



November 13, 2018

To the Board of Directors  
Shore Educational Collaborative

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, and the major fund of Shore Educational Collaborative (the "Collaborative") for the year ended June 30, 2018. Professional standards require that we provide you with information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 29, 2018. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Matters

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Collaborative are described in Note A to the financial statements. During the fiscal year ended June 30, 2018, the Collaborative adopted the following Governmental Accounting Standards Board ("GASB") pronouncements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. This statement provides guidance on employer reporting for employer governmental entities whose employees are provided with other postemployment benefits ("OPEB"). The statement requires immediate recognition of the total OPEB liability on the statement of net position. The beginning net position on the government-wide financial statements as a result of the cumulative effect of this change in accounting principle decreased in the amount of \$2,974,299 from the amount previously reported in the financial statements for the year ended June 30, 2017. The statement also does not allow recognition of the total OPEB liability on its governmental funds balance sheet since it is considered a long-term liability. Thus, the beginning fund balances on the governmental funds balance sheet as a result of the cumulative effect of this change in accounting principle increased in the amount of \$3,656,825 from the amount previously reported in the financial statements for the year ended June 30, 2017.
- GASB Statement No. 81, *Irrevocable Split-Interest Agreements*. This statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable

to the reporting period. The adoption of GASB Statement No. 81 does not have any impact on the Collaborative's financial statements.

- GASB Statement No. 85, *Omnibus 2017*. This statement addresses practice issues that have been identified during implementation and application of certain GASB Statements. The adoption of GASB Statement No. 85 does not have any impact on the Collaborative's financial statements.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues*. This statement provides guidance for transactions in which cash and other monetary assets acquired with only existing resources-resources other than the proceeds of refunding debt-are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The adoption of GASB Statement No. 86 does not have any impact on the Collaborative's financial statements.

No other new accounting policies were adopted and the application of other existing policies was not changed during fiscal 2018. We noted no transactions entered into by the Collaborative 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.

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 estimates affecting the Collaborative's financial statements were:

Management's estimate of the depreciable lives and estimated residual value of the capital assets is based on historical usage of the capital assets and an analysis of their remaining usability.

Management's estimate of the liability of other postemployment benefits is based on an actuarial valuation of its obligation which included actuarial assumptions of a discount rate, healthcare trend rates, general inflation rate, annual compensation increases, and mortality rates.

Management's estimate of the fair value of the cash flow hedges related to the interest rate swaps on a bond payable is based on a market-to-market valuation which estimates the net present value of the expected cash flows between the parties to the swap agreements, using relevant mid-market data inputs based on the assumption of no unusual market conditions or forced liquidation and does not include an assessment of nonperformance risk.

Management's allocation of costs to programs and general and administrative expenses.

Management's estimate of pension on-behalf payments is based on the audited pension plan financial statements issued by the retirement systems for the Massachusetts Teachers' Retirement Plan and the Massachusetts State Employees' Retirement Plan.

We 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.

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 of the bonds payable in Note N to the financial statements due to the materiality of the bonds payable
- The disclosure of the other postemployment benefits in Note O to the financial statements due to the materiality of the unfunded other postemployment benefits liability.
- The disclosure of the Collaborative's proportionate share of the net pension liability for the Massachusetts Teachers' Retirement Plan and the Massachusetts State Employees' Retirement Plan in Note L to the financial statements.

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

#### *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 known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, the attached schedule labeled "Adjusting Journal Entries Report" shows all the material misstatements detected as a result of audit procedures and that were corrected by management. The net effect of these misstatements on the statement of revenues, expenditures and changes in fund balances - governmental funds is an increase in fund balances of \$93,546. The net effect of these misstatements on the statement of activities is an increase in net position of \$93,546. Furthermore, the attached schedule labeled "Reclassifying Journal Entries Report" shows the material reclassifications that needed to be made to convert the government-wide financial statements to the fund financial statements. The net effect of these reclassifications totaled \$725,281.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' 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 13, 2018.

### *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 the Collaborative’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 the Collaborative’s auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition to our retention.

