payable	1,500,952	-	(49,727)	1,451,225	36,638
Subscription liability	3,045,352	-	(573,565)	2,471,787	1,268,899
Long-term liabilities	$49,729,516	$11,032,996	$ (18,001,027)	$142,761,485	$ 8,844,824

Changes in long-term liabilities during the year ended June 30, 2022 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued salaries and benefits	$ 9,682,261	$ -	$ (660,490)	$ 9,021,771	$ 5,298,557
Due to the State	-	-	-	20,560	-
Refundable advances	285,529	-	(53,874)	231,655	-
Net pension liability	68,376,494	-	(21,752,781)	46,623,713	-
Bonds payable	10,172,022	-	(1,329,917)	8,842,105	1,337,952
OPEB	11,458,152	-	(37,569,564)	73,888,588	-
Lease liability	6,297,651	1,100,549	(843,380)	6,554,820	970,293
Notes payable	1,548,465	-	(47,513)	1,500,952	49,727
Subscription liability	-	3,045,352	-	3,045,352	1,268,899
Long-term liabilities	$07,820,574	$ 1,100,549	$ (62,257,519)	$146,684,164	$ 7,656,529

Notes Payable

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, 2023 and 2022 the balance due to USDA was $1,451,225 and $1,461,903, respectively.

Future minimum payments of notes payable as of June 30 are as follows:

Year ending June 30,	Principal	Interest	Total
2024	$ 36,638	$ 52,399	$ 89,037
2025	24,973	50,867	75,840
2026	25,894	49,946	75,840
2027	26,848	48,992	75,840
2028	27,838	48,002	75,840
2029 - 2033	155,358	223,842	379,200
2034 - 2038	186,179	193,021	379,200
2039 - 2043	223,115	156,085	379,200
2044 - 2048	267,378	111,822	379,200
2049 - 2053	320,422	58,778	379,200
2054 - 2057	156,582	6,417	162,999
	$ 1,451,225	$ 1,000,171	$ 2,451,396

7. Bonds Payable

Bonds payable consisted of the following at June 30:

	2023	2022
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 $300,000 and interest rates from 4.00% to 5.50%.	**$ 1,200,000**	$ 1,400,000
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%.	**-**	262,788
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.	**1,436,772**	1,595,875
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.	**-**	772,904

	2023	2022
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%.	**1,585,334**	1,919,452
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%.	**138,883**	214,793
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%.	**2,408,536**	2,676,293
General Obligation Bonds (original principal of $485,348) maturing through 2031 with annual principal payments ranging from $41,401 to $157,324 and interest rate of 5%.	**485,348**	-
2023 Series B General Obligation Bonds (original principal of $550,550) maturing through 2033 with annual principal payments ranging from $68,247 to $69,433 and interest rates of 5%.	**550,550**	-
	$ 7,805,423	$ 8,842,105

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, 2023 and 2022 the unamortized deferred gain from advance refunding of the bonds was $176,280 and $141,615, respectively. During the year ended June 30, 2023, the State refunded selected bonds that CCSNH holds. The difference between the reacquisition price and the net carrying amount of the old debt of $639,628 which was recognized through debt service expenses.

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
2024	$ 964,990	$ 334,295	$ 1,299,285
2025	1,148,046	284,839	1,432,885
2026	1,139,370	234,994	1,374,364
2027	942,618	181,000	1,123,618
2028	851,954	137,444	989,398
2029 - 2033	2,277,057	286,915	2,563,972
2034 - 2038	481,388	31,290	512,678
	$ 7,805,423	$ 1,490,777	$ 9,296,200

Interest expense related to the bonds for the years ended June 30, 2023 and 2022 was $234,744 and $395,195, respectively.

8. Leases and Software Subscriptions

Leases

Lessor

In instances in which CCSNH is the lessor, GASB Statement No. 87 requires the recording of a lease receivable asset and a deferred inflow of resources by lessors even in the case of a lease which does not transfer ownership of the leased asset.

The total lease receivables were $172,684 and $301,211 as of June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, CCSNH recognized $2,110 and $3,464, respectively, in interest revenue related to lease receivables.

The resource inflows represent principal payments received. The total deferred inflows of resources amounted to $168,091 and $295,742 as of June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, CCSNH recognized $127,651 and $142,024, respectively, in rental revenue amortized from the deferred inflows of resources.

Long-term lease agreements existing prior to the implementation date of July 1, 2020 were valued at the discounted value of future expected scheduled lease payments as of the implementation date. Long-term lease agreements entered into subsequent to the implementation date of July 1, 2020 were valued at the discounted value of future expected scheduled lease payments as of the commencement date of the individual lease. As most of the leases do not provide an implicit rate, CCSNH uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. The incremental borrowing rates used to determine the present value of lease payments were derived by reference to the secured-debt yields CCSNH would receive to finance each lease transaction or needed to borrow the amount of the undiscounted future payments over the term of the lease. The expected future payments include extension option periods as their exercise is reasonably certain.

