BerryDunn

COMMUNITY COLLEGE
system of New Hampshire

(A Component Unit of the State of New Hampshire)

FINANCIAL STATEMENTS

and

REPORTS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Years Ended June 30, 2019 and 2018

With Independent Auditor's Report

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

Reports on Audits of Financial Statements and Supplementary Information

June 30, 2019 and 2018

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the business-type activities and the discretely-presented component unit of the Community College System of New Hampshire (a Component Unit of the State of New Hampshire) (CCSNH) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise CCSNH's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of the discretely-presented component unit. Those statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely-presented component unit, is based solely on the report of the other auditor. We conducted our audits in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, except that the financial statements of the discretely-presented component unit were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, based on our audits and the reports of the other auditor, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and the discretely-presented component unit of CCSNH as of June 30, 2019 and 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended, in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that Management's Discussion and Analysis on pages 3 through 21 and the required supplementary information on pages 57 through 62 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information, in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2019 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

Bangor, Maine
November 21, 2019

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, 2019, 2018 and 2017. This discussion is provided by the management of CCSNH and should be read in conjunction with the financial statements and notes.

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

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

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

STRATEGIC VISION AND ECONOMIC OUTLOOK

<u>CCSNH Mission, Vision and Goals</u>

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

Why 65?

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

—Georgetown U. Center on Education and the Workforce

To maintain New Hampshire’s positive economic indicators, including low unemployment and high per capita income, the State will need 65 percent 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-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 enrollment 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 update based on four-year university and employer and industry input. 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 (NHES), EMSI (Labor Market Statistics), Bureau of Labor Statistics (BLS), or Burning Glass
- Job openings and wage information
- Proposed career steps upon workforce entry
- Evidence of early employer partnership
- List of job titles associated with program
- Evidence of early four-year partnership
- Narrative of community impact / need
- Baccalaureate institutions to which a program transfers
- Proposed student outcomes
- Semester-by-semester listing of courses students should take
- Similarities to other programs at CCSNH and potential enrollment impact

CCSNH has done an excellent job ensuring its credentials have economic and transfer value. Our graduates stay in New Hampshire at an average rate of 77 percent, and the remaining 23 percent of students includes those who attend a New Hampshire four-year university without concurrent in-state employment. The share of students from the bottom fifth of incomes as students that move to the top fifth as adults is 16 percent, which is among the top ten percent for all two-year institutions across the country. The median income of former students at age 34 is $37,102, which is also a leader in the New England region for community college systems and in the top decile in the country.

As far as transfer value, our students are ready across multiple majors to transfer a majority or all credits to major destinations. Our transfer strategy to four-year institutions builds on partnership with the University System, though not at the expense of other popular destinations for our students, including Southern New Hampshire University, Colby-Sawyer College, Rivier University, New England College, and St. Anselm College. To promote transfer to four-year institutions, CCSNH will continue to make strides in four areas in particular:

- **Pathways and articulation:** We will create clear, 8-semester, 2+2 maps to every program for which it makes sense at each four-year institution. Course equivalency and bolstering general education transfer across all degree types complements this effort.

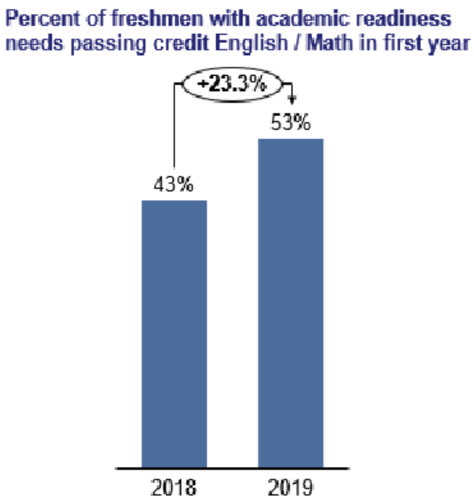
- **Transfer support:** We will mitigate transfer shock for students moving from associate to baccalaureate level by creating connections between student services and faculty across CCSNH and USNH.

- **Data exchange:** CCSNH will facilitate information sharing at the transcript level to better understand student readiness for baccalaureate and to bolster reverse transfer of credit efforts.

- **Transfer mindset:** Staff across all programs will promote transfer fairs, campus tours, classroom visits, transfer advising, and related activity to increase awareness and attainment of baccalaureate success.

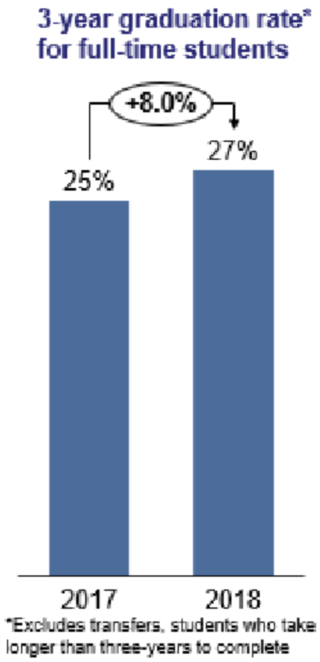
By accomplishing these four complementary aims, alongside continuing to strengthen vocationally oriented programs, CCSNH alumni will be successful in work and life.

Student GPS and Enrollment Management



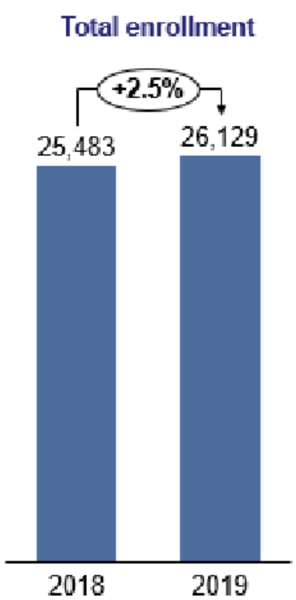
In order to meet goals for student completion and success, CCSNH adopts national best practices in academic advising, anchored in a Student GPS pathways-based approach – ensuring that students make individual academic journeys that are **relevant** to their educational goals, **intentional and structured** in course-by-course and semester-by-semester planning and **paced to completion** by both taking enough credit hours to graduate on-time and prioritizing successful completion of gatekeeper Math and English courses. The increased success of this last population – students requiring academic readiness curriculum who pass college-credit Math or English in their first year – is depicted on the left.

As a result of this work, student completion metrics continue to go up. In the last year we can presently report graduation rate for full-time students, 2018, CCSNH went up again, from 25% to 27%, as can be seen below. This group does not include students who transferred to a four-year university before attaining a credential, or who take longer to complete their program of study. Although not presently benchmarkable against New England community college counterparts, it would lead the region if compared against the latest publicly available data (2017). CCSNH's total graduates increased once more, from 2018 to 2019, as can be seen below. This is despite a six percent decline in the number of students matriculated into academic programs, meaning that more students are graduating than ever before.



Student GPS and enrollment management overlap at retention of continuing students. For new students, there are those with prior experience at CCSNH, including through our dual-enrollment program Early College that allows students to take classes at a college, and our dual-credit program Running Start, where students take college-credit classes at high school or online (eStart); both programs allow for concurrent high school and college credit in one course. CCSNH also recruits other traditional high school graduates without prior participation in the above programs, and, third, non-traditional adult learners who may be attempting to pick up postsecondary education where they left off. CCSNH must market and recruit, and have strong admissions processes, to serve all three populations. As depicted on the next page, total enrollment for CCSNH has gone up in the last year, largely buoyed by a 30 percent increase in Running Start programming.

As of July 2019, New Hampshire has the fourth-lowest unemployment rate in the country at 2.5 percent. This low unemployment rate belies a mismatch in the workforce as jobs in certain industries, which could otherwise achieve growth, continue to go unfilled. Additionally, to whatever extent employed workers lack the credentials required for 65 by 25 affects the vibrancy of our workforce and its ability to support growth opportunities, attract new businesses to the state, and retain existing ones. When a recession occurs, the problem is not just unemployment, but underemployment too. Unfavorable demographic changes only add to the need to up-skill existing workforce and ventilate an already tight labor market.



In coming years, CCSNH will continue to strive to meet 65 by 25, ensuring that our academic programs are relevant to private-sector and baccalaureate institutions alike. We will pursue assurance that students register onto academic plans, paced towards timely completion, bolstered by an enrollment strategy that ensures CCSNH brings in enough people to meet the needs of the State. By maintaining affordability, introducing new technology resources and investing in our faculty and staff, CCSNH is poised to build on its present track record of 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, 2019 by individual campus. The assets and liabilities and net position as well as the revenues and expenses of the Chancellor’s office are allocated to the individual campuses based on each campus' relative percentage of student full-time equivalents (FTEs).

CHANGE IN ACCOUNTING PRINCIPLE

As disclosed in Note 2 to the basic financial statements, in 2018 CCSNH adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The changes made to the basic financial statements to comply with the new accounting standards have been reported as an adjustment as of the beginning of the year ended June 30, 2018. Because it was not practical for CCSNH to determine the amounts of all deferred inflows of resources and outflows of resources related to the pension plan as of June 30, 2017, the beginning balances of deferred inflows of resources and deferred outflows of resources related to pensions have not been reported. The impact of the adoption of the new accounting standard as of the beginning of the year ended June 30, 2018 was both an increase in long-term liabilities and a decrease in unrestricted net position of $144,602,876.

STATEMENT OF NET POSITION

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, and 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 three 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,		
	2019	2018	2017
Assets			
Current	**$ 31,561,758**	$ 25,627,298	$ 22,580,348
Capital assets, net	**113,133,660**	117,002,778	119,330,044
Other noncurrent assets	**22,140,496**	20,175,210	18,124,201
Total assets	**166,835,914**	162,805,286	160,034,593
Deferred outflows of resources	**13,199,651**	16,176,551	20,060,746
Liabilities			
Current	**11,583,609**	11,340,440	11,968,455
Noncurrent	**170,481,332**	198,811,673	95,421,210
Total liabilities	**182,064,941**	210,152,113	107,389,665
Deferred inflows of resources	**50,972,404**	42,292,467	7,609,348
Net position			
Invested in capital assets, net of related debt	**97,117,593**	99,114,610	97,239,205
Restricted nonexpendable	**16,338,300**	14,429,385	12,873,853
Restricted expendable	**4,137,334**	3,991,013	4,041,565
Unrestricted	**(170,595,007)**	(190,997,751)	(49,058,297)
Total net position	**$ (53,001,780)**	$ (73,462,743)	$ 65,096,326

Current assets

Current assets consist of $27.27 million in cash, cash equivalents, and operating investments, $2.75 million in accounts, notes, grants and contracts receivable, $502 thousand due from the state of New Hampshire for capital appropriations and $1.04 million in prepaid expenses.