### Other Matters

We applied certain limited procedures to the Management’s Discussion and Analysis, Massachusetts Department of Elementary and Secondary Education (DESE) required supplementary information, budgetary comparison information, schedule of the changes in the Collaborative’s total OPEB liability and related ratios for the Retiree Health Insurance Plan, schedules of the Collaborative’s proportionate share of the net pension liability for the Massachusetts Teachers’ Retirement System (MTRS) and the Massachusetts State Employees’ Retirement System (MSERS) and schedules of the Collaborative’s contributions to the MTRS and MSERS, which are required supplementary information (“RSI”) that supplement the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

### Restriction on Use

This information is intended solely for the information and use of the Board of Directors and management of the Collaborative and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Livingston & Haynes, P.C.".

Livingston & Haynes, P.C.

Client: **SHO6002 - Shore Educational Collaborative**  
Engagement: **AUD2018 - Shore Educational Collaborative**  
Trial Balance: **1001.01 - TB**  
Workpaper: **130.04 - Adjusting Journal Entries Report**

| Account   | Description                 | W/P Ref        | Debit             | Credit            | P&L Effect |
|---|-----------------------------|----------------|-------------------|-------------------|------------|
| <b>Adjusting Journal Entries JE # 1</b>             |                             |                |                   |                   |            |
| To eliminate 000000 payroll accounts.               |                             |                |                   |                   |            |
| 4010-000110   | DIRECT CARE SALARIES        |                | 312.00            |                   |            |
| 4520-000110   | UNEMPLOYMENT                |                | 2.00              |                   |            |
| 4530-000110   | WORKERS COMP                |                | 7.00              |                   |            |
| 4540-000110   | COBRA EMPLOYER              |                | 7.00              |                   |            |
| 4620-000110   | GENERAL LIABILITY INSURANCE |                | 3.00              |                   |            |
| 4630-000110   | FICA EXPENSE                |                | 29.00             |                   |            |
| 4650-000110   | RETIREE INSURANCE EXPENSE   |                | 28.00             |                   |            |
| 4010-000000   | DIRECT CARE SALARIES        |                |                   | 312.00            |            |
| 4520-000000   | UNEMPLOYMENT                |                |                   | 2.00              |            |
| 4530-000000   | WORKERS COMP                |                |                   | 7.00              |            |
| 4540-000000   | COBRA EMPLOYER              |                |                   | 7.00              |            |
| 4620-000000   | GENERAL LIABILITY INSURANCE |                |                   | 3.00              |            |
| 4630-000000   | FICA EXPENSE                |                |                   | 29.00             |            |
| 4650-000000   | RETIREE INSURANCE EXPENSE   |                |                   | 28.00             |            |
| <b>Total</b>  |                             |                | <b>388.00</b>     | <b>388.00</b>     | -          |
| <b>Adjusting Journal Entries JE # 2</b>             |                             |                |                   |                   |            |
| CLIENT DO NOT MAKE - To eliminate rent expense.     |                             |                |                   |                   |            |
| 3950-000637   | RENTAL INCOME               |                | 252,500.00        |                   |            |
| 5000-000105   | RENT                        |                |                   | 87,500.00         |            |
| 5000-000110   | RENT                        |                |                   | 50,000.00         |            |
| 5000-000305   | RENT                        |                |                   | 45,000.00         |            |
| 5000-000315   | RENT                        |                |                   | 45,000.00         |            |
| 5000-000636   | RENT                        |                |                   | 25,000.00         |            |
| <b>Total</b>  |                             |                | <b>252,500.00</b> | <b>252,500.00</b> | -          |
| <b>Adjusting Journal Entries JE # 3</b>             |                             |                |                   |                   |            |
| CLIENT DO NOT MAKE - To eliminate interest expense. |                             |                |                   |                   |            |
| 3950-000637   | RENTAL INCOME               |                | 277,500.00        |                   |            |
| 6120-000105   | INTEREST EXPENSE            |                |                   | 95,000.00         |            |
| 6120-000110   | INTEREST EXPENSE            |                |                   | 55,000.00         |            |
| 6120-000305   | INTEREST EXPENSE            |                |                   | 50,000.00         |            |
| 6120-000315   | INTEREST EXPENSE            |                |                   | 50,000.00         |            |
| 6120-000636   | INTEREST EXPENSE            |                |                   | 27,500.00         |            |
| <b>Total</b>  |                             |                | <b>277,500.00</b> | <b>277,500.00</b> | -          |
| <b>Adjusting Journal Entries JE # 4</b>             |                             |                |                   |                   |            |
|   |                             | <b>4401.01</b> |                   |                   |            |
| To accrue additional L&H fee.                       |                             |                |                   |                   |            |
| 4810-000636   | ACCOUNTING/AUDITING         |                | 1,550.00          |                   |            |
| 2170-000000   | ACCRUED LEGAL & ACCOUNTING  |                |                   | 1,550.00          |            |
| <b>Total</b>  |                             |                | <b>1,550.00</b>   | <b>1,550.00</b>   | 1,550.00   |
| <b>Adjusting Journal Entries JE # 5</b>             |                             |                |                   |                   |            |
|   |                             | <b>2301.01</b> |                   |                   |            |
| To reclass A/R.                                     |                             |                |                   |                   |            |
| 1100-000000   | ACCOUNTS RECEIVABLE         |                | 37,307.00         |                   |            |
| 1102-000000   | OTHER ACCOUNTS RECEIVABLE   |                |                   | 37,307.00         |            |
| <b>Total</b>  |                             |                | <b>37,307.00</b>  | <b>37,307.00</b>  | -          |