At June 30, 2023, the projected minimum future revenue and interest from noncancelable rental agreements is approximately:

Year ending June 30,	Principal	Interest
2024	$ 87,125	$ 1,246
2025	40,361	724
2026	40,361	280
2027	4,837	3
	$ 172,684	$ 2,253

Lessee

In instances in which CCSNH is the lessee, GASB Statement No. 87 requires the recording as a right-of-use asset and lease liability even in the case that the lease does not transfer ownership of the leased asset.

The total lease liabilities were $6,168,880 and $6,557,938 as of June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, CCSNH incurred $127,780 and $125,284, respectively, in interest expenses related to lease liabilities.

The total right-of-use asset value net of accumulated amortization amounted to $5,962,127 and $6,421,153 as of June 30, 2023 and 2022, respectively. During the years ended June 30, 2023 and 2022, CCSNH recognized $987,609 and $924,280, respectively, in amortization expense from the right-of-use assets.

Long-term lease agreements existing prior to the implementation date of July 1, 2020 were valued at the discounted value of future expected scheduled lease payments as of the implementation date. Long-term lease agreements entered into subsequent to the implementation date of July 1, 2020 were valued at the discounted value of future expected scheduled lease payments as of the commencement date of the individual lease. As most of the leases do not provide an implicit rate, CCSNH uses its incremental borrowing rate based on the information available at the commencement date to determine the present value of lease payments. The incremental borrowing rates used to determine the present value of lease payments were derived by reference to the secured-debt yields CCSNH would receive to finance each lease transaction or needed to borrow the amount of the undiscounted future payments over the term of the lease. The expected future payments include extension option periods as their exercise is reasonably certain.

At June 30, 2023, the projected minimum future amortization and interest from noncancelable lease agreements is approximately:

Year ending June 30,	Principal	Interest	Amortization of Right-of-Use Asset
2024	$ 796,775	$ 114,154	$ 742,283
2025	648,294	102,242	677,293
2026	265,203	95,256	280,558
2027	111,485	92,630	141,533
2028	110,750	90,333	138,535
2029 to 2033	589,241	416,174	691,840
2034 to 2038	653,061	352,354	691,840
2039 to 2043	723,793	281,622	691,840
2044 to 2048	802,186	203,228	691,840
2049 to 2053	889,070	116,345	691,840
2054 to 2057	579,022	24,229	522,725
	$ 6,168,880	$ 1,888,567	$ 5,962,127

Software Subscriptions

The total subscription assets were $2,776,015 and $3,232,555, net of accumulated amortization of $1,832,987 and $578,166, as of June 30, 2023 and 2022, respectively. During the year ended June 30, 2023 and 2022, CCSNH incurred $1,254,821 and $578,166, respectively, in SBITA amortization expense.

The following is a schedule by year of future minimum SBITA payments as of June 30, 2023:

Year	Payment	Interest	Principal
2024	$ 1,311,087	$ 42,189	$ 1,268,898
2025	499,763	27,852	471,911
2026	383,724	15,882	367,842
2027	370,969	7,833	363,136
Total minimum lease payments	$ 2,565,543	$ 93,756	$ 2,471,787

9. 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 13.75% and will remain fixed through June 30, 2023.

For the years ended June 30, 2023 and 2022, CCSNH contributions to the Pension Plan were $6,156,601 and $6,033,129, respectively.

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

At June 30, 2023 and 2022, respectively, CCSNH reported a liability of $57,266,361 and $46,623,713 for its proportionate share of the net pension liability. The 2023 net pension liability is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022. The net pension liability was rolled forward from June 30, 2021 to June 30, 2022. 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, 2023 and 2022, CCSNH's proportion of the net pension liability was 0.9983% and 1.0520%, respectively.

During the years ended June 30, 2023 and 2022, CCSNH recognized pension expense of $3,600,037 and $772,853, respectively.

At June 30, 2023, 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	$ 1,074,788	$ 219,836
Changes in assumptions	3,046,113	-
Net difference between projected and actual investment earnings on pension plan investments	2,170,321	-
Changes in proportion and differences between employer contributions and share of contributions	-	3,434,519
Contributions subsequent to the measurement date	6,156,601	-
Balances as of June 30, 2023	$ 12,447,823	$ 3,654,355

Amounts reported as deferred outflows of resources 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, 2024. 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,	
2024	$ 981,883
2025	897,805
2026	(1,750,250)
2027	2,507,429
	$ 2,636,867

At June 30, 2022, 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	$ 1,305,531	$ 488,118
Changes in assumptions	4,869,584	-
Net difference between projected and actual investment earnings on pension plan investments	-	13,039,584
Changes in proportion and differences between employer contributions and share of contributions	-	3,089,134
Contributions subsequent to the measurement date	6,033,129	-
Balances as of June 30, 2022	$ 12,208,244	$ 16,616,836

Actuarial Assumptions

The total pension liability was determined by a roll-forward of the actuarial valuations as of June 30, 2022 using the following actuarial assumptions, which, accordingly, apply to 2021 measurements:

