



(A Component Unit of the State of New Hampshire)

FINANCIAL STATEMENTS

and

FEDERAL REPORTS IN ACCORDANCE WITH OMB CIRCULAR A-133

June 30, 2012 and 2011

With Independent Auditors' Report

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

Reports on Audits of Financial Statements and Supplemental Information

As of June 30, 2012 and 2011

and

For the Year Ended June 30, 2012

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Community College System of New Hampshire
(a component unit of the State of New Hampshire)

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of the Community College System of New Hampshire (a component unit of the State of New Hampshire) (CCSNH) as of June 30, 2012 and 2011 and for the year ended June 30, 2012 as listed in the table of contents. These financial statements are the responsibility of CCSNH's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the aggregate discretely presented component unit, is based on the reports of the other auditors.

We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other the other auditors provide a reasonable basis for our opinion.

As described in Note 8, the accompanying statement of net position of CCSNH as of June 30, 2011 has been restated to report certain items on an accrual basis and to correct certain errors.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the aggregate discretely presented component unit of CCSNH as of June 30, 2012 and 2011, and the respective changes in financial position and cash flows thereof for the year ended June 30, 2012, in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2012 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

U.S. generally accepted accounting principles require that the Management's Discussion and Analysis on pages 2 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Bury, Dunn, McNeil & Parker

Manchester, New Hampshire
December 21, 2012

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

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

INTRODUCTION

The following management's discussion and analysis (MD&A) is intended to provide an overview of the financial position and results of operations of the Community College System of New Hampshire (CCSNH) for the fiscal year ended June 30, 2012. This discussion is provided by the management of CCSNH and should be read in conjunction with the following financial statements and notes.

The New Hampshire State Legislature, through the passage of Chapter 361, Laws of 2007, established the 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 is its policy making and operational authority.

CCSNH is a statewide system of seven community colleges, two satellite campuses and an office of the Chancellor. It includes the Community Colleges of New Hampshire Foundation as a discretely presented non-major component unit.

CCSNH offers associate degrees, professional training, and transfer pathways to four-year degrees to approximately 27,000 students.

The 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. The MD&A includes information only for CCSNH, not its component unit. Complete financial statements of the Foundation can be obtained from CCSNH's administrative office.

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 of CCSNH are accounted for in the appropriate period.

CCSNH's financial statements include three main documents, a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows.

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

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

STATEMENT OF NET POSITION

The statement of net position presents the financial position of CCSNH at the end of the year and includes all assets and liabilities of CCSNH, the difference between the two being net position. The condensed statement of net position is shown below.

	June 30	
	2012	2011
Assets		
Current	\$ 19,840,613	\$ 20,185,123
Net capital	101,664,893	23,079,641
Other noncurrent assets	<u>5,398,696</u>	<u>935,464</u>
Total assets	<u>\$ 126,904,202</u>	<u>\$ 44,200,228</u>
Liabilities		
Current	\$ 9,919,398	\$ 10,586,783
Noncurrent	<u>21,531,897</u>	<u>21,701,092</u>
Total liabilities	<u>\$ 31,451,295</u>	<u>\$ 32,287,875</u>
Net position		
Invested in capital assets, net of related debt	\$ 85,128,765	\$ 5,080,422
Restricted nonexpendable	154,697	159,889
Restricted expendable	1,981,581	-
Unrestricted	<u>8,187,864</u>	<u>6,672,042</u>
Total net position	<u>\$ 95,452,907</u>	<u>\$ 11,912,353</u>

The cash position of CCSNH is stable and sufficient to meet obligations as they come due.

In FY 2012, net assets increased significantly due to the passage of Chapter 199, Laws of 2011, which transferred ownership of all the property used by CCSNH from the State of New Hampshire to CCSNH. The transfer is included in the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2012 as an increase to the net position of CCSNH. The capital assets recognized in the transfer were from two separate pools, those assets meeting the State's capitalization policy with a net book value of \$71,123,625, and those capital assets with costs that are less than the State's capitalization threshold, but are considered capital assets under CCSNH's capitalization policy, with a net book value of \$5,536,628.

Accrued salary and benefits and bonds payable comprise the majority of current and noncurrent liabilities. Most of CCSNH's construction projects are paid for by the State of New Hampshire through the State's capital budget. However, certain projects, e.g., dorms, while financed by the State through the capital budget, are paid for by CCSNH. Fees collected from students are used to pay the principal and interest on the bonds used to fund these projects.

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

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The following Statement of Revenues, Expenses and Changes in Net Position presents information showing the results of operations for CCSNH for fiscal year ended June 30, 2012. The condensed Statement of Revenues, Expenses and Changes in Net Position is shown below.

Operating revenues	
Tuition and fees	\$ 71,113,729
Other revenue	<u>9,392,589</u>
Total operating revenue	80,506,318
Operating expenses	
Employee compensation and benefits	82,967,197
Other operating expenses	<u>25,706,190</u>
Total operating expenses	<u>108,673,387</u>
Operating loss	<u>(28,167,069)</u>
Nonoperating revenues (expenses) and other changes	
State appropriations - operating	31,358,244
State appropriations - capital	4,550,488
Transfer from the State of New Hampshire (the State)	71,123,625
Capital assets received below the State's capitalization policy	5,536,628
Other nonoperating revenues (expenses)	<u>(861,362)</u>
Nonoperating revenues, net	<u>111,707,623</u>
Increase in net position	83,540,554
Net position at beginning of year, as restated	<u>11,912,353</u>
Net position at end of year	\$ <u>95,452,907</u>

The majority of operating revenue recorded by CCSNH comes from net tuition and fees which totaled \$71.1 million in FY 2012. Tuition was affected by the increase in the per credit cost which increased 7.7%, from \$195 to \$210 per credit, in FY 2012.

CCSNH is, like many institutions of higher education, labor intensive and operating expenses are mainly payments to employees for salaries and benefits. CCSNH is aware of the importance of controlling these costs, works to establish the optimal mix of full and part time employees and concentrates on minimizing yearly increases in benefit costs.

State operating appropriations are recorded as non-operating revenue but are used, and are essential, for the day to day operations of CCSNH. In FY 2012, State appropriations totaled \$31.4 million. Other changes in net position are comprised of increases from the transfer and reclassification of assets mentioned above and State capital appropriations which totaled \$4.6 million.

