



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

We have audited the financial statements of the business-type activities and the discretely presented component unit of the Community College System of New Hampshire (A Component Unit of the State of New Hampshire) (CCSNH) as of and for the year ended June 30, 2023 and have issued our report thereon dated November 21, 2023. Professional standards require that we communicate to you the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards, Government Auditing Standards and Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)

As stated in our engagement letter dated June 2, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.

In planning and performing our audit, we considered CCSNH's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance.

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 grants, 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. Also, in accordance with the Uniform Guidance, we examined, on a test basis, evidence about compliance with the types of compliance requirements described in the OMB *Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on CCSNH's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on CCSNH's compliance with those requirements.

U.S. GAAP provides for certain required supplemental information (RSI) to supplement the basic financial statements. Our responsibility with respect to management's discussion and analysis on pages 4 through 21 and the required supplemental information on pages 62 through 70, which supplement the basic financial statements, is to apply certain limited procedures in accordance with U.S. generally accepted auditing standards (U.S. GAAS). However, the RSI was not audited and, because the limited procedures, do not provide us with sufficient evidence to express an opinion or provide any assurance, we do not express an opinion or provide any assurance on the RSI.

Our responsibility for the schedule of expenditures of federal awards (supplementary information) accompanying the financial statements, as described by professional standards, is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Significant Risks

In our engagement letter, we identified the risks we expected would meet the definition of “significant risks” pursuant to U.S. GAAS, which are risks toward the upper end of the risk spectrum based on their likelihood and potential magnitude. In addition to the risks listed in that letter, we identified the following significant risks during the audit: compliance with the direct and material compliance requirements for each major federal program.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by CCSNH are described in Note 1 to the financial statements. As disclosed in Note 1 to the basic financial statements, CCSNH adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The adoption of GASB Statement No. 96 at July, 1, 2021, required recognition of \$1,439,126 of long-term subscription assets \$746,552 of short-term subscription liabilities, and \$673,757 of subscription liabilities. At June 30, 2022, those balances related to subscription leases amounted to \$3,232,555 of long-term subscription assets, \$1,266,228 in short-term subscription liabilities, and \$1,202,888 of long-term subscription liabilities. The impact of the adoption of the standard for the year ended June 30, 2022 was an increase in net position of \$18,817.

No other new accounting policies were adopted and the application of existing policies was not otherwise changed during the year ended June 30, 2023. We noted no transactions entered into by CCSNH during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure that an allowance for loan losses is not necessary for the note receivable on the Stratham Property in Note 1.
- The disclosure of the cost-sharing multiple-employer defined benefit pension plan required by GASB Statement No. 68 in Note 9.
- The disclosures of other postemployment benefits (OPEB) required by GASB Statement No. 75 in Note 10.
- The disclosure of the COVID-19 Considerations and specific federal relief funding received by and awarded to CCSNH in Note 14.

The financial statement disclosures are neutral, consistent, and clear.

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

- The estimates used in the calculation of the OPEB liability, deferred inflows of resources and deferred outflows of resources related to the OPEB plans. The net OPEB liability and related deferred inflows of resources and deferred outflows of resources related to the OPEB plan administered by the State of New Hampshire (the State) are based on information provided by Segal Consulting, the actuary engaged by the State. The net OPEB liability and related deferred inflows of resources and deferred outflows of resources related to the OPEB plan administered by the New Hampshire Retirement System (NHRS) are based on actuarial information provided by the NHRS and audited by Plante Moran, PLLC.
- The estimates used in the calculation of the net pension liability, deferred inflows of resources and deferred outflows of resources related to the pension plan, which are based on actuarial information provided by the New Hampshire Retirement System and audited by Plante Moran, PLLC.
- The estimated useful lives of capital assets used in the calculation of depreciation expense, which are based on the perceived life of the related capital assets.

We have evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audits, other than those that are clearly trivial, and communicate them to the appropriate level of management.

The attached schedule summarizes an uncorrected misstatement of the financial statements. Management has determined that its effects are immaterial to the financial statements taken as a whole. The uncorrected misstatement or the matters underlying it could potentially cause future period financial statements to be materially misstated, even though, in our judgment, the unrecorded misstatement is immaterial to the financial statements under audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a disagreement on a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 21, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to CCSNH’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as CCSNH’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

PART II – INTERNAL CONTROL MATTERS

In planning and performing our audit of the financial statements of CCSNH as of and for the year ended June 30, 2023, in accordance with U.S. GAAS, we considered CCSNH’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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.

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. 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.

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We appreciate the cooperation and assistance of the management of CCSNH during the course of our audit.

This communication is intended solely for the information and use of the Audit Committee, Board of Trustees, and management of CCSNH and is not intended to be, and should not be, used by anyone other than these specified parties.

Berry Dunn McNeil & Parker, LLC

Manchester, New Hampshire
November 21, 2023

Community College System of New Hampshire
Year End: June 30, 2023
Passed Adjusting Journal Entries
Date: 7/1/2008 To 6/30/2023

Number	Date	Name	Account No	Reference	Debit	Credit	Proposed Net Income (Loss)	Proposed Amount Chg	Recurrence	Misstatement
Net Income (Loss)							15,228,422.72			
PAJE01	6/30/2023	Unrestricted Net Assets	4330 CCSNH	PY PAJE	284,825.37					
PAJE01	6/30/2023	Bad Debt Expense	7X00 CCSNH	PY PAJE		284,825.37				
To record the current year impact of the prior year PAJE related to write offs not performed at 6/30/22 for balances in excess of 90 days in student receivables.					284,825.37	284,825.37	15,513,248.09	284,825.37		
					284,825.37	284,825.37	15,513,248.09	284,825.37		