Actuarial cost method	Entry age normal
Inflation	2.00% per year
Salary increases	5.40% and 5.60% average, including inflation, 2022 and 2021 valuations, respectively
Wage inflation	2.75% per year (2.25% for teachers)
Investment rate of return	6.75%, net of investment expense, including inflation, per year

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, 2015 – 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 2022 and 2021:

Asset Class	Target Allocation 2021	Target Allocation 2022	Weighted Average Long-Term Expected Real Rate of Return 2021	Weighted Average Long-Term Expected Real Rate of Return 2022
Large Cap Equities	22.50 %	- %	6.46 %	- %
Small/Mid Cap Equities	7.50	-	1.14	-
Total Domestic Equity	30.00	-		
Broad US Equity (1)	-	30.00	-	7.60
Global Ex-US Equity (2)	-	20.00	-	7.90
Total Public Equity	-	50.00		
International Equities (Unhedged)	14.00	-	5.53	-
Emerging International Equities	6.00	-	2.37	-
Total International Equity	20.00	-		
Core US Fixed Income	25.00	25.00	3.60	3.60
Real Estate Equity	10.00	10.00	2.95	6.60
Private Equity	10.00	10.00	7.25	8.85
Total Private Market Equity	20.00	20.00		
Private Debt	5.00	5.00	7.25	7.25
Inflation	-	-	-	2.25
	100.00 %	100.00 %		

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2023 and 2022 was 6.75% for the 2022 and 2021 valuations. 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	$ 76,837,019	$ 57,266,361	$ 40,995,171

Change in Assumption for Purpose of Contribution Rate

On July 1, 2016, the Board of Trustees of NHRS announced a change to adopt revised actuarial assumptions based on the results of a five-year experience study conducted by the retirement systems consulting actuary. Included in these changes will be the lowering of the assumed rate of return from 7.75% to 7.25%. This rate will be used in September to set employer contribution rates for fiscal years 2019, 2020 and 2021. On June 9, 2020, the Board of Trustee voted to reduce the retirement system's investment assumptions, lowering the assumed rate of return from 7.25% to 6.75% for fiscal year 2022. By statute, this valuation will determine employer contribution rates for fiscal years 2023 and 2024.

10. 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. Effective July 1, 2021, the contribution rate was 0.78% and will remain fixed through June 30, 2023. Effective July 1, 2021, the contribution rate was 3.21% and will remain fixed through June 30, 2023. CCSNH's contributions for the NHRS OPEB Plan for the years ended June 30, 2023 and 2022 were $328,265 and $327,786, 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, 2023, CCSNH reported a liability of $2,942,729 for its proportionate share of the net NHRS OPEB liability. The net NHRS OPEB liability as of June 30, 2023 is based on an actuarial valuation performed as of June 30, 2021 and a measurement date of June 30, 2022. The net OPEB liability was rolled forward from June 30, 2021 to June 30, 2022.

At June 30, 2022, CCSNH reported a liability of $3,886,793 for its proportionate share of the net NHRS OPEB liability. The net NHRS OPEB liability as of June 30, 2022 is based on an actuarial valuation performed as of June 30, 2020 and a measurement date of June 30, 2021. The net NHRS OPEB liability was rolled forward from June 30, 2020 to June 30, 2021.

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, 2023 and 2022, CCSNH's proportion of the net NHRS OPEB liability was 0.7787% and 0.9706%, respectively.

For the years ended June 30, 2023 and 2022, CCSNH recognized OPEB (gain) expense of $(674,010) and $98,330, respectively, related to the NHRS OPEB Plan.

At June 30, 2023, 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
Net difference between projected and actual investment earnings on NHRS OPEB plan investments	$ 8,042	$ -
Contributions subsequent to the measurement date	328,265	-
Balances as of June 30, 2023	$ 336,307	$ -

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, 2024. 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,	
2024	$ 1,337
2025	347
2026	(3,164)
2027	9,522
	$ 8,042

At June 30, 2022, 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	$ -	$ 811
Net difference between projected and actual investment earnings on NHRS OPEB plan investments	-	48,553
Changes in proportion	-	617
Contributions subsequent to the measurement date	327,786	-
Balances as of June 30, 2022	$ 327,786	$ 49,981

Actuarial Assumptions

The collective total NHRS OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2022, using the following actuarial assumptions, which apply to the 2020 and 2021 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 year
Salary rate increase	5.40% and 5.60% average, including inflation, 2022 and 2021 valuations, respectively
Price inflation	2.00% per year
Wage inflation	2.75% per year (2.25% for Teachers)
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, 2022 and 2021 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, 2015 – June 30, 2019.