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

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

STATEMENT OF CASH FLOWS

The statement of cash flows provides pertinent information about the cash receipts and cash payments during a certain period of time. The statement provides an additional tool to assess the financial health of the institution. The condensed statement of cash flows is shown below:

Net Cash Used - Operating Activities	\$ (22,248,000)
Net Cash Provided - Noncapital Financing Activities	31,358,244
Net Cash Used - Capital and Related Financing Activities	<u>(9,013,497)</u>
Net Increase in Cash and Cash Equivalents	<u>96,747</u>
Cash and cash equivalents, beginning of year	<u>18,252,389</u>
Cash and cash equivalents, end of year	\$ <u>18,349,136</u>

As stated above, cash and cash equivalents remained steady from FY 11 to FY 12. The inflows of cash matched the outflows with net increase of \$96,747 for the year.

CAPITAL ASSETS AND DEBT

The Community College System of New Hampshire has received significant funding as part of the State of New Hampshire's Capital Budget over the past several biennia. The funding has allowed for major construction and renovation at all seven campuses and has changed the look of CCSNH. The construction has allowed CCSNH to accommodate the net growth experienced over the last several years. During the year ended June 30, 2012, CCSNH paid \$6,689,044 for capital asset additions.

CCSNH did not incur any additional debt during the year ended June 30, 2012. During the year ended June 30, 2012, CCSNH paid \$1,463,091 in principal payments on bonds payable and capital lease obligations.

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

Management's Discussion and Analysis (Unaudited)

June 30, 2012 and 2011

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The economic condition of CCSNH is closely tied to the State. CCSNH's state appropriation for FY 2013 will remain fairly level compared to FY 2012. Despite the decrease in state appropriations of approximately 20% in FY2012, CCSNH's Board of Trustees decided not to increase the tuition rates for FY 2013. CCSNH took measures to lower costs and expenses to enable it to hold tuition level for the upcoming year but Trustees sounded a strong note of caution about the strain that has placed on college operations in a time of increasing demand.

One trend that CCSNH sees is growth in online courses, which offer greater flexibility of scheduling and convenience for students who often face the demands of jobs and family. Over the last five years, CCSNH has seen enrollment in online courses increase by 64 percent. The convenience and quality of online courses is a strong selling point and the community colleges offer more than 700 online courses each year. The content and richness of resources that are part of online course offerings are surprising to many who are unfamiliar with online learning, but that growth in this area is linked to increasing student demand and research showing the quality of online education.

During the year ended June 30, 2012, CCSNH was awarded \$19.9 million, the largest grant in the System's history, to develop training programs that will support NH's advanced manufacturing industry. CCSNH applied for the grant through the US Department of Labor's Trade Adjustment Act-Community College Career and Training Grant program. The funds will enable CCSNH to develop programs that prepare individuals for skilled employment to meet current and emerging workforce needs in advanced manufacturing in New Hampshire. The programs will focus on displaced workers and other job-seekers by providing training opportunities at multiple professional levels in skills linked to regional employment.

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

Statements of Net Position

June 30, 2012 and 2011

	Community College System of New Hampshire		Community Colleges of New Hampshire Foundation	
	June 30		June 30	
	2012	Restated 2011	2012	2011
Assets				
Current assets				
Cash and cash equivalents	\$ 18,349,136	\$ 18,252,389	\$ 549,840	\$ 519,991
Student accounts receivable	411,018	1,076,016	-	-
Other accounts receivable	374,028	225,000	71,029	136,444
Grants and contracts receivable	706,431	631,718	-	-
Total current assets	<u>19,840,613</u>	<u>20,185,123</u>	<u>620,869</u>	<u>656,435</u>
Noncurrent assets				
Student loans receivable, net	848,208	935,464	-	-
Due from State of New Hampshire for capital appropriations	4,550,488	-	-	-
Investments	-	-	9,397,255	9,592,986
Capital assets, net	<u>101,664,893</u>	<u>23,079,641</u>	<u>-</u>	<u>-</u>
Total noncurrent assets	<u>107,063,589</u>	<u>24,015,105</u>	<u>9,397,255</u>	<u>9,592,986</u>
Total assets	<u>\$ 126,904,202</u>	<u>\$ 44,200,228</u>	<u>\$ 10,018,124</u>	<u>\$ 10,249,421</u>
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	\$ 1,156,593	\$ 1,119,182	\$ 227,867	\$ 289,348
Accrued salaries and benefits	6,353,970	5,330,502	-	-
Due to State of New Hampshire	-	1,076,580	-	-
Deferred revenue and deposits	860,664	1,597,428	-	-
Current portion of bonds payable	1,337,409	1,205,854	-	-
Current portion of capital lease obligations	<u>210,762</u>	<u>257,237</u>	<u>-</u>	<u>-</u>
Total current liabilities	<u>9,919,398</u>	<u>10,586,783</u>	<u>227,867</u>	<u>289,348</u>
Noncurrent liabilities				
Accounts payable and accrued liabilities	1,338,440	-	-	-
Accrued salaries and benefits	4,265,000	4,193,000	-	-
Refundable advances	940,500	971,964	-	-
Bonds payable	14,879,950	16,217,359	-	-
Capital lease obligations	<u>108,007</u>	<u>318,769</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>21,531,897</u>	<u>21,701,092</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>31,451,295</u>	<u>32,287,875</u>	<u>227,867</u>	<u>289,348</u>
Commitments and contingencies (Notes 5 and 6)				
Net position				
Invested in capital assets, net of related debt	85,128,765	5,080,422	-	-
Restricted nonexpendable	154,697	159,889	8,418,870	8,366,068
Restricted expendable	1,981,581	-	1,174,079	1,420,280
Unrestricted	<u>8,187,864</u>	<u>6,672,042</u>	<u>197,308</u>	<u>173,725</u>
Total net position	<u>95,452,907</u>	<u>11,912,353</u>	<u>9,790,257</u>	<u>9,960,073</u>
Total liabilities and net position	<u>\$ 126,904,202</u>	<u>\$ 44,200,228</u>	<u>\$ 10,018,124</u>	<u>\$ 10,249,421</u>

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)