The $5.93 million increase in current assets was primarily attributable to a $4.2 million increase in cash, cash equivalents, and operating investments coupled with an increase in grants and contracts receivable of $1.46 million.

The increase in cash, cash equivalents, and operating investments of $4.2 million was principally attributable to net cash flows from operations, investing and financing activities while the increase in grants and contracts receivable was due to an increase in grant receivables due from the state of New Hampshire of $1.06 million and an increase in $400 thousand in federal receivables for financial aid work study. The increase on the state grant funds was due to newly established grants in 2019 while the increase in the federal receivables was due to the changes in the timing of payments in 2019 from 2018.

In 2018, current assets increased by $3.05 million from 2017, which was primarily attributable to a $4.47 million increase in cash, cash equivalents and short term investments netted against a decrease of $1.64 million in receivables due from the state of New Hampshire for capital appropriations. The increase in cash was mainly attributable to net cash flows from operations, investing and financing activities while the decrease in capital appropriation receivables was due to a decrease in capital projects from 2017 to 2018.

Capital assets, net of accumulated depreciation

The overall decrease in net capital assets of $3.87 million in 2019 was due to a net additions of $3.95 million net of depreciation expense of $7.82 million. General equipment and building and land improvement additions amounted to $2.2 million and $1.75 million, respectively.

The net increase in building and land improvements was primarily due to security projects at NCC of $944 thousand, life safety and critical maintenance at WMCC of $327 thousand and access road construction at NHTI of $307 thousand. The increases in general equipment were mainly attributable to purchases of information technology infrastructure of $1.46 million while the remainder of $740 thousand was purchases of various other equipment including vehicles, scientific equipment, machinery, etc.

The decrease in capital assets from 2017 to 2018 of $2.3 million was due to net additions of $5.9 million net of depreciation expense of $8.2 million.

Other noncurrent assets

Other noncurrent assets consist of $20.36 million in long-term investments, $1.41 million in the long-term portion of a note receivable taken on property in Stratham, New Hampshire, sold in fiscal year 2015, and $367 thousand long-term portion of student loans receivable.

The increase in noncurrent assets from the prior year of $1.97 million is mainly attributable to an increase in long-term investments. This increase is attributable to invested excess cash received from the State of New Hampshire under the UNIQUE scholarship program. Under this program, the State of New Hampshire remits cash to CCSNH of which a portion is paid out to students, using a defined formula, for tuition expenses and the remainder is reinvested for future use. Only the earnings on the reinvested funds may be used for future use. The principal portion is held within the restricted nonexpendable portion of net position.

The increase in other noncurrent assets from 2017 to 2018 is primarily attributable to an increase in investments of $2 million due to a strong market performance in the investments and invested cash received in 2017 from the State for the UNIQUE scholarship program as described above.

Deferred outflows of resources

The financial statement deferred outflows of resources category is used to report consumption of resources applicable to a future reporting period. The balances reported for 2019 and 2018 include amounts for certain pension and other postemployment benefit changes while 2017 included amounts only for certain pension changes.

Current liabilities

Current liabilities include accounts payable and accrued liabilities of $1.36 million, deferred revenue of $1.43 million, current portions of long-term debt of $2.09 million, and accrued salaries and benefits of $6.7 million.

Current liabilities increased by $243 thousand in 2019 due to an increase in accounts payable for capital assets. This increase was due to the timing of purchases and payments in close proximity to the end of 2019.

Current liabilities decreased by $630 thousand during 2018. The decrease was primarily attributable to a decrease in accounts payable on construction-in-process (CIP). The decline was due to a significant decline in CIP projects open at the end of 2018 relative to 2017.

Noncurrent liabilities

Noncurrent liabilities include liabilities for pension obligations and unfunded other postemployment benefit (OPEB) obligations of $53.84 million and $98.89 million, respectively. Also included in noncurrent liabilities are noncurrent portions of long-term debt of $13.3 million, long-term employee benefits accruals of $3.99 million, and other long-term liabilities of $455 thousand.

Noncurrent liabilities decreased by $28.33 million in 2019. The decrease was primarily due to decreases in CCSNH unfunded liabilities for pensions and unfunded OPEB obligations of $9.11 million and $17.28 million, respectively. Additionally, overall long-term debt declined by $2 million due to normal amortization of the bond debt.

Noncurrent liabilities increased by $103.4 million during 2018. The implementation of GASB Statement No. 75 on OPEB resulted in a negative cumulative effect adjustment of $144.6 million as of July 1, 2017; however, the liability for OPEB decreased to $116.2 million by year-end. In addition, CCSNH experienced an overall decline in our unfunded pension liability of $9.3 million. Last, our long-term debt obligations decreased by $3.5 million due to normal amortization of the bonds payable along with an adjustment by the State of New Hampshire for existing bond debt in the amount of $1.4 million for a misallocation of bond debt to CCSNH.

Deferred inflows of resources

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

Net position

Overall net position increased by $20.46 million during the fiscal year. The increase is due to net operating and non-operating income of $13.09 million and other changes in net position of $7.37 million.

CCSNH's net investment in capital assets decreased by $2 million during the fiscal year. The decrease was attributable to an overall decline in net capital assets of $3.87 million netted against a decrease in capital asset related debt of $2.06 million, a decrease in deferred gains on bond refundings of $60 thousand and an increase in payables on CIP of $240 thousand.

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

Management's Discussion and Analysis (Unaudited)

June 30, 2019 and 2018

Statements of Net Position - 2019

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Assets								
Current assets								
Cash and cash equivalents	$ 18,243,436	$ 2,841,413	$ 4,066,180	$ 2,060,724	$ 1,211,611	$ 1,515,630	$ 105,287	$ 6,442,591
Other current assets	1,690,231	189,987	154,659	684,590	114,236	204,095	116,445	226,219
Current portion of notes receivable	184,568	12,136	11,283	55,951	12,503	39,523	25,196	27,976
Grants and contracts receivable	1,918,214	145,619	182,377	326,771	118,599	520,393	219,200	405,255
Operating investments	9,023,134	593,303	551,601	2,735,332	611,264	1,932,172	1,231,796	1,367,666
Due from State of NH for capital appropriations	502,175	10,722	307	447,874	5,929	1,774	684	34,885
Total current assets	31,561,758	3,793,180	4,966,407	6,311,242	2,074,142	4,213,587	1,698,608	8,504,592
Noncurrent assets								
Student loans receivable, net	366,540	16,596	48,800	111,452	16,395	110,245	44,112	18,940
Note receivable, net	1,413,360	92,934	86,401	428,455	95,747	302,650	192,945	214,228
Investments	20,360,596	1,338,784	1,244,680	6,172,245	1,379,310	4,359,923	2,779,532	3,086,122
Capital assets, net	113,133,660	4,536,359	9,096,120	22,601,267	14,570,595	28,543,754	17,924,638	15,860,927
Total noncurrent assets	135,274,156	5,984,673	10,476,001	29,313,419	16,062,047	33,316,572	20,941,227	19,180,217
Total assets	$ 166,835,914	$ 9,777,853	$ 15,442,408	$ 35,624,661	$ 18,136,189	$ 37,530,159	$ 22,639,835	$ 27,684,809
Deferred outflows of resources								
Pension	$ 9,403,527	$ 618,316	$ 574,855	$ 2,850,647	$ 637,033	$ 2,013,628	$ 1,283,725	$ 1,425,323
Other post employment benefits	3,796,124	249,609	232,064	1,150,782	257,165	812,884	518,229	575,391
Total deferred outflows of resources	$ 13,199,651	$ 867,925	$ 806,919	$ 4,001,429	$ 894,198	$ 2,826,512	$ 1,801,954	$ 2,000,714

Statements of Net Position - 2019 (Concluded)

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Liabilities								
Current liabilities								
Accounts payable and accrued expenses	$ 1,045,664	$ 115,588	$ 64,540	$ 276,339	$ 64,650	$ 215,407	$ 108,411	$ 200,729
Accounts payable for capital assets	319,620	-	-	282,201	5,000	-	-	32,419
Accrued salaries and benefits	6,699,174	449,516	393,746	2,181,134	456,534	1,374,026	865,198	979,020
Deferred revenue and deposits	1,426,192	209,170	75,596	417,726	94,688	265,831	169,472	193,709
Current portion of bonds payable	1,984,141	65,754	-	413,668	-	396,212	466,470	642,037
Current portion of other long-term liabilities	108,818	-	20,839	31,040	56,939	-	-	-
Total current liabilities	11,583,609	840,028	554,721	3,602,108	677,811	2,251,476	1,609,551	2,047,914
Noncurrent liabilities								
Accrued salaries and benefits	3,989,951	282,237	175,332	1,429,509	393,129	724,168	465,368	520,208
Refundable advances	454,859	4,235	55,729	181,424	30,433	150,773	41,461	(9,196)
Net pension liability	53,837,038	3,539,980	3,291,156	16,320,513	3,647,142	11,528,413	7,349,577	8,160,257
Bonds payable	11,623,097	377,670	-	1,414,506	-	2,980,123	1,516,076	5,334,722
Other post employment benefits	98,894,590	6,502,678	6,045,606	29,979,555	6,699,525	21,176,828	13,500,620	14,989,778
Other long-term liabilities	1,681,797	-	1,506,485	90,364	84,948	-	-	-
Total noncurrent liabilities	170,481,332	10,706,800	11,074,308	49,415,871	10,855,177	36,560,305	22,873,102	28,995,769
Total liabilities	$ 182,064,941	$ 11,546,828	$ 11,629,029	$ 53,017,979	$ 11,532,988	$ 38,811,781	$ 24,482,653	$ 31,043,683
Deferred inflows of resources								
Pension	$ 12,658,695	$ 832,355	$ 773,849	$ 3,837,440	$ 857,552	$ 2,710,674	$ 1,728,105	$ 1,918,720
Other post employment benefits	38,014,542	2,499,594	2,323,898	11,523,978	2,575,261	8,140,257	5,189,565	5,761,989
Deferred gain from advance bond refunding	299,167	9,890	-	138,143	-	3,947	146,445	742
Total deferred inflows of resources	$ 50,972,404	$ 3,341,839	$ 3,097,747	$ 15,499,561	$ 3,432,813	$ 10,854,878	$ 7,064,115	$ 7,681,451
Net position								
Invested in capital assets net of related debt	$ 97,117,593	$ 4,083,046	$ 7,569,368	$ 20,231,345	$ 14,423,708	$ 25,163,471	$ 15,795,647	$ 9,851,008
Restricted nonexpendable	16,338,300	1,072,557	1,023,711	4,944,853	1,105,025	3,492,924	2,226,804	2,472,426
Restricted expendable	4,137,334	271,281	252,213	1,250,700	279,494	883,464	563,225	636,957
Unrestricted	(170,595,007)	(9,669,773)	(7,322,741)	(55,318,348)	(11,743,641)	(38,849,847)	(25,690,655)	(22,000,002)
Total net position	$ (53,001,780)	$ (4,242,889)	$ 1,522,551	$ (28,891,450)	$ 4,064,586	$ (9,309,988)	$ (7,104,979)	$ (9,039,611)