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 2021	Target Allocation 2022	Weighted Average Long-Term Expected Real Rate of Return 2021	Weighted Average Long-Term Expected Real Rate of Return 2022
Large Cap Equities	22.50 %	- %	6.46 %	- %
Small/Mid Cap Equities	7.50	-	1.14	-
Total Domestic Equity	30.00	-		
Broad US Equity (1)	-	30.00	-	7.60
Global Ex-US Equity (2)	-	20.00	-	7.90
Total Public Equity	-	50.00		
International Equities (Unhedged)	14.00	-	5.53	-
Emerging International Equities	6.00	-	2.37	-
Total International Equity	20.00	-		
Core US Fixed Income	25.00	25.00	3.60	3.60
Real Estate Equity	10.00	10.00	2.95	6.60
Private Equity	10.00	10.00	7.25	8.85
Total Private Market Equity	20.00	20.00		
Private Debt	5.00	5.00	7.25	7.25
Inflation	-	-	-	2.25
	100.00 %	100.00 %		

Discount Rate

The discount rate used to measure the total NHRS OPEB liability was 6.75%, for the 2022 and 2021 valuations. 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	$ 3,194,833	$ 2,942,729	$ 2,723,165

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. The CCSNH liability does not include individuals that retired as CCSNH employees prior to 2012.

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, 2023 and 2022 were $1,359,096 and $1,140,474, 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, 2023, CCSNH reported a liability of $54,902,972 for its proportionate share of the State OPEB Plan liability. The State OPEB Plan liability at June 30, 2023 as determined by an actuarial valuation as of December 31, 2020 adjusted forward to a measurement date of June 30, 2020. The State OPEB Plan liability was rolled forward from December 31, 2020 to June 30, 2022.

At June 30, 2022, CCSNH reported a liability of $70,001,795 for its proportionate share of the State OPEB Plan liability. The State OPEB Plan liability at June 30, 2022 was determined by an actuarial valuation as of December 31, 2020 adjusted forward to a measurement date of June 30, 2020. The State OPEB Plan liability was rolled forward from December 31, 2020 to June 30, 2021.

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, 2023 and 2022, CCSNH's proportion of the State OPEB Plan's liability was 3.403% and 3.422%, respectively.

For the years ended June 30, 2023 and 2022, CCSNH recognized OPEB income of $4,183,980 and $26,814,116, respectively, related to the State OPEB Plan.

At June 30, 2023, 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	**$ 10,029,342**	**$ 16,638,960**
Differences between expected and actual experience	**-**	**1,338,842**
Changes in proportion	**-**	**3,956,947**
Proportionate share of contributions subsequent to the measurement date	**1,359,096**	**-**
Balances as of June 30, 2023	**$ 11,388,438**	**$ 21,934,749**

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, 2023. 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,	
2024	$ (4,196,547)
2025	(980,712)
2026	(3,070,350)
2027	(3,657,798)
	$ (11,905,407)

At June 30, 2022, 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	$ 14,262,326	$ 9,585,928
Differences between expected and actual experience	-	1,674,405
Changes in proportion	193,971	5,292,528
Proportionate contributions subsequent to the measurement date	1,106,000	-
Balances as of June 30, 2022	$ 15,562,297	$ 16,552,861

Actuarial Assumptions

The collective total State OPEB Plan liability was determined by a roll forward of the actuarial valuation as of December 31, 2020, using the following actuarial assumptions, which apply to the 2021 and 2022 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
Discount rate	3.54% as of June 30, 2022 measurement and 2.16% as of June 30, 2021 valuation
Price inflation	3.25% per year
Wage inflation	2.75% per year

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.

Postretirement mortality rates:

- Healthy: PubG-2010 Headcount-Weighted Healthy Retiree General Mortality Tables for Group I for the 2020 valuation.
- Disabled: PubNS-2010 Headcount-Weighted Non-Safety Disabled Retiree Mortality Tables for Group I for the 2020 valuation.

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

	2021	2020
Scale - Male	101 %	101 %
Scale - Female	101 %	101 %

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: 0% for one year, then 17.1% for one year, then 5.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year. For 2021, 0% for one year, then 5.50% decreasing by 0.25% per year to 4.5% per year.
- Medicare: n/a through contract period, then 4.5% per year.

Prescription Drug:

- Non-Medicare: 15.0% for one year, 25.70% for one year, then 7.25% decreasing by 0.25% each year to an ultimate level of 4.5% per year. For the 2021 valuation, 15.0% for one year, then 7.50% decreasing by 0.25% each year to an ultimate level of 4.5% per year.
- Medicare: 9.5% for one year, (2.6%) for one year, then 8.5% decreasing by 0.5% each year to an ultimate level of 4.5% per year. For 2021 valuation, 9.5% for one year, decreasing by 0.5% each year to an ultimate level of 4.5% per year.

The actuarial assumptions used in the June 30, 2022 and 2021 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2015 to June 30, 2019.

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 increased from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022. The trend assumptions were revised to reflect known changes in claims experience and future expectations. Per capita health costs and administrative expenses were recalculated based on more recent data.