Statement of Revenues, Expenses and Changes in Net Position

Year Ended June 30, 2012

	<u>Community College System of New Hampshire</u>	<u>Community Colleges of New Hampshire Foundation</u>
Operating revenues		
Tuition and fees	\$ 71,799,402	\$ -
Less scholarships	<u>(685,673)</u>	<u>-</u>
Net tuition and fees	71,113,729	-
Grants and contracts	3,472,679	-
Contributions	-	574,212
Other auxiliary enterprises	2,698,779	-
Other operating revenue	<u>3,221,131</u>	<u>-</u>
Total operating revenues	<u>80,506,318</u>	<u>574,212</u>
Operating expenses		
Employee compensation and benefits	82,967,197	-
Other operating expenses	16,913,611	616,991
Utilities	2,690,094	-
Depreciation	<u>6,102,485</u>	<u>-</u>
Total operating expenses	<u>108,673,387</u>	<u>616,991</u>
Operating loss	<u>(28,167,069)</u>	<u>(42,779)</u>
Nonoperating revenues (expenses)		
State appropriation	31,358,244	-
Contributions for long-term purposes	-	27,191
Investment loss	-	(154,228)
Interest expense on capital debt	<u>(861,362)</u>	<u>-</u>
Nonoperating revenues (expenses), net	<u>30,496,882</u>	<u>(127,037)</u>
Income (loss) before other changes in net position	<u>2,329,813</u>	<u>(169,816)</u>
Other changes in net position		
State appropriations for capital expenditures	4,550,488	-
Transfer from the State of New Hampshire (the State)	71,123,625	-
Capital assets received below the State's capitalization policy	<u>5,536,628</u>	<u>-</u>
Total other changes in net position	<u>81,210,741</u>	<u>-</u>
Increase (decrease) in net position	<u>83,540,554</u>	<u>(169,816)</u>
Net position at beginning of year, as previously stated	9,410,017	9,960,073
Prior period adjustments	<u>2,502,336</u>	<u>-</u>
Net position at beginning of year, as restated	<u>11,912,353</u>	<u>9,960,073</u>
Net position at end of year	<u>\$ 95,452,907</u>	<u>\$ 9,790,257</u>

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)

Statement of Cash Flows

Year Ended June 30, 2012

	Community College System of New Hampshire	Community Colleges of New Hampshire Foundation
Cash flows from operating activities		
Tuition and fees	\$ 71,389,439	\$ -
Grants and contracts	3,128,782	-
Auxiliary enterprises	2,698,779	-
Contributions received	-	639,627
Payments to suppliers	(19,766,095)	(678,472)
Payments to employees	(82,748,508)	-
Other cash receipts	3,049,603	-
Net cash used for operating activities	<u>(22,248,000)</u>	<u>(38,845)</u>
Cash flows from noncapital financing activities		
State appropriations	31,358,244	-
Contributions for long-term purposes	-	27,191
Net cash provided by noncapital financing activities	<u>31,358,244</u>	<u>27,191</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(6,689,044)	-
Principal on capital debt and leases	(1,463,091)	-
Interest on capital debt and leases	(861,362)	-
Net cash used for capital and related financing activities	<u>(9,013,497)</u>	<u>-</u>
Cash flows from investing activities		
Proceeds from sales and maturities of investments	-	11,243,334
Purchase of investments	-	(11,462,998)
Interest and dividends received	-	261,167
Net cash provided by investing activities	<u>-</u>	<u>41,503</u>
Net increase in cash and cash equivalents	96,747	29,849
Cash and cash equivalents, beginning of year	<u>18,252,389</u>	<u>519,991</u>
Cash and cash equivalents, end of year	<u>\$ 18,349,136</u>	<u>\$ 549,840</u>
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	\$ (28,167,069)	\$ (42,779)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	6,102,485	-
Changes in assets and liabilities		
Student accounts receivable	664,998	-
Other accounts receivable	(149,028)	65,415
Student loans receivable	87,256	-
Grants receivable	(74,713)	-
Accounts payable and accrued liabilities	37,411	(61,481)
Accrued salaries and benefits	1,095,468	-
Due to the State of New Hampshire	(1,076,580)	-
Deferred revenue and deposits	(736,764)	-
Refundable advances	(31,464)	-
Net cash used for operating activities	<u>\$ (22,248,000)</u>	<u>\$ (38,845)</u>
Noncash capital and related financing activities:		
Capital asset additions included in accounts payable as of June 30	<u>\$ 1,338,440</u>	<u>-</u>

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)

Notes to Financial Statements

June 30, 2012 and 2011

Nature of Business

The Community College System of New Hampshire (CCSNH) is comprised of the following colleges - New Hampshire Technical Institute (NHTI), Manchester Community College (MCC), Nashua Community College (NCC), Great Bay Community College (GBCC), Lakes Region Community College (LRCC), White Mountain 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 19 voting members appointed by the Governor and Executive Council. CCSNH funds its operations through tuition, room and board, fees, grants, legacies and gifts, and 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

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, as prescribed by the Governmental Accounting Standards Board (GASB). Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met. In accordance with GASB Statement No. 14, *The Financial Reporting Entity*, CCSNH is a component unit of the State of New Hampshire as it receives an annual appropriation.

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 of New Hampshire (the State), net investment income (loss), gifts restricted for capital expenditures, and interest expense.

CCSNH applies all pronouncements issued by the Financial Accounting Standards Board (FASB) on or before November 30, 1989, to the extent they do not conflict with GASB pronouncements.

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

Notes to Financial Statements

June 30, 2012 and 2011

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.

CCSNH maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. It has not experienced any losses in such accounts. Management believes it is not exposed to any significant risk on cash and cash equivalents.

Student Accounts Receivable

CCSNH extends credit to students in the form of accounts receivable. Accounts receivable are stated at the amount management expects to collect from outstanding balances. CCSNH has adopted the direct write-off method for probable uncollectible amounts through a charge to earnings and a credit to students account receivable based on its assessment of the current status of individual accounts.

Student 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. Such funds may be reloaned by CCSNH after collection. Amounts advanced by the federal government under this program are ultimately refundable and are classified as federal student loan funds.

Student loans receivable are stated at their unpaid principal balances adjusted for chargeoffs and the allowance for loan losses. Interest income on student loans receivable is recorded when received. CCSNH provides for probable uncollectible amounts through a charge to expense and a credit to allowance for loan loss based on its assessment of the current status of individual accounts. Balances that are still outstanding after the College has used reasonable collection efforts are written off through a charge to the allowance for loan loss and a credit to student loans receivable. Student loans receivable at June 30, 2012 and 2011 are reported net of allowance for loan loss of \$450,000.