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:

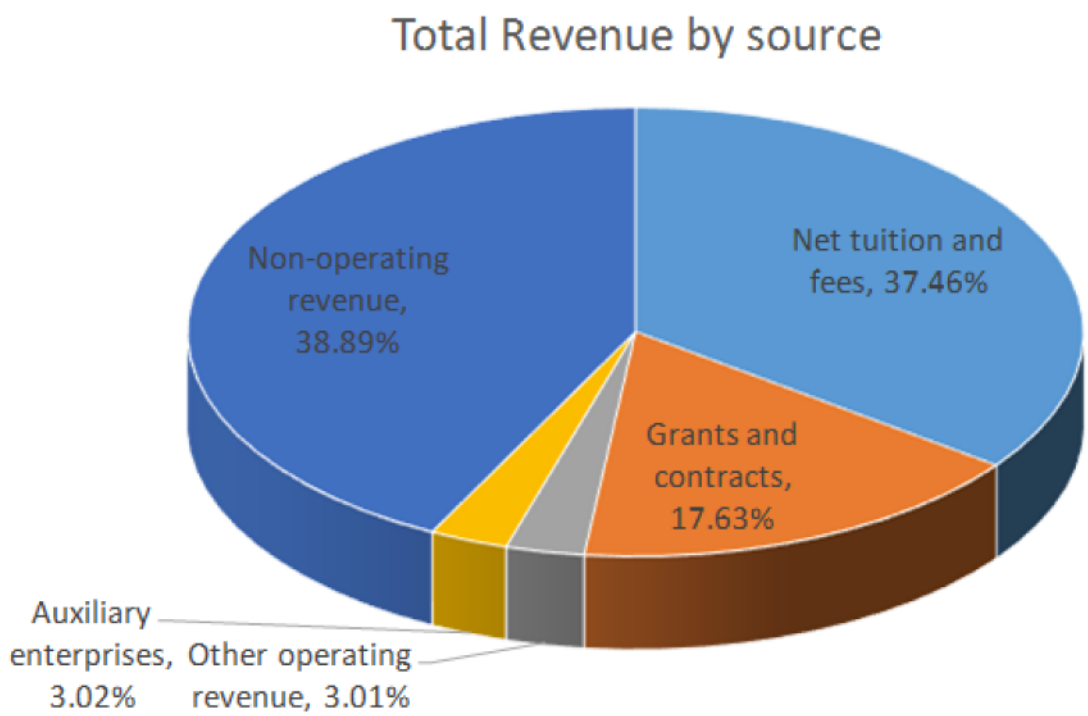
	Years Ended June 30,		
	2019	2018	2017
Operating revenues			
Net tuition and fees	**$ 46,035,884**	$ 47,195,936	$ 47,931,119
Other revenue	**29,080,883**	29,166,007	29,093,622
Total operating revenue	**75,116,767**	76,361,943	77,024,741
Operating expenses			
Employee compensation and benefits	**76,277,455**	92,108,312	93,526,097
Other operating expenses	**33,559,003**	35,016,849	34,501,951
Total operating expenses	**109,836,458**	127,125,161	128,028,048
Operating loss	**(34,719,691)**	(50,763,218)	(51,003,307)
Nonoperating revenues (expenses) and other changes			
State appropriations - operating	**47,075,000**	46,475,000	43,775,000
State appropriations - capital	**5,273,026**	5,542,772	5,421,823
Capital grants and contracts	**194,813**	212,103	661,185
Investment return used for operations	**1,175,423**	833,048	616,433
Investment return net of amount used for operations	**253,549**	709,761	1,384,227
Nonexpendable contributions	**1,905,543**	1,537,430	1,385,195
Interest expense on capital debt	**(696,700)**	(853,582)	(848,157)
Gain on forgiveness of debt	**-**	2,350,493	-
Nonoperating revenues and other changes, net	**55,180,654**	56,807,025	52,395,706
Increase in net position	**20,460,963**	6,043,807	1,392,399
Net position, beginning of year, as previously stated	**(73,462,743)**	65,096,326	63,703,927
Cumulative effect of change in accounting principle	**-**	(144,602,876)	-
Net position, beginning of year, as restated	**(73,462,743)**	(79,506,550)	63,703,927
Net position, end of year	**$ (53,001,780)**	$ (73,462,743)	$ 65,096,326

Statements of Revenues, Expenses and Changes in Net Position - 2019

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Operating revenues								
Tuition and fees	$ 66,762,886	$ 4,604,711	$ 3,864,236	$ 19,462,122	$ 4,425,003	$ 13,823,822	$ 9,036,355	$ 11,546,637
Less scholarships	(20,727,002)	(2,069,432)	(1,552,790)	(5,685,055)	(1,538,557)	(4,450,953)	(2,715,923)	(2,714,292)
Net tuition and fees	46,035,884	2,535,279	2,311,446	13,777,067	2,886,446	9,372,869	6,320,432	8,832,345
Grants and contracts	21,667,550	2,185,384	1,703,545	5,710,302	1,549,681	4,985,398	2,569,230	2,964,010
Other auxiliary enterprises	3,708,269	114,536	-	2,893,546	662,230	37,957	-	-
Other operating revenue	3,705,064	613,896	193,844	1,612,120	283,574	404,682	252,277	344,671
Total operating revenue	75,116,767	5,449,095	4,208,835	23,993,035	5,381,931	14,800,906	9,141,939	12,141,026
Operating expenses								
Employee compensation and benefits	76,277,455	6,316,355	6,123,894	22,386,095	5,707,225	15,438,189	8,356,070	11,949,627
Other operating expenses	22,549,198	2,079,146	1,304,000	7,495,922	2,679,767	3,164,418	1,989,674	3,836,271
Utilities	3,187,750	197,513	245,229	810,238	409,861	612,351	447,182	465,376
Depreciation	7,822,055	434,841	758,958	1,960,455	737,385	1,553,145	1,050,845	1,326,426
Total operating expenses	109,836,458	9,027,855	8,432,081	32,652,710	9,534,238	20,768,103	11,843,771	17,577,700
Operating loss	(34,719,691)	(3,578,760)	(4,223,246)	(8,659,675)	(4,152,307)	(5,967,197)	(2,701,832)	(5,436,674)

Statements of Revenues, Expenses and Changes in Net Position - 2019 (Concluded)

	Consolidated	WMCC	RVCC	NHTI	LRCC	MCC	NCC	GBCC
Nonoperating revenues (expenses) and other changes								
State appropriations - operating	47,075,000	5,227,080	5,622,684	11,273,989	5,676,373	7,115,334	6,078,956	6,080,584
Investment return used for operations	1,175,423	74,745	68,999	365,570	81,664	241,105	163,336	180,004
Investment return excluding amount used for operations	253,549	16,672	15,500	76,863	17,176	54,294	34,613	38,431
Interest expense on capital debt	(696,700)	(18,801)	(55,742)	(63,897)	(12,023)	(159,387)	(83,001)	(303,849)
Nonoperating revenues, net	47,807,272	5,299,696	5,651,441	11,652,525	5,763,190	7,251,346	6,193,904	5,995,170
Income before other changes in net position	13,087,581	1,720,936	1,428,195	2,992,850	1,610,883	1,284,149	3,492,072	558,496
Other changes in net position								
State appropriations - capital	5,273,026	240,002	205,249	2,485,398	310,456	674,473	483,909	873,539
Capital grants and contracts	194,813	19,648	15,316	51,348	13,931	44,823	23,098	26,649
Non-expendable contributions	1,905,543	125,296	116,489	577,660	129,089	408,044	260,136	288,829
Total other changes in net position	7,373,382	384,946	337,054	3,114,406	453,476	1,127,340	767,143	1,189,017
Increase in net position	20,460,963	2,105,882	1,765,249	6,107,256	2,064,359	2,411,489	4,259,215	1,747,513
Net position beginning of year	(73,462,743)	(6,348,771)	(242,698)	(34,998,706)	2,000,227	(11,721,477)	(11,364,194)	(10,787,124)
Net position end of year	$ (53,001,780)	$ (4,242,889)	$ 1,522,551	$ (28,891,450)	$ 4,064,586	$ (9,309,988)	$ (7,104,979)	$ (9,039,611)



Operating revenues

In 2019 net tuition and fees decreased by $1.16 million relative to 2018. Gross tuition decreased in 2019 by approximately $820 thousand (1.2%) relative to 2018. The decrease is attributable to a decline in credits sold of 2.33% and slight changes in the mix of credits sold.