Sensitivity Analysis

The following presents CCSNH's proportionate share of the total State OPEB liability calculated using the discount rate of 3.54%, 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 (3.54%)	Current Discount Rate (3.54%)	1% Increase (3.54%)
CCSNH's proportionate share of the total State OPEB liability	$ 64,268,209	$ 54,902,972	$ 47,428,081

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	$ 45,764,464	$ 54,902,972	$ 66,701,980

11. Contingencies and Commitments

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 full-time faculty were represented by the NH Higher Education Union (NHHEU), which is part of the International Brotherhood of Electrical Workers, Local 2320. In May 2022, the CCSNH and NHHEU, Local 2320 entered into a Memorandum of Understanding that provided for the extension of the 2020-2021 Collective Bargaining Agreement through June 30, 2023; an across-the-board salary increase of 3% effective August 12, 2022, and a two day reduction in days of responsibilities for 10 month and 11 month faculty. The current Agreement remains in place under the evergreen provisions and CCSNH and the NHHEU are engaged in contract negotiations, which currently involves moving forward the assistance of a third party mediator.

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 parties negotiated a successor collective bargaining agreement effective August 24, 2023 through June 30, 2025. The successor agreement includes a salary adjustments for Fall, 2023 (average 5.3%) and Fall, 2024 (average 6%).

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. (SEA), which is part of the Service Employees International Union Local 1984, CTW, CLC (SEIU). In August 2022, the CCSNH and SEA, Local 1984 entered into a Memorandum of Understanding, that provided for the extension of the 2020-2021 Collective Bargaining Agreement through September 30, 2023; an across-the-board salary increase of 3% effective August 12, 2022, and recognition of the Juneteenth (June 19) holiday. The current Agreement remains in place under the evergreen provisions and CCSNH and the SEA are engaged in contract negotiations, which currently involves moving forward the assistance of a third party mediator.

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, 2023:

	Expended through June 30, 2023	Committed Future Costs	Total Committed Costs of Project
NHTI	$ 206,246	$ 117,079	$ 323,325
MCC	18,818	15,160	33,978
NCC	1,820,360	4,450,127	6,270,487
GBCC	-	-	-
LRCC	934,984	200,061	1,135,045
WMCC	9,005,002	450,222	9,455,224
RVCC	901,446	257,613	1,159,059
Total	$ 12,886,856	$ 5,490,262	$ 18,377,118

12. 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 $7,046,340 and $5,127,109 at June 30, 2023 and 2022, 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, 2023 and 2022, 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, 2023:

	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	**$ 1,631,610**	**$ -**	**$ -**
Equity mutual funds	**32,946,936**	**-**	**-**
Fixed-income mutual funds	**18,237,366**	**-**	**-**
Total	**$ 52,815,912**	**$ -**	**$ -**

Investments held by CCSNH were comprised of the following at June 30, 2022:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 458,333	$ -	$ -
Equity mutual funds	25,126,019	-	-
Fixed-income mutual funds	13,360,183	-	-
Total	$ 38,944,535	$ -	$ -

A summary of fixed-income mutual fund maturities as of June 30, 2023 and 2022 is as follows:

2023		2022	
Amount	**Maturities**	Amount	Maturities
$ 517,187	**More than 3 years**	$ 1,027,071	More than 3 years
1,622,869	**Less than 3 year**	741,725	Less than 3 years
16,097,310	**N/A**	11,591,387	N/A
$ 18,237,366		$ 13,360,183	

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, 2023, individual investments representing more than 5% of the CCSNH's investments were as follows:

	Percentage of Investments
Strategic Advisors Fidelity US Fund	43.8%
Strategic Advisors International Fund	12.5%
Strategic Advisors Core Income Fund	30.5%

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, 2023:

	Level 1	**Level 2**	**Level 3**
Equities	**$ 5,351,177**	**$ -**	**$ -**
Fixed-income	**1,357,140**	**-**	**-**
Total	**$ 6,708,317**	**$ -**	**$ -**

Investments held by the Foundation were comprised of the following at June 30, 2022:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 296,938	$ -	$ -
Equities	4,565,916	-	-
Fixed-income	1,055,904	-	-
Total	$ 5,918,758	$ -	$ -

13. 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 2023 and 2022.

14. COVID-19 Considerations and Relief 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 years ended June 30, 2022 and 2021, CCSNH had expended $221,910 and $3,836,851. As of June 30, 2021, $447,986 was recorded in grants and contracts receivable. The full amount had been received as of June 30, 2022.

In January 2021, the University was awarded 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. As of June 30, 2022, CCSNH had satisfied the terms and conditions of the grant agreement to recognize the revenue for the remaining $701,681. As of June 30, 2022, $302,644 was recorded in grants and contracts receivable. The funds were received in full in fiscal year 2023.

In March 2021, CCSNH was awarded approximately $24,100,000 of ARPA 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. As of June 30, 2022, CCSNH had satisfied the terms and conditions of the grant agreement and recognized the revenue in the amount of $21,999,306. As of June 30, 2022, $3,572,211 was recorded in grants and contracts receivable. As of June 30, 2023, the remaining balance of $413,241 was recognized in revenue and grants and contracts receivable.

In July 2022, White Mountain Community College was awarded approximately $176,874 of ARPA Community Colleges and Rural IHEs Serving a High percentage of Low Income students and experiencing Enrollment Decline (HEERF IV). As of June 30, 2022, the System had not received or expended any of the HEERF IV award. As of June 30, 2023, CCSNH had satisfied the terms and conditions of the grant agreement to recognize the full grant in revenue. As of June 30, 2023, $67,470 was recorded in grants and contracts receivable.