Client: **SHO6002 - Shore Educational Collaborative**  
Engagement: **AUD2018 - Shore Educational Collaborative**  
Trial Balance: **1001.01 - TB**  
Workpaper: **130.04 - Adjusting Journal Entries Report**

| Account   | Description                     | W/P Ref        | Debit               | Credit              | P&L Effect  |
|---|---------------------------------|----------------|---------------------|---------------------|-------------|
| <b>Adjusting Journal Entries JE # 6</b>                             |                                 |                |                     |                     |             |
|   |                                 | <b>121.04</b>  |                     |                     |             |
| To record current portion of bonds payable                          |                                 |                |                     |                     |             |
| 2142-000002   | CURRENT PORTION - BONDS PAYABLE |                | 276,092.00          |                     |             |
| 2142-000001   | CURRENT PORTION - BONDS PAYABLE |                |                     | 276,092.00          |             |
| <b>Total</b>  |                                 |                | <b>276,092.00</b>   | <b>276,092.00</b>   | -           |
| <b>Adjusting Journal Entries JE # 7</b>                             |                                 |                |                     |                     |             |
| CLIENT DO NOT MAKE - To reverse other income.                       |                                 |                |                     |                     |             |
| 3900-000636   | OTHER INCOME                    |                | 7,381.00            |                     |             |
| 3900-000636   | OTHER INCOME                    |                | 74,255.00           |                     |             |
| 5511-000105   | COMPUTER EQUIPMENT RENTAL       |                |                     | 16,765.00           |             |
| 5511-000110   | COMPUTER EQUIPMENT RENTAL       |                |                     | 8,020.00            |             |
| 5511-000120   | COMPUTER EQUIPMENT RENTAL       |                |                     | 8,020.00            |             |
| 5511-000140   | COMPUTER EQUIPMENT RENTAL       |                |                     | 8,020.00            |             |
| 5511-000305   | COMPUTER EQUIPMENT RENTAL       |                |                     | 21,731.00           |             |
| 5511-000315   | COMPUTER EQUIPMENT RENTAL       |                |                     | 18,931.00           |             |
| 5511-000405   | COMPUTER EQUIPMENT RENTAL       |                |                     | 149.00              |             |
| <b>Total</b>  |                                 |                | <b>81,636.00</b>    | <b>81,636.00</b>    | -           |
| <b>Adjusting Journal Entries JE # 8</b>                             |                                 |                |                     |                     |             |
| CLIENT DO NOT MAKE - To reclass restricted cash to restricted fund. |                                 |                |                     |                     |             |
| 2900-000000   | GENERAL FUND BALANCE            |                | 1,795,067.00        |                     |             |
| 2238-000000   | RESERVE FOR RESTRICTED CASH     |                |                     | 1,795,067.00        |             |
| <b>Total</b>  |                                 |                | <b>1,795,067.00</b> | <b>1,795,067.00</b> | -           |
| <b>Adjusting Journal Entries JE # 9</b>                             |                                 |                |                     |                     |             |
|   |                                 | <b>5004.01</b> |                     |                     |             |