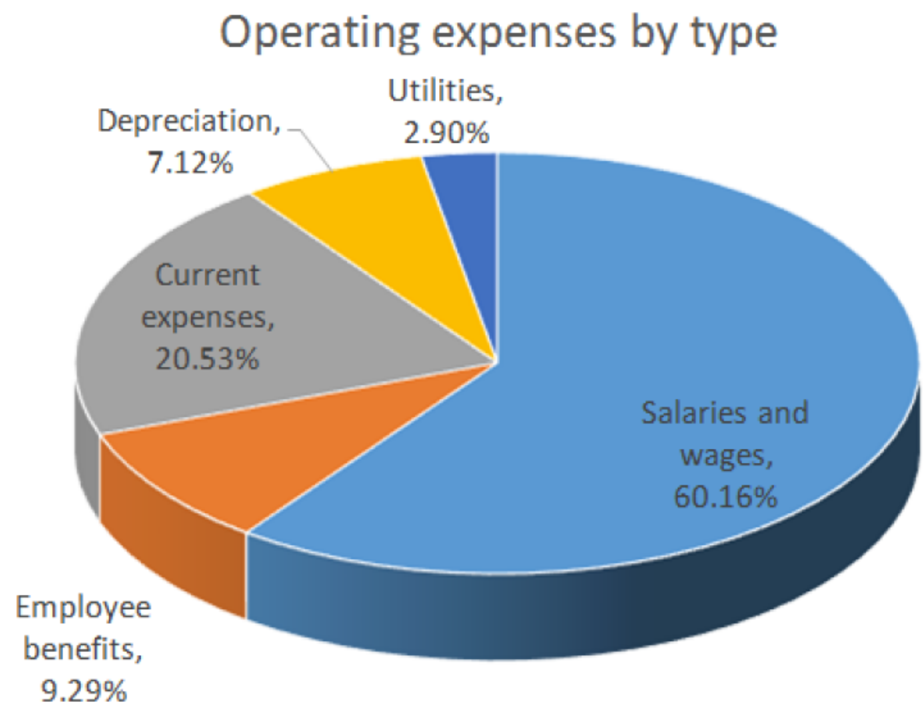
In 2019 scholarship expenses increased approximately $340 thousand relative to 2018.

Operating revenues decreased by $663 thousand between 2017 and 2018. This was primarily due to decreases in net tuition revenue in 2018 compared to 2017.

Nonoperating revenues and other changes

Nonoperating revenues and other changes decreased by $1.63 million in 2019 relative to 2018. This decrease was primarily attributable to the recognition of a gain on forgiveness of debt in 2018 of $2.35 million netted against net increases and decreases in various types of nonoperating revenue in 2019 of $643 thousand.

Nonoperating revenues and other changes in net position increased by $4.4 million in 2018 relative to 2017. This was primarily attributable to an increase in state operating appropriations of $2.7 million and the recognition of a gain of $2.35 million to correct a State of New Hampshire error on bond debt that had been incorrectly allocated to CCSNH offset by decreases in investment income of $458 thousand.



Operating expenses

Operating expenses declined by $17.29 million in 2019 from 2018. $15.83 million of the decline was attributable to declines in employee benefits brought on by a $12.5 million decrease in the OPEB expenses and a decrease in pension expense of $3.1 million. These decreases were the result of decreases in unfunded liabilities for OPEB and pensions. There were net increases in other employee benefits of $467 thousand.

Overall salaries and wages stayed relatively stable year over year.

Other operating expenses decreased by $1.4 million in 2019. The primary factors for this decline were seen in decreases in consultant expenses of $802 thousand, participant support costs of $394 thousand and marketing expenses of $288 thousand. The decline in consultants was primarily the result of declines of $490 thousand at GBCC due to the helicopter training program phase out. The remainder of consultant expense decreases were the result of various other declines in professional services and outside consultants. The decrease in participant support costs resulted from the phase out of the Advanced composite manufacturing grant at GBCC. Marketing expenses declined due to consolidating and sharing marketing expenses amongst the campuses.

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,		
	2019	2018	2017
Net cash used - operating activities	**$ (43,912,208)**	$ (40,750,651)	$ (39,829,026)
Net cash provided - noncapital financing activities	**48,980,543**	48,012,430	45,160,195
Net cash used - capital and related financing activities	**(145,605)**	(2,089,292)	(3,734,746)
Net cash used - investing activities	**(964,724)**	(842,682)	(872,188)
Net increase in cash and cash equivalents	**3,958,006**	4,329,805	724,235
Cash and cash equivalents, beginning of year	**14,285,430**	9,955,625	9,231,390
Cash and cash equivalents, end of year	**$ 18,243,436**	$ 14,285,430	$ 9,955,625

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 increased by $3.9 million during 2019, $4.3 million during 2018 and $724 thousand during 2017 primarily due to an increase in the appropriations from the State of New Hampshire.

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

Statements of Net Position

June 30, 2019 and 2018

	Community College System of New Hampshire		Community Colleges of New Hampshire Foundation	
	2019	2018	**2019**	2018
Assets				
Current assets				
Cash and cash equivalents	**$ 18,243,436**	$ 14,285,430	**$ 721**	$ 564
Other current assets	**1,690,231**	604,723	**-**	-
Current portion of note and contributions receivable	**184,568**	187,418	**4,000**	50,222
Grants and contracts receivable	**1,918,214**	457,052	**-**	-
Operating investments	**9,023,134**	8,788,529	**-**	-
Receivable on forgiveness of debt	**-**	944,215	**-**	-
Due from State of New Hampshire for capital appropriations	**502,175**	359,931	**-**	-
Total current assets	**31,561,758**	25,627,298	**4,721**	50,786
Noncurrent assets				
Student loans receivable, net	**366,540**	455,570	**-**	-
Note and contributions receivable, net	**1,413,360**	1,518,136	**8,000**	12,000
Investments	**20,360,596**	18,201,504	**4,272,448**	4,132,068
Capital assets, net	**113,133,660**	117,002,778	**-**	-
Total noncurrent assets	**135,274,156**	137,177,988	**4,280,448**	4,144,068
Total assets	**166,835,914**	162,805,286	**4,285,169**	4,194,854
Deferred outflows of resources				
Pension	**9,403,527**	12,185,635	-	-
Other postemployment benefits	**3,796,124**	3,990,916	-	-
Total deferred outflows of resources	**13,199,651**	16,176,551	-	-
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	**1,045,664**	951,094	**49,146**	39,063
Accounts payable for capital assets	**319,620**	75,039	**-**	-
Accrued salaries and benefits	**6,699,174**	6,960,961	**-**	-
Unearned revenue and deposits	**1,426,192**	1,201,188	**-**	-
Current portion of bonds payable	**1,984,141**	2,040,332	**-**	-
Current portion of other long-term liabilities	**108,818**	111,826	**-**	-
Total current liabilities	**11,583,609**	11,340,440	**49,146**	39,063
Noncurrent liabilities				
Accrued salaries and benefits	**3,989,951**	3,888,764	**-**	-
Refundable advances	**454,859**	490,447	**-**	-
Net pension liability	**53,837,038**	62,952,418	**-**	-
Bonds payable	**11,623,097**	13,607,237	**-**	-
Other postemployment benefits	**98,894,590**	116,176,993	**-**	-
Other long-term liabilities	**1,681,797**	1,695,814	**-**	-
Total noncurrent liabilities	**170,481,332**	198,811,673	**-**	-
Total liabilities	**182,064,941**	210,152,113	**49,146**	39,063
Deferred inflows of resources				
Pension	**12,658,695**	9,034,945	**-**	-
Other post-employment benefits	**38,014,542**	32,899,601	**-**	-
Deferred gain from advance bond refunding	**299,167**	357,921	**-**	-
Total deferred inflows of resources	**50,972,404**	42,292,467	**-**	-
Net position, as restated				
Invested in capital assets, net of related debt	**97,117,593**	99,114,610	**-**	-
Restricted nonexpendable	**16,338,300**	14,429,385	**1,722,584**	1,574,158
Restricted expendable	**4,137,334**	3,991,013	**2,099,636**	2,088,979
Unrestricted	**(170,595,007)**	(190,997,751)	**413,803**	492,654
Total net position	**$ (53,001,780)**	$ (73,462,743)	**$ 4,236,023**	$ 4,155,791

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, 2019 and 2018

	Community College System of New Hampshire		Community Colleges of New Hampshire Foundation	
	2019	2018	**2019**	2018
Operating revenues				
Tuition and fees	**$ 66,762,886**	$ 67,582,763	**$ -**	$ -
Less scholarships	**(20,727,002)**	(20,386,827)	**-**	-
Net tuition and fees	**46,035,884**	47,195,936	**-**	-
Grants and contracts	**21,667,550**	21,596,642	**-**	-
Contributions	**-**	-	**833,198**	755,068
Other auxiliary enterprises	**3,708,269**	3,915,777	**-**	-
Other operating revenue	**3,705,064**	3,653,588	**-**	-
Total operating revenues	**75,116,767**	76,361,943	**833,198**	755,068
Operating expenses				
Employee compensation and benefits	**76,277,455**	92,108,312	**-**	-
Other operating expenses	**22,549,198**	23,950,884	**905,570**	918,444
Utilities	**3,187,750**	2,865,398	**-**	-
Depreciation	**7,822,055**	8,200,567	**-**	-
Total operating expenses	**109,836,458**	127,125,161	**905,570**	918,444
Operating loss	**(34,719,691)**	(50,763,218)	**(72,372)**	(163,376)
Nonoperating revenues (expenses)				
State of New Hampshire appropriations	**47,075,000**	46,475,000	**-**	-
Investment return used for operations	**1,175,423**	833,048	**116,692**	113,178
Investment return excluding amount used for operations	**253,549**	709,761	**25,405**	254,617
Interest expense on capital debt	**(696,700)**	(853,582)	**-**	-
Nonoperating revenues, net	**47,807,272**	47,164,227	**142,097**	367,795
Income (loss) before other changes in net position	**13,087,581**	(3,598,991)	**69,725**	204,419
Other changes in net position				
State of New Hampshire capital appropriation	**5,273,026**	5,542,772	**-**	-
Capital grants and contracts	**194,813**	212,103	**-**	-
Nonexpendable contributions	**1,905,543**	1,537,430	**10,507**	28,802
Gain on forgiveness of debt	**-**	2,350,493	**-**	-
Total other changes in net position	**7,373,382**	9,642,798	**10,507**	28,802
Increase in net position	**20,460,963**	6,043,807	**80,232**	233,221
Net position, beginning of year, as previously stated	**(73,462,743)**	65,096,326	**4,155,791**	3,922,570
Cumulative effect of change in accounting principle	**-**	(144,602,876)	**-**	-
Net position, beginning of year, as restated	**(73,462,743)**	(79,506,550)	**4,155,791**	3,922,570
Net position, end of year	**$ (53,001,780)**	$ (73,462,743)	**$ 4,236,023**	$ 4,155,791