In July 2021, CCSNH was awarded a grant from the State of New Hampshire's Governor's Office for Emergency Relief and Recovery ("GOFERR") under the American Rescue Plan Act's ("ARPA") State and Local Fiscal Recovery Funds ("SLFRF") in the amount of $2,550,000. The funds were to be spent on renovations at Nashua Community College as outlined in the grant agreement. The funds were paid up front to CCSNH. During the years ended June 30, 2023 and 2022, CCSNH expended and recognized as revenue $609,534 and $150,961, respectively. At June 30, 2023, there was $1,789,506 and $2,399,039 in unearned revenue and deposits. In July 2022, an additional $2,611,704 was awarded to CCSNH under the SLFRF. The grants were to be spent to expand LPN programs throughout the System as outlined in the grant agreements. At June 30, 2023, CCSNH has expended and recognized as revenue $619,036 and the full amount was in grants and contracts receivables.

REQUIRED SUPPLEMENTARY INFORMATION

Required Supplementary Information (Unaudited)

June 30

Schedule of Collective Net Pension Liability *

	June 30, 2022	2021	2020	2019	2018	2017	2016	2015	2014
Employer proportion of the collective net pension liability	0.9983 %	1.0520 %	1.0690 %	1.1005 %	1.1181 %	1.2800 %	1.3580 %	1.5230 %	1.5521 %
Employer's proportionate share of the collective net pension liability	$57,266,361	$46,623,713	$68,376,494	$52,954,607	$53,837,038	$62,962,418	$72,213,215	$60,334,154	$58,259,797
Employer's covered-employee payroll	$43,877,302	$47,302,381	$45,456,756	$44,474,567	$45,853,123	$40,724,800	$40,857,944	$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	131 %	99 %	150 %	119 %	117 %	155 %	177 %	129 %	166 %
Plan fiduciary net position as a percentage of the total pension liability	65.12 %	72.22 %	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.

Required Supplementary Information (Unaudited)

Years Ended June 30

Schedule of Employer Contributions (Pension Plan)

	Years ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Required employer contribution*	$ 6,156,601	$ 6,033,129	$ 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*	$ 6,156,601	$ 6,033,129	$ 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	$ 44,775,280	$ 43,877,302	$ 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	13.75 %	13.75 %	10.88 %	10.88 %	11.08 %	11.08 %	12.50 %	12.50 %	10.51 %	10.51 %

** Contributions above are annual contributions subsequent to the measurement date.*
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, 2021 to June 30, 2022 reflects expected service and interest costs reduced by actual benefit payments.

The roll-forward of the total pension liability from June 30, 2020 to June 30, 2021 reflects expected service and interest costs reduced by actual benefit payments.

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.

Actuarially determined contribution rates for the 2022-2023 biennium were determined based on the June 30, 2021 actuarial valuation.

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

Required Supplementary Information (Unaudited)

June 30

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

	June 30, 2022	2021	2020	2019	2018	2017	2016
Employer proportion of the collective net NHRS OPEB Plan liability	0.779 %	0.971 %	0.987 %	1.014 %	1.032 %	1.195 %	1.264 %
Employer's proportionate share of the collective net NHRS OPEB Plan liability	$ 2,942,729	$ 3,886,793	$ 4,322,066	$ 4,322,066	$ 4,723,754	$ 5,462,993	$ 6,118,030
Employer's covered-employee payroll	$ 59,797,179	$ 43,833,048	$ 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 percentage of the employer's covered employee-payroll	4.92 %	8.87 %	9.78 %	10.02 %	10.49 %	12.14 %	13.66 %
Plan fiduciary net position as a percentage of the total NHRS OPEB Plan liability	10.64 %	11.06 %	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.

Required Supplementary Information (Unaudited)

Years Ended June 30

Schedule of Employer Contributions (NHRS OPEB Plan) *

	Years ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Required employer contributions**	$ 328,265	$ 466,418	$ 460,247	$ 464,227	$ 461,510	$ 465,916	$ 738,178
Actual employer contributions**	$ 328,265	$ 466,418	$ 460,247	$ 464,227	$ 461,510	$ 465,916	$ 738,178
Employer's covered-employee payroll	$42,085,256	$59,797,179	$43,833,048	$44,212,095	$43,131,776	$42,702,430	$45,010,854
Employer contribution as a percentage of the employer's covered-employee payroll	0.78 %	0.78 %	1.05 %	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 date.*
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, 2021 to June 30, 2022 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, 2020 to June 30, 2021 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, 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.