Collections of the student loans receivable may not be used to pay current liabilities, as the proceeds are restricted for making new loans. Accordingly, the student loans receivable are recorded in the accompanying Statements of Net Position as noncurrent assets.

Grants and Contracts and Capital Appropriations

CCSNH records a receivable and corresponding revenue for these funding sources at the point all eligibility requirements (e.g., allowable costs are incurred) are met.

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

Notes to Financial Statements

June 30, 2012 and 2011

Investments

The Foundation carries investments in marketable securities at their fair value. Fair value is based on unadjusted, quoted prices in active markets for identical assets at the measurement date, which are Level 1 inputs as defined by FASB Accounting Standards Codification Topic 820, *Fair Value Measurements*. 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 on securities 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 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 \$3,000 or more are capitalized. Cost for maintenance, repairs and minor renewals and replacements are expensed as incurred. The costs of library materials are expensed as incurred.

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

	<u>Years</u>
Buildings	40
Building and land improvements	20
Equipment	5

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.

Deferred Revenue and Deposits

Deferred revenue consists 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.

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

Notes to Financial Statements

June 30, 2012 and 2011

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 the termination of CCSNH's participation in the programs. The portion that would be refundable if the programs were terminated as of June 30, 2012 and 2011 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 on a revolving basis for loans during the time CCSNH participates in the Federal Perkins Loan Program.

Net Assets

GASB Statement No. 34 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.

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.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
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Notes to Financial Statements

June 30, 2012 and 2011

Contributions

Contributions are recorded at their fair value at the date of gift. Promises to donate to the Foundation are recorded as receivables and revenues when the Foundation 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 currently expendable. Pledges receivable, which are included in other accounts receivable in the Statements of Net Position, are reported net of amounts deemed uncollectible, and after discounting to the present value of the expected future cash flows. Because of uncertainties with regard to their realizability and valuation, bequests and intentions to give and other conditional promises are not recognized as assets until the specified conditions are met.

Contributions of services are recorded if the services create or enhance non-financial assets or the services are performed by individuals possessing specialized skills and those services would normally need to be purchased if not donated. These services are recorded at their fair value at the time of contribution.

Transfer from the State of New Hampshire

During the year ended June 30, 2012, the State of New Hampshire, through legislative action, transferred all functions, powers, duties, books, papers, records, and property of every kind, tangible and intangible, real and personal, possessed, controlled, or used by the former department of regional community-technical colleges to CCSNH.

The transfer is included in the Statement of Revenues, Expenses and Changes in Net Position for the year ended June 30, 2012 as an increase to the net position of CCSNH. The capital assets recognized in the transfer were from two separate pools, those assets meeting the State's capitalization policy with a net book value of \$71,123,625, and those capital assets with costs that are less than the State's capitalization threshold, but are considered capital assets under CCSNH's capitalization policy, with a net book value of \$5,536,628.

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.

Use of Estimates in Financial Statement Preparation

The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
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Notes to Financial Statements

June 30, 2012 and 2011

2. Cash and Cash Equivalents

Custodial credit risk is the risk that in the event of bank failure, CCSNH's deposits may not be returned. Deposits are considered uninsured and uncollateralized if they are not covered by depository insurance and are (a) uncollateralized, (b) collateralized with securities held by the pledging financial institution, or (c) collateralized with securities held by the pledging financial institution's trust department or agent but not in CCSNH's name. As of June 30, 2012 and 2011, the cash and equivalents balances had no uninsured or uncollateralized deposits.

3. Capital Assets

Capital asset activity for the year ended June 30, 2012 is summarized below:

	Beginning Balance	Additions, net of Retirements	Transfers	Transferred from State of New Hampshire	Capital assets below the State's capitalization policy	Ending Balance
Land	\$ -	\$ -	\$ -	\$ 955,729	\$ -	\$ 955,729
Construction-in-process	-	<u>4,900,187</u>	<u>(4,118,554)</u>	<u>3,875,060</u>	-	<u>4,656,693</u>
Total non-depreciable assets	-	<u>4,900,187</u>	<u>(4,118,554)</u>	<u>4,830,789</u>	-	<u>5,612,422</u>
Land improvements	-	278,703	211,918	3,577,020	-	4,067,641
Buildings and improvements	30,876,442	1,899,371	3,906,636	107,907,749	3,611,469	148,201,667
Equipment	<u>300,000</u>	<u>684,799</u>	-	<u>6,760,152</u>	<u>3,510,904</u>	<u>11,255,855</u>
Total depreciable assets	<u>31,176,442</u>	<u>2,862,873</u>	<u>4,118,554</u>	<u>118,244,921</u>	<u>7,122,373</u>	<u>163,525,163</u>
Accumulated depreciation	<u>(8,096,801)</u>	<u>(5,838,061)</u>	-	<u>(51,952,085)</u>	<u>(1,585,745)</u>	<u>(67,472,692)</u>
Capital assets, net	<u>\$ 23,079,641</u>	<u>\$ 1,924,999</u>	<u>\$ -</u>	<u>\$ 71,123,625</u>	<u>\$ 5,536,628</u>	<u>\$ 101,664,893</u>

During the year ended June 30, 2012, CCSNH retired capital assets with a cost basis of \$264,424 and a net book value of zero.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
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Notes to Financial Statements

June 30, 2012 and 2011

4. Long-term Liabilities

Changes in long-term liabilities during the year ended June 30, 2012 were as follows:

	Balance at June 30, <u>2011</u>	<u>Additions</u>	<u>Reductions</u>	Balance at June 30, <u>2012</u>	<u>Current Portion</u>
Leases and bonds payable					
Capital lease obligations	\$ 576,006	\$ -	\$ (257,237)	\$ 318,769	\$ 210,762
Bonds payable	<u>17,423,213</u>	<u>-</u>	<u>(1,205,854)</u>	<u>16,217,359</u>	<u>1,337,409</u>
Total leases and bonds payable	17,999,219	-	(1,463,091)	16,536,128	1,548,171
Accounts payable and accrued liabilities	-	1,338,440	-	1,338,440	-
Accrued salaries and benefits	9,523,502	1,095,468	-	10,618,970	6,353,970
Refundable advances	<u>971,964</u>	<u>-</u>	<u>(31,464)</u>	<u>940,500</u>	<u>-</u>
Long-term liabilities	<u>\$ 28,494,685</u>	<u>\$ 2,433,908</u>	<u>\$ (1,494,555)</u>	<u>\$ 29,434,038</u>	<u>\$ 7,902,141</u>

Lease Obligations

CCSNH leases certain equipment and real estate under leases with terms exceeding one year. Future minimum lease payments under capital leases and under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2012 are as follows:

	<u>Capital Leases</u>		<u>Operating Leases</u>	
<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>		<u>Total</u>
2013	\$ 210,762	\$ 14,838	\$ 723,094	\$ 948,694
2014	52,717	5,271	682,190	740,178
2015	55,290	2,698	352,503	410,491
2016	-	-	184,714	184,714
2017	-	-	188,154	188,154

Total expense related to operating leases amounted to \$1,704,939 for the year ended June 30, 2012. Interest expense related to capital leases amounted to \$51,019 for the year ended June 30, 2012.