| CLIENT DO NOT MAKE - To allocate interest to the programs.          |                                 |                |                     |                     |             |
| 6120-000105   | INTEREST EXPENSE                |                | 101,854.00          |                     |             |
| 6120-000110   | INTEREST EXPENSE                |                | 58,202.00           |                     |             |
| 6120-000305   | INTEREST EXPENSE                |                | 52,382.00           |                     |             |
| 6120-000315   | INTEREST EXPENSE                |                | 52,382.00           |                     |             |
| 6120-000510   | INTEREST EXPENSE                |                | 11,640.00           |                     |             |
| 6120-000636   | INTEREST EXPENSE                |                | 29,102.00           |                     |             |
| 6120-000637   | INTEREST EXPENSE                |                |                     | 305,562.00          |             |
| <b>Total</b>  |                                 |                | <b>305,562.00</b>   | <b>305,562.00</b>   | -           |
| <b>Adjusting Journal Entries JE # 10</b>                            |                                 |                |                     |                     |             |
|   |                                 | <b>2606.02</b> |                     |                     |             |
| CLIENT ENTRY - To record medicaid billing receivable.               |                                 |                |                     |                     |             |
| 1103-000000   | MEDICAID BILLING RECEIVABLE     |                | 40,795.00           |                     |             |
| 3000-000450   | CITY                            |                |                     | 40,795.00           |             |
| <b>Total</b>  |                                 |                | <b>40,795.00</b>    | <b>40,795.00</b>    | (40,795.00) |
| <b>Adjusting Journal Entries JE # 11</b>                            |                                 |                |                     |                     |             |
|   |                                 | <b>6112.01</b> |                     |                     |             |
| To record on behalf payments.                                       |                                 |                |                     |                     |             |
| 4900-000636   | TEACHER RETIRE ON BEHALF PAYMT  |                | 1,459,480.00        |                     |             |
| 4910-000636   | STATE RETIRE ON BEHALF PAYMT    |                | 2,061,420.00        |                     |             |
| 3900-000900   | ON BEHALF PAYMENTS              |                |                     | 1,459,480.00        |             |
| 3900-000900   | ON BEHALF PAYMENTS              |                |                     | 2,061,420.00        |             |
| <b>Total</b>  |                                 |                | <b>3,520,900.00</b> | <b>3,520,900.00</b> | -           |
| <b>Adjusting Journal Entries JE # 12</b>                            |                                 |                |                     |                     |             |
|   |                                 | <b>4404.01</b> |                     |                     |             |
| To adjust health insurance w/h                                      |                                 |                |                     |                     |             |
| 4600-000105   | MEDICAL INSURANCE               |                | 7,892.00            |                     |             |
| 4600-000305   | MEDICAL INSURANCE               |                | 7,892.00            |                     |             |
| 4600-000315   | MEDICAL INSURANCE               |                | 7,892.00            |                     |             |
| 2154-000606   | HEALTH INSURANCE W/H            |                |                     | 23,676.00           |             |