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, 2019 and 2018

	Community College System of New Hampshire	
	2019	2018
Cash flows from operating activities		
Receipts from tuition and fees	**$ 46,385,647**	$ 46,781,939
Receipts from grants and contracts	**20,180,071**	22,147,874
Receipts from auxiliary enterprises	**3,708,269**	3,915,777
Payments to suppliers	**(25,640,504)**	(27,056,515)
Payments to employees	**(91,120,247)**	(90,690,742)
Other cash receipts	**2,574,556**	4,151,016
Net cash used for operating activities	**(43,912,208)**	(40,750,651)
Cash flows from noncapital financing activities		
State of New Hampshire appropriations	**47,075,000**	46,475,000
Contributions for long-term purposes	**1,905,543**	1,537,430
Net cash provided by noncapital financing activities	**48,980,543**	48,012,430
Cash flows from capital and related financing activities		
Appropriations from the State of New Hampshire for capital expenditures	**5,130,782**	7,178,966
Payments made to the State of New Hampshire for capital accounts payable	**-**	(6,438)
Capital grants and contracts received	**194,813**	212,103
Purchase of capital assets	**(3,708,356)**	(6,469,195)
Payments received on notes receivable	**105,751**	49,353
Principal on bonds payable and other liabilities	**(1,113,141)**	(2,140,289)
Interest on bonds payable and other liabilities	**(755,454)**	(913,792)
Net cash used for capital and related financing activities	**(145,605)**	(2,089,292)
Cash flows from investing activities		
Proceeds from sales and maturities of investments	**20,975,517**	19,500,000
Purchase of investments	**(22,590,205)**	(20,716,349)
Interest and dividends received	**649,964**	373,667
Net cash used for investing activities	**(964,724)**	(842,682)
Net increase in cash and cash equivalents	**3,958,006**	4,329,805
Cash and cash equivalents, beginning of year	**14,285,430**	9,955,625
Cash and cash equivalents, end of year	**$ 18,243,436**	$ 14,285,430

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

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

Statements of Cash Flows (Concluded)

Years Ended June 30, 2019 and 2018

	Community College System of New Hampshire	
	2019	2018
Reconciliation of operating loss to net cash used for operating activities		
Operating loss	**$ (34,719,691)**	$ (50,763,218)
Adjustments to reconcile operating loss to net cash used for operating activities		
Depreciation	**7,822,055**	8,200,567
Write down of note receivable	**1,875**	1,875
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources		
Other current assets	**(1,085,499)**	542,428
Student loans receivable	**89,030**	90,805
Grants receivable	**(1,461,162)**	240,896
Deferred outflows of resources - pension	**2,782,108**	7,875,111
Deferred outflows of resources - OPEB	**194,782**	(830,762)
Accounts payable and accrued expenses	**94,570**	(242,108)
Accrued salaries and benefits	**(160,600)**	476,727
Deferred revenue and deposits	**225,004**	(174,963)
OPEB liability	**(17,282,403)**	(31,586,037)
Net pension liability	**(9,115,380)**	(9,260,798)
Refundable advances	**(35,588)**	(64,503)
Deferred inflows of resources - pension	**3,623,750**	1,843,728
Deferred inflows of resources - OPEB	**5,114,941**	32,899,601
Net cash used for operating activities	**$ (43,912,208)**	$ (40,750,651)
Reconciliation of noncash activity		
Acquisition of capital assets	**$ 3,952,937**	$ 5,873,301
Less: Acquisition of capital assets included in accounts payable at year-end	**(319,620)**	(75,039)
Add: Payments on short-term trade accounts used to finance acquisition of capital assets	**75,039**	670,933
Payments for the acquisition of capital assets	**$ 3,708,356**	$ 6,469,195

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 2 voting members who are full time students enrolled within CCSNH and are elected by the student body. CCSNH funds its operations through tuition, room and board, fees, grants, legacies and gifts, and State of New Hampshire (State) appropriations.

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

1. Summary of Significant Accounting Policies

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.

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, contributions for long-term purposes, gain (loss) from the sale of capital assets, net investment income (loss), gifts received by the Foundation restricted for long-term purposes, and interest expense.

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 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.

Student loans receivable are stated at their unpaid principal balances adjusted for charge-offs 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 the allowance for loan losses 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 losses and a credit to student loans receivable. Student loans receivable at June 30, 2019 and 2018 are reported net of an allowance for loan losses of $456,616 and $524,473, respectively.

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.

Investments

CCSNH and the Foundation carry investments at their fair value. Fair value is estimated using the methods described in Note 10. Purchased and gifted securities are recorded at fair value on the date of the acquisition or gift, net of any brokerage fees. Realized and unrealized gains and losses in the investment portfolio are allocated on a specific-identification basis.

Capital Assets

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

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

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

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

Note Receivable

During the year ended June 30, 2015, GBCC sold its former Stratham, New Hampshire Campus for $2,750,000. The buyer paid cash of $250,000 at closing and signed a note receivable to CCSNH for $2,500,000. The note receivable is expected to be paid in monthly installments of $13,865, including interest at 3%, through September 14, 2024. All 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, 2019 and 2018 was $1,597,928 and $1,705,554, respectively. The balance at June 30, 2019 and 2018 is shown net of an allowance for loan losses of approximately $520,000 and $521,000, respectively.

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, 2019 and 2018 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 Pension Liability

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

Other Postemployment Benefits

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

Deferred Outflows and Inflows of Resources

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

Net Position

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

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

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

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

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

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

Net Student Fees

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

Contributions

Contributions are recorded at their fair value at the date of gift. Promises to donate to CCSNH are recorded as receivables and revenues when the CCSNH has met all applicable eligibility and time requirements. Contributions to be used for endowment purposes are categorized as restricted nonexpendable. Other gifts are categorized as unrestricted. Pledges receivable, which are included in other current assets 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 other intentions to give and conditional promises are not recognized as assets until the specified conditions are met.

Operating Revenues and Expenses

Operating revenues consist of tuition and fees; federal, state and other grants and contracts; sales and services of education activities; and auxiliary enterprises revenues. Operating expenses include instruction, public service, academic support, student services, institutional support, operations and maintenance, student aid, auxiliary enterprises, and residential life and depreciation and amortization. All other revenues and expenses of the System are reported as nonoperating revenues and expenses or other changes in net position, including state general appropriations, noncapital gifts, investment income, interest expense and capital additions and deductions. 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, 2019 and 2018.

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.

2. Change in Accounting Principle

During the year ended June 30, 2018, CCSNH adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The changes made to the basic financial statements to comply with the new accounting standard have been reported as an adjustment as of the beginning of the year ended June 30, 2018. The impact of the adoption of the new accounting standards as of the beginning of the year ended June 30, 2018 was $144,602,876 and is reported as a cumulative effect of change in accounting principle.

3. 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, 2019 and 2018, CCSNH's uncollateralized uninsured cash and cash equivalents were approximately $17,910,000 and $14,120,000, 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.

4. Capital Assets

Capital asset activity for the year ended June 30, 2019 is summarized below:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Land	$ 924,340	$ -	$ -	$ -	$ 924,340
Construction-in-process	1,191,409	1,745,719	-	(1,758,085)	1,179,043
Total non-depreciable assets	2,115,749	1,745,719	-	(1,758,085)	2,103,383
Land improvements	6,754,210	-	-	307,377	7,061,587
Buildings and improvements	194,036,171	-	-	1,450,708	195,486,879
Equipment and vehicles	18,767,103	2,218,272	(1,868,847)	-	19,116,528
Total depreciable assets	219,557,484	2,218,272	(1,868,847)	1,758,085	221,664,994
Accumulated depreciation	(104,670,455)	(7,822,055)	1,857,793	-	(110,634,717)
Capital assets, net	$ 117,002,778	$ (3,858,064)	$ (11,054)	$ -	$ 113,133,660

Capital asset activity for the year ended June 30, 2018 is summarized below:

	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Land	$ 924,340	$ -	$ -	$ -	$ 924,340
Construction-in-process	4,134,600	4,828,973	-	(7,772,164)	1,191,409
Total non-depreciable assets	5,058,940	4,828,973	-	(7,772,164)	2,115,749
Land improvements	6,754,210	-	-	-	6,754,210
Buildings and improvements	186,208,384	55,623	-	7,772,164	194,036,171
Equipment and vehicles	18,617,757	988,705	(839,359)	-	18,767,103
Total depreciable assets	211,580,351	1,044,328	(839,359)	7,772,164	219,557,484
Accumulated depreciation	(97,309,247)	(8,200,567)	839,359	-	(104,670,455)
Capital assets, net	$ 119,330,044	$ (2,327,266)	$ -	$ -	$ 117,002,778

5. Long-Term Liabilities

Changes in long-term liabilities during the year ended June 30, 2019 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued salaries and benefits	**$ 10,849,725**	**$ -**	**$ (160,600)**	**$ 10,689,125**	**$6,699,174**
Refundable advances	**490,447**	**-**	**(35,588)**	**454,859**	**-**
Net pension liability	**62,952,418**	**-**	**(9,115,380)**	**53,837,038**	**-**
Bonds payable	**15,647,569**	**-**	**(2,040,331)**	**13,607,238**	**1,984,141**
OPEB	**116,176,993**	**-**	**(17,282,403)**	**98,894,590**	**-**
Other long-term liabilities	**1,807,640**	**123,286**	**(140,311)**	**1,790,615**	**108,818**
Long-term liabilities	**$ 207,924,792**	**$ 123,286**	**$(28,774,613)**	**$179,273,465**	**$8,792,133**

Changes in long-term liabilities during the year ended June 30, 2018 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion
Accrued salaries and benefits	$ 10,372,998	$ 476,727	$ -	$ 10,849,725	$ 6,960,961
Refundable advances	554,950	-	(64,503)	490,447	-
Net pension liability	72,213,216	-	(9,260,798)	62,952,418	-
Bonds payable	19,176,772	-	(3,529,203)	15,647,569	2,040,332
OPEB	-	116,176,993	-	116,176,993	-
Other long-term liabilities	1,831,442	107,201	(131,003)	1,807,640	111,826
Long-term liabilities	$ 104,149,378	$ 116,760,921	$ (12,985,507)	$ 207,924,792	$ 9,113,119

Other Long-Term Liabilities

Future minimum payments under other long-term liabilities, which include capital leases and a note payable to U.S. Department of Agriculture (USDA), as of June 30, 2019 are as follows:

Year ending June 30,	Principal	Interest	Total
2025	$ 108,818	$ 66,487	$ 175,305
2030	110,198	60,720	170,918
2022	69,068	56,721	125,789
2023	63,284	54,098	117,382
2024	25,928	49,912	75,840
2025 - 2029	134,418	244,782	379,200
2030 - 2034	161,084	218,116	379,200
2035 - 2039	193,041	186,159	379,200
2040 - 2044	231,338	147,862	379,200
2045 - 2049	277,233	101,967	379,200
2050 - 2054	332,232	46,968	379,200
2055 - 2056	83,973	1,918	85,891
	$ 1,790,615	$ 1,235,710	$ 3,026,325

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, 2019 and 2018, the balance due to USDA was $1,521,753 and $1,538,444, respectively.