The original cost basis of leased capital assets as of June 30, 2012 and 2011 was \$1,632,235. Accumulated depreciation includes \$1,379,012 and 1,185,788 as of June 30, 2012 and 2011 for the leased capital assets.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
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Bonds Payable

Bonds payable consist of the following at June 30:

	<u>2012</u>	<u>2011</u>
1994 Series A General Obligation Bonds (original principal of \$850,000) Serial bonds maturing through 2015 with annual principal payments from \$28,058 to \$33,976 and interest rates from 6.15% to 6.20%	\$ 89,860	\$ 123,835
1995 Series A General Obligation Bonds (original principal of \$250,000) Serial bonds maturing in 2016 with a principal payment of \$31,712 and an interest rate of 6.20%	31,712	31,712
2002 Series A General Obligation Bonds (original principal of \$448,448) Serial bonds matured in 2012 with a principal payment of \$1,229 and an interest rate of 5.00%	-	1,229
2005 Series A General Obligation Bonds (original principal of \$2,300,000) Serial bonds maturing through 2025 with annual principal payments from \$100,000 to \$160,000 and interest rates from 3.50% to 4.25%	1,040,000	1,140,000
2006 Series A General Obligation Bonds (original principal of \$1,703,059) Serial bonds maturing through 2021 with annual principal payments from \$17,185 to \$246,814 and interest rates from 4.00% to 4.25%	1,634,262	1,666,172
2008 Series A General Obligation Bonds (original principal of \$7,732,622) Serial bonds maturing through 2027 with annual principal payments from \$309,305 to \$463,957 and interest rates from 3.375% to 4.00%	4,948,878	5,412,836
2008 Series C General Obligation Bonds (original principal of \$2,141,678) Serial bonds maturing through 2028 with annual principal payments from \$0 to \$128,504 and interest rates from 4.00% to 5.00%	1,166,841	1,295,344
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%	4,400,000	4,700,000
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%	1,850,716	1,996,995
2010 Series B General Obligation Bonds (original principal of \$1,055,089) Serial bonds maturing through 2020 with annual principal payments from \$115,501 to \$150,526 and interest rates from 3.00% to 4.00%	<u>1,055,090</u>	<u>1,055,090</u>
	<u>\$ 16,217,359</u>	<u>\$ 17,423,213</u>

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
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Notes to Financial Statements

June 30, 2012 and 2011

Principal and interest payments on bonds payable for the next five years and in subsequent five-year periods are as follows at June 30, 2012:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,337,409	\$ 765,343	\$ 2,102,752
2014	1,353,205	714,625	2,067,830
2015	1,375,297	661,198	2,036,495
2016	1,397,821	593,852	1,991,673
2017	1,324,665	471,596	1,796,261
2018-2022	5,497,713	1,521,298	7,019,011
2023-2027	3,445,627	574,615	4,020,242
2028-2032	<u>485,622</u>	<u>37,281</u>	<u>522,903</u>
	<u>\$ 16,217,359</u>	<u>\$ 5,339,808</u>	<u>\$ 21,557,167</u>

Interest expense related to the bonds for the year ended June 30, 2012 was \$810,343.

5. New Hampshire Retirement System

The New Hampshire Retirement System (NHRS) is a public employee retirement system that administers one cost-sharing multiple-employer pension plan (Pension Plan) and four separate cost-sharing multiple employer postemployment medical subsidy healthcare plans (OPEB Plans). 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 of New Hampshire are eligible and required to participate in NHRS. The provisions of the Pension Plan and OPEB Plans can be amended only by legislative action taken by the New Hampshire State Legislature pursuant to the authority granted them under the New Hampshire State Constitution. The payroll for employees covered by NHRS for the year ended June 30, 2012 was approximately \$41,774,000.

All assets of NHRS are held in a single trust and are available to each group. Funding policies, vesting requirements, contribution requirements and plan assets available to pay benefits are disclosed in NHRS's annual report available from NHRS located at 54 Regional Drive, Concord, New Hampshire 03301-8507.

Pension Plan

The NHRS pension plan and trust was established in 1967 by Revised Statutes Annotated (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.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
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Notes to Financial Statements

June 30, 2012 and 2011

Effective July 1, 2011, the required contribution rate to NHRS for eligible employees of CCSNH increased from 5% to 7% of their annual covered compensation. CCSNH makes annual contributions to NHRS Pension Plan equal to the amount required by RSA 100-A:16, which was 8.4% of covered compensation during the year ended June 30, 2012. CCSNH's contributions to NHRS Pension Plan for the year ended June 30, 2012 were \$3,730,427 which were equal to its annual required contributions. Contributions to the Pension Plan for CCSNH employees for the years ended June 30, 2011 and 2010 were paid directly by the State of New Hampshire and were not separately tracked by NHRS. As a result, the annual required contributions for the years ended June 30, 2011 and 2010 are not determinable for disclosure. The contributions paid by the State of New Hampshire for the years ended June 30, 2011 and 2010 met the annual required contributions.

Contribution requirements for the Pension Plan for the year ended June 30, 2012 were as follows:

Employees' contributions	\$ 2,926,408
CCSNH contributions	<u>3,730,427</u>
Total	\$ <u>6,656,835</u>

OPEB Plans

Pursuant to RSA 100-A:52, RSA 100-A:52-a and RSA 100-A:52-b, NHRS administers four defined benefit postemployment medical subsidiary healthcare plans designated in statute by membership type. The four plans are Group II Police Officer and Firefighters, Group I Teachers, Group I Political Subdivision Employees and Group I State Employees. Collectively, they are referred to as the OPEB Plans.