Client: **SHO6002 - Shore Educational Collaborative**  
Engagement: **AUD2018 - Shore Educational Collaborative**  
Trial Balance: **1001.01 - TB**  
Workpaper: **130.04 - Adjusting Journal Entries Report**

| Account   | Description                      | W/P Ref | Debit               | Credit              | P&L Effect  |
|---|----------------------------------|---------|---------------------|---------------------|-------------|
| <b>Total</b>  |                                  |         | <b>23,676.00</b>    | <b>23,676.00</b>    | 23,676.00   |
| <b>Adjusting Journal Entries JE # 13</b>                      |                                  |         |                     |                     |             |
| To accrue additiional amount for rate changes for Mass Health |                                  |         |                     |                     |             |
| 1102-000000   | OTHER ACCOUNTS RECEIVABLE        |         | 5,416.00            |                     |             |
| 3800-000110   | MEDICAID INCOME                  |         |                     | 1,281.00            |             |
| 3800-000120   | MEDICAID INCOME                  |         |                     | 2,043.00            |             |
| 3800-000140   | MEDICAID INCOME                  |         |                     | 2,092.00            |             |
| <b>Total</b>  |                                  |         | <b>5,416.00</b>     | <b>5,416.00</b>     | (5,416.00)  |
| <b>Adjusting Journal Entries JE # 14</b>                      |                                  |         |                     |                     |             |
| CLIENT DO NOT MAKE - To reclass other A/R to A/R.             |                                  |         |                     |                     |             |
| 1100-000000   | ACCOUNTS RECEIVABLE              |         | 5,416.00            |                     |             |
| 1102-000000   | OTHER ACCOUNTS RECEIVABLE        |         |                     | 5,416.00            |             |
| <b>Total</b>  |                                  |         | <b>5,416.00</b>     | <b>5,416.00</b>     | -           |
| <b>Adjusting Journal Entries JE # 15</b>                      |                                  |         |                     |                     |             |
|   |                                  | 6109.01 |                     |                     |             |
| To gross up school lunch.                                     |                                  |         |                     |                     |             |
| 5200-000105   | FOOD/KITCHEN EXPENSES            |         | 3,175.00            |                     |             |
| 5200-000305   | FOOD/KITCHEN EXPENSES            |         | 2,122.00            |                     |             |
| 5200-000315   | FOOD/KITCHEN EXPENSES            |         | 2,349.00            |                     |             |
| 3050-000105   | SCHOOL LUNCH INCOME              |         |                     | 3,175.00            |             |
| 3050-000305   | SCHOOL LUNCH INCOME              |         |                     | 2,122.00            |             |
| 3050-000315   | SCHOOL LUNCH INCOME              |         |                     | 2,349.00            |             |
| <b>Total</b>  |                                  |         | <b>7,646.00</b>     | <b>7,646.00</b>     | -           |
| <b>Adjusting Journal Entries JE # 19</b>                      |                                  |         |                     |                     |             |
| To reclass misposting.  |                                  |         |                     |                     |             |
| 5110-000140   | GAS/OIL - TRANSPORTATION         |         | 10.00               |                     |             |
| 6120-000140   | INTEREST EXPENSE                 |         |                     | 10.00               |             |
| <b>Total</b>  |                                  |         | <b>10.00</b>        | <b>10.00</b>        | -           |
| <b>Adjusting Journal Entries JE # 22</b>                      |                                  |         |                     |                     |             |
|   |                                  | 5404.01 |                     |                     |             |
| To record encumbrances.                                       |                                  |         |                     |                     |             |
| 2900-000000   | GENERAL FUND BALANCE             |         | 352,069.00          |                     |             |
| 2900-000050   | ENCUMBRANCES - ADULT DAY PROGRAM |         |                     | 81,109.00           |             |
| 2900-000075   | ENCUMBRANCES - FRINGE BENEFITS   |         |                     | 257,895.00          |             |
| 2900-000076   | ENCUMBRANCES - OTHER PURPOSES    |         |                     | 13,065.00           |             |
| <b>Total</b>  |                                  |         | <b>352,069.00</b>   | <b>352,069.00</b>   | -           |
| <b>Adjusting Journal Entries JE # 25</b>                      |                                  |         |                     |                     |             |
| To record deferred outflow from OPEB.                         |                                  |         |                     |                     |             |
| 1452-000000   | DEFERRED OUTFLOW - OPEB          |         | 72,561.00           |                     |             |
| 4600-000105   | MEDICAL INSURANCE                |         |                     | 9,230.00            |             |
| 4600-000110   | MEDICAL INSURANCE                |         |                     | 12,237.00           |             |
| 4600-000120   | MEDICAL INSURANCE                |         |                     | 12,238.00           |             |
| 4600-000140   | MEDICAL INSURANCE                |         |                     | 12,238.00           |             |
| 4600-000305   | MEDICAL INSURANCE                |         |                     | 9,230.00            |             |
| 4600-000315   | MEDICAL INSURANCE                |         |                     | 9,230.00            |             |
| 4600-000636   | MEDICAL INSURANCE                |         |                     | 8,158.00            |             |
| <b>Total</b>  |                                  |         | <b>72,561.00</b>    | <b>72,561.00</b>    | (72,561.00) |
| <b>Adjusting Journal Entries JE # 35</b>                      |                                  |         |                     |                     |             |
| CLIENT DO NOT MAKE - To close out P&L                         |                                  |         |                     |                     |             |
| 2999-000000   | P&L Summary                      |         | 1,149,501.00        |                     |             |
| 2999-999999   | NET INCOME OFFSET                |         |                     | 1,149,501.00        |             |
| <b>Total</b>  |                                  |         | <b>1,149,501.00</b> | <b>1,149,501.00</b> | -           |