The original cost basis of leased capital assets as of June 30, 2019 and 2018 was $434,434 and $279,734, respectively. Accumulated depreciation includes $378,488 and $167,840 as of June 30, 2019 and 2018 for the leased capital assets, respectively.

6. Bonds Payable

Bonds payable consisted of the following at June 30:

	2019	2018
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 $300,000 and interest rates from 4.00% to 5.50%.	**$ 2,300,000**	$ 2,600,000
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%.	**1,151,460**	1,730,748
2010 Series B General Obligation Bonds (original principal of $1,055,090) Serial bonds maturing through 2020 with annual principal payments from $115,501 to $150,526 and interest rates from 3.00% to 4.00%.	**150,526**	295,312
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.	**2,314,260**	2,553,722
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.	**1,172,735**	1,306,012
2014 Series A General Obligation Refunding Bonds (original principal of $2,762,813) maturing through 2028 with annual principal payments ranging from $34,564 to $102,325 and interest rates from 1.50% to 5.00%.	**2,438,834**	2,652,823
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%.	**599,864**	761,638
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%.	**3,479,559**	3,747,314
	$ 13,607,238	$ 15,647,569

During the year ended June 30, 2018, $1,406,278 of the outstanding principal on the 2012 Series B Obligation Bonds, along with $944,215 of debt service previously paid, was forgiven by the State of New Hampshire due to a clerical error made by the State in previous years. The bonds principal and interest payable table below reflects this reduction.

The debt service previously paid was reflected as a receivable from the State on forgiveness of debt as of June 30, 2018. For 2019, the State reduced the debt service amount payable for the year.

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, 2019 and 2018, the unamortized deferred gain from advance refunding of the bonds was $299,167 and $357,921, respectively.

Principal and interest payments on bonds payable for the next five years and in subsequent five-year periods are as follows at June 30, 2019:

Year ending June 30,	Principal	Interest	Total
2025	$ 1,984,141	$ 587,092	$ 2,571,233
2030	1,451,074	504,418	1,955,492
2022	1,329,918	443,573	1,773,491
2023	1,337,951	374,508	1,712,459
2024	901,434	315,342	1,216,776
2025 - 2029	4,521,349	878,612	5,399,961
2030 - 2034	1,760,443	197,427	1,957,870
2035 - 2036	320,928	15,645	336,573
	$ 13,607,238	$ 3,316,617	$ 16,923,855

Interest expense related to the bonds for the years ended June 30, 2019 and 2018 was $628,844 and $781,546, respectively.

7. 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 Pension Plan, the pension contribution rate for Group I employees was 11.08% of covered payroll for the two-year period ended June 30, 2019. Effective July 1, 2019, the contribution rate decreased to 10.88% and will remain fixed through June 30, 2021.

For the years ended June 30, 2019 and 2018, CCSNH contributions to the Pension Plan were $4,927,782 and $4,874,343, respectively.

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

At June 30, 2019 and 2018, respectively, CCSNH reported a liability of $53,837,038 and $62,952,418 for its proportionate share of the net pension liability. The 2019 net pension liability is based on an actuarial valuation performed as of June 30, 2017 and a measurement date of June 30, 2018. The net pension liability was rolled forward from June 30, 2017 to June 30, 2018. 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, 2019 and 2018, CCSNH's proportion of the net pension liability was 1.1181% and 1.2800%, respectively.

During the years ended June 30, 2019 and 2018, CCSNH recognized pension expense of $2,218,261 and $5,332,383, respectively.

At June 30, 2019, 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	**$ 429,717**	**$ 435,920**
Changes in assumptions	**3,725,789**	**-**
Net difference between projected and actual investment earnings on pension plan investments	**-**	**1,245,836**
Changes in proportion and differences between employer contributions and share of contributions	**320,239**	**10,976,939**
Contributions subsequent to the measurement date	**4,927,782**	**-**
Balances as of June 30, 2019	**$ 9,403,527**	**$ 12,658,695**

Amounts reported as deferred outflows related to pensions resulting from CCSNH contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. 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,	
2025	$ (1,315,164)
2030	(2,073,839)
2022	(3,404,203)
2023	(1,389,744)
	$ (8,182,950)

At June 30, 2018, 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	$ 142,739	$ 801,203
Changes in assumptions	6,321,254	-
Net difference between projected and actual investment earnings on pension plan investments	-	801,731
Changes in proportion and differences between employer contributions and share of contributions	847,299	7,432,011
Contributions subsequent to the measurement date	4,874,343	-
Balances as of June 30, 2018	$ 12,185,635	$ 9,034,945

Actuarial Assumptions

The total pension liability was determined by a roll-forward of the actuarial valuations as of June 30, 2018 using the following actuarial assumptions, which, accordingly, apply to 2017 and 2018 measurements:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	5.60% average, including inflation
Wage inflation	3.25% per year
Investment rate of return	7.25%, net of investment expense, including inflation

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

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

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 2018 and 2017:

Asset Class	Target Allocation 2018	Target Allocation 2017	Weighted Average Long-Term Expected Real Rate of Return 2018	Weighted Average Long-Term Expected Real Rate of Return 2017
Large cap equities	22.50 %	22.50 %	4.25 %	4.25 %
Small/mid cap equities	7.50	7.50	4.50	4.50
Total domestic equity	30.00	30.00		
International equities (unhedged)	13.00	13.00	4.50	4.75
Emerging international equities	7.00	7.00	6.00	6.25
Total international equities	20.00	20.00		
Core bonds	4.50	5.00	0.50	0.75
Short duration	2.50	2.00	(0.25)	(0.25)
Global multi-sector fixed income	11.00	11.00	1.80	2.11
Absolute return fixed income	7.00	7.00	1.14	1.26
Total fixed income	25.00	25.00		
Private equity	5.00	5.00	6.25	6.25
Private debt	5.00	5.00	4.25	4.75
Opportunistic	5.00	5.00	2.15	2.84
Total alternative investments	15.00	15.00		
Real estate	10.00	10.00	3.25	3.25
Total	100.00 %	100.00 %		

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2018 and 2017 was 7.25%. 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 7.25%, 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
CCSNH's proportionate share of the net pension liability	$ 71,630,621	$ 53,837,038	$ 38,925,473

8. Other Post-Employment Benefits

Plan Description - NHRS

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

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

Contributions Required and Made

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

Plan members are not required to contribute to the OPEB Plans. CCSNH makes annual contributions to the OPEB Plans equal to the amount required by RSA 100-A:52. For all Group I employees, effective July 1, 2017 the annual contribution rate was decreased from 1.64% to 1.07% and remained fixed through June 30, 2019. Effective July 1, 2019, the contribution rate decreased to 1.05% and remains fixed through June 30, 2021. CCSNH's contributions for the NHRS OPEB Plan for the years ended June 30, 2019 and 2018 were $461,510 and $456,916, respectively, which were equal to its ARC.

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

At June 30, 2019, CCSNH reported a liability of $4,723,754 for its proportionate share of the net OPEB liability. The net OPEB liability is based on an actuarial valuation performed as of June 30, 2017 and a measurement date of June 30, 2018. The net OPEB liability was rolled forward from June 30, 2017 to June 30, 2018. At June 30, 2018, CCSNH reported a liability of $5,462,993 for its proportionate share of the net OPEB liability. The net OPEB liability is based on an actuarial valuation performed as of June 30, 2016 and a measurement date of June 30, 2017. The net OPEB liability was rolled forward from June 30, 2016 to June 30, 2017.

CCSNH's proportion of the net 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, 2018 and 2017, CCSNH's proportion of the net OPEB liability was 1.03173% and 1.19479%, respectively.

For the years ended June 30, 2019 and 2018, CCSNH recognized OPEB (income) expense of $(254,513) and $170,718, respectively.

At June 30, 2019, CCSNH reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	**$ 27,727**	**$ 15,009**
Net difference between projected and actual investment earnings on OPEB plan investments	**-**	**15,009**
Changes in proportion	**-**	**158,678**
Contributions subsequent to the measurement date	**461,510**	**-**
Balances as of June 30, 2019	**$ 489,237**	**$ 173,687**

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 OPEB liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	
2025	$ (135,633)
2030	(4,683)
2022	(4,683)
2023	(961)
	$ (145,960)

At June 30, 2018, CCSNH reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings on OPEB plan investments	$ -	$ 17,239
Changes in proportion	-	100,362
Contributions subsequent to the measurement date	456,916	-
Balances as of June 30, 2018	$ 456,916	$ 117,601

Actuarial Assumptions

The collective total OPEB liability was determined by a roll forward of the actuarial valuation as of June 30, 2018, using the following actuarial assumptions, which apply to 2018 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	7.25% net of investment expenses, include inflation
Salary rate increase	5.60% average, including inflation
Price inflation	2.50% per year
Wage inflation	3.25% per year
Healthcare cost trend rates	Not applicable, given the benefits are fixed stipends
Aging factors	Not applicable, given the benefits are fixed stipends

Mortality rates were based on the RP-2014 employee generational mortality tables for males and females, adjusted for mortality improvements using Scale MP-2015, based on the last experience study.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 – June 30, 2015.