The OPEB Plans provide a medical insurance subsidy to qualified retirement members. The medical subsidy is a payment made by NHRS toward the cost of health insurance for a qualified retiree, his/her 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.

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, which was 1.6% of covered compensation during the year ended June 30, 2012. CCSNH's contributions to NHRS for the OPEB Plans for the year ended June 30, 2012 were \$693,054, which were equal to its annual required contributions. Contributions to the OPEB Plans for CCSNH employees for the years ended June 30, 2011 and 2010 were paid directly by the State of New Hampshire and were not separately tracked by NHRS. As a result, the annual required contributions for the years ended June 30, 2011 and 2010 are not determinable for disclosure. The contributions paid by the State of New Hampshire for the years ended June 30, 2011 and 2010 met the annual required contributions.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
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Notes to Financial Statements

June 30, 2012 and 2011

6. Contingencies and Commitments

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.

CCSNH is also exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. CCSNH manages these risks through a combination of commercial insurance packages purchased in the name of CCSNH.

Commitments

CCSNH has entered into various construction contracts. The following commitments are ongoing projects at June 30, 2012.

	Expended through <u>June 30, 2012</u>	Committed <u>Future Costs</u>	Total Committed <u>Costs of Project</u>
NHTI	\$ 142,457	\$ 355,972	\$ 498,429
MCC	1,906,019	1,139,557	3,045,576
NCC	2,170,435	1,203,005	3,373,440
LRCC	313,850	186,295	500,145
WMCC	21,007	24,204	45,211
RVCC	<u>102,925</u>	<u>53,117</u>	<u>156,042</u>
Total	<u>\$ 4,656,693</u>	<u>\$ 2,962,150</u>	<u>\$ 7,618,843</u>

At June 30, 2012, invoices related to construction projects of approximately \$1,338,440 were included in accounts payable.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
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Notes to Financial Statements

June 30, 2012 and 2011

7. Investments - Community Colleges of New Hampshire Foundation

The Foundation has adopted investment and spending policies for endowment assets that attempts 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 are comprised of the following at June 30, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Equities		
U.S. Large Cap	\$ 2,405,789	\$ 3,873,049
U.S. Mid Cap	899,946	632,205
U.S. Small Cap	415,478	432,105
International developed	856,570	747,054
Emerging markets	646,156	542,675
Fixed income		
Investment grade taxable	2,599,615	2,246,610
International developed bonds	353,284	182,254
Global high yield taxable	358,666	375,967
Fixed income other	345,378	-
Real Estate - Public REITs	214,938	150,702
Tangible assets - commodities	<u>301,435</u>	<u>410,365</u>
Total	<u>\$ 9,397,255</u>	<u>\$ 9,592,986</u>

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
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Notes to Financial Statements

June 30, 2012 and 2011

The weighted average maturity of the fixed income securities is 15.1 years as of June 30, 2012. As of June 30, 2012, the Foundation's fixed income securities were rated as follows:

<u>Rating</u>	<u>Rating Organization</u>	<u>Fair Value</u>
Aaa	Moody's	\$ 1,760,508
Aa	Moody's	34,482
A	Moody's	370,997
Other	Moody's	<u>196,798</u>
		<u>\$ 2,362,785</u>

The fixed income securities rated above include cash equivalents maturing within six months and excludes preferred stocks and fixed income funds.

8. Prior Period Adjustments

The accompanying statement of net position as of June 30, 2011 has been restated to correct accounting errors as of June 30, 2011. The restatements as of June 30, 2011 were as follows:

Write-off uncollectible student accounts receivable	\$ (762,984)
Record grant receivable as of June 30, 2011	631,718
Adjust accounts payable to amounts paid subsequent to June 30, 2011 that were for services rendered prior to June 30, 2011	325,470
Adjust accrued salaries and benefits to underlying documentation	1,334,498
Adjust deferred revenue to recognize revenue associated with the summer academic term, net of adjustment to student deposits	2,702,517
Recognize deferred revenue associated with contract with vendor	(202,500)
Recognize deferred grant revenue as of June 30, 2011	(547,445)
Adjust bonds payable to actual	(1,141,794)
Other adjustments, net	<u>162,856</u>
Net prior period adjustment as of June 30, 2011	<u>\$ 2,502,336</u>

**INDEPENDENT AUDITORS' 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 the financial statements of the business-type activities and the aggregate 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, 2012, and have issued our report thereon dated December 21, 2012. We did not audit the financial statements of the aggregate discretely presented component unit. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for the aggregate discretely presented component unit, was based on reports of the other auditors. Our audit report included an additional paragraph indicating that the accompanying statement of net position of CCSNH as of June 30, 2011 had been restated to report certain items on an accrual basis and to correct certain errors. We conducted our audit 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.

Internal Control Over Financial Reporting

Management of CCSNH is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered CCSNH's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of CCSNH's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 CCSNH's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as findings 2012-01 and 2012-02 to be material weaknesses.

Compliance and Other Matters

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

CCSNH's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit CCSNH's responses and, accordingly, we express no opinion on the responses.

We noted certain matters that we reported to management of CCSNH in a separate letter dated December 21, 2012.

This report is intended solely for the information and use of the Board of Trustees, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Manchester, New Hampshire
December 21, 2012

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Community College System of New Hampshire
(a component unit of the State of New Hampshire)

Compliance

We have audited the compliance of Community College System of New Hampshire (CCSNH) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of CCSNH's major federal programs for the year ended June 30, 2012. CCSNH's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of CCSNH's management. Our responsibility is to express an opinion on CCSNH's compliance based on our audit.

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 OMB Circular A-133 *Compliance Supplement*. 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 U.S. Department of Education's Audit Guide, Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers. Based on our review of the service organization independent accountants' report, we have determined that all of the compliance requirements included in the OMB Circular A-133 *Compliance Supplement* that are applicable to the major program in which CCSNH participates are addressed in either our report 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 CCSNH's major program's compliance with the requirements described in the first paragraph of this report.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about CCSNH's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of CCSNH's compliance with those requirements.

In our opinion, based on our audit and the report of other independent accountants, CCSNH complied, in all material respects, with the requirements referred to above that could have direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2012-03.