Client: **SHO6002 - Shore Educational Collaborative**  
Engagement: **AUD2018 - Shore Educational Collaborative**  
Trial Balance: **1001.01 - TB**  
Workpaper: **130.04 - Adjusting Journal Entries Report**

| Account                                  | Description          | W/P Ref | Debit               | Credit              | P&L Effect  |
|--|----------------------|---------|---------------------|---------------------|-------------|
| <b>Adjusting Journal Entries JE # 36</b> |                      |         |                     |                     |             |
| To record committed funds for building.  |                      |         |                     |                     |             |
| 2900-000000                              | GENERAL FUND BALANCE |         | 2,000,000.00        |                     |             |
| 2237-000000                              | RESERVE FOR BUILDING |         |                     | 2,000,000.00        | -           |
| <b>Total</b>                             |                      |         | <b>2,000,000.00</b> | <b>2,000,000.00</b> |             |
|  |                      |         |                     |                     | (93,546.00) |

Ⓐ - These entries are considered material.



Client: **SHO6002 - Shore Educational Collaborative**  
Engagement: **AUD2018 - Shore Educational Collaborative**  
Trial Balance: **1001.01 - TB**  
Workpaper: **130.03 - Reclassifying Journal Entries Report**

| Account  | Description                               | W/P Ref | Debit               | Credit              | P&L Effect       |
|--|---|---------|---------------------|---------------------|------------------|
| <b>Reclassifying Journal Entries JE # 16</b>                                   |   |         |                     |                     |                  |
| To match prepaid expenses.   |   |         |                     |                     |                  |
| 2900-000000  | GENERAL FUND BALANCE                      |         | 9,841.00            |                     |                  |
| 2601-000000  | RESERVE FOR PREPAID EXP & OTHE            |         |                     | 9,841.00            |                  |
| <b>Total</b>   |   |         | <b>9,841.00</b>     | <b>9,841.00</b>     | -                |
| <b>Reclassifying Journal Entries JE # 17</b>                                   |   |         |                     |                     |                  |
| To record correct amount of LTD.   |   |         |                     |                     |                  |
| 2900-000000  | GENERAL FUND BALANCE                      |         | 244,361.00          |                     |                  |
| 1700-000000  | AMOUNT PROVIDED FOR LTD                   |         |                     | 244,361.00          |                  |
| <b>Total</b>   |   |         | <b>244,361.00</b>   | <b>244,361.00</b>   | -                |
| <b>Reclassifying Journal Entries JE # 18</b>                                   |   |         |                     |                     |                  |
| To record debt service through interest expense and payments on bonds payable. |   |         |                     |                     |                  |
| 9500-000000  | DEBT SERVICE                              |         | 549,923.00          |                     |                  |
| 2900-000000  | GENERAL FUND BALANCE                      |         |                     | 244,361.00          |                  |
| 6120-000105  | INTEREST EXPENSE                          |         |                     | 101,854.00          |                  |
| 6120-000110  | INTEREST EXPENSE                          |         |                     | 58,202.00           |                  |
| 6120-000305  | INTEREST EXPENSE                          |         |                     | 52,382.00           |                  |
| 6120-000315  | INTEREST EXPENSE                          |         |                     | 52,382.00           |                  |
| 6120-000510  | INTEREST EXPENSE                          |         |                     | 11,640.00           |                  |
| 6120-000636  | INTEREST EXPENSE                          |         |                     | 29,102.00           |                  |
| <b>Total</b>   |   |         | <b>549,923.00</b>   | <b>549,923.00</b>   | 244,361.00 (A)   |
| <b>Reclassifying Journal Entries JE # 23</b>                                   |   |         |                     |                     |                  |
| To eliminate long-term liability.  |   |         |                     |                     |                  |
| 1701-000000  | AMOUNTS PROVIDED FOR OPEB                 |         | 7,206,249.00        |                     |                  |
| 1702-000000  | AMOUNTS PROVIDED FOR OPEB DEFERRED INFLOW |         | 140,116.00          |                     |                  |
| 2900-000000  | GENERAL FUND BALANCE                      |         |                     | 6,631,124.00        |                  |
| 4650-000000  | RETIREE INSURANCE EXPENSE                 |         |                     | 715,241.00          |                  |
| <b>Total</b>   |   |         | <b>7,346,365.00</b> | <b>7,346,365.00</b> | (715,241.00) (A) |