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

Required Supplementary Information (Unaudited)

June 30

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

	Years ended June 30,					
	2023	2022	2021	2020	2019	2018
Total State OPEB Plan liability						
Service cost	$ 84,307,513	$ 88,855,352	$ 62,882,134	$ 63,316,502	$ 76,699,396	$ 111,333,637
Interest	45,621,988	50,667,474	64,136,527	75,264,960	81,507,353	84,314,931
Change in benefit terms	-	(498,097,828)	-	-	-	-
Differences between expected and actual experience	(9,036,656)	(36,352,537)	(10,281,706)	(24,532,584)	(7,652,967)	(7,885,961)
Changes of assumptions	(517,692,461)	252,239,520	358,302,338	(177,242,643)	(235,526,750)	(784,281,319)
Changes in benefit terms	-	-	-	-	(182,835,031)	-
Benefits	(35,726,000)	(37,624,000)	(44,600,000)	(51,332,000)	(51,625,000)	(49,772,000)
Net change in total State OPEB Plan liability	(432,525,616)	(180,312,019)	430,439,293	(114,525,765)	(319,432,999)	(646,290,712)
Total State OPEB Plan liability, beginning of year	2,045,589,135	2,225,901,154	1,795,461,861	1,909,987,626	2,229,420,625	2,875,711,337
Total State OPEB Plan liability, end of year	$ 1,613,063,519	$ 2,045,589,135	$ 2,225,901,154	$ 1,795,461,861	$ 1,909,987,626	$ 2,229,420,625

Required Supplementary Information (Unaudited)

June 30

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

	June 30,						
	2023	2022	2021	2020	2019	2018	2017
Employer proportion of the collective total State OPEB Plan liability	3.4030 %	3.4220 %	4.8132 %	4.8440 %	4.9304 %	4.9660 %	4.9255 %
Employer's proportionate share of the collective total State OPEB Plan liability	$54,902,972	$70,001,795	$ 107,136,086	$86,970,326	$94,170,836	$ 110,713,469	$41,644,569
Employer's covered-employee payroll	$43,877,302	$47,302,381	$ 45,456,756	$45,456,756	$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	125 %	148 %	236 %	191 %	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 increased from 2.16% as of June 30, 2021 to 3.54% as of June 30, 2022.
	The discount rate decreased from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.
	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, 2020 to June 30, 2022 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, 2020 to June 30, 2021 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, 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.

BerryDunn

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, 2023, and the related notes to the financial statements, which collectively comprise CCSNH's basic financial statements, and have issued our report thereon dated November 21, 2023. 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.

Report 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 or significant deficiencies may exist that were not identified.

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

Report on 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 21, 2023

BerryDunn

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

Opinion on 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 Office of Management and Budget (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, 2023. CCSNH's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2023.

Basis for Opinion on Each Major Federal Program

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 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of CCSNH and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of CCSNH's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to CCSNH's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on CCSNH's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about CCSNH's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with U.S. generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding CCSNH's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of CCSNH's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 CCSNH's internal control over compliance. Accordingly, no such opinion is expressed.

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 Educational Computer Systems, Inc. (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 the *Guide for Audits of Proprietary Schools and for Compliance Attestation Engagements for Third-Party Services Administering Title IV Programs* issued by the U.S. Department of Education, Office of Inspector General.

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.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2023-001. Our opinion on each major federal program is not modified with respect to that matter.

Government Auditing Standards requires the auditor to perform limited procedures on CCSNH's response to the noncompliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. CCSNH's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standard requires the auditor to perform limited procedures on the Authority's responses to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the basic financial statements of CCSNH as of and for the year ended June 30, 2023, and the related notes to the financial statements and have issued our report thereon dated November 21, 2023, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis 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 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 21, 2023

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, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
United States Department of Agriculture			
Community Facilities Loans and Grants - Direct	10.766		$ 1,461,902
Rural Energy for America Program - Direct	10.868		33,189
Total United States Department of Agriculture			1,495,091
United States Department of Housing and Urban Development			
Community Development Economic Authority - Passed-Through			
Community Development Block Grants/Entitlements	14.218	22-410-CDMC	64,128
United States Department of Labor			
Apprenticeship USA Grants - Direct	17.285		1,216,245
Dartmouth Hitchcock Medical Center - Passed-Through			
H-1B Job Training Grants	17.268	N/A	106,749
Total United States Department of Labor			1,322,994
United States Department of Transportation			
Aviation Maintenance Technical Workers - Direct	20.112		41,162
United States Department of Treasury			
State of New Hampshire - Passed-Through			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	1,228,570
Research and Development Cluster			
National Science Foundation - Direct			
Education and Human Resources	47.076		91,202
Integrative Activities	47.083		60,763
Total National Science Foundation			151,965

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

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
United States Department of Education			
Student Financial Assistance Cluster - Direct			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007		625,866
Federal Work-Study Program	84.033		163,394
Federal Perkins Loan Program	84.038		339,238
Federal Pell Grant Program	84.063		9,991,532
Federal Direct Student Loans	84.268		19,360,443
Total Student Financial Assistance Cluster			30,480,473
New Hampshire Department of Education - Passed-Through			
Career and Technical Education - Basic Grants to States			
	84.048	20230400	1,017,375
	84.048	20230400	9,790
	84.048	20230400	8,284
Total AL number 84.048			1,035,449
Funds for the Improvement of Postsecondary Education - Direct	84.116		10,039
Higher Education Emergency Relief Funds (HEERF) Education Stabilization Funds - Direct			
Education Stabilization Fund Discretionary Grants	84.425 E&F		517,090
Education Stabilization Fund Discretionary Grants	84.425 T		176,874
Total HEERF Education Stabilization Funds			693,964
Total United States Department of Education			32,219,925
Japan - U.S. Friendship Commission - Passed-Through			
Northern Border Regional Development	90.601		25,559