Internal Control Over Compliance

Management of CCSNH is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered CCSNH's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of CCSNH's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency as described in the accompanying schedule of findings and questioned costs as item 2012-03. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Schedule of Expenditure of Federal Awards

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of CCSNH as of and for the year ended June 30, 2012 and have issued our report thereon dated December 21, 2012, which contained an unqualified opinion on the financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise CCSNH's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

CCSNH's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit CCSNH's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Manchester, New Hampshire

REPORT DATE, except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 21, 2012.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total Federal Expenditures
<u>United States Department of Education:</u>		
<u>Direct:</u>		
<u>Student Financial Aid Cluster:</u>		
Federal Direct Student Loans	84.268	\$ 53,787,011
Federal Perkins Loan Cancellations	84.037	7,683
Federal Perkins Loan Program	84.038	1,470,962
Federal Work-Study Program	84.033	212,579
Federal Pell Grant Program	84.063	18,721,675
Federal Supplemental Educational Opportunity Grant Program	84.007	<u>266,101</u>
Total Student Financial Aid Cluster		74,466,011
Funds for the Improvement of Postsecondary Education	84.116	174,358
<u>Passed-Through</u>		
<u>New Hampshire Department of Education:</u>		
Carl D. Perkins Career and Technical Education Act of 2006	84.048	1,001,129
Mathematics and Science Partnerships: Math Learning Communities	84.366	<u>26,948</u>
Total Department of Education		<u>75,668,446</u>
<u>United States Department of Energy:</u>		
<u>Passed-Through:</u>		
<u>New Hampshire Office of Energy and Planning:</u>		
State Energy Program - ARRA	81.041	372,664
<u>Hudson Valley Community College:</u>		
Renewable Energy Research and Development: Northeast Photovoltaic Training Network - ARRA	81.041	<u>4,112</u>
Total Department of Energy		<u>376,776</u>

The accompanying notes are an integral part of this schedule.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total Federal Expenditures
<u>United States Department of Labor:</u>		
<u>Direct:</u>		
Trade Adjustment Assistance Community College and Career Training - ARRA	17.282	54,505
H-1B Job Training Grants	17.268	3,634
<u>Passed-Through:</u>		
<u>University of New Hampshire Institute on Disability:</u>		
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sector: Direct Connect - ARRA	17.275	<u>220,310</u>
Total Department of Labor		<u>278,449</u>
<u>United States Department of Health and Human Services:</u>		
<u>Passed-Through:</u>		
<u>New Hampshire Department of Health and Human Services:</u>		
Child Care and Development Block Grant: Early Childhood Education	93.575	209,813
<u>Trustees of Dartmouth College:</u>		
National Center for Research Resources: Idea Network of Biological Research Excellence (INBRE)	93.389	<u>104,094</u>
Total Department of Health and Human Services		<u>313,907</u>

The accompanying notes are an integral part of this schedule.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
Schedule of Expenditures of Federal Awards (Concluded)
Year Ended June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Total Federal Expenditures
<u>United States Department of Commerce:</u>		
<u>Passed-Through:</u>		
<u>New Hampshire Department of Environmental Services:</u>		
Coastal Zone Management Administration Awards: New Hampshire Coastal Monitoring	11.419	<u>17,960</u>
Total Department of Commerce		<u>17,960</u>
<u>National Science Foundation:</u>		
<u>Direct:</u>		
Education and Human Resources	47.076	<u>28,923</u>
Total National Science Foundation		<u>28,923</u>
Total Expenditures of Federal Awards		<u>\$ 76,684,461</u>

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Community College System of New Hampshire (CCSNH) under programs of the federal government for the year ended June 30, 2012. The information in the Schedule is presented in accordance with Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Government and Non-Profit Organizations*. 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. Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Federal Direct Student Loans

During the fiscal year ended June 30, 2012, CCSNH processed the following new loans under the Direct Loan Program. The loans were made directly through the U.S. Department of Education.

Federal Subsidized Loans	\$ 25,277,287
Federal Unsubsidized Loans	27,342,045
Federal Parents' Loans	<u>1,167,679</u>
	<u>\$ 53,787,011</u>

4. Federal Perkins Loan Program

The following sets forth certain balances and activities in the Federal Perkins Loan Program for the year ended June 30, 2012.

Perkins cash balance at June 30, 2012	\$ <u>287,350</u>
Perkins loans receivable at June 30, 2011	\$ 1,384,044
New loans made in fiscal year 2012	66,500
Administrative cost allowance in fiscal year 2012	<u>20,418</u>
Perkins expended as presented in the Schedule	1,470,962
Perkins loans collected in fiscal year 2012	144,653
Perkins loans canceled in fiscal year 2012	7,683
Administrative cost allowance in fiscal year 2012	<u>20,418</u>
Perkins loans receivable at June 30, 2012	<u>\$ 1,298,208</u>

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2012

5. Federal Work-Study Program

Federal Work-Study Program Award expenditures in 2012 consist of the following:

Current year award	\$ 254,345
Carry forward from fiscal year 2010-2011	8,068
Carry forward to fiscal year 2012-2013	(8,546)
Carry back from fiscal year 2012-2013	6,648
Carry back to fiscal year 2010-2011	(6,473)
Transfer to Federal Supplemental Education Opportunity Grant Program	(34,524)
Unexpended funds	<u>(6,939)</u>
 Total expenditures in fiscal year 2012	 \$ <u>212,579</u>

6. Federal Supplemental Educational Opportunity Grant

Federal Supplemental Educational Opportunity Grant Award expenditures in 2012 consist of the following:

Current year award	\$ 235,188
Carry forward from fiscal year 2010-2011	413
Carry forward to fiscal year 2012-2013	(4,024)
Transfer from Federal Work-Study Program	<u>34,524</u>
 Total award expenditures in 2012	 \$ <u>266,101</u>

7. Trade Adjustment Assistance Community College and Career Training Grant

In September 2011, CCSNH was awarded \$19.9 million from the Department of Labor as part of the Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grant. The TAACCCT grant will be used to develop and coordinate a program of statewide support services for the online Advance Manufacturing & Career Training program. As of June 30, 2012, \$54,505 of the grant award was expended.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE

Schedule of Findings and Questioned Costs

Year Ended June 30, 2012

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes 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 auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133? Yes X No

Identification of Major Programs:

<u>Name of Federal Program or Cluster:</u>	<u>CFDA Number(s)</u>
U.S. Department of Education - Title IV Student Financial Aid Cluster	84.268, 84.037, 84.038, 84.033, 84.063, 84.007
U.S. Department of Education - Carl D. Perkins Career and Technical Education Act of 2006	84.048

Dollar threshold used to distinguish between Type A and Type B programs \$642,564

Auditee qualified as low-risk auditee? Yes X No

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2012

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

Finding Number: 2012-01

Condition Found: We noted that there were a significant number of trial balance accounts that had not been reconciled and therefore determination of the correct account balance required a significant amount of work by CCSNH's accounting department. In addition, we identified a large number of significant audit adjustments that were required to produce financial statements that are in accordance with U.S. generally accepted accounting principles. We also had to make various changes to the Schedule of Expenditures of Federal Awards (SEFA), provided by CCSNH, in order to report a complete and accurate listing of federal funds expended by CCSNH during the year ended June 30, 2012. These changes resulted in approximately \$970,000 of additional expenditures included in the SEFA.