Long-Term Rates of Return

The long-term expected rate of return on 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:

	Target Allocation		Weighted Average Long-Term Expected Real Rate of Return	
Asset Class	2018	2017	2018	2017
Large cap equities	22.50 %	22.50 %	4.25 %	4.25 %
Small/mid cap equities	7.50	7.50	4.50	4.50
Total domestic equity	30.00	30.00		
International equities (unhedged)	13.00	13.00	4.50	4.75
Emerging international equities	7.00	7.00	6.00	6.25
Total international equities	20.00	20.00		
Core bonds	4.50	5.00	0.50	0.75
Short duration	2.50	2.00	(0.25)	(0.25)
Global multi-sector fixed income	11.00	11.00	1.80	2.11
Absolute return fixed income	7.00	7.00	1.14	1.26
Total fixed income	25.00	25.00		
Private equity	5.00	5.00	6.25	6.25
Private debt	5.00	5.00	4.25	4.75
Opportunistic	5.00	5.00	2.15	2.84
Total alternative investments	15.00	15.00		
Real estate	10.00	10.00	3.25	3.25
Total	100.00 %	100.00 %		

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25%. 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 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 OPEB plan investments was applied to all periods of projected benefit payments to determine the collective total OPEB liability.

Sensitivity Analysis

The following presents CCSNH's proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what CCSNH's proportionate share of the 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 (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
CCSNH's proportionate share of the net OPEB liability	$ 4,916,504	$ 4,723,754	$ 4,183,827

OPEB Plan Fiduciary Net Position

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

The 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 Plan

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

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

Contributions Required and Made

The State Legislature has indicated it currently plans to continue to require contributions on a pay-as-you-go basis to fund benefits paid. CCSNH's contributions to the State for the years ended June 30, 2019 and 2018 were $1,403,135 and $1,465,752, respectively.

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

At June 30, 2019, CCSNH reported a liability of $94,170,836 for its proportionate share of the State OPEB Plan liability. The OPEB liability was determined by an actuarial valuation as of December 31, 2016 adjusted forward to a measurement date of June 30, 2018. The OPEB liability was rolled forward from December 31, 2016 to June 30, 2018. At June 30, 2018, CCSNH reported a liability of $11,071,400 for its proportionate share of the State OPEB Plan liability. The OPEB liability was determined by an actuarial valuation as of December 31, 2016 adjusted forward to a measurement date of June 30, 2017. The OPEB liability was rolled forward from December 31, 2016 to June 30, 2017.

CCSNH's proportion of the OPEB 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, 2018 and 2017, CCSNH's proportion of the State OPEB Plan's liability was 4.930% and 4.966%, respectively.

For the years ended June 30, 2019 and 2018, CCSNH recognized OPEB (income) expense of $(9,854,326) and $2,234,752, respectively.

At June 30, 2019, CCSNH reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	**$ -**	**$ 35,642,137**
Differences between expected and actual experience	**-**	**575,515**
Changes in proportion	**775,887**	**660,982**
Unamortized difference between proportionate share contributions and contributions paid	**-**	**962,221**
Proportionate share of contributions subsequent to the measurement date	**2,531,000**	**-**
Balances as of June 30, 2019	**$ 3,306,887**	**$ 37,840,855**

Amounts reported as deferred outflows related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	
2025	$ (8,685,705)
2030	(8,685,705)
2022	(8,685,705)
2023	(8,685,705)
2024	(2,322,148)
	$ (37,064,968)

At June 30, 2018, CCSNH reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ -	$ 32,456,000
Differences between expected and actual experience	-	326,000
Changes in proportion	970,000	-
Proportionate contributions subsequent to the measurement date	2,564,000	-
Balances as of June 30, 2018	$ 3,534,000	$ 32,782,000

Actuarial Assumptions

The collective total OPEB liability was determined by a roll forward of the actuarial valuation as of December 31, 2016, using the following actuarial assumptions, which apply to 2018 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	13.25% decreasing over 9 years to an ultimate level of 3.75%, including inflation
Discount rate	3.87% as of June 30, 2018 and 3.58% as of June 30, 2017
Price inflation	3.25% per year
Wage inflation	3.25% 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 mortality rates – Healthy: RP-2014 employee mortality table projected generationally for males and females with Scale MP-2015.

Postretirement mortality rates:

- Healthy: RP-2014 healthy annuitant mortality table projected generationally for males and females with Scale MP-2015.
- Disabled: RP-2014 disabled annuitant mortality table projected generationally for males and females with Scale MP-2015.

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

	Group I
Scale - Male	116 %
Scale - Female	124 %

As of January 1, 2019, the State implemented a Medicare Advantage plan which had a significant impact on the assumptions used and the overall change in the liability at June 30, 2019. The post-65 medical claims costs for 2019 and 2020 were updated to reflect implementation of the Medicare Advantage Plan effective January 1, 2019. The Medicare Advantage per participant per month premium rate for the calendar year 2019 and 2020 is $124.26 and $109.11, respectively.

Healthcare trend rates are based on the following:

Medical:

- Under 65: 7.4% for one year then (2.4%) for the following year, and then 4.5% per year.
- Over 65: 1.4% for one year, then (8.2%) for the following year, then (12.2%) for the next year, and then 4.5% per year.

Prescription Drug:

- Under 65: 12.8% for one year, (7.89%) for the following year, and then 8.5% decreasing by .5% each year to an ultimate level of 4.5% per year.
- Over 65: (6.1%) for one year, 4.8% for the following year, and then 8.5% decreasing by .5% each year to an ultimate level of 4.5% per year.

The actuarial assumptions used in the June 30, 2018 and 2017 valuations were based on the results of the most recent actuarial experience study, which was for the period of July 1, 2010 to June 30, 2015.

Discount Rate

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

Changes in Assumptions

The trend assumptions were revised from the 2017 measurements to the 2018 measurements to reflect current and future expectations. In addition, the discount rate used to measure the total OPEB liability was increased from 3.58% as of June 30, 2017 to 3.87% as of June 30, 2018.

Sensitivity Analysis

The following presents CCSNH's proportionate share of the net OPEB liability calculated using the discount rate of 3.87%, as well as what CCSNH's proportionate share of the 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 (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
CCSNH's proportionate share of the net OPEB liability	$ 108,162,057	$ 94,170,836	$ 83,393,435

The following presents CCSNH's proportionate share of the net OPEB liability calculated using the current trend rates, as well as what CCSNH's proportionate share of the 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 Rate	1% Increase
CCSNH's proportionate share of the net OPEB liability	$ 81,787,469	$ 94,170,836	$ 110,353,415

9. Contingencies and Commitments

Operating Lease Obligations

CCSNH leases certain equipment and real estate under leases with terms exceeding one year. Future minimum lease payments under non-cancelable operating leases (with initial or remaining lease terms in excess of one year) as of June 30, 2019 are as follows:

Year ending June 30,	
2025	$ 1,290,944
2030	1,104,434
2022	689,011
2023	268,585
2024	178,940
2025 to 2029	833,600
2030 to 2034	833,600
2035 to 2039	833,600
2040 to 2044	833,600
2045 to 2049	833,600
2050 to 2054	833,600
2055 to 2059	500,160
	$ 9,033,674

Total expense related to operating leases (with initial or remaining lease terms in excess of one year) amounted to $1,226,829 and $1,531,171 for the years ended June 30, 2019 and 2018, respectively. During October 2019, CCSNH modified a lease agreement for the housing at LRCC to rent one less floor in the building, which results in a 25% reduction in future lease payments. The revised lease terms represent a savings of $118,800 per year for 2020-2022 in the table above.

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, which is part of the International Brotherhood of Electrical Workers, 2320. CCSNH staff are currently represented by the State Employees' Association of New Hampshire, Inc., which is part of the Service Employees International Union Local 1984, CTW, CLC (SEIU). The current collective bargaining agreement for full-time and part-time staff has a period of October 25, 2017 through September 30, 2019. CCSNH and the NHHEU are currently engaged in contract negotiations for the full-time faculty bargaining unit.

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

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, 2019:

	Expended through June 30, 2019	Committed Future Costs	Total Committed Costs of Project
NHTI	$ 1,058,190	$ 140,051	$ 1,198,241
MCC	26,000	10,600	36,600
GBCC	16,000	42,500	58,500
LRCC	76,863	54,551	131,414
WMCC	1,990	13,010	15,000
Total	$ 1,179,043	$ 260,712	$ 1,439,755

At June 30, 2019 and 2018, invoices related to construction projects of $319,620 and $75,039, respectively, were included in accounts payable.

10. 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 $4,125,727 and $3,872,147 at June 30, 2019 and 2018, 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, 2019 and 2018, 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, 2019:

	Level 1	**Level 2**	**Level 3**
Equity mutual funds	**$ 14,729,629**	**$ -**	**$ -**
Fixed-income mutual funds	**14,654,101**	**-**	**-**
Total	**$ 29,383,730**	**$ -**	**$ -**

Investments held by CCSNH were comprised of the following at June 30, 2018:

	Level 1	Level 2	Level 3
Equity mutual funds	$ 11,522,367	$ -	$ -
Fixed-income mutual funds	15,467,666	-	-
Total	$ 26,990,033	$ -	$ -

A summary of fixed-income mutual fund maturities as of June 30, 2019 and 2018 is as follows:

2019		2018	
Amount	Maturities	Amount	Maturities
$ 119,859	**2.7 years**	$ 88,862	2.7 years
283,693	**2.9 years**	226,041	2.5 years
9,023,134	**Less than a year**	8,788,529	Less than a year
5,227,415	**N/A**	6,364,234	N/A
$ 14,654,101		$ 15,467,666	

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, 2019, individual investments representing more than 5% of the CCSNH's investments were as follows:

	Percentage of Investments
Fidelity Conservative Income Bond	26.7 %
Strategic Advisors Core Fund	22.9
Strategic Advisors Growth Fund	8.8
Strategic Advisors Value Fund	8.8
Strategic Advisors International Fund	14.2
Strategic Advisors Core Income Fund	18.6

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, 2019:

	Level 1	**Level 2**	**Level 3**
Cash and cash equivalents	**$ 334,586**	**$ -**	**$ -**
Equities	**3,099,376**	**-**	**-**
Fixed-income	**838,486**	**-**	**-**
Total	**$ 4,272,448**	**$ -**	**$ -**

Investments held by the Foundation were comprised of the following at June 30, 2018:

	Level 1	Level 2	Level 3
Cash and cash equivalents	$ 237,393	$ -	$ -
Equities	3,082,399	-	-
Fixed-income	812,276	-	-
Total	$ 4,132,068	$ -	$ -

11. 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 2019 and 2018.