| <b>Reclassifying Journal Entries JE # 26</b>                                   |   |         |                     |                     |                  |
| To eliminate deferred outflow.   |   |         |                     |                     |                  |
| 2900-000000  | GENERAL FUND BALANCE                      |         | 72,561.00           |                     |                  |
| 2602-000000  | INVESTMENT IN OPEB                        |         |                     | 72,561.00           |                  |
| <b>Total</b>   |   |         | <b>72,561.00</b>    | <b>72,561.00</b>    | -                |
| <b>Reclassifying Journal Entries JE # 27</b>                                   |   |         |                     |                     |                  |
| To record again OPEB contributions for 2018.                                   |   |         |                     |                     |                  |
| 4600-000105  | MEDICAL INSURANCE                         |         | 9,230.00            |                     |                  |
| 4600-000110  | MEDICAL INSURANCE                         |         | 12,237.00           |                     |                  |
| 4600-000120  | MEDICAL INSURANCE                         |         | 12,238.00           |                     |                  |
| 4600-000140  | MEDICAL INSURANCE                         |         | 12,238.00           |                     |                  |
| 4600-000305  | MEDICAL INSURANCE                         |         | 9,230.00            |                     |                  |
| 4600-000315  | MEDICAL INSURANCE                         |         | 9,230.00            |                     |                  |
| 4600-000636  | MEDICAL INSURANCE                         |         | 8,158.00            |                     |                  |
| 2900-000000  | GENERAL FUND BALANCE                      |         |                     | 72,561.00           |                  |
| <b>Total</b>   |   |         | <b>72,561.00</b>    | <b>72,561.00</b>    | 72,561.00        |
| <b>Reclassifying Journal Entries JE # 29</b>                                   |   |         |                     |                     |                  |
| To reclass general fixed assets.   |   |         |                     |                     |                  |
| 2600-000000  | INVESTMENT IN GEN FIXED ASSETS            |         | 326,962.00          |                     |                  |
| 2900-000000  | GENERAL FUND BALANCE                      |         |                     | 326,962.00          |                  |
| <b>Total</b>   |   |         | <b>326,962.00</b>   | <b>326,962.00</b>   | -                |
| <b>Reclassifying Journal Entries JE # 30</b>                                   |   |         |                     |                     |                  |
| To eliminate depreciation per GASB.  |   |         |                     |                     |                  |
| 2900-000000  | GENERAL FUND BALANCE                      |         | 408,598.00          |                     |                  |
| 5610-000000  | DEPRECIATION FIXED ASSETS                 |         |                     | 67,308.00           |                  |
| 5611-000000  | DEPRECIATION LEASE IMPROVEMENT            |         |                     | 28,551.00           |                  |
| 5614-000000  | DEPRECIATION ON BUILDING                  |         |                     | 150,151.00          |                  |
| 5615-000000  | DEPRECIATION ON BUILD IMPROVEM            |         |                     | 139,557.00          |                  |
| 5616-000000  | AMORTIZATION-LOGO COSTS                   |         |                     | 1,222.00            |                  |
| 5618-000000  | DEPRECIATION ON LAND IMPROVEM             |         |                     | 21,809.00           |                  |
| <b>Total</b>   |   |         | <b>408,598.00</b>   | <b>408,598.00</b>   | (408,598.00) (A) |
| <b>Reclassifying Journal Entries JE # 31</b>                                   |   |         |                     |                     |                  |
|  |   |         |                     |                     |                  |

Client: **SHO6002 - Shore Educational Collaborative**  
Engagement: **AUD2018 - Shore Educational Collaborative**  
Trial Balance: **1001.01 - TB**  
Workpaper: **130.03 - Reclassifying Journal Entries Report**

| Account                   | Description          | W/P Ref | Debit            | Credit           | P&L Effect   |
|---------------------------|----------------------|---------|------------------|------------------|--------------|
| To record capital assets. |                      |         |                  |                  |              |
| 9600-000000               | CAPITAL ADDITIONS    |         | 81,636.00        |                  |              |
| 2900-000000               | GENERAL FUND BALANCE |         |                  | 81,636.00        |              |
| <b>Total</b>              |                      |         | <b>81,636.00</b> | <b>81,636.00</b> | 81,636.00    |
|                           |                      |         |                  |                  | (725,281.00) |

Ⓐ - These entries are considered material.