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)

Schedule of Expenditures of Federal Awards (Concluded)

Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
United States Department of Health and Human Services			
University of Massachusetts - Passed-Through			
Health and Safety Program for Construction Workers	93.355	90 PH0001/01-03	1,575
State of New Hampshire - Passed-Through			
Child Care Mandatory and Matching Funds of Child Care and Development Fund	93.596	N/A	138,245
Trustees of Dartmouth College - Passed-Through			
Biomedical Research and Research Training	93.859	OLA-1757371	80,965
Dartmouth Hitchcock Medical Center - Passed-Through			
PPHF Geriatric Workforce Program	93.969	501QHP3219-05-00	3,741
Total United States Department of Health and Human Services			224,526
Total Expenditures of Federal Awards			$ 36,773,920

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule or SEFA) includes the federal grant activity of the Community College System of New Hampshire (CCSNH) for the year ended June 30, 2023. 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited 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, 2023 was $102,288.

4. Federal Perkins Loan Program Close Out Audit

The compliance audit performed over CCSNH included the audit of the liquidation procedures for the Federal Perkins Loan Program for the following colleges:

1. Great Bay Community College
2. Lakes Region Community College
3. New Hampshire Technical Institute
4. White Mountain Community College

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

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?	X	Yes	____	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?	X	Yes	____	No

Identification of Major Programs:

AL Number(s)	Name of Federal Program or Cluster
10.766	U.S. Department of Agriculture Community Facilities Loans and Grants
21.027	U.S. Department of Treasury Coronavirus State and Local Fiscal Recovery Funds
84.007, 84.033, 84.038, 84.063, 84.268	U.S. Department of Education Student Financial Assistance Cluster

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

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

Finding Number: 2023-001

Information on the Federal Program: Federal Agency: United States Department of Treasury
Program Names: Coronavirus State and Local Fiscal Recovery Funds
AL: 21.027
Federal Award Year: 2023

Criteria: Required by 2 CFR, Part 200 for federally funded programs, when an institution enters into a covered transaction with an entity or individual, an institution must verify that the vendor or employee is not suspended or debarred or otherwise excluded from participating in federal programs. Generally, a covered transaction is a transaction expected to equal or exceed $25,000 and be funded with federal dollars. This verification may be accomplished by checking the System for Award Management (SAM), formerly the Excluded Parties List System, maintained by the General Services Administration, collecting a certification from the vendor, or by adding a clause or condition to the covered transaction.

Condition Found: During our audit, we noted CCSNH did not consistently review the SAM for vendors and employees meeting the covered transaction threshold.

Context: Based on our testing, we noted that none of the vendors and employees selected in our testing that were charged to the grant were included in the SAM listing. Although we did note CCSNH has a process to review grant-funded employees upon hire and on a monthly basis to the SAM and to grant-funded vendors prior to payment, this review did not occur for the vendors and employees charged to this specific grant.

Questioned Costs: None noted

Cause and Effect: CCSNH is aware of the requirement to verify vendors and employees against the SAM. Given the nature and timing of when these grant funds were awarded, the employees and vendors were not hired specifically to work on this grant and therefore the reviews were not performed. Since this process was not performed on employees and vendors, there was a risk that employees and vendors who may be included on the SAM were included in the expenditures for this federal program.

Identification as a Repeat Finding, if applicable:	N/A
Recommendation:	We recommend CCSNH implement a process to verify any employees that are charged to a grant subsequent to their initial hire, whether through allocations or journal entries, are reviewed against the SAM. We also recommend CCSNH provide additional training to all individual at the System and the individual college involved in the accounts payable, procurement and payroll processes on the importance of the SAM reviews and the existing System policies and procedures regarding suspension and debarment.
Views of a Responsible Official and Corrective Action Plan:	Management agrees with the finding and the recommendation. See Corrective Action Plan on page 84. Responsible party: John Harrington, Controller, (603) 230-3505

COMMUNITY COLLEGE
system of New Hampshire

Finding 2023-001

The Community College System of New Hampshire agrees with the finding and the recommendation to implement a process to verify any employees that are charged to a grant prior to their initial hire, whether through allocations or journal entries, are reviewed against the System for Award Management (SAM.gov) suspension and debarred database.

CCSNH has created grant policies (904.7) and procedures to ensure compliance with the federal requirement. Every vendor, and employee, charged against a grant will be checked against the SAM database. The verification process will be done regardless of the amount of the contractual engagement. The CCSNH Procurement Office, will ensure vendors are not on the suspension and debarred list during the initial contractual engagement, and then annually thereafter. The process to verify all employees will be done during the background check process and annually thereafter by the Human Resource Officers.

Responsible Party: Kate O'Connor

Title: Director of Sponsored Programs

Phone: 603-230-3500