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Collective Net Pension Liability *

	June 30,					
	2019	2018	2017	2016	2015	2014
Employer proportion of the collective net pension liability	1.1181 %	1.2800 %	1.3580 %	1.5230 %	1.5521 %	1.4834 %
Employer's proportionate share of the collective net pension liability	$53,837,038	$62,952,418	$72,213,216	$60,334,154	$58,259,797	$63,843,950
Employer's covered-employee payroll	$28,395,635	$35,391,000	$39,462,000	$38,603,000	$47,442,000	$43,413,000
Employer's proportionate share of the collective net pension liability as a percentage of the employer's covered employee-payroll	190 %	178 %	183 %	156 %	123 %	147 %
Plan fiduciary net position as a percentage of the total pension liability	64.73 %	56.22 %	58.30 %	65.47 %	66.32 %	59.81 %

** Schedule is intended to show 10 years. Additional years will be added as they become available.*

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

Required Supplementary Information (Unaudited)

June 30, 2019

Schedule of Employer Contributions *

	June 30					
	2019	2018	2017	2016	2015	2014
Required employer contribution**	$ 4,874,343	$ 5,080,526	$ 5,090,600	$ 5,109,493	$ 4,923,636	$ 3,688,122
Actual employer contribution**	$ 4,874,343	$ 5,080,526	$ 5,090,600	$ 5,109,493	$ 4,923,636	$ 3,688,122
Difference	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered-employee payroll	$28,395,635	$35,391,000	$39,462,000	$38,603,000	$47,442,000	$43,413,000
Employer contribution as a percentage of the employer's covered-employee payroll	17.17 %	14.36 %	12.90 %	13.24 %	10.38 %	8.50 %

** Schedule is intended to show 10 years. Additional years will be added as they become available.*
*** Contributions above are annual contributions subsequent to the measurement period.*

Notes to the Required Supplementary Information-Pension

Valuation date:	June 30, 2009 for determining the Fiscal Year 2013 contributions June 30, 2011 for determining the Fiscal Year 2014 contributions June 30, 2013 for determining the Fiscal Year 2015 contributions June 30, 2014 for determining the Fiscal Year 2016 contributions June 30, 2015 for determining the Net Pension Liability June 30, 2016 for determining the Net Pension Liability June 30, 2017 for determining the Net Pension Liability
Changes of assumptions:	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 2012-2013 biennium were determined based on the June 30, 2009 actuarial valuation. Actuarially determined contribution rates for the 2014-2015 biennium were determined based on the June 30, 2011 actuarial valuation. Actuarially determined contribution rates for the 2016-2017 biennium were determined based on the June 30, 2013 actuarial valuation. Actuarially determined contribution rates for the 2017-2018 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.

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

	June 30		
	2019	2018	2017
Employer proportion of the collective net OPEB liability	1.032 %	1.195 %	1.264 %
Employer's proportionate share of the collective net OPEB liability	$ 4,723,754	$ 5,462,993	$ 6,118,030
Employer's covered-employee payroll	$28,395,635	$31,872,400	$32,876,046
Employer's proportionate share of the collective net OPEB liability as a percentage of the employer's covered employee-payroll	16.64 %	17.14 %	18.61 %
Plan fiduciary net position as a percentage of the total OPEB liability	7.53 %	7.91 %	5.21 %

** Schedule is intended to show 10 years. Additional years will be added as they become available.*

Schedule of Employer Contributions*

	June 30		
	2019	2018	2017
Required employer contributions**	$ 461,510	$ 456,916	$ 738,178
Actual employer contributions**	$ 461,510	$ 456,916	$ 738,178
Employer's covered-employee payroll	$28,395,635	$31,872,400	$32,876,046
Employer contribution as a percentage of the employer's covered-employee payroll	1.63 %	1.43 %	2.25 %

** Schedule is intended to show 10 years. Additional years will be added as they become available.*
*** Contributions above are annual contributions during the measurement period.*

Notes to the Required Supplementary Information (NHRS OPEB Plan)

There were no changes of assumptions subsequent to July 1, 2016.

Note: The roll-forward of the total OPEB liability from June 30, 2016 to June 30, 2017 and 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.

Required Supplementary Information (Unaudited)

June 30, 2019

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

	June 30, 2019	June 30, 2018
Total OPEB liability		
Service cost	$ 76,699,396	$ 111,333,637
Interest	81,507,353	84,314,931
Differences between expected and actual experience	(7,652,967)	(7,885,961)
Changes of assumptions	(235,526,750)	(784,281,319)
Changes in benefit terms	(182,835,031)	-
Benefits	(51,625,000)	(49,772,000)
Net change in total OPEB liability	(319,432,999)	(646,290,712)
Total OPEB liability, beginning of year	2,229,420,625	2,875,711,337
Total OPEB liability, end of year	$ 1,909,987,626	$ 2,229,420,625

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

	June 30, 2019	June 30, 2018	June 30, 2017
Employer proportion of the collective total OPEB liability	4.9304 %	4.9660 %	4.9255 %
Employer's proportionate share of the collective total OPEB liability	$ 94,170,836	$ 110,713,469	$ 141,644,569
Employer's covered-employee payroll	$ 30,772,740	$ 35,835,065	$ 34,568,382
Employer's proportionate share of the collective total OPEB liability as a percentage of its covered employee-payroll	306 %	309 %	410 %

** Schedule is intended to show 10 years. Additional years will be added as they become available.*

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. As of January 1, 2019, the State implemented a Medicare Advantage plan which had a significant impact on the assumptions used and the overall change in the liability at 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.

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, 2019, 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, 2019 . We did not audit the financial statements of the discretely-presented component unit. Those financial statements were audited by another auditor whose report has been furnished to us, and our opinion, insofar as it related to the amounts included for the discretely-presented component unit, was based solely on the report of the other auditor. The financial statements of the discretely-presented component unit were not audited in accordance with *Government Auditing Standards* and, accordingly, this report does not include reporting on internal control over financial reporting or compliance associated with the discretely-presented component unit.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether CCSNH's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

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

Bangor, Maine
November 21, 2019

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

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

Report on Compliance for Each Major Federal Program

We have audited the Community College System of New Hampshire's (CCSNH) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of CCSNH's major federal programs for the year ended June 30, 2019. CCSNH's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of CCSNH's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 did not audit CCSNH's compliance with the billing, collections and due-diligence compliance requirements specified by the Federal Perkins Loan Program and described in the Uniform Guidance. These functions were performed by Heartland ECSI (ECSI). ECSI's compliance with the billing, collections, and due-diligence compliance requirements was examined by other independent accountants, as described in the following paragraph. The report of those accountants has been furnished to us, and our opinion, expressed herein, insofar as it relates to CCSNH's compliance with those requirements, is based solely on the report of the other independent accountants.

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

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

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

Opinion on Each Major Federal Program

In our opinion, based on our audit and the report of the other independent accountants, CCSNH complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

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

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

We have audited the financial statements of the business-type activities and the discretely-presented component unit of CCSNH as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise CCSNH's basic financial statements. We issued our report thereon dated November 21, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Berry Dunn McNeil & Parker, LLC

Bangor, Maine
November 21, 2019

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, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
United States Department of Education			
Student Financial Assistance Cluster - Direct			
Federal Supplemental Educational Opportunity Grants	84.007		$ 451,104
Federal Work-Study Program	84.033		270,017
Federal Perkins Loan Program	84.038		954,109
Federal Pell Grant Program	84.063		14,851,210
Federal Direct Student Loans	84.268		33,692,906
Total Student Financial Assistance Cluster			50,219,346
New Hampshire Department of Education - Passed-Through			
Career and Technical Education - Basic Grants to States			
	84.048	85000	4,813
	84.048	85039	49,063
	84.048	93141	873,716
	84.048	93142	68,482
Total CFDA number 84.048			996,074
Total United States Department of Education			51,215,420
Japan-U.S. Friendship Commission - Passed Through			
Northern Border Regional Development			
Millwright/Industrial Maintenance	90.601		44,092
United States Department of Labor			
WIA Adult Program	17.258		118,765
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		21,312
Apprenticeship USA Grants	17.285		594,220
Total United States Department of Labor			734,297

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

Schedule of Expenditures of Federal Awards (Concluded)

Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
United States Department of Agriculture			
Rural Energy for America Program	10.868		20,519
Research and Development Cluster			
National Science Foundation			
Direct			
Advanced Manufacturing Partnership Grant	47.073		17,625
Office of Integrative Activities	47.083		15,286
Total National Science Foundation			32,911
United States Department of Health and Human Services			
Trustees of Dartmouth College - Passed-Through			
Biomedical Research and Research Training	93.859	5P20GM103506	134,757
Total Research and Development Cluster			167,668
United States Department of Health and Human Services			
Direct			
Mental and Behavioral Health Education and Training Grants	93.732	M01HP31271	35,627
New Hampshire Department of Health and Human Services - Passed-Through			
Child Care and Development Block Grant	93.575	G1401NHCCDF	152,470
Total Expenditures of Federal Awards			$ 52,370,093

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

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the Community College System of New Hampshire (CCSNH) for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a portion of the operations of CCSNH, it is not intended to, and does not, present the financial position, changes in net position or cash flows of CCSNH.

2. Summary of Significant Accounting Policies

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

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

3. Federal Perkins Loan Program

The federal Perkins loan program is administered directly by CCSNH and balances and transactions relating to the program are included in the System's financial statements. Loans outstanding at the beginning of the year and loans made during the year are included in the federal expenditures presented in the Schedule. The balance of Perkins loans outstanding at June 30, 2019 was $799,278.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2019

Section I. Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of Major Programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.007, 84.033, 84.038, 84.063, 84.268	U.S. Department of Education Student Financial Assistance Cluster
17.285	Apprenticeship USA Grants

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

Schedule of Findings and Questioned Costs (Concluded)

Year Ended June 30, 2019

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

NONE

Section III. Findings for each Major Federal Program

NONE

Summary Schedule of Prior Audit Findings

Year Ended June 30, 2019

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

NONE

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

NONE