Criteria: Management is responsible for establishing and maintaining effective internal control over financial reporting.

Context: During our audit procedures of the financial statements and the SEFA, we noted variances between the amount recorded on the trial balance or reported on the SEFA and the supporting documentation provided by CCSNH.

Cause and Effect: Based on our observations, it appears the primary cause of the issue with untimely or missing account reconciliations related to an under-staffed accounting department. While we noted that the personnel in the accounting department work very well together and understand the transactions that are reported in the accounting software, Banner, the only certified public accountant (CPA) in the department is the Director of Finance. Issues that can be caused by an under-staffed accounting department appear to be compounded by the high level of involvement of the accounting department staff in other critical projects needed by CCSNH. As a result, significant variances and adjustments were identified and posted related to specific reports and account reconciliations

Recommendation: We recommend CCSNH develop an account reconciliation matrix and document the procedures to be followed on a monthly/quarterly/annual basis to ensure that all balance sheet accounts are reconciled and reviewed periodically. Although it appears time consuming to implement, a more routine account reconciliation process will improve efficiency of the financial reporting close process in the future.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2012

Views of a Responsible Official and Corrective Action Plan:	<p>We also recommend that CCSNH consider adding the role of a financial analyst or controller to the accounting department. Ideally, that role should be filled by a CPA with financial reporting experience. The addition of this position would help resolve the staffing issues and allow CCSNH to generate accrual based financial statements in accordance with U.S. generally accepted accounting principles.</p> <p>Management is in agreement with the condition found and will be developing an account reconciliation matrix to ensure that periodic procedures are performed timely so all accounts are reconciled timely. In addition, CCSNH will review its staffing needs to determine if more resources are required to perform all necessary reconciliations and responsibilities.</p>
Finding Number:	2012-02
Condition Found:	We noted that the account reconciliations that had been prepared as well as some of the journal entries tested did not have documented evidence of review and approval by a responsible member of management.
Criteria:	Management is responsible for establishing and maintaining effective internal control over financial reporting.
Context:	During our audit procedures of the trial balance we discovered there were numerous instances of undocumented review of account reconciliations and journal entries.
Cause and Effect:	Based on our observations, it appears the primary cause of the issue with undocumented review and approval of reconciliations and journal entries related to an under-staffed accounting department. As a result, significant variances and adjustments were identified and posted related to specific reports and account reconciliations.
Recommendation:	We recommend the adoption of a policy whereby all account reconciliations and journal entries be approved by an appropriate member of management. All reconciliations and entries should be initialed by the preparer and the individual approving them in order to attribute accountability to the appropriate individuals.
Views of a Responsible Official and Corrective Action Plan:	<p>Management is in agreement with the condition found and will establish and implement procedures whereby account reconciliations and journal entries document the preparer and level of management approval.</p>

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE
Schedule of Findings and Questioned Costs (Concluded)
Year Ended June 30, 2012

Section III - Findings and Questioned Costs for Federal Awards

Finding Number:	2012-03
Federal Program:	Carl D. Perkins Career and Technical Education Act of 2006 (84.048)
Specific Requirement:	Required by 2 CFR, Part 180 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 prospective 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 Excluded Parties List System (EPLS) 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 that CCSNH does not review EPLS for covered transactions.
Context:	We selected a sample of six vendors exceeding \$25,000 of covered transactions funded by the Carl D. Perkins Career and Technical Education Act of 2006 and noted that none of the applicable vendors were reviewed against the EPLS. Based on our testing, we did not identify an expenditure funded by the Carl D. Perkins Career and Technical Education Act of 2006 that was paid to a vendor that is included in the EPLS.
Questioned Costs:	None
Cause and Effect:	CCSNH was aware of the requirement to verify employees and/or vendors against the EPLS, but it had not implemented a process during the year ended June 30, 2012. Since this process is not performed there is a greater risk of employees or vendors that are included on the EPLS being disbursed funds through federal funding.
Recommendation:	We recommend CCSNH implement a process to compare all employees and vendors to the EPLS on an annual basis and when a new vendor or employee is entered into the accounting system. CCSNH should maintain documentation that the comparison has been performed.
Views of a Responsible Official and Corrective Action Plan:	Management is in agreement with the condition found and will establish and implement a procedure to compare all employees and vendors to the EPLS and document this comparison and any exceptions noted appropriately.

COMMUNITY COLLEGE SYSTEM OF NEW HAMPSHIRE

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2012

Finding Number:	2011-45 (as reported in the State of New Hampshire 2011 A-133 Report)
Condition Found:	In a sample of 65 students tested, two students, who received direct loan disbursements, were not properly notified within 30 days after the students' account had been credited, as required by the Department of Education.
Recommendation:	CCSNH should enhance internal controls over the disbursement notification process to ensure that students are properly notified of federal direct loan fund disbursements made to their accounts during the year.
Action Taken:	CCSNH implemented procedures to strengthen the controls to ensure notification letters are sent and retained for all loan disbursements, and include retention of documentation to support attempts to reach students with inaccurate addresses.
Status:	Corrected
Finding Number:	2011-46 (as reported in the State of New Hampshire 2011 A-133 Report)
Condition Found:	In a sample of 65 students tested, two students' cost of attendance, calculated by CCSNH, did not agree with the amounts reflected in the students' files. This miscalculation did not result in misawarding these students.
Recommendation:	It was recommended that CCSNH enhance its policies and procedures relating to calculating and reporting cost of attendance.
Action Taken:	CCSNH implemented and conducted an internal review of the procedures surrounding the calculation of cost of attendance and reinforced the required procedures for the semester review of cost of attendance based on student enrollment.
Status:	Corrected